

**INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2015**



LB Finance PLC						
STATEMENT OF COMPREHENSIVE INCOME						
Period ended 31 December 2015	FOR THE 3 MONTHS ENDED		VARIANCE	FOR THE 9 MONTHS ENDED		VARIANCE
	31.12.2015 Rs.(‘000)	31.12.2014 Rs.(‘000)		%	31.12.2015 Rs.(‘000)	
Income	4,022,914	3,736,130	8	11,419,846	10,971,688	4
Interest Income	3,681,228	3,455,038	7	10,514,916	10,154,865	4
Interest Expenses	(1,459,054)	(1,469,490)	1	(4,153,937)	(4,545,259)	9
Net Interest Income	2,222,174	1,985,548	12	6,360,979	5,609,606	13
Fee and Commission Income	322,543	246,331	31	869,384	707,626	23
Net Trading Income	(166)	101	(265)	3,127	2,574	21
Other Operating Income	19,309	34,660	(44)	32,418	106,623	(70)
	341,686	281,092	22	904,930	816,823	11
Total Operating Income	2,563,860	2,266,640	13	7,265,909	6,426,429	13
Impairment (Charges) / Reversal for loans and other losses	(42,673)	(502,841)	92	(389,571)	(1,328,239)	71
Gold Loan Auction Losses	(7,256)	(19,555)	63	(25,596)	(204,557)	87
Net Operating Income	2,513,931	1,744,244	44	6,850,742	4,893,634	40
Operating Expenses						
Personnel Expenses	(476,647)	(393,082)	(21)	(1,355,545)	(1,126,953)	(20)
Depreciation of Property, Plant and Equipment	(74,707)	(86,301)	13	(240,681)	(253,023)	5
Amortisation of Intangible Assets	(3,623)	(3,285)	(10)	(10,474)	(9,308)	(13)
Other Operating Expenses	(357,076)	(329,438)	(8)	(1,008,539)	(902,254)	(12)
Operating Profit before Tax on Financial Services	1,601,878	932,138	72	4,235,504	2,602,096	63
Tax on Financial Services	(163,604)	(97,652)	(68)	(412,787)	(237,034)	(74)
Profit before Taxation	1,438,274	834,486	72	3,822,717	2,365,063	62
Income Tax Expense	(499,108)	(284,542)	(75)	(1,318,480)	(811,534)	(62)
Profit after Taxation	939,165	549,944	71	2,504,238	1,553,529	61
Other Comprehensive Income / (Expenses)						
Gains and Losses arising on re-measuring Available for Sale Financial Assets						
Sri Lanka Government securities	-	(16,726)	100	-	52,360	(100)
Equity Securities	(2,542)	(12,892)	80	34,927	36,524	4
Other Comprehensive Income / (Expenses) before Taxation	(2,542)	(29,618)	(91)	34,927	88,884	(61)
Income Tax (Charge) / Reversal Relating to Components of Other Comprehensive Income	-	-	0	-	-	0
Other Comprehensive Income for the Period, Net of Tax	(2,542)	(29,618)	(91)	34,927	88,884	(61)
Total Comprehensive Income for the Period, Net of Tax	936,623	520,326	80	2,539,164	1,642,413	55
Basic Earnings Per Share (Rs) * [Please refer Note 02]	6.78	3.97		18.08	11.22	
* Calculated based on the Profit for the Period						

LB Finance PLC						
STATEMENT OF CHANGES IN EQUITY						
	Stated Capital Rs.(‘000)	Retained Earnings Rs.(‘000)	Statutory Reserve Rs.(‘000)	Investment Fund Reserve Rs.(‘000)	Available for Sale Reserve Rs.(‘000)	Total Rs.(‘000)
Balance as at 1 April 2014	838,282	3,265,274	1,461,057	619,682	22,393	6,206,689
Net profit for the period	-	1,553,529	-	-	-	1,553,529
Other comprehensive income net of tax	-	-	-	-	88,884	88,884
Transfer to Statutory Reserve	-	(310,706)	310,706	-	-	-
Transfer to Investment Fund Reserve	-	(26,045)	-	26,045	-	-
Dividend for 2013/14	-	(450,171)	-	-	-	(450,171)
Balance as at 31 December 2014	838,282	4,031,880	1,771,763	645,727	111,277	7,398,930
Balance as at 1 April 2015	838,282	5,180,486	1,897,483	-	10,842	7,927,092
Net profit for the period	-	2,504,238	-	-	-	2,504,238
Other comprehensive income net of tax	-	-	-	-	34,927	34,927
Transfer to Statutory Reserve	-	(500,848)	500,848	-	-	-
Dividend for 2014/15	-	(692,571)	-	-	-	(692,571)
Super Gain Tax Paid	-	(484,231)	-	-	-	(484,231)
Balance as at 31 December 2015	838,282	6,007,074	2,398,330	-	45,768	9,289,454

LB Finance PLC**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2015

	31.12.2015 Rs.('000)	Audited 31.03.2015 Rs.('000)
Assets		
Cash and Cash Equivalents	4,397,588	6,067,670
Financial Investments - Held for Trading	12,849	10,064
Loans and Receivables	24,685,515	22,262,761
Lease Rentals Receivable and Stock out on Hire	43,381,548	33,695,517
Financial Investments - Available for Sale	175,659	140,587
Other Financial Assets	2,762,972	2,140,178
Other Non Financial Assets	772,288	1,206,275
Intangible Assets	35,386	35,307
Property, Plant and Equipment	1,998,558	1,984,160
Total Assets	78,222,362	67,542,519
Liabilities		
Due to Banks	11,671,177	7,703,265
Due to Customers	51,190,281	45,430,552
Debt Issued and Other Borrowed Funds	2,718,479	3,529,575
Other Financial Liabilities	1,877,646	1,776,066
Other Non Financial Liabilities	478,893	516,719
Post Employment Benefit Liability	134,457	112,575
Current Tax Liabilities	850,046	534,745
Deferred Tax Liabilities	11,930	11,930
Total Liabilities	68,932,908	59,615,427
Shareholders' Funds		
Stated Capital	838,282	838,282
Retained Earnings	6,007,074	5,180,486
Reserves	2,444,098	1,908,324
Total Shareholders' Funds	9,289,454	7,927,092
Total Liabilities and Shareholders' Funds	78,222,362	67,542,519
Net Asset Value per Share (Rs) [Please refer Note 02]	67.06	57.23
Commitments and Contingencies	1,052,562	1,105,985

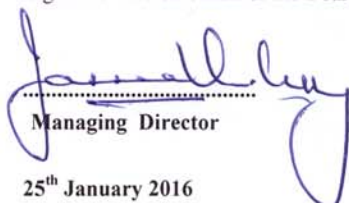
The information contained in these statements have been extracted from the unaudited Financial Statements of the Company unless indicated as "Audited".

CERTIFICATION:


These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.


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Chief Financial Officer

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,


.....
Managing Director

25th January 2016
Colombo


.....
Director

LB Finance PLC**CASH FLOW STATEMENT**

Period ended 31 December 2015

FOR THE 9 MONTHS ENDED**31.12.2015
Rs.('000)****31.12.2014
Rs.('000)****Cash Flows From / (Used in) Operating Activities**

Profit before Income Tax Expense	3,857,644	2,453,947
Adjustments for		
Depreciation of Property, Plant and Equipment	240,681	253,023
Amortisation of Intangible Assets	10,474	9,308
Impairment Charges / (Reversal) for Loans and Other Losses	389,571	1,328,239
Gold Loan Auction Losses	25,596	204,557
Interest Cost on Finance Lease	104	1,329
Diminution/(Appreciation) in Value of Investments	(37,712)	(91,174)
Loss/(Profit) on Disposal of Property, Plant and Equipment	38,851	(97)
Provision/(reversal) for Defined Benefit Plans	27,043	29,701
Dividend Received	(8,013)	(741)
Interest Income on Investing Activities	(357,274)	(441,690)
Notional Tax Credit on Interest on Treasury Bills and Bonds	(29,413)	(29,015)
Withholding Tax Attributed to Fixed Deposits	(5,487)	(431)

Operating Profit before Working Capital Changes	4,152,065	3,716,955
(Increase)/Decrease in Loans and Receivables	(2,506,383)	(3,487,705)
(Increase)/Decrease in Lease Rentals Receivable and Stock out on Hire	(9,998,119)	(2,469,920)
(Increase)/Decrease in Other Financial Assets	(622,794)	2,047,674
(Increase)/Decrease in Other Non Financial Assets	380,797	(228,860)
Increase/(Decrease) in Amounts Due to Customers	5,759,729	2,165,561
Increase/(Decrease) in Other Financial Liabilities	101,580	27,241
Increase/(Decrease) in Other Non Financial Liabilities	(29,727)	202,125

Cash Generated from Operations	(2,762,851)	1,973,071
Retirement Benefit Liabilities Paid	(5,161)	(8,419)
Taxes Paid	(1,491,773)	(370,136)

Net Cash From/(Used in) Operating Activities	(4,259,786)	1,594,516
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Cash Flows from / (Used in) Investing Activities

Acquisition of Property and Equipment	(307,527)	(184,777)
Acquisition of Intangible Assets	(10,554)	(11,543)
Proceeds from Sales of Property, Plant and Equipment	78,503	133
Sale/(Purchase) of financial investments- available- for- sale	(144)	665,780
Interest Received	357,274	441,690
Dividend Received	8,013	741

Net Cash Flows from/(Used in) Investing Activities	125,564	912,023
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Cash Flows from / (Used in) Financing Activities

Payment under Finance Lease Liabilities	(842)	(10,617)
Net Cash Flow from Syndicated Loans and Other Bank Facilities	3,983,858	2,818,761
Net Cash Flow from Debt Issued and Other borrowings	(981,756)	(323,429)
Dividends Paid	(692,571)	(450,171)

Net Cash Flows from/(Used in) Financing Activities	2,308,689	2,034,543
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Net Increase in Cash and Cash Equivalents	(1,825,533)	4,541,083
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Cash and Cash Equivalents at the beginning of the Period	5,085,754	1,244,760
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Cash and Cash Equivalents at the end of the Period	3,260,221	5,785,843
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CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Notes and Coins Held	408,725	341,462
Balances with Banks	512,095	596,780
Treasury Bills Repurchase Agreements	3,476,769	5,647,534
Bank Overdrafts	(1,137,367)	(799,933)

Net Cash and Cash Equivalents	3,260,221	5,785,843
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LB Finance PLC

SEGMENTAL INFORMATION

For management purposes, the Company is organised into three operating segments based on services offered to customers as follows. The following table presents income and profit and certain asset and liability information regarding the Company's operating segments.

	Leasing & Stock out on Hire		Loans and Receivables		Others		Total	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)
Interest Income	6,357,789	6,104,986	3,799,853	3,608,189	357,274	441,690	10,514,916	10,154,865
Interest Expenses	(2,373,137)	(2,445,230)	(1,454,123)	(1,735,840)	(326,677)	(364,189)	(4,153,937)	(4,545,259)
Net Interest Income/(Expenses)	3,984,652	3,659,756	2,345,730	1,872,349	30,596	77,501	6,360,979	5,609,606
Fee and Commission Income	548,039	403,937	312,612	303,210	8,733	479	869,384	707,626
Net Trading Income and Other Operating Income	(2,195)	100,481	396	1,989	37,344	6,727	35,545	109,197
Impairment Charge/Reversal on Loans and Other Losses	(311,730)	(1,130,583)	(58,034)	(197,656)	(19,808)	-	(389,571)	(1,328,239)
Gold Loan Auction Losses	-	-	(25,596)	(204,557)	-	-	(25,596)	(204,557)
Net Operating Income	4,218,767	3,033,590	2,575,110	1,775,336	56,866	84,707	6,850,742	4,893,634
Other Costs	(1,321,518)	(1,061,545)	(1,011,716)	(944,477)	(30,849)	(23,183)	(2,364,083)	(2,029,206)
Depreciation	(144,549)	(162,438)	(101,965)	(97,284)	(4,641)	(2,609)	(251,155)	(262,332)
Operating Profits Before Taxes	2,752,700	1,809,607	1,461,429	733,574	21,376	58,915	4,235,504	2,602,096
Taxes							(1,731,266)	(1,048,567)
Profits for the Period							2,504,238	1,553,529
Segmental Assets	44,551,531	32,687,418	25,351,273	22,674,129	8,319,557	12,175,251	78,222,362	67,536,799
Segmental Liabilities	38,803,560	29,021,993	22,080,490	19,786,734	8,048,858	11,329,142	68,932,908	60,137,868

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in nine months ended 31 December 2014 or 2015.

EXPLANATORY NOTES

01. These Interim Financial Statement of the Company have been prepared in accordance with Sri Lanka Accounting Standards that came into effect from April 1, 2012. Further, these Interim Financial Statements have been prepared in compliance with the requirements of Sri Lanka Accounting Standards - LKAS 34 on 'Interim Financial Reporting' & the accounting policies and methods of computation followed in preparing the above Interim Financial Statements are the same as those disclosed in our Annual Report for the year ended 31st March 2015.

02. Sub-division of shares as recommended by the Board of Directors whereby each of the 69,257,142 ordinary shares in issue being sub-divided into 2 Ordinary Shares thereby increasing the number of Ordinary Shares in issue to 138,514,284, was approved at the Extraordinary General Meeting of the shareholders held on 8th July 2015. Consequent to the sub-division of shares, the Basic Earnings per Ordinary Share (EPS) disclosed in the Statement of Comprehensive Income and the Net Asset Value (NAV) per Share disclosed in the Statement of Financial Position have been adjusted accordingly.

03. There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

04. The Commitments and Contingencies as at 31st December 2015 were Rs.1,053 Mn and as at 31st March 2015, it was Rs.1,106 Mn.

INFORMATION ON SHARES AND LISTED DEBENTURES

			For the Period Ended	
			31.12.2015	31.12.2014
Information on Shares				
Share Price during the Quarter	Highest	Rs.	128.00	183.00
	Lowest	Rs.	115.00	151.60
	Closing	Rs.	119.40	166.00
Number of Ordinary Shares issued as at			138,514,284	69,257,142
Information on Listed Debentures				
Debt Equity Ratio			232.52%	213.23%
Quick Asset Ratio			15.45%	22.39%
Interest Cover			1.93	1.54
			Interest yield	
			31.12.2015	31.12.2014
Debentures Issued - November 2013				
5 year fixed rate (14.00 % p.a. Payable Monthly)			Not Traded	Not Traded
5 year fixed rate (14.50 % p.a. Payable Semi-Annually)			Not Traded	Not Traded
5 year fixed rate (15.00 % p.a. Payable Annually)			Not Traded	Not Traded
Yield of Comparable Government Securities (%)				
05 Year treasury bond			9.79%	7.23%

SELECTED PERFORMANCE INDICATORS

	As At	As At
	31.12.2015	31.12.2014
Capital Adequacy		
Core Capital to Risk Weighted Asset Ratio (Minimum 5%)	11.37%	12.06%
Total Capital to Risk Weighted Asset Ratio (Minimum 10%)	13.46%	15.98%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	18.15%	15.33%
Profitability		
Return on Avg Shareholders' Funds (After Tax) - Annualized	39.33%	32.19%
Return on Avg Assets (After Tax) - Annualized	4.65%	3.41%
Liquidity (Rs.'Mn)		
Required Minimum Amount of Liquid Assets	5,242	4,952
Available Amount of Liquid Assets	6,755	9,299
Required Minimum Amount of Government Securities	3,562	3,305
Available Amount of Government Securities	4,640	7,230

L B Finance PLC

Interim Financial Statements for the nine months ended 31st December 2015

Additional Notes

Twenty largest shareholders as at 31st December 2015

Name		No. of Shares	(%)
1 Vallibel One PLC		70,642,400	51.000
2 Royal Ceramics Lanka PLC	31,427,232]	36,123,232	26.079
Commercial Bank of Ceylon PLC/Royal Ceramics Lanka PLC	4,696,000]		
3 Esna Holdings (Pvt) Ltd		14,062,400	10.152
4 Sri Lanka Insurance Corporation Ltd - Life Fund		3,685,800	2.661
5 Mercantile Investments and Finance PLC		1,746,148	1.261
6 Commercial Bank of Ceylon PLC/Dunamis Capital PLC		1,090,830	0.788
7 Janashakthi Insurance PLC (Policy Holders)		500,000	0.361
8 Mr. H A Van Starrex		407,490	0.294
9 Mr. A A Page		314,800	0.227
10 Mr. E Bianchi		308,800	0.223
11 Global Sea Foods (Pvt) Ltd		257,000	0.186
12 Waldock Mackenzie Ltd /Mrs G Soysa		222,504	0.161
13 Mrs. P C Cooray		208,632	0.151
14 Mellon Bank N A - Commonwealth of Massachusetts		207,243	0.150
15 Mr. K Sabaratnam		165,000	0.119
16 Mr. N P D E Samaranyake		155,800	0.112
17 Mr. P Somadasa		155,444	0.112
18 Mr. T Jeremiah		155,164	0.112
19 Mr. K Karunanayake and Miss. P N Karunanayake		148,324	0.107
20 Waldock Mackenzie Limited/Mr. P S R Casie Chitty		110,000	0.079
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		130,667,011	94.335
Others		7,847,273	5.665
Total		138,514,284	100.000

Directors' and Chief Executive Officer's holding in shares as at 31st December 2015

Name		No. of Shares	(%)
Mr. Thosapala Hewage		-	-
Mr. K D D Perera		-	-
Mr. L N De Silva Wijeyeratne		-	-
Mr. J A S S Adhihetty		106,120	0.077
Mr. Nimal Perera		-	-
Mr. N Udage		48,719	0.035
Mr. B D A Perera		-	-
Mrs. K Fernando		3,200	0.002
Mrs. Shirani Jayasekara		-	-
Mrs. A K Gunawardhana		-	-

PUBLIC HOLDING

Public Holding percentage as at 31st December 2015 being 22.73% comprising of 2,096 shareholders.