



LOLC FINANCE PLC
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
31ST DECEMBER 2015

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STATEMENT OF FINANCIAL POSITION

	As at 31.12.2015 (Unaudited) Rs. '000	As at 31.03.2015 (Audited) Rs. '000
ASSETS		
Cash and bank balances	1,946,004	2,975,305
Deposits with banks and other financial institutions	314,042	761,095
Investment in government securities	7,446,568	5,900,718
Derivative assets	42,982	2,740
Rentals receivable on leased assets	17,214,389	13,150,376
Hire purchases, loans and advances	49,338,706	36,647,329
Factoring receivable	11,660,608	6,200,202
Margin trading receivables	229,999	293,712
Other receivables	780,808	639,352
Investments in shares	74,568	8,843
Amount due from related companies	92,263	2,883
Investment properties	1,060,160	1,142,800
Property plant and equipment	385,238	136,545
Total assets	90,586,335	67,861,900
LIABILITIES		
Bank overdraft	2,837,814	2,333,062
Interest bearing borrowings	17,568,169	11,040,028
Deposits from customers	55,609,108	41,309,960
Trade payables	583,077	645,905
Accruals and other payables	928,194	822,441
Derivative liabilities	6,140	57,515
Amount due to related companies	2,636,930	2,453,097
Current tax payable	549,316	434,426
Deferred tax liability	761,420	761,420
Employee benefits	9,969	10,450
Total liabilities	81,490,138	59,868,304
EQUITY		
Stated capital	2,000,000	2,000,000
Statutory reserve	953,677	953,677
Investment fund reserve	-	-
Available for sale investment reserve	47,526	86,037
Retained earnings	6,094,995	4,953,882
Total equity	9,096,197	7,993,596
Total liabilities and equity	90,586,335	67,861,900
Net assets per share (Rs.)	3.25	2.85

Certification :

These financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.
.....
(Mrs.) S.S.Kotakadeniya
CFO - LOLC Group

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Signed for and on behalf of the Board

Sgd.
.....
W.D.K. Jayawardena - Chairman

27th January 2016
Rajagiriya (Greater Colombo)

Sgd.
.....
Ashan Nissanka - Director/ CEO

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the nine months ended			For the quarter ended		
	31.12.2015 (Unaudited) Rs '000	31.12.2014 (Unaudited) Rs '000	Variance %	31.12.2015 (Unaudited) Rs '000	31.12.2014 (Unaudited) Rs '000	Variance %
Interest income	9,348,634	8,006,653	17%	3,425,491	2,840,075	21%
Interest expenses	(4,479,055)	(3,844,270)	17%	(1,706,669)	(1,242,552)	37%
Net interest income	4,869,579	4,162,382	17%	1,718,822	1,597,523	8%
Other operating income	812,914	747,194	9%	294,256	204,650	44%
Total income	5,682,493	4,909,577	16%	2,013,077	1,802,173	12%
Operating expenses						
Direct expenses excluding interest cost	(280,188)	(119,357)	135%	(98,768)	(47,056)	110%
Provision for doubtful debts & write-offs	(1,002,002)	(1,022,340)	-2%	(461,176)	(333,160)	38%
Personnel expenses	(737,575)	(600,985)	23%	(222,751)	(213,055)	5%
Depreciation	(17,513)	(8,190)	114%	(9,176)	(4,472)	105%
General & administration expenses	(1,741,266)	(1,224,496)	42%	(618,732)	(407,126)	52%
Profit from operations	1,903,949	1,934,209	-2%	602,474	797,304	-24%
Value added tax on financial services	(225,559)	(188,044)	20%	(77,668)	(65,228)	19%
Profit before income tax expense	1,678,390	1,746,165	-4%	524,806	732,076	-28%
Income tax expense	(537,277)	(557,860)	-4%	(157,257)	(273,915)	-43%
Profit for the period	1,141,112	1,188,306	-4%	367,549	458,161	-20%
Other comprehensive income						
Items that will never be reclassified to profit or loss	-	-		-	-	
Items that are or may be reclassified to profit or loss						
Available-for-sale financial assets :						
Net change in fair value	(38,511)	57,164	-167%	(24,883)	(29,120)	-15%
	(38,511)	57,164		(24,883)	(29,120)	
Total comprehensive income	1,102,601	1,245,470	-11%	342,666	429,041	
Basic earnings per share (Rs.)	0.41	0.42		0.13	0.16	

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs '000	Statutory Reserve Rs '000	Investment Fund Reserve Rs '000	AFS Reserve Rs '000	Retained Earnings Rs '000	Total Equity Rs '000
Balance as at 1st April 2014	2,000,000	879,497	391,850	109,793	3,152,829	6,533,970
Total comprehensive income for the period						
Profit for the period	-	-	-	-	1,188,306	1,188,306
Other comprehensive income						
Change in fair value of available for sale investments	-	-	-	57,164	-	57,164
Total comprehensive income for the period	-	-	-	57,164	1,188,306	1,245,470
Transactions recorded directly in equity						
Transfer to investment fund account	-	-	32,936	-	(32,936)	-
Total transactions recorded directly in equity	-	-	32,936	-	(32,936)	-
Balance as at 31st December 2014	2,000,000	879,497	424,786	166,957	4,308,199	7,779,440
Total comprehensive income for the period						
Profit for the period	-	-	-	-	295,277	295,277
Other comprehensive income						
Change in fair value of available for sale investments	-	-	-	(80,920)	-	(80,920)
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	(200)	(200)
Total comprehensive income for the period	-	-	-	(80,920)	295,076	214,156
Transactions recorded directly in equity						
Transfer to investment fund account	-	-	-	-	-	-
Transferred to retained earnings during the year	-	-	(424,786)	-	424,786	-
Transfer to statutory reserve fund	-	74,179	-	-	(74,179)	-
Total transactions recorded directly in equity	-	74,179	(424,786)	-	350,607	-
Balance as at 31st March 2015	2,000,000	953,677	-	86,037	4,953,882	7,993,596
Total comprehensive income for the period						
Profit for the period	-	-	-	-	1,141,112	1,141,112
Other comprehensive income						
Change in fair value of available for sale investments	-	-	-	(38,511)	-	(38,511)
Total comprehensive income for the period	-	-	-	(38,511)	1,141,112	1,102,601
Balance as at 31st December 2015	2,000,000	953,677	-	47,526	6,094,995	9,096,197

STATEMENT OF CASH FLOWS

	2015 Rs'000	2014 Rs'000
Cash flows from / (used in) operating activities		
Profit before income tax expense	1,678,390	1,746,165
Adjustments for:		
Depreciation	17,513	8,190
(Profit)/Loss on Sales of Investment property	3,000	-
Change in fair value of derivatives - forward contracts	(91,616)	4,970
Provision for fall/(increase) in value of investments	400	100
Allowance for/(reversal of) doubtful debts	390,107	406,466
Investment income	(40,305)	(382,152)
Finance costs	4,443,262	3,831,699
Operating profit / (loss) before working capital changes	6,400,750	5,615,438
Change in other receivables	(141,547)	(53,655)
Change in inventories	-	12,080
Change in trade and other payables	42,925	1,311,040
Change in amounts due to/ due from related parties	94,544	412,028
Change in lease receivables	(4,054,501)	(1,630,202)
Change in hire purchase, loans and advances	(13,107,833)	(6,688,356)
Change in factoring receivables	(5,443,569)	(1,647,463)
Change in margin trading advances	63,713	(118,081)
Change in fixed deposits from customers	13,259,712	(102,891)
Change in savings deposits from customers	410,205	177,430
Cash generated from operations	(2,475,601)	(2,712,632)
Finance cost Paid	(2,736,166)	(3,572,781)
Gratuity paid	(481)	(473)
Income tax paid	(422,387)	(340,575)
Net cash from / (used in) operating activities	(5,634,634)	(6,626,461)
Cash flows from / (used in) investing activities		
Acquisition of property, plant & equipment	(177,626)	(25)
Net proceeds from investments in term deposits	447,053	(23,042)
Proceeds from sale of investment property	80,000	-
Investments in companies	(66,125)	-
Net proceeds from investments in government securities	(1,584,361)	(1,220,002)
Interest received	40,305	382,152
Net cash flows from / (used in) investing activities	(1,260,754)	(860,917)
Cash flows from / (used in) financing activities		
Net proceeds from interest bearing loans & borrowings	6,607,774	6,645,454
Lease rentals paid - principal	(111,418)	(23,289)
Finance cost paid on bank loans and over draft	(1,135,021)	(111,951)
Net cash flows from / (used in) financing activities	5,361,335	6,510,213
Net increase / (decrease) in cash and cash equivalents	(1,534,053)	(977,165)
Cash and cash equivalents at the beginning of the year	642,243	2,100,217
Cash and cash equivalents at the end of the period	(891,810)	1,123,052
Analysis of cash and cash equivalents at the end of the period		
Cash and bank balances	1,946,004	2,837,347
Bank overdraft	(2,837,814)	(1,714,296)
	(891,810)	1,123,052

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. General

- These interim financial statements have been prepared in accordance with LKAS 34 Interim Financial Reporting and do not include all of the information required for a full set of financial statements.
- The requirements of the Colombo Stock Exchange and the Companies Act No.7 of 2007 have also been considered in preparing these financial statements
- The information for the preparation of these interim financial statements has been drawn up from the unaudited financial records of the Company.
- Accounting policies and methods of computation as stated in the Annual report for the year 2014/15 are followed in the preparation of these Interim Financial Statements

2. Stated Capital

The Stated Capital of the Company is represented by 2,800,000,000 ordinary shares.

3. Provision for management expenditure

All expenses related to management expenditure are fully provided for in these Interim Financial Statements.

4. Share information

Market prices of ordinary shares recorded during the quarter ended 31st December 2015 are as follows

	Rs
Market price as at 31st December 2015	3.60
Highest Price	4.20
Lowest Price	3.50

5. Debenture information

The company issued fifty million (50,000,000) rated unsecured subordinated redeemable debentures in January, 2015. These debentures are listed in the Colombo Stock Exchange.

ICRA Lanka Ltd upgraded the credit rating of the above debentures to [SL]A- with stable outlook from [SL]BBB+ with stable outlook during the reporting period.

- Interest rates of the debentures

Instrument type	Interest frequency (Fixed Rate)	Coupon (% p.a)	Interest yield as at last trade	-Yield to maturity of last trade done	Interest rate of comparable Government Security
Type A- 5 Years Tenor	Quarterly	9.00%	9.31%	9.33%	9.54%
Type B- 5 Years Tenor	Semi Annually	9.10%	9.10%	9.10%	9.54%
Type C- 5 Years Tenor	Annually	9.25%	9.25%	9.25%	9.54%

- Market prices & issue prices of debentures recorded during the quarter ended 31st December 2015 are as follows.

Instrument Type	Issue Price	Highest Price	Lowest Price	Last Traded Price	Last Traded Date
Type A- 5 Years Tenor	Rs.100.00	Rs. 96.69	Rs. 96.69	Rs. 96.69	28-Dec-15
Type B- 5 Years Tenor	Rs.100.00	Not Traded	Not Traded	Not Traded	N/A
Type C- 5 Years Tenor	Rs.100.00	Not Traded	Not Traded	Not Traded	N/A

- Debt security related ratios

	As at 31-12-2015	As at 31-03-2015
- Debt to equity ratio	8.36 times	6.84 times
- Quick asset ratio	0.73 times	0.86 times
- Interest cover	1.37 times	1.45 times

NOTES TO THE INTERIM FINANCIAL STATEMENTS

6 Financial assets and liabilities

6.1 Accounting classifications and fair values

The table below sets out the carrying amounts of the Company's financial assets and financial liabilities.

As at 31st December 2015	Rs '000						
	Fair value – derivatives	Fair value - held for trading	Fair value through other comprehensive income – available for sale	Amortized cost / Not measured at fair value	Total Carrying amount	Fair value	Fair value measurement level
Cash and cash equivalents	-	-	-	1,946,004	1,946,004	1,946,004	
Deposits with banks	-	-	-	314,042	314,042	314,042	
Investment in government securities							
- Measured at fair value	-	-	1,294,112		1,294,112	1,294,112	Level 1
- Measured at amortized cost	-	-		6,152,456	6,152,456	6,152,456	
Derivative assets	42,982	-	-	-	42,982	42,982	Level 2
Rentals receivable on leased assets	-	-	-	17,214,389	17,214,389	17,560,158	Level 2
Hire purchases, loans and advances	-	-	-	49,338,706	49,338,706	49,948,305	Level 2
Factoring receivable	-	-	-	11,660,608	11,660,608	11,660,608	
Margin trading receivables	-	-	-	229,999	229,999	229,999	
Investment in shares	-	8,100	66,468	-	74,568	74,568	Level 1
Amount due from related companies	-	-	-	92,263	92,263	92,263	
Other financial assets	-	-	-	346,610	346,610	346,610	
Total financial assets	42,982	8,100	1,360,581	87,295,076	88,706,739	89,662,107	
Bank overdraft	-	-	-	2,837,814	2,837,814	2,837,814	
Interest bearing borrowings	-	-	-	17,568,169	17,568,169	17,912,177	Level 2
Deposits from customers	-	-	-	55,609,108	55,609,108	55,471,009	Level 2
Trade payables	-	-	-	583,077	583,077	583,077	
Accruals and other payables	-	-	-	894,201	894,201	894,201	
Derivative liabilities	6,140	-	-	-	6,140	6,140	Level 2
Amount due to related companies	-	-	-	2,636,930	2,636,930	2,636,930	
Total financial liabilities	6,140	-	-	80,129,300	80,135,440	80,341,349	

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Financial assets and liabilities (Cont.)

6.1 Accounting classifications and fair values

The table below sets out the carrying amounts of the Company's financial assets and financial liabilities.

As at 31st March 2015	Rs '000						
	Fair value – derivatives	Fair value - held for trading	Fair value through other comprehensive income – available for sale	Amortized cost / Not measured at fair value	Total carrying amount	Fair value	Fair value measurement level
Cash and cash equivalents	-	-	-	2,975,305	2,975,305	2,975,305	
Deposits with banks	-	-	-	761,095	761,095	761,095	
Investment in government securities	-	-	-	-	-	-	
- Measured at fair value	-	-	2,284,718	-	2,284,718	2,284,718	Level 1
- Measured at amortized cost	-	-	-	3,616,000	3,616,000	3,616,000	
Derivative assets	2,740	-	-	-	2,740	2,740	Level 2
Rentals receivable on leased assets	-	-	-	13,150,376	13,150,376	13,765,194	Level 2
Hire purchases, loans and advances	-	-	-	36,647,329	36,647,329	37,325,279	Level 2
Factoring receivable	-	-	-	6,200,202	6,200,202	6,200,202	
Margin trading receivables	-	-	-	293,712	293,712	293,712	
Investment in shares	-	8,500	343	-	8,843	8,843	Level 1
Amount due from related companies	-	-	-	2,883	2,883	2,883	
Other financial assets	-	-	-	187,185	187,185	187,185	
Total financial assets	2,740	8,500	2,285,061	63,834,086	66,130,387	67,423,155	
Bank overdraft	-	-	-	2,333,062	2,333,062	2,333,062	
Interest bearing borrowings	-	-	-	11,040,028	11,040,028	10,122,000	Level 2
Deposits from customers	-	-	-	41,309,960	41,309,960	40,698,483	Level 2
Trade payables	-	-	-	645,905	645,905	645,905	
Accruals and other payables	-	-	-	649,441	649,441	649,441	
Derivative liabilities	57,515	-	-	-	57,515	57,515	
Amount due to related companies	-	-	-	2,453,097	2,453,097	2,453,097	
Total financial liabilities	57,515	-	-	58,431,494	58,489,009	56,959,503	

NOTES TO THE INTERIM FINANCIAL STATEMENTS

6.2 Financial assets and liabilities- Valuation technique

Level 2 fair value – market comparison technique

- Derivative assets and liabilities / Forward exchange contracts – fair value is based on broker quotes of similar contracts and the quotes reflect the actual transaction in similar instrument

Level 2 fair value – discounted cash flows

Financial instruments not measured at fair value

- For the purpose of disclosing fair value of the financial instruments not measured at fair value (carried at amortized cost) discounted cash flows has been used to derive the fair value.

7. Selected performance indicators

	As at 31-12-2015	As at 31-03-2015
Regulatory Capital Adequacy		
- Total Tier I Core Capital Rs. '000	7,907,559	7,907,559
- Total Capital Base Rs. '000	11,795,213	10,923,722
- Core capital adequacy ratio (Minimum requirement 5%)	9.64%	13.11%
- Total capital adequacy ratio (Minimum requirement 10%)	14.37%	18.12%
Asset Quality Ratios		
- Gross Non-Performing Advances Ratio	4.81%	4.80%
- Net Non-Performing Advances Ratio	2.28%	1.94%
Regulatory Liquidity		
- Available Liquid Assets Rs. '000	6,421,097	5,376,932
- Required Liquid Assets Rs. '000	6,152,433	4,654,711

8. Contingent liabilities

There are no significant changes in the nature of the contingent liabilities disclosed in the Annual report for the year ended 31 March 2015.

9. Comparative information

Comparative information has not been reclassified or restated.

10. Events after reporting date

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

SEGMENT INFORMATION

	Operating Segment					
	Leases Rs '000	Hire Purchase Rs '000	Loans & Factoring Rs '000	Treasury Rs '000	Others Rs '000	Total Rs '000
For the period ended 31st December 2015						
Total revenue	2,457,556	18,482	7,309,210	334,390	41,909	10,161,547
Inter segmental revenue	-	-	-	-	-	-
External revenue	2,457,556	18,482	7,309,210	334,390	41,909	10,161,547
Net interest cost	(1,083,253)	(8,147)	(3,221,788)	(147,394)	(18,473)	(4,479,055)
Profit before operating expenses	1,374,303	10,336	4,087,422	186,996	23,436	5,682,493
Operating expenses	(908,946)	(5,636)	(2,761,142)	(91,369)	(11,451)	(3,778,544)
Value added tax on financial services	-	(796)	(224,763)	-	-	(225,559)
Profit before income tax	465,357	3,903	1,101,517	95,627	11,985	1,678,390
For the period ended 31st December 2014						
Total revenue	2,048,952	60,053	6,109,503	482,212	53,127	8,753,847
Inter segmental revenue	-	-	-	-	-	-
External revenue	2,048,952	60,053	6,109,503	482,212	53,127	8,753,847
Net interest cost	(899,802)	(26,372)	(2,683,001)	(211,765)	(23,331)	(3,844,270)
Profit before operating expenses	1,149,150	33,680	3,426,502	270,448	29,796	4,909,577
Operating expenses	(853,243)	(33,113)	(1,969,575)	(107,584)	(11,853)	(2,975,368)
Value added tax on financial services	-	(73)	(187,971)	-	-	(188,044)
Profit before income tax	295,908	494	1,268,956	162,864	17,943	1,746,165
For the period ended 31st December 2015						
Provision for / (reversal of provision for) doubtful debts and bad debts written off	237,443	586	763,973	-	-	1,002,002
As at 31-12-2015						
Total assets	17,214,389	22,864	61,487,220	7,878,160	3,983,702	90,586,335
Total liabilities	16,125,132	14,778	56,141,433	7,108,101	2,087,628	81,477,072
As at 31-03-2015						
Total assets	13,150,376	150,155	42,991,087	6,673,396	4,896,885	67,861,900
Total liabilities	12,500,837	142,739	38,514,932	6,681,060	2,028,736	59,868,304

STATEMENT OF DIRECTORS' HOLDING AND CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES OF THE ENTITY

Directors Name	No. of shares	%
Mr. W. D. K. Jayawardena <i>Chairman</i>	Nil	Nil
Mr. I. C. Nanayakkara <i>Deputy Chairman</i>	Nil	Nil
Mr. Ashan Nissanka <i>Director / CEO</i>	1,300,800	0.05
Mrs. K. U. Amarasinghe	Nil	Nil
Mrs. D.P Pieris	1,000,000	0.04
Mr. R.K.S.S Chandra	Nil	Nil
Dr. L. J. S.H. Cabral	Nil	Nil

TOP 20 SHAREHOLDERS

	Shareholder	No. of	% of Issued
1	Lanka ORIX Leasing Company PLC	2,520,000,000	90.00
2	Saakya Capital (Pvt) Ltd	128,045,234	4.57
3	Satya Capital (Pvt) Ltd	52,000,000	1.86
4	Capital Alliance Holdings Ltd	28,000,000	1.00
5	Dr. R.R.De Silva	11,371,515	0.41
6	National Savings Bank	4,550,000	0.16
7	DPMC Assetline Holdings (Pvt) Ltd. Account No 2	3,443,923	0.12
8	Mr D. Kotthoff	3,100,000	0.11
9	Dr A R Wikramanayake	1,688,500	0.06
10	Mr S V Somasunderam	1,500,000	0.05
11	Bansei Securities Finance (Pvt) Ltd /Mr A.Nissanka	1,300,800	0.05
12	Mr G.C.S. Ramanayake/ Mrs K.M. Ramanayake	1,008,423	0.04
13	Assetline Leasing Company Ltd/M J T Waas	1,000,000	0.04
14	Mrs. D.P.Pieris	1,000,000	0.04
15	Mr.P.M.M.Pieris	1,000,000	0.04
16	Mr.L.A.J.F. Morais	956,449	0.03
17	Mr W. A. S. P. De Saram	892,389	0.03
18	Pan Asia Banking Corporation PLC/S.S. Weerabandu	800,460	0.03
19	Mr A.W.A.L. Dharmaprema	800,012	0.03
20	Mr K.G.D.C Jayanath	741,896	0.03
	Total shares held by Top 20 Shareholders	2,763,199,601	98.69

Public share holding as at 31st December 2015 was 10% comprising of 2621 shareholders.