

**INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017**



<b>LB Finance PLC</b>						
<b>STATEMENT OF COMPREHENSIVE INCOME</b>						
Period ended 31 December 2017	FOR THE 3 MONTHS ENDED		VARIANCE	FOR THE 9 MONTHS ENDED		VARIANCE
	31.12.2017 Rs.('000)	31.12.2016 Rs.('000)	%	31.12.2017 Rs.('000)	31.12.2016 Rs.('000)	%
<b>Income</b>	<b>6,586,588</b>	5,051,635	30	<b>18,142,775</b>	13,995,755	30
Interest Income	<b>6,155,619</b>	4,580,983	34	<b>16,996,995</b>	12,933,958	31
Interest Expenses	<b>(2,984,383)</b>	(2,102,448)	(42)	<b>(8,487,857)</b>	(5,706,055)	(49)
<b>Net Interest Income</b>	<b>3,171,236</b>	2,478,534	28	<b>8,509,138</b>	7,227,904	18
Fee and Commission Income	<b>391,661</b>	291,769	34	<b>1,038,487</b>	860,323	21
Net Trading Income	<b>(399)</b>	(811)	51	<b>77</b>	728	(89)
Other Operating Income	<b>39,707</b>	179,694	(78)	<b>107,215</b>	200,746	(47)
<b>Total Operating Income</b>	<b>3,602,205</b>	2,949,187	22	<b>9,654,918</b>	8,289,700	16
Impairment (Charges) / Reversal for loans and other losses	<b>(184,011)</b>	(51,309)	(259)	<b>(380,263)</b>	(66,318)	(473)
Gold Loan Auction Losses	<b>298</b>	(302)	198	<b>(133)</b>	(2,152)	94
<b>Net Operating Income</b>	<b>3,418,492</b>	2,897,575	18	<b>9,274,522</b>	8,221,229	13
<b>Operating Expenses</b>						
Personnel Expenses	<b>(625,483)</b>	(528,010)	(18)	<b>(1,773,224)</b>	(1,494,174)	(19)
Depreciation of Property, Plant and Equipment	<b>(94,925)</b>	(82,243)	(15)	<b>(268,149)</b>	(244,622)	(10)
Amortisation of Intangible Assets	<b>(4,940)</b>	(4,495)	(10)	<b>(13,792)</b>	(12,575)	(10)
Other Operating Expenses	<b>(610,911)</b>	(488,220)	(25)	<b>(1,704,330)</b>	(1,407,279)	(21)
<b>Operating Profit before Tax on Financial Services</b>	<b>2,082,232</b>	1,794,607	16	<b>5,515,027</b>	5,062,578	9
Tax on Financial Services	<b>(352,962)</b>	(244,494)	(44)	<b>(960,281)</b>	(678,206)	(42)
<b>Profit before Taxation</b>	<b>1,729,271</b>	1,550,113	12	<b>4,554,746</b>	4,384,373	4
Income Tax Expense	<b>(600,248)</b>	(525,664)	(14)	<b>(1,534,738)</b>	(1,500,109)	(2)
<b>Profit after Taxation</b>	<b>1,129,023</b>	1,024,449	10	<b>3,020,008</b>	2,884,264	5
<b>Other Comprehensive Income</b>						
<b>Other Comprehensive Income to be reclassified to Profit or Loss</b>						
<b>Gains and Losses arising on re-measuring Available for Sale Financial Assets</b>						
Equity Securities	<b>(10,484)</b>	(22,234)	53	<b>2,017</b>	(6,058)	133
<b>Other Comprehensive Income before Taxation</b>	<b>(10,484)</b>	(22,234)	53	<b>2,017</b>	(6,058)	133
Income Tax (Charge) / Reversal Relating to Components of Other Comprehensive Income	-	-		-	-	
<b>Other Comprehensive Income for the Period, Net of Tax</b>	<b>(10,484)</b>	(22,234)	53	<b>2,017</b>	(6,058)	133
<b>Total Comprehensive Income for the Period, Net of Tax</b>	<b>1,118,539</b>	1,002,214	12	<b>3,022,025</b>	2,878,206	5
<b>Basic Earnings Per Share (Rs) *</b>	<b>8.15</b>	7.40	10	<b>21.80</b>	20.82	5
* Calculated based on the Profit for the Period						

<b>LB Finance PLC</b>					
<b>STATEMENT OF CHANGES IN EQUITY</b>					
	Stated Capital Rs.('000)	Retained Earnings Rs.('000)	Statutory Reserve Rs.('000)	Available for Sale Reserve Rs.('000)	Total Rs.('000)
<b>Balance as at 01 April 2016</b>	<b>838,282</b>	<b>6,970,499</b>	<b>2,641,042</b>	<b>29,496</b>	<b>10,479,319</b>
Net Profit for the Period	-	2,884,264	-	-	2,884,264
Other Comprehensive Income Net of Tax	-	-	-	(6,058)	(6,058)
Transfer to Statutory Reserve	-	(576,853)	576,853	-	-
First and Final Dividend for 2015/16	-	(1,038,857)	-	-	(1,038,857)
<b>Balance as at 31 December 2016</b>	<b>838,282</b>	<b>8,239,053</b>	<b>3,217,895</b>	<b>23,438</b>	<b>12,318,668</b>
<b>Balance as at 01 April 2017</b>	<b>838,282</b>	<b>8,259,079</b>	<b>3,424,683</b>	<b>(12,365)</b>	<b>12,509,679</b>
Net Profit for the Period	-	3,020,008	-	-	3,020,008
Other Comprehensive Income Net of Tax	-	-	-	2,017	2,017
Transfer to Statutory Reserve	-	(604,002)	604,002	-	-
Final Dividend for 2016/17	-	(415,543)	-	-	(415,543)
<b>Balance as at 31 December 2017</b>	<b>838,282</b>	<b>10,259,542</b>	<b>4,028,685</b>	<b>(10,348)</b>	<b>15,116,161</b>

# LB Finance PLC

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	31.12.2017 Rs.('000)	Audited 31.03.2017 Rs.('000)
<b>Assets</b>		
Cash and Cash Equivalents	3,873,610	2,895,085
Financial Investments - Held for Trading	10,059	10,068
Loans and Receivables	37,768,494	33,488,779
Lease Rentals Receivable and Stock out on Hire	60,370,034	55,660,963
Financial Investments - Available for Sale	120,037	118,021
Other Financial Assets	9,438,190	6,721,526
Other Non Financial Assets	887,523	305,048
Property, Plant and Equipment	4,292,290	3,514,356
Intangible Assets	51,163	49,189
<b>Total Assets</b>	<b>116,811,401</b>	<b>102,763,035</b>
<b>Liabilities</b>		
Due to Banks	21,636,232	23,778,147
Due to Customers	70,839,702	60,401,955
Debt Instruments Issued and Other Borrowed Funds	5,007,711	2,044,216
Other Financial Liabilities	1,881,450	2,007,402
Other Non Financial Liabilities	731,044	673,436
Current Tax Liabilities	914,854	691,091
Deferred Tax Liabilities	503,488	503,488
Post Employment Benefit Liability	180,759	153,621
<b>Total Liabilities</b>	<b>101,695,240</b>	<b>90,253,356</b>
<b>Shareholders' Funds</b>		
Stated Capital	838,282	838,282
Retained Earnings	10,259,542	8,259,079
Reserves	4,018,337	3,412,318
<b>Total Shareholders' Funds</b>	<b>15,116,161</b>	<b>12,509,679</b>
<b>Total Liabilities and Shareholders' Funds</b>	<b>116,811,401</b>	<b>102,763,035</b>
<b>Net Asset Value per Share (Rs)</b>	<b>109.13</b>	<b>90.31</b>
<b>Commitments and Contingencies</b>	<b>1,203,442</b>	<b>994,135</b>

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

30<sup>th</sup> January 2018

Colombo

**LB Finance PLC****CASH FLOW STATEMENT**

Period ended 31 December 2017

**FOR THE 9 MONTHS ENDED****31.12.2017**  
**Rs.('000)****31.12.2016**  
**Rs.('000)****Cash Flows from / (Used in) Operating Activities**

Profit and Other Comprehensive Income/(Expenses) before Taxation	4,556,763	4,378,315
Adjustments for		
Depreciation of Property, Plant and Equipment	268,149	244,622
Amortisation of Intangible Assets	13,792	12,575
Impairment Charges / (Reversal) for Loans and Other Losses	380,263	66,318
Gold Loan Auction Losses	133	2,152
Diminution/(Appreciation) in Value of Investments	(2,008)	5,722
Loss/(Profit) on Disposal of Property, Plant and Equipment	(4,285)	(2,457)
Provision/(Reversal) for Defined Benefit Plans	37,863	28,623
Dividend Received	(1,972)	(3,399)
Interest Income on Investing Activities	(718,159)	(451,227)
Notional Tax Credit on Interest on Treasury Bills and Bonds	(43,553)	(36,214)
Withholding Tax Attributed to Fixed Deposits	(34,631)	(13,013)

Operating Profit before Working Capital Changes	4,452,353	4,232,019
(Increase)/Decrease in Loans and Receivables	(4,478,888)	(5,357,312)
(Increase)/Decrease in Lease Rentals Receivable and Stock out on Hire	(4,890,294)	(8,559,597)
(Increase)/Decrease in Other Financial Assets	(2,563,904)	752,580
(Increase)/Decrease in Other Non Financial Assets	(528,692)	325,714
Increase/(Decrease) in Amounts Due to Customers	10,437,748	2,238,178
Increase/(Decrease) in Other Financial Liabilities	(125,952)	553,498
Increase/(Decrease) in Other Non Financial Liabilities	57,608	(22,892)

Cash Generated from Operations	2,359,980	(5,837,811)
Retirement Benefit Liabilities Paid	(10,725)	(9,988)
Income Tax Paid	(1,286,575)	(1,510,533)

Net Cash From/(Used in) Operating Activities	1,062,680	(7,358,332)
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**Cash Flows from / (Used in) Investing Activities**

Acquisition of Property, Plant and Equipment	(1,051,355)	(326,790)
Acquisition of Intangible Assets	(15,766)	(29,108)
Proceeds from Sale of Property, Plant and Equipment	9,556	2,957
Sale/(Purchase) of Financial Investments - Available for Sale	2	-
Interest Received	565,398	428,041
Dividend Received	1,972	3,399

Net Cash Flows from/(Used in) Investing Activities	(490,191)	78,499
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**Cash Flows from / (Used in) Financing Activities**

Net Cash Flow from Syndicated Loans and Other Bank Facilities	(1,956,824)	6,323,508
Net Cash Flow from Debt Issued and Other Borrowings	2,963,494	(367,771)
Dividends Paid	(415,543)	(1,038,857)

Net Cash Flows from/(Used in) Financing Activities	591,128	4,916,880
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Net Increase in Cash and Cash Equivalents	1,163,616	(2,362,953)
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Cash and Cash Equivalents at the Beginning of the Period	1,859,818	5,352,627
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Cash and Cash Equivalents at the End of the Period	3,023,434	2,989,674
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**CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT**

Notes and Coins Held	729,558	509,281
Balances with Banks	849,276	609,791
Treasury Bills Repurchase Agreements	2,294,776	3,027,231
Bank Overdrafts	(850,177)	(1,156,629)

Net Cash and Cash Equivalents	3,023,434	2,989,674
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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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)
Interest Income	10,194,992	7,851,701	6,005,660	4,581,803	796,343	500,454	16,996,995	12,933,958
Interest Expenses	(4,830,806)	(3,302,354)	(2,966,249)	(1,961,694)	(690,802)	(442,006)	(8,487,857)	(5,706,055)
Net Interest Income	5,364,186	4,549,347	3,039,411	2,620,109	105,541	58,448	8,509,138	7,227,904
Fee and Commission Income	523,335	441,414	510,936	414,241	4,216	4,667	1,038,487	860,323
Net Trading Income and Other Operating Income	26,080	16,940	478	407	80,735	184,127	107,293	201,474
Impairment Charge/Reversal on Loans and Other Losses	(181,223)	(480)	(199,122)	(70,798)	81	4,960	(380,263)	(66,318)
Gold Loan Auction Losses	-	-	(133)	(2,152)	-	-	(133)	(2,152)
Net Operating Income	5,732,379	5,007,221	3,351,571	2,961,806	190,572	252,203	9,274,522	8,221,229
Other Costs	(1,988,464)	(1,641,173)	(1,428,881)	(1,207,729)	(60,209)	(52,551)	(3,477,554)	(2,901,453)
Depreciation	(149,773)	(135,352)	(126,763)	(116,469)	(5,404)	(5,377)	(281,941)	(257,198)
Operating Profits Before Taxes	3,594,142	3,230,695	1,795,927	1,637,608	124,959	194,275	5,515,027	5,062,578
Taxes							(2,495,019)	(2,178,314)
Profits for the Period							3,020,008	2,884,264
Segmental Assets	63,200,228	55,149,739	39,539,110	32,617,230	14,072,063	7,916,231	116,811,401	95,683,201
Segmental Liabilities	55,021,704	48,049,524	34,422,490	28,417,947	12,251,046	6,897,062	101,695,240	83,364,532

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 during the nine months ended 31<sup>st</sup> December 2017 or 2016.

## EXPLANATORY NOTES

01. These Interim Financial Statements 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 2017.

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 31<sup>st</sup> December 2017 was Rs. 1,203 Mn and as at 31<sup>st</sup> March 2017 was Rs. 994 Mn.

## INFORMATION ON SHARES AND LISTED DEBENTURES

INFORMATION ON SHARES			For the Quarter ended	
			31.12.2017	31.12.2016
<b>Share Price</b>	Highest	Rs.	134.00	130.50
	Lowest	Rs.	121.20	119.90
	Closing	Rs.	122.10	125.00
			<b>As at</b>	<b>As at</b>
			<b>31.12.2017</b>	<b>31.12.2016</b>
Number of Ordinary Shares Issued			138,514,284	138,514,284
INFORMATION ON LISTED DEBENTURES			For the Quarter ended	
			31.12.2017	31.12.2016
<b>Debenture Prices</b>				
Debentures Issued - November 2013				
5 Year Fixed Rate (14.00 % p.a. Payable Monthly )	Highest	Rs.	Not Traded	Not Traded
	Lowest	Rs.	Not Traded	Not Traded
	Closing	Rs.	Not Traded	Not Traded
5 Year Fixed Rate (14.50 % p.a. Payable Semi-Annually )	Highest	Rs.	Not Traded	Not Traded
	Lowest	Rs.	Not Traded	Not Traded
	Closing	Rs.	Not Traded	Not Traded
5 Year Fixed Rate (15.00 % p.a. Payable Annually )	Highest	Rs.	Not Traded	Not Traded
	Lowest	Rs.	Not Traded	Not Traded
	Closing	Rs.	Not Traded	Not Traded
<b>Interest Yield</b>				
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
<b>Yield of Comparable Government Securities (%)</b>				
05 Year Treasury Bond			9.84%	12.21%
			<b>As at</b>	<b>As at</b>
			<b>31.12.2017</b>	<b>31.12.2016</b>
<b>Ratios</b>				
Debt Equity Ratio			207.29%	218.32%
Quick Asset Ratio			19.36%	13.67%
Interest Cover			1.54	1.77
SELECTED PERFORMANCE INDICATORS				
			As at	As at
			31.12.2017	31.12.2016
<b>Capital Adequacy</b>				
Core Capital to Risk Weighted Asset Ratio (Minimum 5%)			14.10%	15.43%
Total Capital to Risk Weighted Asset Ratio (Minimum 10%)			16.62%	16.48%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)			21.34%	22.15%
<b>Profitability</b>				
Return on Avg Shareholders' Funds (After Tax) - Annualized			29.17%	33.67%
Return on Avg Assets (After Tax) - Annualized			3.67%	4.26%
<b>Liquidity (Rs. Mn)</b>				
Required Minimum Amount of Liquid Assets			7,556	5,816
Available Amount of Liquid Assets			11,991	6,943
Required Minimum Amount of Government Securities			4,208	3,743
Available Amount of Government Securities			5,520	4,610

# L B Finance PLC

Interim Financial Statements for the period ended 31<sup>st</sup> December 2017

## Additional Notes

### Twenty largest shareholders as at 31<sup>st</sup> December 2017

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 Bnymсанv Re-Frontaura Global Frontier Fund LLC		2,290,135	1.653
5 SBI Ven Holdings Pte Ltd		1,600,000	1.155
6 AIA Insurance Lanka PLC A/C No. 07		777,843	0.562
7 Sterling Holdings (Private) Limited		502,826	0.363
8 Mr. H A Van Starrex		500,596	0.361
9 Janashakthi Insurance PLC (Policy Holders)		500,000	0.361
10 Mr. K A D A Perera		373,776	0.270
11 Waldock Mackenzie Limited /Mr. K R E M D M B Jayasundara		354,297	0.256
12 Mr. A A K Page		314,800	0.227
13 Mr. N P D A Samaranayake		300,000	0.217
14 Seylan Bank PLC/W D N H Perera		258,253	0.186
15 Mr. N Udage		250,325	0.181
16 People's Leasing & Finance PLC/Dr. H S D Soysa & Mrs. G Soysa		230,816	0.167
17 Mrs. P C Cooray		208,632	0.151
18 J B Cocoshell (Pvt) Ltd		189,100	0.137
19 Guardian Fund Management Limited/The Aitken Spence and Associated Companies Executive Staff Provident Fund		180,000	0.130
20 Commercial Credit and Finance PLC		161,297	0.116
		<u>130,860,728</u>	<u>94.475</u>
Others		7,653,556	5.525
<b>Total</b>		<b><u>138,514,284</u></b>	<b><u>100.000</u></b>

### Directors' and Chief Executive Officer's holding in shares as at 31<sup>st</sup> December 2017

Name	No. of Shares	(%)
Mrs. Shirani Jayasekara	-	-
Mr. K D D Perera	-	-
Mr. J A S S Adhihetty	106,120	0.077
Mr. Thosapala Hewage	-	-
Mr. N Udage	250,325	0.181
Mr. B D A Perera	-	-
Mr. R S Yatawara	-	-
Mrs. A K Gunawardhana	-	-
Mrs. Y Bhaskaran	-	-
Mr. M A J W Jayasekara (appointed w. e. f. 30.10.2017)	-	-
Mr. L N De Silva Wijeyeratne (ceased to be a Director w. e. f. 31.10.2017)	-	-

### Public Holding

Public Holding percentage as at 31<sup>st</sup> December 2017 being 21.89% comprising of 1,930 shareholders.