

INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2016



LB Finance PLC			
STATEMENT OF COMPREHENSIVE INCOME			
Period ended 30 June 2016	FOR THE 3 MONTHS ENDED		VARIANCE
	30.06.2016 Rs.('000)	30.06.2015 Rs.('000)	%
Income	4,315,838	3,670,666	18
Interest Income	4,040,714	3,374,244	20
Interest Expenses	(1,709,411)	(1,304,646)	(31)
Net Interest Income	2,331,303	2,069,598	13
Fee and Commission Income	265,166	270,177	(2)
Net Trading Income	786	1,861	(58)
Other Operating Income	9,171	24,384	(62)
	275,124	296,423	(7)
Total Operating Income	2,606,426	2,366,021	10
Impairment (Charges) / Reversal for loans and other losses	(22,462)	(233,081)	90
Gold Loan Auction Losses	(2,122)	(9,127)	77
Net Operating Income	2,581,843	2,123,813	22
Operating Expenses			
Personnel Expenses	(517,332)	(411,380)	(26)
Depreciation of Property, Plant and Equipment	(81,315)	(84,782)	4
Amortisation of Intangible Assets	(3,914)	(3,243)	(21)
Other Operating Expenses	(371,318)	(324,175)	(15)
Operating Profit before Tax on Financial Services	1,607,964	1,300,232	24
Tax on Financial Services	(227,304)	(116,283)	(95)
Profit before Taxation	1,380,660	1,183,949	17
Income Tax Expense	(468,952)	(408,126)	(15)
Profit after Taxation	911,708	775,823	18
Other Comprehensive Income / (Expenses)			
Other Comprehensive Income to be reclassified to Profit or Loss			
Gains and Losses arising on re-measuring Available for Sale Financial Assets			
Equity Securities	7,545	45,339	(83)
Other Comprehensive Income / (Expenses) before Taxation	7,545	45,339	(83)
Income Tax (Charge) / Reversal Relating to Components of Other Comprehensive Income	-	-	0
Other Comprehensive Income for the Period, Net of Tax	7,545	45,339	(83)
Total Comprehensive Income for the Period, Net of Tax	919,253	821,162	12
Basic Earnings Per Share (Rs) *	6.58	5.60	
* 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)	Available for Sale Reserve Rs.('000)	Total Rs.('000)
Balance as at 1 April 2015	838,282	5,180,486	1,897,483	10,842	7,927,092
Super Gain Tax Paid	-	(484,231)	-	-	(484,231)
Balance after Super Gain Tax	838,282	4,696,255	1,897,483	10,842	7,442,861
Net profit for the period	-	775,823	-	-	775,823
Other comprehensive income net of tax	-	-	-	45,339	45,339
Transfer to Statutory Reserve	-	(155,165)	155,165	-	-
Balance as at 30 June 2015	838,282	5,316,913	2,052,647	56,181	8,264,024
Balance as at 01 April 2016	838,282	6,977,889	2,641,034	22,114	10,479,319
Net profit for the period	-	911,708	-	-	911,708
Other comprehensive income net of tax	-	-	-	7,545	7,545
Transfer to Statutory Reserve	-	(182,342)	182,342	-	-
Balance as at 30 June 2016	838,282	7,707,256	2,823,376	29,658	11,398,572

LB Finance PLC**STATEMENT OF FINANCIAL POSITION**


As at 30 June 2016

	30.06.2016 Rs.('000)	Audited 31.03.2016 Rs.('000)
Assets		
Cash and Cash Equivalents	4,444,893	6,051,899
Financial Investments - Held for Trading	11,039	10,647
Loans and Receivables	27,250,245	26,449,169
Lease Rentals Receivable and Stock out on Hire	47,536,011	45,104,836
Financial Investments - Available for Sale	145,956	138,411
Other Financial Assets	3,344,681	4,142,716
Other Non Financial Assets	703,526	538,898
Property, Plant and Equipment	2,056,096	2,045,295
Intangible Assets	49,785	34,766
Total Assets	85,542,232	84,516,637
Liabilities		
Due to Banks	15,404,312	14,577,234
Due to Customers	52,456,537	53,379,800
Debt Instruments Issued and Other Borrowed Funds	2,608,089	2,601,283
Other Financial Liabilities	1,858,478	1,869,941
Other Non Financial Liabilities	713,554	597,807
Current Tax Liabilities	826,210	741,252
Deferred Tax Liabilities	143,142	143,142
Post Employment Benefit Liability	133,338	126,859
Total Liabilities	74,143,660	74,037,318
Shareholders' Funds		
Stated Capital	838,282	838,282
Retained Earnings	7,707,256	6,970,499
Reserves	2,853,034	2,670,538
Total Shareholders' Funds	11,398,572	10,479,319
Total Liabilities and Shareholders' Funds	85,542,232	84,516,637
Net Asset Value per Share (Rs)	82.29	75.66
Commitments and Contingencies	1,181,194	1,275,614

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.




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



Director

26th July 2016
 Colombo

LB Finance PLC		
CASH FLOW STATEMENT		
Period ended 30 June 2016	FOR THE 3 MONTHS ENDED	
	30.06.2016 Rs.('000)	30.06.2015 Rs.('000)
Cash Flows From / (Used in) Operating Activities		
Profit and Other Comprehensive Income/(Expenses) before Taxation	1,388,205	1,229,288
Adjustments for		
Depreciation of Property, Plant and Equipment	81,315	84,782
Amortisation of Intangible Assets	3,914	3,243
Impairment Charges / (Reversal) for Loans and Other Losses	22,462	233,081
Gold Loan Auction Losses	2,122	9,127
Interest Cost on Finance Lease	-	104
Diminution/(Appreciation) in Value of Investments	(7,938)	(46,899)
Loss/(Profit) on Disposal of Property, Plant and Equipment	(306)	13,214
Provision/(Reversal) for Defined Benefit Plans	9,541	9,014
Dividend Received	(414)	(3,704)
Interest Income on Investing Activities	(165,103)	(121,818)
Notional Tax Credit on Interest on Treasury Bills and Bonds	(12,413)	(10,210)
Withholding Tax Attributed to Fixed Deposits	(5,598)	(1,642)
Operating Profit before Working Capital Changes	1,315,786	1,397,580
(Increase)/Decrease in Loans and Receivables	(805,364)	(56,198)
(Increase)/Decrease in Lease Rentals Receivable and Stock out on Hire	(2,451,469)	(3,038,377)
(Increase)/Decrease in Other Financial Assets	820,614	(183,895)
(Increase)/Decrease in Other Non Financial Assets	(128,778)	98,175
Increase/(Decrease) in Amounts Due to Customers	(923,264)	1,208,761
Increase/(Decrease) in Other Financial Liabilities	(11,463)	(3,519)
Increase/(Decrease) in Other Non Financial Liabilities	115,747	9,888
Cash Generated from Operations	(2,068,191)	(567,584)
Retirement Benefit Liabilities Paid	(3,062)	(1,623)
Taxes Paid	(401,834)	(200,000)
Net Cash From/(Used in) Operating Activities	(2,473,087)	(769,207)
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property, Plant and Equipment	(92,207)	(99,179)
Acquisition of Intangible Assets	(18,933)	(275)
Proceeds from Sale of Property, Plant and Equipment	397	15,413
Sale/(Purchase) of Financial Investments - Available for Sale	-	-
Interest Received	142,525	121,818
Dividend Received	414	3,704
Net Cash Flows from/(Used in) Investing Activities	32,196	41,481
Cash Flows from / (Used in) Financing Activities		
Payment under Finance Lease Liabilities	-	(842)
Net Cash Flow from Syndicated Loans and Other Bank Facilities	(254,641)	855,408
Net Cash Flow from Debt Issued and Other Borrowings	6,806	(440,234)
Net Cash Flows from/(Used in) Financing Activities	(247,835)	414,332
Net Increase in Cash and Cash Equivalents	(2,688,726)	(313,394)
Cash and Cash Equivalents at the Beginning of the Period	5,352,627	5,085,754
Cash and Cash Equivalents at the End of the Period	2,663,902	4,772,360
CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT		
Notes and Coins Held	477,349	411,313
Balances with Banks	737,995	424,416
Treasury Bills Repurchase Agreements	3,229,549	4,731,381
Bank Overdrafts	(1,780,991)	(794,750)
Net Cash and Cash Equivalents	2,663,902	4,772,360

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	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)
Interest Income	2,433,997	1,996,273	1,423,462	1,256,152	183,254	121,818	4,040,714	3,374,244
Interest Expenses	(986,160)	(736,878)	(578,041)	(466,128)	(145,210)	(101,639)	(1,709,411)	(1,304,646)
Net Interest Income/(Expenses)	1,447,837	1,259,395	845,421	790,024	38,045	20,179	2,331,303	2,069,598
Fee and Commission Income	138,805	173,013	126,056	92,963	305	4,201	265,166	270,177
Net Trading Income and Other Operating Income	5,464	16,966	53	59	4,440	9,220	9,957	26,245
Impairment Charge/Reversal on Loans and Other Losses	(20,295)	(185,150)	(2,167)	(27,910)	-	(20,020)	(22,462)	(233,081)
Gold Loan Auction Losses	-	-	(2,122)	(9,127)	-	-	(2,122)	(9,127)
Net Operating Income	1,571,812	1,264,223	967,241	846,010	42,790	13,580	2,581,843	2,123,813
Other Costs	(512,800)	(403,016)	(361,161)	(322,536)	(14,689)	(10,003)	(888,650)	(735,555)
Depreciation	(45,609)	(53,809)	(37,856)	(32,897)	(1,763)	(1,319)	(85,229)	(88,025)
Operating Profits Before Taxes	1,013,403	807,398	568,224	490,577	26,337	2,257	1,607,964	1,300,232
Taxes							(696,256)	(524,409)
Profits for the Period							911,708	775,823
Segmental Assets	49,150,219	38,242,497	28,175,597	23,313,613	8,216,416	8,463,511	85,542,232	70,019,621
Segmental Liabilities	42,600,912	33,464,478	24,421,176	20,400,809	7,121,572	7,406,080	74,143,660	61,271,366

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 three months ended 30th June 2015 or 2016.

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 2016.

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

03. The Commitments and Contingencies as at 30th June 2016 was Rs.1,181 Mn and as at 31st March 2016 was Rs.1,276 Mn.

INFORMATION ON SHARES AND LISTED DEBENTURES

			For the Period Ended	
			30.06.2016	30.06.2015
<u>Information on Shares</u>				
Share Price during the Quarter	Highest	Rs.	134.00	239.00
	Lowest	Rs.	105.10	150.30
	Closing	Rs.	128.30	237.70
Number of Ordinary Shares issued as at			138,514,284	69,257,142
<u>Information on Listed Debentures</u>				
Debt Equity Ratio			204.46%	200.59%
Quick Asset Ratio			15.66%	18.42%
Interest Cover			1.81	1.94
			Interest yield	
			30.06.2016	30.06.2015
Debenture Prices during the Quarter				
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			11.89%	8.16%

SELECTED PERFORMANCE INDICATORS

	As At	As At
	30.06.2016	30.06.2015
<u>Capital Adequacy</u>		
Core Capital to Risk Weighted Asset Ratio (Minimum 5%)	16.20%	15.33%
Total Capital to Risk Weighted Asset Ratio (Minimum 10%)	18.09%	18.62%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	21.73%	18.76%
<u>Profitability</u>		
Return on Avg Shareholders' Funds (After Tax) - Annualized	33.61%	39.40%
Return on Avg Assets (After Tax) - Annualized	4.32%	4.78%
<u>Liquidity (Rs.'Mn)</u>		
Required Minimum Amount of Liquid Assets	5,374	4,779
Available Amount of Liquid Assets	6,916	7,475
Required Minimum Amount of Government Securities	3,671	3,562
Available Amount of Government Securities	4,860	6,145

L B Finance PLC

Interim Financial Statements for the period ended 30th June 2016

Additional Notes

Twenty largest shareholders as at 30th June 2016

Name		No. of Shares	(%)
1 Vallibel One PLC		71,682,400	51.751
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 AIA Insurance Lanka PLC A/C No. 07		624,779	0.451
6 Janashakthi Insurance PLC (Policy Holders)		500,000	0.361
7 Mr. H A Van Starrex		397,998	0.287
8 Mr. N P D E Samaranyake		350,000	0.253
9 Mr. A A Page		314,800	0.227
10 Mr. E Bianchi		308,800	0.223
11 Seylan Bank PLC/Dr. Thirugnanasambandar Senthilveri		231,967	0.167
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		177,675	0.128
16 Mr. P Somadasa		155,444	0.112
17 Mr. T Jeremiah		155,164	0.112
18 Elgin Investments Limited		150,000	0.108
19 J. B. Cocoshell (Pvt) Ltd		150,000	0.108
20 Mr. K D A Perera		149,422	0.108
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		129,858,260	93.750
Others		8,656,024	6.250
Total		138,514,284	100.000

Directors' and Chief Executive Officer's holding in shares as at 30th June 2016

Name		No. of Shares	(%)
Mrs. K Fernando		3,200	0.002
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		58,719	0.042
Mr. B D A Perera		-	-
Mrs. Shirani Jayasekara		-	-
Mrs. A K Gunawardhana		-	-
Mr. R S Yatawara		-	-
Mrs. Y Bhaskaran		-	-

PUBLIC HOLDING

Public Holding percentage as at 30th June 2016 being 22.03% comprising of 2,192 shareholders.