

# UNAUDITED FINANCIAL STATEMENTS

For the Period ended 30th September 2018



## Merchant Bank of Sri Lanka & Finance PLC

Rating ICRA " [SL] A "  
Co.Reg.No. PQ10

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# Merchant Bank of Sri Lanka & Finance PLC

## Unaudited Statement of Profit or Loss

	Company						Group					
	Quarter ended			Nine months ended			Quarter ended			Nine months ended		
	30/09/2018 (Unaudited) LKR '000	30/09/2017 (Unaudited) LKR '000	Change %									
Income	1,689,523	1,648,552	2.5	4,821,072	4,683,736	2.9	1,726,876	1,806,695	(4.4)	4,974,087	5,312,613	(6.4)
Interest and similar income	1,603,544	1,600,942	0.2	4,605,597	4,493,708	2.5	1,625,011	1,626,924	(0.1)	4,668,732	4,573,434	2.1
Interest and similar expenses	937,897	967,962	(3.1)	2,759,903	2,707,777	1.9	948,805	968,196	(2.0)	2,783,808	2,708,420	2.8
<b>Net interest income</b>	665,647	632,979	5.2	1,845,694	1,785,931	3.3	676,206	658,727	2.7	1,884,925	1,865,014	1.1
Fee and commission income	59,136	32,458	82.2	163,415	130,230	25.5	59,104	30,873	91.4	163,368	151,020	8.2
Fee and commission expenses	75	13,680	(99.5)	1,878	50,369	(96.3)	1,450	17,698	(91.8)	7,198	81,195	(91.1)
<b>Net fee and commission income</b>	59,061	18,778	214.5	161,537	79,861	102.3	57,653	13,176	337.6	156,170	69,825	123.7
Insurance premium income	-	-	-	-	-	-	6,901	125,951	(94.5)	72,828	513,237	(85.8)
Net claims and benefits	-	-	-	-	-	-	(14,931)	(133,255)	88.8	(95,120)	(366,889)	74.1
Net trading income	648	1,324	(51.0)	7,326	(16,648)	144.0	2,145	3,202	(33.0)	9,211	(14,663)	162.8
Net gain / (loss) on financial assets - held for trading	(21,525)	(17,074)	(26.1)	(41,710)	14,546	(386.7)	(21,417)	(16,856)	(27.1)	(41,600)	15,194	(373.8)
Other operating income	47,720	30,902	54.4	86,444	61,900	39.7	55,131	36,601	50.6	101,547	74,391	36.5
<b>Total operating income</b>	751,551	666,909	12.7	2,059,291	1,925,591	6.9	761,689	687,546	10.8	2,087,962	2,156,109	(3.2)
Impairment charges from loans and other losses	109,542	182,313	(39.9)	526,018	198,282	165.3	109,542	182,313	(39.9)	526,993	202,002	160.9
<b>Net operating income</b>	642,009	484,597	32.5	1,533,273	1,727,308	(11.2)	652,147	505,234	29.1	1,560,968	1,954,107	(20.1)
Personnel expenses	291,401	282,500	3.2	863,829	802,739	7.6	310,108	318,323	(2.6)	928,212	924,835	0.4
Provision for employee benefit	12,000	11,087	8.2	36,000	33,262	8.2	13,305	12,392	7.4	39,915	37,177	7.4
Depreciation of property & equipment	20,414	20,694	(1.3)	60,973	61,275	(0.5)	22,204	24,078	(7.8)	67,038	55,845	20.0
Amortization of intangible assets	9,231	9,993	(7.6)	28,899	17,251	67.5	10,425	11,186	(6.8)	33,018	37,712	(12.4)
Other operating expenses	214,736	191,486	12.1	581,196	564,546	2.9	254,860	245,617	3.8	674,204	728,101	(7.4)
<b>Total operating expense</b>	547,783	515,760	6.2	1,570,898	1,479,073	6.2	610,901	611,597	(0.1)	1,742,387	1,783,670	(2.3)
<b>Profit / (loss) from operations</b>	94,226	(31,163)	402.4	(37,624)	248,236	(115.2)	41,246	(106,364)	138.8	(181,419)	170,438	(206.4)
Impairment from investment in Group companies	-	-	-	21,117	-	-	-	-	-	-	-	-
<b>Profit / (loss) from operations after impairment from subsidiary investments</b>	94,226	(31,163)	402.4	(58,741)	248,236	(123.7)	41,246	(106,364)	138.8	(181,419)	170,438	(206.4)
Value added tax (VAT) on financial services	43,913	45,226	(2.9)	102,603	130,309	(21.3)	43,913	45,226	(2.9)	102,603	130,309	(21.3)
Share of associate companies profit before tax	-	-	-	-	-	-	(2,406)	(212)	(1,037.2)	(6,490)	(2,726)	(138.1)
<b>Profit before income tax</b>	50,314	(76,389)	165.9	(161,344)	117,927	(236.8)	(5,072)	(151,801)	96.7	(290,511)	37,403	(876.7)
Income tax expense / (Reversal)	22,802	(17,462)	230.6	22,802	24,456	(6.8)	22,802	(17,462)	230.6	22,802	24,456	(6.8)
<b>Profit/(loss) for the period</b>	27,512	(58,927)	146.7	(184,146)	93,471	(297.0)	(27,874)	(134,339)	79.3	(313,313)	12,947	(2,519.9)
<b>Profit for the period attributable to:</b>												
Equity holders of the parent	27,512	(58,927)	146.7	(184,146)	93,471	(297.0)	(19,461)	(122,398)	84.1	(290,478)	25,302	(1,248.1)
Non controlling interests	-	-	-	-	-	-	(8,413)	(11,942)	29.5	(22,834)	(12,354)	(84.8)
<b>Profit/(loss) for the period</b>	27,512	(58,927)	146.7	(184,146)	93,471	(297.0)	(27,874)	(134,339)	79.3	(313,313)	12,947	(2,519.9)
<b>Earnings per share:</b>												
Basic / diluted earnings per share (LKR)	0.17	(0.36)	146.7	(1.11)	0.56	(297.0)	(0.12)	(0.74)	84.1	(1.75)	0.15	(1,248.1)

## Merchant Bank of Sri Lanka & Finance PLC

### Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Nine months ended			Quarter ended			Nine months ended		
	30/09/2018 (Unaudited) LKR '000	30/09/2017 (Unaudited) LKR '000	Change %									
<b>Profit/(loss) for the period</b>	27,512	(58,927)	146.7	(184,146)	93,471	(297.0)	(27,874)	(134,339)	79.3	(313,313)	12,947	(2,519.9)
<b>Other comprehensive income for the period</b>												
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
<b>Fair value reserves (Available for Sale Financial Assets):</b>												
Net change in fair value	(5,963)	13,373	(144.6)	(5,762)	16,492	(134.9)	(5,960)	13,373	(144.6)	(5,760)	16,492	(134.9)
Share of associates companies' other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income before tax</b>	(5,963)	13,373	(144.6)	(5,762)	16,492	(134.9)	(5,960)	13,373	(144.6)	(5,760)	16,492	(134.9)
Income tax (charge)/credit relating to components of other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income for the period, net of tax</b>	(5,963)	13,373	(144.6)	(5,762)	16,492	(134.9)	(5,960)	13,373	(144.6)	(5,760)	16,492	(134.9)
<b>Total comprehensive income for the period, net of tax</b>	21,549	(45,554)	147.3	(189,908)	109,963	(272.7)	(33,834)	(120,966)	72.0	(319,073)	29,439	(1,183.8)
<b>Total comprehensive income attributable to:</b>												
Equity holders of the parent	21,549	(45,554)	147.3	(189,908)	109,963	(272.7)	(25,421)	(109,024)	76.7	(296,238)	41,794	(808.8)
Non controlling interests	-	-	-	-	-	-	(8,413)	(11,942)	29.6	(22,834)	(12,354)	(84.8)
	21,549	(45,554)	147.3	(189,908)	109,963	(272.7)	(33,834)	(120,966)	72.0	(319,072)	29,439	(1,183.8)

# Merchant Bank of Sri Lanka & Finance PLC

## Unaudited Statement of Financial Position

as at	Company			Group		
	30/09/2018 (Unaudited) LKR '000	31/12/2017 (Audited) LKR '000	Change %	30/09/2018 (Unaudited) LKR '000	31/12/2017 (Audited) LKR '000	Change %
<b>Assets</b>						
Cash and cash equivalents	377,810	418,885	(9.8)	481,670	466,139	3.3
Placements with banks & financial institutions	381,210	1,509,597	(74.7)	502,178	1,597,785	(68.6)
Securities purchased under resale agreements	2,235,874	1,302,748	71.6	2,371,408	1,651,927	43.6
Financial investments - held for trading	282,076	231,264	22.0	289,175	238,252	21.4
Bills receivable	498,504	494,096	0.9	498,504	494,096	0.9
Loans & advances to customers	13,702,173	12,598,133	8.8	13,708,241	12,592,956	8.9
Lease and hire purchase receivable	16,816,167	15,661,432	7.4	16,816,167	15,661,432	7.4
Financial investments - available for sale	831,942	1,815,181	(54.2)	1,503,706	2,191,842	(31.4)
Financial investments - held to maturity	30,684	479,362	(93.6)	30,684	479,362	(93.6)
Real Estate Stock	104,694	42,603	145.7	104,694	42,603	145.7
Investment in associate company	81,084	81,084	-	85,963	92,453	(7.02)
Investment in subsidiary	-	21,117	(100.0)	-	-	-
Investment properties	120,908	123,773	(2.3)	120,908	123,773	(2.3)
Property, plant and equipment	314,632	321,660	(2.2)	331,779	347,393	(4.5)
Intangible assets	201,124	226,293	(11.1)	214,091	244,526	(12.4)
Other assets	418,268	317,979	31.5	646,474	692,427	(6.6)
<b>Total assets</b>	<b>36,397,150</b>	<b>35,645,207</b>	<b>2.1</b>	<b>37,705,643</b>	<b>36,916,966</b>	<b>2.1</b>
<b>Liabilities</b>						
Due to banks	295,772	123,849	138.8	297,413	129,877	129.0
Securities sold under repurchase agreements	194,565	437,672	(55.5)	194,565	437,672	(55.5)
Due to customers	22,111,764	21,918,869	0.9	22,111,764	21,910,383	0.9
Debt issued and borrowed funds	9,486,886	8,818,862	7.6	9,486,886	8,818,862	7.6
Insurance provision - life	-	-	-	573,648	547,026	4.9
Insurance provision - non life	-	-	-	371,866	430,093	(13.5)
Current tax liabilities	(11,697)	7,473	(256.5)	(11,697)	7,473	(256.5)
Deferred tax liabilities	373,711	373,711	(0.0)	373,711	373,711	(0.0)
Other liabilities	625,063	467,965	33.6	1,071,452	719,713	48.9
Retirement benefits obligations	277,175	262,986	5.4	295,951	283,000	4.6
<b>Total liabilities</b>	<b>33,353,238</b>	<b>32,411,387</b>	<b>2.9</b>	<b>34,765,559</b>	<b>33,657,810</b>	<b>3.3</b>
<b>Equity</b>						
Stated capital	2,124,457	2,124,457	0.0	2,124,457	2,124,457	0.0
Retained earnings	740,801	924,947	(19.9)	657,937	948,415	(30.6)
Available-for-sale reserve	815	6,577	(87.6)	(4,460)	1,300	(443.0)
Statutory reserves	177,839	177,839	(0.0)	177,839	177,839	(0.0)
Total equity attributable to the parent	3,043,912	3,233,820	(5.9)	2,955,774	3,252,011	(9.1)
Non controlling interests	-	-	-	(15,689)	7,145	(319.6)
<b>Total equity</b>	<b>3,043,912</b>	<b>3,233,820</b>	<b>(5.9)</b>	<b>2,940,084</b>	<b>3,259,156</b>	<b>(9.8)</b>
<b>Total liabilities and equity</b>	<b>36,397,150</b>	<b>35,645,207</b>	<b>2.1</b>	<b>37,705,643</b>	<b>36,916,966</b>	<b>2.1</b>
Commitments and contingencies	129,824	167,712	(22.6)	190,522	183,166	4.0
Net assets value per share (LKR)	18.35	19.50	(5.9)	17.82	19.61	(9.1)

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007

(sgd.)  
**P. I. Kandanaarachchi**  
Head of Finance

(sgd.)  
**G. M. J. A. R. Gamalath**  
Acting Chief Executive Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.  
Approved and signed for and on behalf of the Board

(sgd.)  
**Dr. S. Lokuhewa**  
Chairman

(sgd.)  
**W. P. R. P. H. Fonseka**  
Director

## Merchant Bank of Sri Lanka & Finance PLC

### Unaudited Statement of Changes in Equity

Company	Stated capital LKR ' 000	Statutory reserves LKR ' 000	Available for sale reserve LKR ' 000	Retained profits LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2017	2,124,457	157,669	(21,802)	846,191	3,106,515
Net profit for the period	-	-	-	93,471	93,471
Other comprehensive income	-	-	16,492	(0)	16,492
<b>Balance as at 30th September 2017</b>	<b>2,124,457</b>	<b>157,669</b>	<b>(5,310)</b>	<b>939,662</b>	<b>3,216,478</b>
Balance as at 01st January 2018	2,124,457	177,839	6,577	924,947	3,233,820
Net profit for the period	-	-	-	(184,146)	(184,146)
Other comprehensive income	-	-	(5,762)	(0)	(5,762)
<b>Balance as at 30th September 2018</b>	<b>2,124,457</b>	<b>177,839</b>	<b>815</b>	<b>740,801</b>	<b>3,043,912</b>

Group	Stated Capital LKR ' 000	Statutory reserves LKR ' 000	Available for sale reserve LKR ' 000	Retained profits LKR ' 000	Non controlling interest LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2017	2,124,457	157,669	(36,195)	859,584	14,343	3,119,858
Net profit for the period	-	-	-	25,302	(12,354)	12,947
Other comprehensive income	-	-	16,492	-	(0)	16,492
<b>Balance as at 30th September 2017</b>	<b>2,124,457</b>	<b>157,669</b>	<b>(19,703)</b>	<b>884,885</b>	<b>1,989</b>	<b>3,149,297</b>
Balance as at 01st January 2018	2,124,457	177,839	1,300	948,415	7,145	3,259,156
Net profit for the period	-	-	-	(290,478)	(22,834)	(313,313)
Other comprehensive income	-	-	(5,759)	(0)	0	(5,759)
<b>Balance as at 30th September 2018</b>	<b>2,124,457</b>	<b>177,839</b>	<b>(4,460)</b>	<b>657,937</b>	<b>(15,689)</b>	<b>2,940,084</b>

Statutory reserve represents the reserve fund of the Company created in terms of the Finance Companies (Capital Funds) Direction No. 01 of 2003 issued by the Central Bank of Sri Lanka.

# Merchant Bank of Sri Lanka & Finance PLC

## Unaudited Statement of Cash Flows

	Company		Group	
	2018 LKR '000	2017 LKR '000	2018 LKR '000	2017 LKR '000
For the period ended 30th September				
<b>Cash flows from operating activities</b>				
Profit before income tax	(161,344)	117,927	(290,511)	37,403
Adjustments for :				
Change in operating assets	(2,951,582)	(2,385,731)	(2,817,558)	(2,213,869)
Change in operating liabilities	349,993	4,466,538	521,515	4,235,006
Share of associate companies' (profit) / loss before tax	-	-	6,490	2,726
Contribution to defined benefit plans	36,000	33,262	39,915	37,177
Other non-cash items included in profit before tax	612,634	264,168	601,125	250,499
Dividend income	(7,948)	(6,957)	(9,833)	(7,110)
	<b>(2,122,246)</b>	<b>2,489,206</b>	<b>(1,948,857)</b>	<b>2,341,833</b>
Gratuity paid	(21,811)	(11,437)	(26,964)	(13,418)
<b>Net cash generated from / (used in) operating activities before tax</b>	<b>(2,144,058)</b>	<b>2,477,770</b>	<b>(1,975,821)</b>	<b>2,328,414</b>
Income tax paid	(41,972)	(43,705)	(41,972)	(33,757)
<b>Net cash generated from / (used in) operating activities</b>	<b>(2,186,029)</b>	<b>2,434,065</b>	<b>(2,017,793)</b>	<b>2,294,657</b>
<b>Cash flows from investing activities</b>				
Purchase of financial assets held for trading	(200,852)	(59,112)	(200,853)	(59,022)
Proceeds from disposal of financial assets held for trading	107,708	155,702	107,708	154,615
Proceeds from financial investments - AFS & HTM	187,889	(819,753)	(107,212)	(777,251)
Sale of financial investments - AFS & HTM	1,278,534	2,530,014	1,278,534	2,530,014
Net (increase) / decrease in other investment	1,128,387	(943,321)	1,095,607	(902,560)
Purchase of property & equipment & Investment properties	(67,558)	(82,134)	(65,038)	(65,404)
Purchase of intangible assets	(3,731)	(217,627)	(2,583)	(241,482)
Proceeds from sale of property & equipments	42,915	7,665	44,357	6,601
Dividend received	7,948	6,957	9,833	7,110
<b>Net cash generated from / (used in) investing activities</b>	<b>2,481,240</b>	<b>578,392</b>	<b>2,160,353</b>	<b>652,622</b>
<b>Cash flows from financing activities</b>				
Net increase / ( decrease) in reverse repo and repo agreements	(1,176,233)	(2,981,133)	(962,588)	(2,858,158)
Net increase / (decrease) in other borrowings	2,326,333	503,772	2,326,333	503,772
Payments on redemption of debentures	(1,658,309)	(569,943)	(1,658,309)	(569,943)
<b>Net cash generated from / (used in) financing activities</b>	<b>(508,209)</b>	<b>(3,047,304)</b>	<b>(294,564)</b>	<b>(2,924,329)</b>
Net increase / (decrease) in cash and cash equivalents during the period	(212,998)	(34,848)	(152,005)	22,950
Cash and cash equivalents at the beginning of the period	295,036	199,666	336,262	216,360
<b>Cash and cash equivalents at the end of the period</b>	<b>82,038</b>	<b>164,818</b>	<b>184,257</b>	<b>239,310</b>
Note				
<b>Analysis of Cash and Cash Equivalents</b>				
Cash and short term funds	377,810	448,252	481,670	544,085
Dues to banks	(295,772)	(283,433)	(297,413)	(304,775)
	<b>82,038</b>	<b>164,818</b>	<b>184,257</b>	<b>239,310</b>

## 1 Reporting entity

Merchant Bank of Sri Lanka & Finance PLC is a public quoted company incorporated and domiciled in Sri Lanka on 04 March 1982. The registered office and principal place of business of the Company is located at the Bank of Ceylon Merchant Tower, No. 28, St Michael's Road, Colombo 03. The shares of the Company are listed in the Colombo Stock Exchange.

In the opinion of the Directors, the Company's parent enterprise and its ultimate parent enterprise is Bank of Ceylon.

The consolidated financial statements comprises of the Company, it's subsidiary; MBSL Insurance Company Ltd and it's interest in associate; Lanka Securities Ltd.

The consolidated financial statements for the period ended were authorized for issue on 14th November 2018, in accordance with the resolution of the directors passed on 14th November 2018.

## 2 Basis of preparation and accounting policies

### Basis of preparation

The interim condensed consolidated financial statements for the period ended 30th September 2018 have been prepared in accordance with LKAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements.

### Significant accounting policies

The accounting policies adopted in the preparation of interim condensed consolidated financial statements are consistent with those followed in the preparation of Group's annual financial statements for the year ended 31st December 2017.

All known expenses including fees and similar expenses have been provided in this financial statements.

## 3 Measurement of Financial Instruments

Company									LKR.'000	
	Fair value through Profit / (Loss)		Loans and receivable		Held-to-maturity		Available-for-sale		Total	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017	30/09/2018	31/12/2017	30/09/2018	31/12/2017	30/09/2018	31/12/2017
<b>As at</b>										
<b>Financial assets</b>										
Cash and cash equivalents	-	-	377,810	418,885	-	-	-	-	377,810	418,885
Placements with banks & financial institutions	-	-	381,210	1,509,597	-	-	-	-	381,210	1,509,597
Securities purchased under resale agreements	-	-	2,235,874	1,302,748	-	-	-	-	2,235,874	1,302,748
Financial investments - held for trading	282,076	231,264	-	-	-	-	-	-	282,076	231,264
Bills receivable	-	-	498,504	494,096	-	-	-	-	498,504	494,096
Loans & advances to customers	-	-	13,702,173	12,598,133	-	-	-	-	13,702,173	12,598,133
Lease and hire purchase receivable	-	-	16,816,167	15,661,432	-	-	-	-	16,816,167	15,661,432
Financial investments - available for sale	-	-	-	-	-	-	831,942	1,815,181	831,942	1,815,181
Financial investments - held to maturity	-	-	-	-	30,684	479,362	-	-	30,684	479,362
Other assets	-	-	44,802	46,865	-	-	-	-	44,802	46,865
<b>Total</b>	<b>282,076</b>	<b>231,264</b>	<b>34,056,540</b>	<b>32,031,756</b>	<b>30,684</b>	<b>479,362</b>	<b>831,942</b>	<b>1,815,181</b>	<b>35,201,242</b>	<b>34,557,563</b>

Other Financial liabilities					LKR.'000	
	Other financial liabilities at amortised cost		Total		Total	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017	30/09/2018	31/12/2017
<b>As at</b>						
<b>Other Financial liabilities</b>						
Due to banks	295,772	123,849	295,772	123,849	295,772	123,849
Securities sold under repurchase agreements	194,565	437,672	194,565	437,672	194,565	437,672
Due to customers	22,111,764	21,918,869	22,111,764	21,918,869	22,111,764	21,918,869
Debt issued and borrowed funds	9,486,886	8,818,862	9,486,886	8,818,862	9,486,886	8,818,862
Other liabilities	372,907	338,072	372,907	338,072	372,907	338,072
<b>Total</b>	<b>32,461,894</b>	<b>31,637,324</b>	<b>32,461,894</b>	<b>31,637,324</b>	<b>32,461,894</b>	<b>31,637,324</b>

Group									LKR.'000	
	Fair value through Profit / (Loss)		Loans and receivable		Held-to-maturity		Available-for-sale		Total	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017	30/09/2018	31/12/2017	30/09/2018	31/12/2017	30/09/2018	31/12/2017
<b>As at</b>										
<b>Financial assets</b>										
Cash and cash equivalents	-	-	481,670	466,139	-	-	-	-	481,670	466,139
Placements with banks & financial institutions	-	-	502,178	1,597,785	-	-	-	-	502,178	1,597,785
Securities purchased under resale agreements	-	-	2,371,408	1,651,927	-	-	-	-	2,371,408	1,651,927
Financial investments - held for trading	289,175	238,252	-	-	-	-	-	-	289,175	238,252
Bills receivable	-	-	498,504	494,096	-	-	-	-	498,504	494,096
Loans & advances to customers	-	-	13,708,241	12,592,956	-	-	-	-	13,708,241	12,592,956
Lease and hire purchase receivable	-	-	16,816,167	15,661,432	-	-	-	-	16,816,167	15,661,432
Financial investments - available for sale	-	-	-	-	-	-	1,503,706	2,191,842	1,503,706	2,191,842
Financial investments - held to maturity	-	-	-	-	30,684	479,362	-	-	30,684	479,362
Other assets	-	-	44,802	46,865	-	-	-	-	44,802	46,865
<b>Total</b>	<b>289,175</b>	<b>238,252</b>	<b>34,422,970</b>	<b>32,511,200</b>	<b>30,684</b>	<b>479,362</b>	<b>1,503,706</b>	<b>2,191,842</b>	<b>36,246,536</b>	<b>35,420,656</b>

Other Financial liabilities					LKR.'000	
	Other financial liabilities at amortised cost		Total		Total	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017	30/09/2018	31/12/2017
<b>As at</b>						
<b>Other Financial liabilities</b>						
Due to banks	297,413	129,877	297,413	129,877	297,413	129,877
Securities sold under repurchase agreements	194,565	437,672	194,565	437,672	194,565	437,672
Due to customers	22,111,764	21,910,383	22,111,764	21,910,383	22,111,764	21,910,383
Debt issued and borrowed funds	9,486,886	8,818,862	9,486,886	8,818,862	9,486,886	8,818,862
Other liabilities	372,906.94	338,072	372,906.94	338,072	372,906.94	338,072
<b>Total</b>	<b>32,463,535</b>	<b>31,634,866</b>	<b>32,463,535</b>	<b>31,634,866</b>	<b>32,463,535</b>	<b>31,634,866</b>

#### 4 Movement in individual and collective impairment during the period

	LKR. '000			
	Company		Group	
	2018	2017	2018	2017
<b>Impairment charges from loans and other losses</b>				
Impairment from Loans and advances_individual impairment (Note 4.1)	311,524	36,641	311,524	36,641
Impairment from Loans and advances_collective impairment (Note 4.2)	214,494	161,641	215,469	165,361
	<b>526,018</b>	<b>198,282</b>	<b>526,993</b>	<b>202,002</b>
<b>4.1 Individual impairment charges</b>				
As at 01 January	722,120	685,041	722,120	685,041
Charge to income statement from loans and advances	311,524	36,641	311,524	36,641
Write off	-	(10,738)	-	(10,738)
<b>As at 30th September</b>	<b>1,033,643</b>	<b>710,944</b>	<b>1,033,643</b>	<b>710,944</b>
<b>4.2 Collective impairment charges</b>				
As at 01 January	588,437	391,886	588,437	391,886
Charge to income statement from loans and advances	214,494	161,641	215,469	165,361
<b>As at 30th September</b>	<b>802,931</b>	<b>553,527</b>	<b>803,906</b>	<b>557,247</b>
<b>Loans and advances impairment</b>	<b>1,836,574</b>	<b>1,264,471</b>	<b>1,837,549</b>	<b>1,268,191</b>

#### 5 Investment in subsidiary

##### Impairment losses recognised in the period.

At the end of the reporting period, the recoverable amount of investment in subsidiary was determined as Zero and further, Impairment of Rs. 21.1 Mn was made in the Company's Financial Statements.

#### 6 Segment Information

For management purposes, the group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- The Leasing segment includes providing Finance Leases and Hire Purchase facilities.
- The Loan segment includes providing personal loans, term loans, bill discounting, cheque discounting, micro finance and bank guarantees.
- Corporate advisory includes corporate advisory services and capital market activities.
- The insurance includes general and life insurance.

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 profit or loss which in certain respects.

The following table presents income, profit and asset information regarding the group's operating segments for the period ended 30th September 2018 and comparative figures for the period ended 30th September 2017.

Group	Lease & HP		Loans		Corporate Advisory		Insurance		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000
<b>For the Period ended 30th September</b>												
External Revenue												
Interest and similar income	2,390,013	-	1,916,418	-	18,312	-	63,135	79,726	280,854	4,493,708	4,668,732	4,573,434
Fee and other income	60,651	-	60,058	-	13,462	-	89,769	548,503	123,014	175,482	346,954	723,985
Net gain / (loss) on financial assets - held for trading	-	-	-	-	(41,600)	15,194	-	-	-	-	(41,600)	15,194
	<b>2,450,664</b>	<b>-</b>	<b>1,976,476</b>	<b>-</b>	<b>(9,826)</b>	<b>15,194</b>	<b>152,904</b>	<b>628,229</b>	<b>403,869</b>	<b>4,669,190</b>	<b>4,974,087</b>	<b>5,312,613</b>
Inter - segment Revenue	-	-	-	-	675	675	-	-	(675)	(675)	-	-
<b>Total Income</b>	<b>2,450,664</b>	<b>-</b>	<b>1,976,476</b>	<b>-</b>	<b>(9,151)</b>	<b>15,869</b>	<b>152,904</b>	<b>628,229</b>	<b>403,194</b>	<b>4,668,515</b>	<b>4,974,087</b>	<b>5,312,613</b>
<b>Segment result</b>	<b>427,324</b>	<b>(1,985,674)</b>	<b>317,989</b>	<b>(1,458,213)</b>	<b>(77,430)</b>	<b>(48,218)</b>	<b>(143,794)</b>	<b>(77,798)</b>	<b>(705,508)</b>	<b>3,740,341</b>	<b>(181,419)</b>	<b>170,438</b>
<b>Total assets</b>	<b>16,830,315</b>	<b>15,661,432</b>	<b>14,130,688</b>	<b>13,092,229</b>	<b>481,725</b>	<b>231,264</b>	<b>1,293,669</b>	<b>1,430,969</b>	<b>4,969,246</b>	<b>6,501,072</b>	<b>37,705,643</b>	<b>36,916,966</b>

## 7 Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 30/9/2018 LKR' 000	Market Values			Interest Rates		Interest rate of comparable Government Security %	Interest yield			Yield to Maturity		
				Highest LKR.	Lowest LKR.	Period end LKR.	Coupon Rate	Effective Annual Yield		Highest	Lowest	Last traded	Highest	Lowest	Last traded
<b>Fixed Rate</b>															
Nov 2014 - Nov 2019	Listed	Annually	909,770	Not traded during the quarter			9.00%	9.00%	9.59%	Not traded during the quarter			Not traded during the quarter		
Nov 2014 - Nov 2019	Listed	Bi Annually	1,090,230	Not traded during the quarter			8.75%	8.94%	9.59%	Not traded during the quarter			Not traded during the quarter		
May 2017 - May 2022	Listed	Annually	805,760	Not traded during the quarter			15.00%	15.00%	10.56%	Not traded during the quarter			Not traded during the quarter		
May 2017 - May 2022	Listed	Bi Annually	1,193,230	Not traded during the quarter			14.50%	15.03%	10.26%	Not traded during the quarter			Not traded during the quarter		
May 2017 - May 2022	Listed	Bi Annually	1,010	Not traded during the quarter			11.47%	11.80%	10.26%	Not traded during the quarter			Not traded during the quarter		
<b>Total Debentures</b>			<b>4,000,000</b>												

All debentures are unsecured. Company has not repurchased any of its own debts and has not had any default of principal, interest or other breaches with regard to all liabilities during the period.

## 8 Events after the statement of financial position date

There were no material events that took place since 30th September 2018 that require disclosure in these financial statements.

## 9 Information on ordinary shares

<b>As at</b>	<b>30/09/2018</b>	<b>31/12/2017</b>
Net asset per share (LKR)		
- Company	18.35	19.50
- Group	17.82	19.61
<b>Market price per share recorded during the quarter ended 30th September (LKR)</b>	<b>2018</b>	<b>2017</b>
-High	10.40 (4-9-2018)	15.40 (29-9-2017)
-Low	7.70 (24-8-2018)	13.40 (24-8-2017)
-Last Transaction	8.10 (28-9-2018)	15.10 (29-9-2017)
<b>As at</b>	<b>30/09/2018</b>	<b>31/12/2017</b>
Number of shares issued	165,874,541	165,874,541
Stated capital (LKR)	2,124,457,307	2,124,457,307
<b>Ratios as at</b>	<b>30/09/2018</b>	<b>31/12/2017</b>
Debt / Equity Ratio	3.3	2.9
Statutory Liquid Asset Ratio	11.47%	11.49%
<b>Ratios for the period ended</b>	<b>30/09/2018</b>	<b>30/09/2017</b>
Interest Cover	0.942	1.044

**10 Twenty largest share holders as at 30th September 2018**

	<b>Name of the share holder</b>	<b>No. of Shares</b>	<b>Holding %</b>
01	Bank of Ceylon No. 1 Account	123,562,267	74.49%
02	Bank of Ceylon A/C Ceybank Unit Trust	11,909,216	7.18%
03	People's Leasing & Finance PLC / Mr. D. M. P. Disanayake	632,485	0.38%
04	J. B. Cocoshell (Pvt) Ltd	537,530	0.32%
05	Merrill J Fernando & Sons (Pvt) Ltd	526,165	0.32%
06	People's Merchant Finance PLC / Mr. M. M. Fuad	500,000	0.30%
07	Seylan Bank PLC / Spice of Life (Pvt) Ltd	405,234	0.24%
08	MRS. K.V. Hewavitarne	400,000	0.24%
09	Hatton National Bank PLC / Mr. D. N. Sellamuttu	386,301	0.23%
10	Mr. N. Balasingam	381,400	0.23%
11	Richard Peiris Financial Services (Pvt) Ltd / Mr. M. A. A. Karim	380,000	0.23%
12	Seylan Bank PLC / Prime Lands (Pvt) Ltd	375,000	0.23%
13	Sandwave Ltd	347,325	0.21%
14	Mr. B.T. Prathapasinghe	345,000	0.21%
15	Mr. A. Chelliah (Deceased)	333,800	0.20%
16	Mr. A. M. Weerasinghe	305,583	0.18%
17	Mr. W. L. T. Anandawansa	300,100	0.18%
18	Bartleet Produce Marketing (Pvt) Ltd	300,000	0.18%
19	People's Leasing & Finance PLC / Mr. L. P. Hapangama	300,000	0.18%
20	Mr. M. F. Ozman	274,657	0.17%

The percentage of shares held by the public as at 30th September 2018 was 25.51% and the number of public shareholders as at 30th September 2018 were 11,312

**11 Directors' shareholding as at 30th September 2018**

<b>Name of the Director</b>	<b>No. of Shares</b>
Dr. S. Lokuhewa	Nil
Mr. W. P. R. P. H. Fonseka	Nil
Mr. K. B. S. Bandara	Nil
Mr. N. Perera	Nil
Mr. S. N. Dayaratne	Nil
Mr. S. P. Arsakularatne	Nil
Mr. R. M. D. V. Jayabahu	Nil
Mr. M. P. R. Kumara (Alternate Director to Mr. W. P. R. P. H. Fonseka)	Nil

**12 ACT. CEO's shareholding as at 30th September 2018**

Mr. G. M. J. A. R. Gamalath	Nil
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