

# LB Finance PLC

PUBLICATION OF FINANCIAL STATEMENT AS PER CENTRAL BANK GUIDELINES NO.02 OF 2006

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017	FOR THE YEAR ENDED	
	Audited 2017 Rs.('000)	Audited 2016 Rs.('000)
<b>Income</b>	<b>19,363,428</b>	<b>15,646,468</b>
Interest Income	17,909,935	14,428,730
Interest Expenses	(8,112,337)	(5,773,255)
<b>Net Interest Income</b>	<b>9,797,598</b>	<b>8,655,475</b>
Fee and Commission Income	1,209,340	1,168,682
Net Trading Income	(148)	968
Other Operating Income	244,301	48,088
<b>Total Operating Income</b>	<b>11,251,091</b>	<b>9,873,213</b>
Impairment (Charge) / Reversal for Loans and Other Losses	42,265	(382,435)
Gold Loan Auction Losses	(2,200)	(29,358)
<b>Net Operating Income</b>	<b>11,291,156</b>	<b>9,461,420</b>
<b>Operating Expenses</b>		
Personnel Expenses	(2,332,899)	(1,837,554)
Depreciation of Property, Plant and Equipment	(326,128)	(318,296)
Amortisation of Intangible Assets	(17,090)	(14,129)
Other Operating Expenses	(1,713,095)	(1,373,373)
<b>Operating Profit before Tax on Financial Services</b>	<b>6,901,944</b>	<b>5,918,068</b>
Tax on Financial Services	(1,027,101)	(593,452)
<b>Profit before Taxation</b>	<b>5,874,843</b>	<b>5,324,616</b>
Income Tax Expense	(1,956,639)	(1,606,823)
<b>Profit for the Year</b>	<b>3,918,204</b>	<b>3,717,793</b>
<b>Other Comprehensive Income</b>		
<b>Other Comprehensive Income to be Reclassified to Profit or Loss</b>		
Gains and Losses arising on Re-measuring Available for Sale Financial Assets		
Equity Securities	(20,391)	(2,321)
Reclassification Adjustments for Impairment on Equity Securities	5,672	4,627
<b>Net Other Comprehensive Income to be Reclassified to Profit or Loss</b>	<b>(14,719)</b>	<b>2,306</b>
<b>Other Comprehensive Income not to be Reclassified to Profit or Loss</b>		
Actuarial Gains and Losses on Defined Benefit Plans	(4,420)	12,403
Deferred Tax (Charge) / Reversal on above	1,238	(3,473)
<b>Net Other Comprehensive Income not to be Reclassified to Profit or Loss</b>	<b>(3,182)</b>	<b>8,930</b>
<b>Other Comprehensive Income for the Year, Net of Tax</b>	<b>(17,901)</b>	<b>11,236</b>
<b>Total Comprehensive Income for the Year, Net of Tax</b>	<b>3,900,303</b>	<b>3,729,029</b>
<b>Basic Earnings Per Share (Rs.)*</b>	<b>28.29</b>	<b>26.84</b>
<b>Dividend Per Share (Rs.)**</b>	<b>9.00</b>	<b>7.50</b>

\* Calculated based on the Profit for the Year.

\*\* Calculated based on interim dividend paid and proposed final dividend, which is to be approved at the Annual General Meeting.

SELECTED PERFORMANCE INDICATORS	As at 31.03.2017	As at 31.03.2016
<b>Capital Adequacy</b>		
Core Capital (Tier 1 Capital), Rs. '000	12,509,679	10,449,822
Total Capital Base, Rs. '000	13,239,542	11,672,660
Core Capital Adequacy Ratio, as a % of Risk Weighted Assets (Minimum 5%)	16.12%	16.84%
Total Capital Adequacy Ratio, as a % of Risk Weighted Assets (Minimum 10%)	17.06%	18.81%
Capital Funds to Deposit Liabilities Ratio (Minimum 10%)	20.71%	19.63%
<b>Profitability (%)</b>		
Return on Avg Shareholders' Funds (After Tax) - Annualized	33.93%	40.52%
Return on Avg Assets (After Tax) - Annualized	4.17%	4.90%
Interest Margin	10.91%	12.17%
<b>Asset Quality</b>		
Gross Non-Performing Accommodations, Rs. '000	2,350,483	2,864,495
Total Accommodations, Rs. '000	109,780,420	87,252,860
Gross Non-Performing Accommodations Ratio, %	2.14%	3.28%
Net Non-Performing Accommodations Ratio, %	-0.11%	0.09%
<b>Regulatory Liquidity (Rs. '000)</b>		
Required Minimum Amount of Liquid Assets	6,282,719	5,469,857
Available Amount of Liquid Assets	8,922,940	9,633,264
Required Minimum Amount of Government Securities	3,743,146	3,561,977
Available Amount of Government Securities	4,740,000	5,720,000
<b>Memorandum Information</b>		
Number of Employees	3,221	2,744
Number of Branches	118	110
Number of Gold Loan Centers	36	36

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017	Audited 2017 Rs.('000)	Audited 2016 Rs.('000)
<b>Assets</b>		
Cash and Cash Equivalents	2,895,085	6,051,899
Financial Investments - Held for Trading	10,068	10,646
Loans and Receivables	33,488,779	26,449,169
Lease Rentals Receivable and Stock out on Hire	55,660,963	45,104,836
Financial Investments - Available for Sale	118,021	138,411
Other Financial Assets	6,721,526	4,142,716
Other Non Financial Assets	305,048	538,899
Property, Plant and Equipment	3,514,356	2,045,295
Intangible Assets	49,189	34,766
<b>Total Assets</b>	<b>102,763,035</b>	<b>84,516,637</b>
<b>Liabilities</b>		
Due to Banks	23,778,147	14,577,234
Due to Customers	60,401,955	53,379,801
Debt Instruments Issued and Other Borrowed Funds	2,044,216	2,601,283
Other Financial Liabilities	2,007,402	1,869,941
Other Non Financial Liabilities	673,436	597,807
Current Tax Liabilities	691,091	741,251
Deferred Tax Liabilities	503,488	143,142
Post Employment Benefit Liability	153,621	126,859
<b>Total Liabilities</b>	<b>90,253,356</b>	<b>74,037,318</b>
<b>Shareholders' Funds</b>		
Stated Capital	838,282	838,282
Retained Earnings	8,259,079	6,970,499
Reserves	3,412,318	2,670,538
<b>Total Shareholders' Funds</b>	<b>12,509,679</b>	<b>10,479,319</b>
<b>Total Liabilities and Shareholders' Funds</b>	<b>102,763,035</b>	<b>84,516,637</b>
Net Asset Value per Share (Rs.)	90.31	75.66
Commitments and Contingencies	994,135	1,275,614
<b>CERTIFICATION:</b>		
I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.		
<b>Sgd</b> <b>T Hasitha Athapattu</b> <b>Chief Financial Officer</b>		
The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board of Directors by,		
<b>Sgd</b> <b>J A S Sumith Adhithetty</b> <b>Managing Director</b>		<b>Sgd</b> <b>L N de S Wijeyeratne</b> <b>Director</b>
<b>23<sup>rd</sup> May 2017</b> <b>Colombo</b>		



HMAJ/DLH/JJ

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LB FINANCE PLC

### Report on the Financial Statements

We have audited the accompanying financial statements of LB Finance PLC, ("the Company"), which comprise the statement of financial position as at 31<sup>st</sup> March 2017, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup> March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Report on Other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- The basis of opinion, scope and limitations of the audit are as stated above.
- In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company, and
- the financial statements of the Company comply with the requirements of Section 151 of the Companies Act No. 07 of 2007.

*(Signature)*  
23<sup>rd</sup> May 2017  
Colombo



L B Finance PLC, 275/75, Prof. Stanley Wijesundara Mv., Colombo 7. Tel: 0112 200 000 | www.lbfinance.com | LB Finance PLC

•Leasing •Personal and Business Loans •Fixed Deposits •Savings •Gold Loans •Microfinance •Islamic Finance •Factoring •Margin Trading