



INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

BRAC Lanka Finance PLC**INTERIM FINANCIAL STATEMENTS****Content.....**

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BRAC Lanka Finance PLC

Statement of Financial Position

	As at 30 September 2016 (Unaudited) Rs.'000	As at 31 March 2016 (Audited) Rs.'000
ASSETS		
Cash and cash equivalents	734,906	594,238
Investment securities	1,118,296	852,821
Investment in term deposits	435,907	-
Receivable on lease assets and hire purchases	82,603	90,007
Advances and other loans	10,443,991	7,811,841
Inventories	4,851	-
Trade and other current assets	235,492	80,274
Deferred tax asset	-	2,048
Property, plant and equipment	93,069	73,995
Total assets	13,149,115	9,505,225
LIABILITIES & EQUITY		
Liabilities		
Bank overdrafts	1,101,117	424,109
Deposits from customers	1,374,324	416,641
Interest bearing loans & borrowings	2,958,892	1,932,052
Provision for taxation	178,040	124,448
Trade and other payables	6,429,555	5,683,458
Retirement benefit obligations	23,986	20,755
Deferred tax liabilities	11,973	-
Total liabilities	12,077,887	8,601,464
Equity		
Stated capital	171,180	171,180
Reserves	74,320	74,262
Retained earnings	825,728	658,319
Total equity	1,071,228	903,761
Total liabilities & equity	13,149,115	9,505,225
Net assets per share (Rs.)	10.13	8.55

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
Chief Financial Officer - 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.

.....
Mr. Ishara Nanayakkara
Chairman

Sgd.

.....
Mr. Kapila Jayawardena
Director

Date: 20 October 2016
Rajagiriya (Greater Colombo)

BRAC Lanka Finance PLC

Statement of Profit or Loss & Other Comprehensive Income

	For the six months ended 30 September			For the quarter ended 30 June		
	2016	2015	Variance	2016	2015	Variance
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Interest income	1,490,691	679,120	120%	688,273	266,437	158%
Interest expenses	(541,069)	(177,743)	204%	(239,378)	(65,469)	266%
Net interest income	949,622	501,377	89%	448,895	200,968	123%
Other operating income	58,276	894	6420%	18,163	173	10385%
Operating expenses						
Provision for doubtful debts & write-offs	(127,129)	(6,815)	1765%	(44,016)	(6,378)	590%
Personnel expenses	(226,664)	(162,968)	39%	(99,686)	(77,098)	29%
Depreciation	(6,290)	(4,739)	33%	(3,755)	(2,326)	61%
General & administration expenses	(342,190)	(78,327)	337%	(95,523)	(29,677)	222%
Profit from operations	305,625	249,422	23%	224,079	85,662	162%
Value added tax on financial services	(45,691)	(42,022)	9%	(31,335)	(15,002)	109%
Profit before income tax expense	259,935	207,400	25%	192,743	70,660	173%
Income tax expense	(92,526)	(59,981)	54%	(77,061)	(15,501)	397%
Profit for the period	167,409	147,419	14%	115,683	55,160	110%
Other comprehensive income						
<i>Items that are or may be reclassified to profit or loss</i>						
Net change in fair value of available-for-sale financial assets	57	-	100%	(28)	-	100%
Total other comprehensive income, net of tax	57	-	100%	(28)	-	100%
Total comprehensive income	167,466	147,419	14%	115,655	55,160	110%
Basic earnings per share (Rs.)	1.58	1.39	14%	1.09	0.52	110%

Figures in brackets indicate deductions.

Notes

- Significant growth was taken place during past twelve months due to the expansion of the business operations.

BRAC Lanka Finance PLC

Statement of Changes in Equity

For the period ended 30 September 2016,

	Capital Reserves			Revenue Reserves		Total Equity Rs.'000
	Stated Capital	Reserve Fund	Fair Value Reserve on AFS	General Reserve	Retained Earnings	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Balance as at 1 April 2015	171,180	67,076	(147)	-	527,685	765,794
Profit for the Year	-	-	-	-	151,521	151,521
Other comprehensive income, net of income tax						
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	(13,311)	(13,311)
Net change in fair value of available-for-sale financial assets	-	-	(243)	-	-	(243)
	-	-	(243)	-	(13,311)	(13,554)
Total comprehensive income for the year	-	-	(243)	-	138,209	137,967
Transactions recorded directly in equity						
Transfer to Reserve Fund	-	7,576	-	-	(7,576)	-
Total transactions recorded directly in equity	-	7,576	-	-	(7,576)	-
Balance as at 31 March 2016	171,180	74,652	(389)	-	658,319	903,761
Balance as at 1 April 2016	171,180	74,652	(389)	-	658,319	903,761
Profit for the period	-	-	-	-	167,409	167,409
Other comprehensive income, net of income tax						
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	-	-
Net change in fair value of available-for-sale financial assets	-	-	57	-	-	57
	-	-	57	-	-	57
Total comprehensive income for the year	-	-	57	-	167,409	167,466
Balance as at 30 September 2016	171,180	74,652	(332)	-	825,728	1,071,228

BRAC Lanka Finance PLC

Statement of Cash Flows

For the 6 months ended 30 September,

	2016 Rs.'000	2015 Rs.'000
Cash flow from operating activities		
Profit before income tax	259,935	207,400
<i>Adjustment for,</i>		
Depreciation and amortization	6,290	4,739
Provision for retirement benefit obligation	3,231	2,012
Loan write-offs	1,993	-
Impairment charges for loans and other losses	125,135	6,815
Operating profit before working capital changes	396,584	220,966
Decrease/ (Increase) in loans and advances	(2,751,874)	(3,407,485)
Decrease/ (Increase) in other assets	(160,069)	523,485
Increase in deposits from customers	957,683	164,531
(Decrease)/ Increase in other liabilities	746,097	3,323,137
Cash (used)/ generated in/ from operations	(811,579)	824,635
Payments of retirement gratuity	-	-
Income tax paid	(24,913)	(18,467)
Net cash flows (used)/ generated in/from operating activities	(836,491)	806,168
Cash flows from investing activities		
Acquisition of property plant and equipments and intangible assets	(25,364)	(28,361)
Proceeds from sale of property plant and equipments	-	-
Maturity/ (purchase) of treasury bills	(265,418)	92,352
Investment in term deposits	(435,907)	-
Net cash flows (used)/ generated in/from investing activities	(726,688)	63,991
Cash flows from financing activities		
borrowings obtained/(repaid) during the year	1,026,840	(472,314)
Net cash flows (used)/ generated in/from financing activities	1,026,840	(472,314)
Net increase/ (decrease) in cash and cash equivalents	(536,340)	397,845
Cash and cash equivalents at the beginning of the period	170,129	19,693
Cash and cash equivalents at the end of the year (Note 01)	(366,211)	417,538
Note 01		
Cash and cash equivalents	734,906	417,539
Bank overdrafts	(1,101,117)	(1)
Cash and cash equivalents at the end of the year	(366,211)	417,538

BRAC Lanka Finance PLC

Notes to the Interim Financial Statements

For the 6 months ended 30 September 2016,

1. General

These six months 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 audited financial statements for the year 2015/16 are followed in the preparation of these Interim Financial Statements.

2. Stated Capital

The Stated Capital of the Company is represented by 105,752,566 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

Commercial leasing & Finance PLC made a Mandatory offer for all shares of the Company on 10th October 2014. At the conclusion of the offer, Commercial Leasing & Finance PLC which held 94.35% of total number of shares at that time, exercised the provisions of Section 246 and acquired all the remaining shares. The private transfer of these 5.65% of total number of shares is pending approval by the Securities and Exchange Commission of Sri Lanka.

Market prices of ordinary shares recorded during the quarter ended 30 September 2016 are as follows,

	Rs
Market price as at 30 September 2016	0
Highest Price	0
Lowest Price	0

BRAC Lanka Finance PLC

Notes to the Interim Financial Statements

For the 6 months ended 30 September 2016,

5 Financial assets and liabilities

5.1 Accounting classifications and fair values

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

							<i>Rs '000</i>
As at 30 September 2016	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	-	-	-	734,906	734,906	734,906	
Investment in government securities				-	-	-	
- Measured at fair value	-	-	2,938	-	2,938	2,938	Level 1
- Measured at amortized cost	-	-	-	1,115,347	1,115,347	1,115,347	
Investment in shares	-	-	11	-	11	11	Level 3
Receivable on lease assets and hire purchases	-	-	-	82,603	82,603	82,603	
Advances and other loans	-	-	-	10,443,991	10,443,991	10,443,991	
Other financial assets	-	-	-	235,492	235,492	235,492	
Total financial assets	-	-	2,949	12,612,338	12,615,287	12,615,287	
Bank overdraft	-	-	-	1,101,117	1,101,117	1,101,117	
Interest bearing borrowings	-	-	-	2,958,892	2,958,892	2,958,892	
Deposits from customers	-	-	-	1,374,324	1,374,324	1,374,324	
Trade and other payables	-	-	-	118,361	118,361	118,361	
Amount due to related companies	-	-	-	6,311,194	6,311,194	6,311,194	
Total financial liabilities	-	-	-	11,863,889	11,863,889	11,863,889	

BRAC Lanka Finance PLC

Notes to the Interim Financial Statements

For the 6 months ended 30 September 2016,

5 Financial assets and liabilities (Cont.)

5.1 Accounting classifications and fair values

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

Rs '000

As at 31st March 2016	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	-	-	-	594,238	594,238	594,238	
Investment in government securities	-	-	-	-	-	-	
- Measured at fair value	-	-	2,810	-	2,810	2,810	Level 1
- Measured at amortized cost	-	-	-	850,000	850,000	850,000	
Investment in shares	-	-	11	-	11	11	Level 3
Receivable on lease assets, hire purchases and operating leases	-	-	-	90,007	90,007	90,007	
Advances and other loans	-	-	-	7,811,841	7,811,841	7,811,841	
Other financial assets	-	-	-	80,274	80,274	80,274	
Total financial assets	-	-	2,821	9,426,360	9,429,181	9,429,181	
Bank overdraft	-	-	-	424,109	424,109	424,109	
Interest bearing borrowings	-	-	-	1,932,052	1,932,052	1,932,052	
Deposits from customers	-	-	-	416,641	416,641	416,641	
Trade and other payables	-	-	-	849,566	849,566	849,566	
Amount due to related companies	-	-	-	4,833,892	4,833,892	4,833,892	
Total financial liabilities	-	-	-	8,456,261	8,456,261	8,456,261	

BRAC Lanka Finance PLC

Notes to the Interim Financial Statements

For the 6 months ended 30 September 2016,

5.2 Financial assets and liabilities- Valuation technique

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.

6 Contingent liabilities

There are no significant changes in the nature of the contingent liabilities disclosed in the financial statement for the quarter ended 30 September 2016.

7 Comparative information

Comparative information has not been reclassified or restated.

8 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.

9 Recurring Related Party Transactions

Name of the Related Party	Amount Rs.	Interest Rate	Rationale	Relationship
Lanka Orix Leasing Company PLC	2,813,490,841	AWPLR+4.5%	For working capital requirements	Ultimate holding company

BRAC Lanka Finance PLC

Segment Information

For the 6 months ended 30 September 2016,

Operating Segment

	Leasing Rs '000	Hire Purchase Rs '000	Term Loans Rs '000	Micro Finance Rs '000	Treasury Rs '000	Others Rs '000	Total Rs '000
For the period ended 30 Septemebr 2016							
Total revenue	11,284	1,400	9,256	1,468,744	49,265	9,018	1,548,968
Inter segmental revenue	-	-	-	-	-	-	-
External revenue	11,284	1,400	9,256	1,468,744	49,265	9,018	1,548,968
Net interest cost	(3,942)	(489)	(3,233)	(513,046)	(17,209)	(3,150)	(541,069)
Profit before operating expenses	7,342	911	6,023	955,698	32,056	5,868	1,007,899
Operating expenses	(5,101)	(633)	(4,185)	(666,004)	(22,272)	(4,077)	(702,273)
Value added tax on financial services	(346)	(43)	(284)	(45,018)	-	-	(45,691)
Results from operating activities	1,895	235	1,555	244,676	9,784	1,791	259,935
For the period ended 30 Septemebr 2015							
Total revenue	5,970	4,930	9,087	649,460	2,487	8,080	680,014
Inter segmental revenue	-	-	-	-	-	-	-
External revenue	5,970	4,930	9,087	649,460	2,487	8,080	680,014
Net interest cost	(1,546)	(1,277)	(2,354)	(169,828)	(644)	(2,093)	(177,743)
Profit before operating expenses	4,424	3,653	6,733	479,632	1,842	5,987	502,272
Operating expenses	(7,365)	(2,103)	(4,531)	(235,052)	(894)	(2,904)	(252,849)
Value added tax on financial services	(417)	(345)	(635)	(40,624)	-	-	(42,022)
Results from operating activities	(3,359)	1,205	1,566	202,772	949	3,083	207,400
For the period ended 30 Septemebr 2016							
Provision for / (reversal of provision for) doubtful debts and bad debts written off	(4,228)	(939)	21,996	110,299	-	-	127,129
As at 30-09-2016							
Total assets	73,798	8,805	31,755	10,412,236	1,554,203	1,068,318	13,149,115
Total liabilities	66,769	7,966	28,730	9,420,508	1,406,171	1,147,743	12,077,887
As at 30-09-2015							
Total assets	48,571	22,696	88,563	6,294,570	14,681	492,122	6,961,203
Total liabilities	42,209	19,723	76,962	5,470,032	12,758	427,658	6,049,341

BRAC Lanka Finance PLC

Notes to the Interim Financial Statements

For the 6 months ended 30 September 2016,

11. Statement of Directors' Holding and Chief Executive Officer's holding in Shares of the Entity.

As at 30 September 2016

Directors Name	No. of shares	%
Mr.I.C.Nanayakkara <i>Non Executive Chairman</i>	Nil	Nil
Mr. W.D.K.Jayawardena <i>Non Executive Director</i>	Nil	Nil
Mr. R.D.Tissera <i>Non Executive Director</i>	Nil	Nil
Mr. A.J.L.Peiris <i>Senior Independent Director</i>	Nil	Nil
Mr. W.R.A Dharmaratne <i>Independent Non-Executive Director</i>	Nil	Nil
Mr. Rohana Kumara <i>Chief Executive Officer</i>	Nil	Nil

12. Top 20 Shareholders

Commercial Leasing & Finance PLC made a mandatory offer for all shares of the Company on 10th October 2014. At the conclusion of this offer, Commercial Leasing & Finance Company PLC which held 94.35% of the total number of shares at that time, exercised the provisions of Section 246 and acquired all the remaining shares. This is awaiting finalisation.