

# INTERIM FINANCIAL STATEMENTS

## LB FINANCE PLC

FOR THE PERIOD ENDED JUNE 30, 2020



**LB FINANCE**

**LB FINANCE PLC****STATEMENT OF COMPREHENSIVE INCOME**

Period ended 30 June 2020

	FOR THE 3 MONTHS ENDED					
	Company			Group		
	30.06.2020 Rs.('000)	30.06.2019 Rs.('000)	Change %	30.06.2020 Rs.('000)	30.06.2019 Rs.('000)	Change %
<b>Income</b>	<b>6,625,051</b>	7,723,848	(14)	<b>6,666,379</b>	7,755,709	(14)
Interest Income	6,253,967	7,261,800	(14)	6,294,267	7,292,366	(14)
Less : Interest Expenses	3,240,614	3,439,702	(6)	3,244,117	3,442,291	(6)
<b>Net Interest Income</b>	<b>3,013,353</b>	3,822,098	(21)	<b>3,050,150</b>	3,850,075	(21)
Fee and Commission Income	354,366	432,995	(18)	355,495	434,237	(18)
Net Trading Income	1,426	(761)	87	1,426	(761)	87
Other Operating Income	15,292	29,814	(49)	15,192	29,866	(49)
<b>Total Operating Income</b>	<b>3,384,437</b>	4,284,147	(21)	<b>3,422,263</b>	4,313,418	(21)
Less : Impairment Charges and Other Losses	1,019,574	357,034	>100	1,019,006	359,701	>100
<b>Net Operating Income</b>	<b>2,364,863</b>	3,927,113	(40)	<b>2,403,257</b>	3,953,716	(39)
<b>Less : Operating Expenses</b>						
Personnel Expenses	670,670	703,354	(5)	681,355	709,334	(4)
Depreciation of Property, Plant and Equipment	176,656	110,225	60	177,081	110,445	60
Amortisation of Intangible Assets	4,487	4,140	8	5,354	4,396	22
Other Operating Expenses	395,168	663,473	(40)	401,514	668,230	(40)
<b>Operating Profit before Tax on Financial Services</b>	<b>1,117,882</b>	2,445,920	(54)	<b>1,137,953</b>	2,461,311	(54)
Less : Tax on Financial Services	215,991	399,094	(46)	215,991	399,094	(46)
Less : Debt Repayment Levy	-	205,719	(100)	-	205,719	(100)
<b>Profit before Taxation</b>	<b>901,891</b>	1,841,107	(51)	<b>921,962</b>	1,856,498	(50)
Less : Income Tax Expense	263,197	705,907	(63)	269,368	710,517	(62)
<b>Profit for the Period</b>	<b>638,694</b>	1,135,200	(44)	<b>652,594</b>	1,145,981	(43)
<b>Profit Attributable to:</b>						
Equity Holders of the Company	638,694	1,135,200	(44)	652,594	1,145,981	(43)
Non-Controlling Interest	-	-	-	-	-	-
<b>Profit for the Period</b>	<b>638,694</b>	1,135,200	(44)	<b>652,594</b>	1,145,981	(43)
<b>Basic Earnings per Share (Rs.)</b>	<b>4.61</b>	8.20	(44)	<b>4.71</b>	8.27	(43)
<b>Other Comprehensive Income</b>						
<b>Other Comprehensive Income that will be Reclassified to Income Statement</b>						
Net Gains/(Losses) from Translating the Financial Statements of the Foreign Operations	-	-	-	(4,864)	1,887	>(100)
<b>Net Other Comprehensive Income that will be Reclassified to Income Statement</b>	<b>-</b>	-	-	<b>(4,864)</b>	1,887	>(100)
<b>Other Comprehensive Income that will never be Reclassified to Income Statement</b>						
Net Gains/(Losses) on Investment in Equity Instruments - Fair Value Through Other Comprehensive Income	12,495	1,640	>100	12,495	1,640	>100
<b>Net Other Comprehensive Income that will never be Reclassified to Income Statement</b>	<b>12,495</b>	1,640	>100	<b>12,495</b>	1,640	>100
<b>Other Comprehensive Income for the Period, Net of Tax</b>	<b>12,495</b>	1,640	>100	<b>7,631</b>	3,527	>100
<b>Total Comprehensive Income for the Period, Net of Tax</b>	<b>651,189</b>	1,136,840	(43)	<b>660,225</b>	1,149,508	(43)
<b>Attributable to:</b>						
Equity Holders of the Company	651,189	1,136,840	(43)	660,225	1,149,508	(43)
Non-Controlling Interest	-	-	-	-	-	-
<b>Total Comprehensive Income for the Period, Net of Tax</b>	<b>651,189</b>	1,136,840	(43)	<b>660,225</b>	1,149,508	(43)

**LB FINANCE PLC****STATEMENT OF FINANCIAL POSITION**

As at 30 June 2020

	Company		Group	
	30.06.2020 Rs.(‘000)	Audited 31.03.2020 Rs.(‘000)	30.06.2020 Rs.(‘000)	Audited 31.03.2020 Rs.(‘000)
<b>Assets</b>				
Cash and Cash Equivalents	11,539,664	6,162,637	11,870,197	6,472,312
Financial Assets Recognised Through Profit or Loss	6,074	4,648	6,074	4,648
Financial Assets at Amortised Cost - Loans and Receivables	56,743,210	58,239,254	57,278,606	58,793,344
Financial Assets at Amortised Cost - Lease Rentals Receivable and Stock out on Hire	57,534,311	60,626,670	57,534,311	60,626,670
Financial Assets Measured at Fair Value Through Other Comprehensive Income	71,637	59,141	71,637	59,141
Other Financial Assets	11,797,570	9,119,681	11,781,189	9,105,761
Other Non Financial Assets	896,814	967,469	909,478	976,489
Investment in Subsidiary	521,162	521,162	-	-
Property, Plant and Equipment and Right-of-Use Assets	8,173,114	8,221,248	8,180,102	8,228,222
Intangible Assets	37,322	41,809	49,647	55,064
<b>Total Assets</b>	<b>147,320,878</b>	<b>143,963,719</b>	<b>147,681,241</b>	<b>144,321,651</b>
<b>Liabilities</b>				
Due to Banks	26,008,792	22,771,085	26,118,147	22,882,941
Financial Liabilities at Amortised Cost - Due to Depositors	88,730,175	89,256,435	88,791,196	89,315,097
Debt Instruments Issued and Other Borrowed Funds	3,013,393	3,111,186	3,013,393	3,111,186
Other Financial Liabilities	2,939,118	2,766,410	2,922,736	2,766,775
Other Non Financial Liabilities	1,183,416	909,266	1,217,080	925,778
Current Tax Liabilities	399,037	766,752	402,474	777,057
Deferred Tax Liabilities	1,037,580	1,037,580	1,037,580	1,037,580
Post Employment Benefit Liability	358,629	345,456	358,629	345,456
<b>Total Liabilities</b>	<b>123,670,140</b>	<b>120,964,170</b>	<b>123,861,235</b>	<b>121,161,870</b>
<b>Equity</b>				
Stated Capital	838,282	838,282	838,282	838,282
Reserves	6,357,173	6,216,939	6,469,696	6,334,326
Retained Earnings	16,455,283	15,944,328	16,512,028	15,987,173
<b>Total Equity Attributable to Equity Holders of the Company</b>	<b>23,650,738</b>	<b>22,999,549</b>	<b>23,820,006</b>	<b>23,159,781</b>
<b>Non Controlling Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>23,650,738</b>	<b>22,999,549</b>	<b>23,820,006</b>	<b>23,159,781</b>
<b>Total Liabilities and Equity</b>	<b>147,320,878</b>	<b>143,963,719</b>	<b>147,681,241</b>	<b>144,321,651</b>
<b>Net Asset Value per Share (Rs.)</b>	<b>170.75</b>	<b>166.04</b>	<b>171.97</b>	<b>167.20</b>
<b>Commitments and Contingencies</b>	<b>1,740,758</b>	<b>1,928,805</b>	<b>1,819,348</b>	<b>1,816,949</b>

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

**CERTIFICATION:**

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

*(Sgd.)***Malith Hewage****Assistant General Manager-Finance**

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,

*(Sgd.)***J A S Sumith Adhihetty****Managing Director***(Sgd.)***Mrs. Yogadinusha Bhaskaran****Director****13 August 2020****Colombo**

**LB FINANCE PLC****STATEMENT OF CHANGES IN EQUITY - COMPANY**

	Stated Capital Rs.('000)	Retained Earnings Rs.('000)	Statutory Reserve Rs.('000)	Fair Value Reserve Rs.('000)	Total Equity Rs.('000)
<b>Balance as at 01 April 2019 (Audited)</b>	<b>838,282</b>	<b>12,378,772</b>	<b>5,285,759</b>	<b>(75,662)</b>	<b>18,427,151</b>
Net Profit for the Period	-	1,135,200	-	-	1,135,200
Other Comprehensive Income, Net of Tax	-	-	-	1,640	1,640
Transfers During the Period	-	(227,040)	227,040	-	-
<b>Balance as at 30 June 2019</b>	<b>838,282</b>	<b>13,286,932</b>	<b>5,512,799</b>	<b>(74,022)</b>	<b>19,563,991</b>
<b>Balance as at 01 April 2020 (Audited)</b>	<b>838,282</b>	<b>15,944,328</b>	<b>6,323,170</b>	<b>(106,231)</b>	<b>22,999,549</b>
Net Profit for the Period	-	638,694	-	-	638,694
Other Comprehensive Income, Net of Tax	-	-	-	12,495	12,495
Transfers During the Period	-	(127,739)	127,739	-	-
<b>Balance as at 30 June 2020</b>	<b>838,282</b>	<b>16,455,283</b>	<b>6,450,909</b>	<b>(93,736)</b>	<b>23,650,738</b>

**STATEMENT OF CHANGES IN EQUITY - GROUP**

	Stated Capital Rs.('000)	Retained Earnings Rs.('000)	Statutory Reserve Rs.('000)	Foreign Currency Translation Reserve Rs.('000)	Fair Value Reserve Rs.('000)	Total Equity Attributable to Equity Holders of the Company Rs.('000)	Non-Controlling Interest Rs.('000)	Total Equity Rs.('000)
<b>Balance as at 01 April 2019 (Audited)</b>	<b>838,282</b>	<b>12,397,809</b>	<b>5,285,759</b>	<b>20,779</b>	<b>(75,662)</b>	<b>18,466,967</b>	<b>-</b>	<b>18,466,967</b>
Net Profit for the Period	-	1,145,981	-	-	-	1,145,981	-	1,145,981
Other Comprehensive Income, Net of Tax	-	-	-	1,887	1,640	3,527	-	3,527
Transfers During the Period	-	(227,040)	227,040	-	-	-	-	-
<b>Balance as at 30 June 2019</b>	<b>838,282</b>	<b>13,316,750</b>	<b>5,512,799</b>	<b>22,666</b>	<b>(74,022)</b>	<b>19,616,475</b>	<b>-</b>	<b>19,616,475</b>
<b>Balance as at 01 April 2020 (Audited)</b>	<b>838,282</b>	<b>15,987,173</b>	<b>6,323,170</b>	<b>117,387</b>	<b>(106,231)</b>	<b>23,159,781</b>	<b>-</b>	<b>23,159,781</b>
Net Profit for the Period	-	652,594	-	-	-	652,594	-	652,594
Other Comprehensive Income, Net of Tax	-	-	-	(4,864)	12,495	7,631	-	7,631
Transfers During the Period	-	(127,739)	127,739	-	-	-	-	-
<b>Balance as at 30 June 2020</b>	<b>838,282</b>	<b>16,512,028</b>	<b>6,450,909</b>	<b>112,523</b>	<b>(93,736)</b>	<b>23,820,006</b>	<b>-</b>	<b>23,820,006</b>

**LB FINANCE PLC****CASH FLOW STATEMENT**

Period ended 30 June 2020

	FOR THE 3 MONTHS ENDED			
	Company		Group	
	30.06.2020 Rs.('000)	30.06.2019 Rs.('000)	30.06.2020 Rs.('000)	30.06.2019 Rs.('000)
<b>Cash Flows from/(Used in) Operating Activities</b>				
Profit and Other Comprehensive Income before Taxation	914,387	1,842,747	929,597	1,856,498
Adjustments for				
Depreciation of Property, Plant and Equipment and Right-of-Use Assets	176,656	110,225	177,081	110,445
Amortisation of Intangible Assets	4,487	4,140	5,354	4,396
Impairment Charges and Other Losses	1,019,573	357,034	1,019,006	357,034
Diminution/(Appreciation) in Value of Investments	(13,921)	(879)	(13,921)	(879)
Loss/(Profit) on Disposal of Property, Plant and Equipment	2,313	(22)	2,313	(22)
Provision/(Reversal) for Defined Benefit Plans	16,650	15,636	16,650	18,304
Foreign Currency Exchange (Gain)/Loss	-	-	100	(54)
Dividend Received	-	(59)	-	(59)
Interest Income on Investing Activities	(354,773)	(323,099)	(354,773)	(323,099)
Withholding Tax Attributed to Fixed Deposits	-	(6,891)	-	(6,891)
Net Unrealised (Gains)/Losses Arising from Translating the Financial Statements of Foreign Operations	-	-	4,864	(1,887)
Operating Profit before Changes in Operating Assets and Liabilities	1,765,372	1,998,831	1,786,271	2,013,785
(Increase)/Decrease in Operating Assets				
(Increase)/Decrease in Financial Assets at Amortised Cost-Loans and Receivables	1,265,312	(2,144,427)	1,284,573	(2,180,434)
(Increase)/Decrease in Financial Assets at Amortised Cost-Lease Rentals Receivable and Stock out on Hire	2,303,518	772,736	2,303,518	772,736
(Increase)/Decrease in Other Financial Assets	(2,603,091)	2,439,890	(2,617,011)	2,439,890
(Increase)/Decrease in Other Non Financial Assets	70,654	(18,426)	62,147	(13,455)
	1,036,393	1,049,773	1,033,227	1,018,737
Increase/(Decrease) in Operating Liabilities				
Increase/(Decrease) in Financial Liabilities at Amortised Cost - Due to Depositors	(526,260)	1,823,503	(523,901)	1,829,656
Increase/(Decrease) in Other Financial Liabilities	172,708	(233,168)	172,343	(233,414)
Increase/(Decrease) in Other Non Financial Liabilities	268,897	(103,545)	272,915	(103,545)
	(84,655)	1,486,790	(78,643)	1,492,697
Cash Generated from Operations	2,717,110	4,535,395	2,740,855	4,525,220
Retirement Benefit Liabilities Paid	(3,477)	(8,297)	(3,477)	(8,297)
Income Tax Paid	(625,659)	(399,572)	(625,664)	(396,046)
Net Cash from/(Used in) Operating Activities	2,087,974	4,127,526	2,111,714	4,120,877
<b>Cash Flows from/(Used in) Investing Activities</b>				
Acquisition of Property, Plant and Equipment and Right-of-Use Assets	(131,094)	(418,788)	(131,471)	(418,788)
Acquisition of Intangible Assets	-	(15,697)	-	(15,697)
Proceeds from Sale of Property, Plant and Equipment	258	25	258	25
Sale/(Purchase) of Financial Investments - Available for Sale	-	-	-	-
Investment in Subsidiary	-	-	-	-
Interest Received	279,975	109,955	279,975	109,955
Dividend Received	-	59	-	59
Net Cash Flows from/(Used in) Investing Activities	149,138	(324,446)	148,762	(324,447)
<b>Cash Flows from/(Used in) Financing Activities</b>				
Net Cash Flow from Syndicated Loans and Other Bank Facilities	3,141,635	1,307,273	3,139,134	1,355,251
Net Cash Flow from Debt Issued and Other Borrowed fund	(97,793)	(97,087)	(97,793)	(97,087)
Dividends Paid	-	(1,108,114)	-	(1,108,114)
Net Cash Flows from/(Used in) Financing Activities	3,043,842	102,072	3,041,341	150,050
<b>13 August 2020</b>	<b>5,280,954</b>	<b>3,905,152</b>	<b>5,301,817</b>	<b>3,946,480</b>
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>5,442,226</b>	<b>2,972,222</b>	<b>5,751,901</b>	<b>2,990,248</b>
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>10,723,180</b>	<b>6,877,374</b>	<b>11,053,718</b>	<b>6,936,727</b>
<b>CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT</b>				
Notes and Coins Held	1,068,887	879,544	1,070,071	879,721
Balances with Banks	9,422,325	1,291,529	9,751,674	1,350,706
Treasury Bills Repurchase Agreements	1,048,452	5,783,400	1,048,452	5,783,400
Bank Overdrafts	(816,484)	(1,077,099)	(816,479)	(1,077,100)
<b>Net Cash and Cash Equivalents</b>	<b>10,723,180</b>	<b>6,877,374</b>	<b>11,053,718</b>	<b>6,936,727</b>

**LB FINANCE PLC**
**FAIR VALUE MEASUREMENT HIERARCHY - COMPANY**

		As at 30.06.2020					As at 31.03.2020 (Audited)				
Financial Instruments Measurement Basis		Fair Value Measurement Using			Total Fair Value Rs. '000	Carrying Value at Amortised Cost Rs. '000	Fair Value Measurement Using			Total Fair Value Rs. '000	Carrying Value at Amortised Cost Rs. '000
		Quoted Prices in Active Markets Level 1 Rs. '000	Significant Observable Inputs Level 2 Rs. '000	Significant Unobservable Inputs Level 3 Rs. '000			Quoted Prices in Active Markets Level 1 Rs. '000	Significant Observable Inputs Level 2 Rs. '000	Significant Unobservable Inputs Level 3 Rs. '000		
		<b>Cash and Cash Equivalents</b>	Amortised Cost								
	Notes and Coins Held	1,068,887	-	-	1,068,887	1,068,887	936,075	-	-	936,075	936,075
	Balances with Banks	9,422,325	-	-	9,422,325	9,422,325	3,683,718	-	-	3,683,718	3,683,718
	Treasury Bills Repurchase Agreements	-	1,048,452	-	1,048,452	1,048,452	-	1,542,844	-	1,542,844	1,542,844
<b>Financial Assets Recognised Through Profit or Loss</b>	FVTPL	6,074	-	-	6,074	6,074	4,648	-	-	4,648	4,648
<b>Financial Assets at Amortised Cost - Loans and Receivables</b>	Amortised Cost	-	-	57,285,846	57,285,846	56,743,210	-	-	59,282,434	59,282,434	58,239,254
<b>Financial Assets at Amortised Cost - Lease Rentals Receivable and Stock out on</b>	Amortised Cost	-	-	58,635,133	58,635,133	57,534,311	-	-	62,563,940	62,563,940	60,626,670
<b>Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>	FVOCI	-	-	-	-	-	-	-	-	-	-
	Quoted Equities	71,332	-	-	71,332	71,332	58,836	-	-	58,836	58,836
	Unquoted Equities	-	-	305	305	305	-	-	305	305	305
<b>Other Financial Assets</b>	Amortised Cost	-	11,797,570	-	11,797,570	11,797,570	-	9,119,681	-	9,119,681	9,119,681
		10,568,618	12,846,022	115,921,284	139,335,923	137,692,465	4,683,278	10,662,524	121,846,679	137,192,481	134,212,030
<b>Due to Banks</b>	Amortised Cost	-	28,632,092	-	28,632,092	26,008,792	-	24,816,902	-	24,816,902	22,771,085
<b>Financial Liabilities at Amortised Cost - Due to Depositors</b>	Amortised Cost	-	-	90,257,528	90,257,528	88,730,175	-	-	89,847,604	89,847,604	89,256,435
<b>Debt Instruments Issued and Other Borrowed Funds</b>	Amortised Cost	-	3,183,249	-	3,183,249	3,013,393	-	3,215,338	-	3,215,338	3,111,186
<b>Other Financial Liabilities</b>	Amortised Cost	-	2,939,118	-	2,939,118	2,939,118	-	2,766,410	-	2,766,410	2,766,410
		-	34,754,459	90,257,528	125,011,987	120,691,478	-	30,798,650	89,847,604	120,646,254	117,905,116

There were no transfers into and transfers out of the hierarchy levels during periods reported herein.

**FAIR VALUE MEASUREMENT HIERARCHY - GROUP**

		As at 30.06.2020					As at 31.03.2020 (Audited)				
Financial Instruments Measurement Basis		Fair Value Measurement Using			Total Fair Value Rs. '000	Carrying Value at Amortised Cost Rs. '000	Fair Value Measurement Using			Total Fair Value Rs. '000	Carrying Value at Amortised Cost Rs. '000
		Quoted Prices in Active Markets Level 1 Rs. '000	Significant Observable Inputs Level 2 Rs. '000	Significant Unobservable Inputs Level 3 Rs. '000			Quoted Prices in Active Markets Level 1 Rs. '000	Significant Observable Inputs Level 2 Rs. '000	Significant Unobservable Inputs Level 3 Rs. '000		
		<b>Cash and Cash Equivalents</b>	Amortised Cost								
	Notes and Coins Held	1,070,073	-	-	1,070,073	1,070,073	936,604	-	-	936,604	936,604
	Balances with Banks	9,751,672	-	-	9,751,672	9,751,672	3,992,864	-	-	3,992,864	3,992,864
	Treasury Bills Repurchase Agreements	-	1,048,452	-	1,048,452	1,048,452	-	1,542,844	-	1,542,844	1,542,844
<b>Financial Assets Recognised Through Profit or Loss</b>	FVTPL	6,074	-	-	6,074	6,074	4,648	-	-	4,648	4,648
<b>Financial Assets at Amortised Cost - Loans and Receivables</b>	Amortised Cost	-	-	57,821,242	57,821,242	57,278,606	-	-	59,836,524	59,836,524	58,793,344
<b>Financial Assets at Amortised Cost - Lease Rentals Receivable and Stock out on</b>	Amortised Cost	-	-	58,635,133	58,635,133	57,534,311	-	-	62,563,940	62,563,940	60,626,670
<b>Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>	FVOCI	-	-	-	-	-	-	-	-	-	-
	Quoted Equities	71,332	-	-	71,332	71,332	58,836	-	-	58,836	58,836
	Unquoted Equities	-	-	305	305	305	-	-	305	305	305
<b>Other Financial Assets</b>	Amortised Cost	-	11,781,189	-	11,781,189	11,781,189	-	9,105,761	-	9,105,761	9,105,761
		10,899,151	12,829,640	116,456,680	140,185,471	138,542,013	4,992,953	10,648,605	122,400,768	138,042,326	135,061,876
<b>Due to Banks</b>	Amortised Cost	-	28,742,441	-	28,742,441	26,118,147	-	24,928,759	-	24,928,759	22,882,941
<b>Financial Liabilities at Amortised Cost - Due to Depositors</b>	Amortised Cost	-	-	90,318,550	90,318,550	88,791,196	-	-	89,906,266	89,906,266	89,315,097
<b>Debt Instruments Issued and Other Borrowed Funds</b>	Amortised Cost	-	3,183,249	-	3,183,249	3,013,393	-	3,215,338	-	3,215,338	3,111,186
<b>Other Financial Liabilities</b>	Amortised Cost	-	2,922,736	-	2,922,736	2,922,736	-	2,766,775	-	2,766,775	2,766,775
13 August 2020		-	34,848,426	90,318,550	125,166,976	120,845,472	-	30,910,872	89,906,266	120,817,138	118,075,998

There were no transfers into and transfers out of the hierarchy levels during periods reported herein.

**LB FINANCE PLC**  
**SEGMENTAL INFORMATION**

For management purposes, the Group is organised into four operating segments based on services offered and geographical operations as follows. The following table presents income, profit, asset and liability information of the Group's operating segments.

	Leasing & Stock out on Hire		Loans and Receivables		Others		International Operation		Total	
	30.06.2020 Rs.('000)	30.06.2019 Rs.('000)	30.06.2020 Rs.('000)	30.06.2019 Rs.('000)	30.06.2020 Rs.('000)	30.06.2019 Rs.('000)	30.06.2020 Rs.('000)	30.06.2019 Rs.('000)	30.06.2020 Rs.('000)	30.06.2019 Rs.('000)
Interest Income	3,017,964	4,149,175	2,881,230	2,782,634	354,773	329,990	40,300	30,567	6,294,267	7,292,366
Less: Interest Expenses	1,480,549	1,794,142	1,429,762	1,325,647	330,303	319,913	3,503	2,589	3,244,117	3,442,291
Net Interest Income	1,537,415	2,355,033	1,451,468	1,456,987	24,470	10,077	36,797	27,978	3,050,150	3,850,075
Fee and Commission Income	143,370	195,827	207,975	233,787	3,021	3,380	1,129	1,244	355,495	434,238
Net Trading Income and Other Operating Income	(4,022)	8,244	50	43	20,690	20,766	(100)	52	16,618	29,105
Total Operating Income	1,676,763	2,559,104	1,659,493	1,690,817	48,181	34,223	37,826	29,274	3,422,263	4,313,418
Less: Impairment Charges and Other Losses	788,841	225,204	230,733	131,830	-	-	(568)	2,668	1,019,006	359,702
Net Operating Income	887,922	2,333,900	1,428,760	1,558,987	48,181	34,223	38,394	26,606	2,403,257	3,953,716
Less: Other Costs	555,496	742,462	502,561	612,847	7,779	11,518	17,032	10,737	1,082,868	1,377,564
Less: Depreciation	85,470	61,008	94,341	51,809	1,333	1,548	1,292	476	182,436	114,841
Operating Profits before Taxes	246,956	1,530,430	831,858	894,331	39,069	21,157	20,070	15,393	1,137,953	2,461,311
Less: Taxes	105,859	820,128	356,582	479,254	16,747	11,338	6,171	4,610	485,359	1,315,330
Profits for the Period	141,097	710,302	475,276	415,077	22,322	9,819	13,899	10,783	652,594	1,145,981
Less: Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-
Profit Attributable to Equity Holders of the Company	141,097	710,302	475,276	415,077	22,322	9,819	13,899	10,783	652,594	1,145,981
Profits for the Period	141,097	710,302	475,276	415,077	22,322	9,819	13,899	10,783	652,594	1,145,981
Segmental Assets	61,339,744	69,037,559	60,496,318	52,425,907	25,484,817	17,968,009	897,905	477,748	148,218,784	139,909,223
Elimination					(537,543)	(328,843)	-	-	(537,543)	(328,843)
Total Segmental Assets	61,339,744	69,037,559	60,496,318	52,425,907	24,947,274	17,639,166	897,905	477,748	147,681,241	139,580,380
Segmental Liabilities	51,675,132	59,486,817	50,964,595	45,173,241	21,030,414	15,207,423	207,476	106,267	123,877,617	119,973,748
Elimination							(16,382)	(9,844)	(16,382)	(9,844)
Total Segmental Liabilities	51,675,132	59,486,817	50,964,595	45,173,241	21,030,414	15,207,423	191,094	96,423	123,861,235	119,963,904

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.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue during the year ended 30<sup>th</sup> June 2020 or 2019.

## LB FINANCE PLC

### Interim Financial Statements for the period ended 30 June 2020

#### EXPLANATORY NOTES

01. The accounting policies followed in preparing the above Interim Financial Statements are the same as those disclosed in our Annual Report for the year ended 31 March 2020.

02. These Interim Financial Statements have been prepared in compliance with the requirements of Sri Lanka Accounting Standards - LKAS 34 on Interim Financial Reporting.

03. We remain committed to manage our asset portfolio conservatively as we navigate through the COVID 19 pandemic. Hence, the Company considered, Probability of Default (PD), Loss Given Default (LGD) and Days Past Due (DPD) Staging as at 30 June 2020 for the computation of Expected Credit Losses without using the practical expedient granted by CA Sri Lanka.

As a result, impairment for credit losses increased significantly by Rs. 659 million compared to the prior year same quarter, mainly reflecting the impact of the worsened macroeconomic outlook related to the COVID-19 pandemic on the estimation of expected credit losses.

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

05. The Commitments and Contingencies as at 30 June 2020 was Rs. 1,741 Mn and as at 31 March 2020 was Rs. 1,929 Mn.

#### INFORMATION ON SHARES AND LISTED DEBENTURES

##### INFORMATION ON SHARES

			For the Quarter ended	
			30.06.2020	30.06.2019
Share Price	Highest	Rs.	142.00	129.90
	Lowest	Rs.	114.80	114.00
	Closing	Rs.	140.00	120.00
Number of Ordinary Shares Issued			138,514,284	138,514,284

##### INFORMATION ON LISTED DEBENTURES

			For the Quarter ended	
			30.06.2020	30.06.2019
<b>Debenture Prices</b>				
<b>Debentures Issued - December 2017</b>				
5 Year Fixed Rate (12.75 % 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 (13.25 % p.a. Payable Semi-Annually )	Highest	Rs.	100.00	Not Traded
	Lowest	Rs.	100.00	Not Traded
	Closing	Rs.	100.00	Not Traded
<b>Interest Yield</b>				
5 Year Fixed Rate (12.75 % p.a. Payable Semi-Annually )			Not Traded	Not Traded
5 Year Fixed Rate (13.25 % p.a. Payable Semi-Annually )			13.25%	Not Traded
<b>Yield of Comparable Government Securities (%)</b>				
05 Year Treasury Bond			7.12%	10.26%

	As at	
	30.06.2020	30.06.2019
<b>Ratios</b>		
Debt Equity Ratio	138.46%	173.89%
Quick Asset Ratio	26.26%	20.07%
Interest Cover	1.28	1.54

#### SELECTED PERFORMANCE INDICATORS

	As at	
	30.06.2020	30.06.2019
<b>Capital Adequacy</b>		
Core Capital to Risk Weighted Asset Ratio (Minimum 7%)	19.16%	15.45%
Total Capital to Risk Weighted Asset Ratio (Minimum 11%)	20.67%	17.58%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	26.65%	23.01%
<b>Profitability</b>		
Return on Average Shareholders' Funds (After Tax) - Annualized	10.95%	23.94%
Return on Average Assets (After Tax) - Annualized	1.75%	3.30%
<b>Asset Quality</b>		
Gross Non-Performing Accommodations Ratio	6.61%	3.25%
Net Non-Performing Accommodations Ratio	1.56%	0.08%
<b>Liquidity (Rs. Mn)</b>		
Required Minimum Amount of Liquid Assets	5,636	8,846
Available Amount of Liquid Assets	21,857	14,918
Required Minimum Amount of Government Securities	4,438	6,120
Available Amount of Government Securities	6,090	9,490

## LB FINANCE PLC

Interim Financial Statements for the period ended 30 June 2020

### Additional Notes

#### Twenty largest shareholders as at 30 June 2020

Name		<u>No. of Shares</u>	<u>(%)</u>
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 BNYM Re-Frontaura Global Frontier Fund LLC		2,290,135	1.653
5 Pershing LLC S/A Averbach Grauson & Co.		2,006,078	1.448
6 SBI Ven Holdings Pte Ltd		1,600,000	1.155
7 BBH-Matthews Emerging Asia Fund		1,050,515	0.758
8 Janashakthi Insurance PLC - Non Par		500,000	0.361
9 Mr. K D A Perera		438,996	0.317
10 Hatton National Bank PLC/Mr. K R E M D M B Jayasundara		400,000	0.289
11 Mr. N Udage		329,135	0.238
12 Mr. A A Page		314,800	0.227
13 Mr. N P De A Samaranyake		250,000	0.180
14 J B Cocoshell (Pvt) Ltd		237,626	0.172
15 People's Leasing & Finance PLC/Dr. H S D Soysa & Mrs. G Soysa		230,816	0.167
16 Mrs. P C Cooray		208,632	0.151
17 DFCC Bank PLC/ Mr. W G D C Ranaweera		191,275	0.138
18 Mr. T Jeremiah		155,164	0.112
19 Mr. K Karunanayake & Mis. P N Karunanayake		148,324	0.107
20 Mr P.Somadasa		138,051	0.100
		<u>132,357,579</u>	<u>95.555</u>
Others		<u>6,156,705</u>	<u>4.445</u>
<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 30 June 2020

Name	<u>No. of Shares</u>	<u>(%)</u>
Mrs. A K Gunawardhana	-	-
Mr. K D D Perera	-	-
Mr. J A S S Adhihetty	106,120	0.077
Mr. N Udage	329,135	0.238
Mr. B D A Perera	-	-
Mr. R S Yatawara	905	0.001
Mrs. Y Bhaskaran	-	-
Mr. M A J W Jayasekara	-	-
Mrs. Ashwini Natesan	-	-
Mr. D Rangalle	-	-

Public Holding percentage as at 30 June 2020 being 21.83% comprising of 1,996 shareholders.

The Float adjusted market capitalization as at 30 June 2020 - Rs. 4,233,640,740.00

The Float adjusted market capitalization of the Company falls under Option 4 of Rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

# Corporate Information

## NAME OF COMPANY

L B Finance PLC

## LEGAL FORM

Public Limited Liability Company  
Incorporated in Sri Lanka under the provisions of the Companies Ordinance No. 51 of 1938 (Cap 145) and reregistered as per the Companies Act No. 07 of 2007 on 6th June 2008.

A Licensed Finance Company under the Finance Business Act No. 42 of 2011.

A registered Financed Leasing Establishment in terms of Finance Leasing Act No. 56 of 2000.

## STOCK EXCHANGE LISTING

The Company was admitted to the official List of the Colombo Stock Exchange on 30th December 1997. The ordinary shares and senior and subordinated unsecured, redeemable rated, debentures redeemable in 2022 of the Company are listed on the Colombo Stock Exchange.

## DATE OF INCORPORATION

30th May 1971

## COMPANY REGISTRATION NUMBER

PQ 156

## TAX PAYER IDENTIFICATION NUMBER

104033431

## VAT REGISTRATION NUMBER

104033431 7000

## CENTRAL BANK REGISTRATION NUMBER

RFC 1003

## PRINCIPAL ACTIVITIES

Acceptance of fixed deposits, maintenance of savings accounts, providing finance lease, hire purchase and vehicle loan facilities, mortgage loans, gold loans, margin trading facilities, factoring and trade finance facilities, other credit facilities and value added services.

Company subsidiary, LB Microfinance Myanmar Company Limited carried on microfinance lending in Myanmar.

## REGISTERED OFFICE

No. 275/75, Prof. Stanley Wijesundara Mawatha, Colombo 07.  
Tel: 011- 2 200 000 Fax: 011-5 345 327

## CORPORATE OFFICE

No. 20, Dharmapala Mawatha, Colombo 03.  
Tel: 011-2 155 000 Fax: 011-2 575 098

## OUTLETS

Branches - 129  
Gold loan centres - 36

## WEBSITE

[www.lbfinance.com](http://www.lbfinance.com)

## FINANCIAL YEAR END

31 March

## CREDIT RATING

The Company has been assigned A- (lka) stable outlook by Fitch Ratings Lanka Limited

## BOARD OF DIRECTORS AND BOARD APPOINTED COMMITTEES

### Board of Directors

Mrs. Anandhiy Gunawardhana  
(Chairperson)

Mr. Dhammika Perera  
(Executive Deputy Chairman)

Mr. Sumith Adhihetty  
(Managing Director)

Mr. Niroschan Udage  
(Executive Director)

Mr. B D A Perera  
(Executive Director)

Mr. Ravindra Yatawara  
(Executive Director)

Mrs. Yogadinusha Bhaskaran  
(Non-Executive Director)

Mr. Ashane Jayasekara  
(Independent Non-Executive Director)

Mrs. Ashwini Natesan  
(Independent Non-Executive Director)

Mr. Dharmadasa Rangalle  
(Non-Executive Director)

### Audit Committee

Mrs. Yogadinusha Bhaskaran  
(Chairperson)

Mrs. Anandhiy Gunawardhana  
Mr. Ashane Jayasekara

**Remuneration Committee**

Mr. Ashane Jayasekara (Chairman)  
Mrs. Anandhiy Gunawardhana  
Mrs. Yogadinusha Bhaskaran

**Nomination Committee**

Mr. Ashane Jayasekara (Chairman)  
Mrs. Anandhiy Gunawardhana  
Mr. Sumith Adhihetty

**Related Party Transaction Review Committee**

Mrs. Ashwini Natesan (Chairperson)  
Mr. Ashane Jayasekara  
Mr. Dharmadasa Rangalle

**Integrated Risk Management Committee**

Mr. Ashane Jayasekara (Chairman)  
Mrs. Anandhiy Gunawardhana  
Mrs. Ashwini Natesan  
Mr. Sumith Adhihetty  
Mr. Niroshan Udage  
Mr. B D A Perera  
Mr. Ravindra Yatawara  
Mr. Bimal Perera  
Mr. Malith Hewage  
Mrs. Zairaa Kaleel  
Mrs. Waruni Perera

**SECRETARIES**

P W Corporate Secretarial (Pvt) Ltd.  
No. 3/17, Kynsey Road, Colombo 08  
Tel: 011- 4640360-3  
Fax: 011- 4740588  
Email: pwcs@pwcs.lk

**EXTERNAL AUDITORS**

Ernst & Young

**INTERNAL AUDITORS**

KPMG

**BANKERS**

Bank of Ceylon  
Commercial Bank of Ceylon PLC  
DFCC Bank PLC  
Hatton National Bank PLC  
NDB Bank PLC  
Nations Trust Bank PLC  
Pan Asia Banking Corporation PLC  
People's Bank  
Sampath Bank PLC  
Seylan Bank PLC  
Standard Chartered Bank  
Union Bank of Colombo PLC  
Habib Bank Limited  
Public Bank Berhad  
Deutsche Bank

**CORPORATE MEMBERSHIPS AND ASSOCIATIONS**

The Finance Houses Association of Sri Lanka  
Leasing Association of Sri Lanka  
The Ombudsman Sri Lanka (Guarantee) Limited  
Mercantile Cricket Association  
Mercantile Football Association

**SUBSIDIARY COMPANY**

LB Microfinance Myanmar Company Limited (Company incorporated in the Union of the Republic of Myanmar)

**COMPANY REGISTRATION NUMBER**

844 FC of 2016-2017 (YGN)

**REGISTERED OFFICE**

Myawaddy Bank  
Luxury Complex, 4th Floor, Apt  
401 Bo Gyoke Road cnr, W a Dan  
Street, Lanmadaw Township, Yangon,  
Myanmar

**BOARD OF DIRECTORS**

Mr. Dhammika Perera  
Mr. Sumith Adhihetty  
Mr. Niroshan Udage  
Mr. B D A Perera  
Mr. Ravindra Yatawara  
Mr. Dulan de Silva

# INTERIM FINANCIAL STATEMENTS

