

UNAUDITED FINANCIAL STATEMENTS

For the Period ended 30th June 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			Six months ended			Quarter ended			Six months ended		
	30/06/2018 (Unaudited) LKR '000	30/06/2017 (Unaudited) LKR '000	Change %	30/06/2018 (Unaudited) LKR '000	30/06/2017 (Unaudited) LKR '000	Change %	30/06/2018 (Unaudited) LKR '000	30/06/2017 (Unaudited) LKR '000	Change %	30/06/2018 (Unaudited) LKR '000	30/06/2017 (Unaudited) LKR '000	Change %
Income	1,522,895	1,643,031	(7.3)	3,131,549	3,035,185	3.2	1,564,114	1,858,138	(15.8)	3,247,212	3,505,918	(7.4)
Interest and similar income	1,472,305	1,548,894	(4.9)	3,002,053	2,892,766	3.8	1,492,500	1,575,743	(5.3)	3,043,721	2,946,510	3.3
Interest and similar expenses	894,823	912,258	(1.9)	1,822,006	1,739,814	4.7	902,666	912,442	(1.1)	1,835,002	1,740,223	5.4
Net interest income	577,482	636,636	(9.3)	1,180,047	1,152,952	2.4	589,834	663,301	(11.1)	1,208,719	1,206,287	0.2
Fee and commission income	53,048	46,729	13.5	104,279	97,772	6.7	53,046	55,114	(3.8)	104,264	120,147	(13.2)
Fee and commission expenses	459	19,071	(97.6)	1,803	36,689	(95.1)	2,059	31,140	(93.4)	5,747	63,498	(90.9)
Net fee and commission income	52,589	27,658	90.1	102,476	61,083	67.8	50,987	23,974	112.7	98,517	56,649	73.9
Insurance premium income	-	-	-	-	-	-	17,466	174,930	(90.0)	65,928	387,286	(83.0)
Net claims and benefits	-	-	-	-	-	-	(31,617)	(99,730)	68.3	(80,189)	(233,634)	65.7
Net trading income	3,936	(14,321)	127.5	6,678	(17,972)	137.2	4,281	(14,256)	130.0	7,066	(17,864)	139.6
Net gain / (loss) on financial assets - held for trading	(26,474)	49,929	(153.0)	(20,185)	31,620	(163.8)	(27,587)	51,293	(153.8)	(20,183)	32,049	(163.0)
Other operating income	20,080	11,800	70.2	38,724	30,999	24.9	24,408	15,314	59.4	46,416	37,790	22.8
Total operating income	627,613	711,702	(11.8)	1,307,740	1,258,682	3.9	627,772	814,826	(23.0)	1,326,274	1,468,563	(9.7)
Impairment charges from loans and other losses	181,512	27,407	562.3	416,476	15,959	2,509.7	181,512	27,407	562.3	417,451	19,679	2,021.3
Net operating income	446,101	684,295	(34.8)	891,264	1,242,723	(28.3)	446,260	787,419	(43.3)	908,823	1,448,884	(37.3)
Personnel expenses	295,546	278,145	6.3	572,428	520,239	10.0	316,562	319,030	(0.8)	618,105	606,512	1.9
Provision for employee benefit	12,000	11,088	8.2	24,000	22,175	8.2	13,305	12,393	7.4	26,610	24,785	7.4
Depreciation of property & equipment	20,100	20,324	(1.1)	40,558	40,582	(0.1)	22,081	7,254	204.4	44,833	31,767	41.1
Amortization of intangible assets	9,666	3,603	168.3	19,669	7,258	171.0	11,129	21,677	(48.7)	22,594	26,525	(14.8)
Other operating expenses	186,659	194,652	(4.1)	366,460	373,060	(1.8)	213,648	248,053	(13.9)	419,346	482,484	(13.1)
Total operating expense	523,971	507,812	3.2	1,023,115	963,314	6.2	576,725	608,407	(5.2)	1,131,488	1,172,073	(3.5)
Profit / (loss) from operations	(77,870)	176,483	(144.1)	(131,851)	279,409	(147.2)	(130,465)	179,012	(172.9)	(222,665)	276,811	(180.4)
Impairment from investment in Group companies	21,117	-	-	21,117	-	-	-	-	-	-	-	-
Profit / (loss) from operations after impairment from subsidiary investments	(98,987)	176,483	(156.1)	(152,968)	279,409	(154.7)	(130,465)	179,012	(172.9)	(222,665)	276,811	(180.4)
Value added tax (VAT) on financial services	29,506	44,414	(33.6)	58,690	85,083	(31.0)	29,506	44,414	(33.6)	58,690	85,083	(31.0)
Share of associate companies profit before tax	-	-	-	-	-	-	(2,286)	(4)	(57,050.0)	(4,084)	(2,514)	(62.5)
Profit before income tax	(128,493)	132,069	(197.3)	(211,658)	194,326	(208.9)	(162,257)	134,594	(220.6)	(285,439)	189,214	(250.9)
Income tax expense / (Reversal)	-	29,523	(100.0)	-	41,917	(100.0)	-	29,523	(100.0)	-	41,917	(100.0)
Profit/(loss) for the period	(128,493)	102,546	(225.3)	(211,658)	152,409	(238.9)	(162,257)	105,071	(254.4)	(285,439)	147,297	(293.8)
Profit for the period attributable to:												
Equity holders of the parent	(128,493)	102,546	(225.3)	(211,658)	152,409	(238.9)	(153,906)	104,670	(247.0)	(271,018)	147,710	(283.5)
Non controlling interests	-	-	-	-	-	-	(8,351)	401	(2,182.5)	(14,421)	(413)	(3,391.8)
Profit/(loss) for the period	(128,493)	102,546	(225.3)	(211,658)	152,409	(238.9)	(162,257)	105,071	(254.4)	(285,439)	147,297	(293.8)
Earnings per share:												
Basic / diluted earnings per share (LKR)	(0.77)	0.62	(225.3)	(1.28)	0.92	(238.9)	(0.93)	0.63	(247.0)	(1.63)	0.89	(283.5)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended		Change %	Six months ended		Change %	Quarter ended		Change %	Quarter ended		Change %
	30/06/2018 (Unaudited) LKR '000	30/06/2017 (Unaudited) LKR '000		30/06/2018 (Unaudited) LKR '000	30/06/2017 (Unaudited) LKR '000		30/06/2018 (Unaudited) LKR '000	30/06/2017 (Unaudited) LKR '000		30/06/2018 (Unaudited) LKR '000	30/06/2017 (Unaudited) LKR '000	
Profit/(loss) for the period	(128,493)	102,546	(225.3)	(211,658)	152,409	(238.9)	(162,257)	105,071	(254.4)	(285,439)	147,297	(293.8)
Other comprehensive income for the period												
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Fair value reserves (Available for Sale Financial Assets):												
Net change in fair value	(2,847)	8,691	(132.8)	(3,549)	3,119	(213.8)	(2,847)	8,691	(132.8)	(3,550)	3,119	(213.8)
Share of associates companies' other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income before tax	(2,847)	8,691	(132.8)	(3,549)	3,119	(213.8)	(2,847)	8,691	(132.8)	(3,550)	3,119	(213.8)
Income tax (charge)/credit relating to components of other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	(2,847)	8,691	(132.8)	(3,549)	3,119	(213.8)	(2,847)	8,691	(132.8)	(3,550)	3,119	(213.8)
Total comprehensive income for the period, net of tax	(131,340)	111,237	(218.1)	(215,207)	155,528	(238.4)	(165,104)	113,762	(245.1)	(288,989)	150,416	(292.1)
Total comprehensive income attributable to:												
Equity holders of the parent	(131,340)	111,237	(218.1)	(215,207)	155,528	(238.4)	(156,753)	113,361	(238.3)	(274,567)	150,829	(282.0)
Non controlling interests	-	-	-	-	-	-	(8,351)	401	(2,182.5)	(14,421)	(413)	(3,391.8)
	(131,340)	111,237	(218.1)	(215,207)	155,528	(238.4)	(165,104)	113,762	(245.1)	(288,988)	150,416	(292.1)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Financial Position

as at	Company			Group		
	30/06/2018	31/12/2017	Change	30/06/2018	31/12/2017	Change
	(Unaudited)	(Audited)	%	(Unaudited)	(Audited)	%
	LKR '000	LKR '000		LKR '000	LKR '000	
Assets						
Cash and cash equivalents	436,760	418,885	4.3	542,179	466,139	16.3
Placements with banks & financial institutions	173,937	1,509,597	(88.5)	292,500	1,597,785	(81.7)
Securities purchased under resale agreements	1,846,349	1,302,748	41.7	2,204,780	1,651,927	33.5
Financial investments - held for trading	307,143	231,264	32.8	314,133	238,252	31.8
Bills receivable	545,976	494,096	10.5	545,976	494,096	10.5
Loans & advances to customers	13,191,416	12,598,133	4.7	13,197,588	12,592,956	4.8
Lease and hire purchase receivable	16,122,668	15,661,432	2.9	16,122,668	15,661,432	2.9
Financial investments - available for sale	1,242,986	1,815,181	(31.5)	1,672,751	2,191,842	(23.7)
Financial investments - held to maturity	29,660	479,362	(93.8)	29,660	479,362	(93.8)
Real Estate Stock	137,481	42,603	222.7	137,481	42,603	222.7
Investment in associate company	81,084	81,084	-	88,369	92,453	(4.4)
Investment in subsidiary	-	21,117	(100.0)	-	-	-
Investment properties	122,321	123,773	(1.2)	122,321	123,773	(1.2)
Property, plant and equipment	314,332	321,660	(2.3)	333,863	347,393	(3.9)
Intangible assets	210,355	226,293	(7.0)	224,516	244,526	(8.2)
Other assets	430,480	317,979	35.4	659,757	692,427	(4.7)
Total assets	35,192,948	35,645,207	(1.3)	36,488,542	36,916,966	(1.2)
Liabilities						
Due to banks	275,856	123,849	122.7	281,003	129,877	116.4
Securities sold under repurchase agreements	190,233	437,672	(56.5)	190,233	437,672	(56.5)
Due to customers	21,234,288	21,918,869	(3.1)	21,234,288	21,910,383	(3.1)
Debt issued and borrowed funds	9,234,724	8,818,862	4.7	9,234,724	8,818,862	4.7
Insurance provision - life	-	-	-	572,945	547,026	4.7
Insurance provision - non life	-	-	-	374,394	430,093	(13.0)
Current tax liabilities	(20,814)	7,473	(378.5)	(20,814)	7,473	(378.5)
Deferred tax liabilities	373,711	373,711	-	373,711	373,711	-
Other liabilities	604,732	467,965	29.2	977,444	719,713	35.8
Retirement benefits obligations	281,605	262,986	7.1	300,446	283,000	6.2
Total liabilities	32,174,335	32,411,387	(0.7)	33,518,374	33,657,810	(0.4)
Equity						
Stated capital	2,124,457	2,124,457	-	2,124,457	2,124,457	-
Retained earnings	713,289	924,947	(22.9)	677,397	948,415	(28.6)
Available-for-sale reserve	3,028	6,577	(54.0)	(2,249)	1,300	(273.0)
Statutory reserves	177,839	177,839	-	177,839	177,839	-
Total equity attributable to the parent	3,018,613	3,233,820	(6.7)	2,977,444	3,252,011	(8.4)
Non controlling interests	-	-	-	(7,276)	7,145	(201.8)
Total equity	3,018,613	3,233,820	(6.7)	2,970,168	3,259,156	(8.9)
Total liabilities and equity	35,192,948	35,645,207	(1.3)	36,488,542	36,916,966	(1.2)
Commitments and contingencies	146,396	167,712	(12.7)	207,094	183,166	13.1
Net assets value per share (LKR)	18.20	19.50	(6.7)	17.95	19.61	(8.4)

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.)
S. N. Dayaratne
 Director

(sgd.)
S. P. Arakularatne
 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)	846,189	3,106,513
Net profit for the period	-	-	-	152,409	152,409
Other comprehensive income	-	-	3,119	-	3,119
Balance as at 30th June 2017	2,124,457	157,669	(18,683)	998,598	3,262,041
Balance as at 01st January 2018	2,124,457	177,839	6,577	924,947	3,233,820
Net profit for the period	-	-	-	(211,658)	(211,658)
Other comprehensive income	-	-	(3,549)	-	(3,549)
Balance as at 30th June 2018	2,124,457	177,839	3,028	713,289	3,018,613

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)	879,309	14,343	3,139,583
Net profit for the period	-	-	-	147,710	(413)	147,297
Other comprehensive income	-	-	3,119	-	-	3,119
Balance as at 30th June 2017	2,124,457	157,669	(33,076)	1,027,019	13,930	3,289,999
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	-	-	-	(271,018)	(14,421)	(285,439)
Other comprehensive income	-	-	(3,549)	-	-	(3,549)
Balance as at 30th June 2018	2,124,457	177,839	(2,249)	677,397	(7,276)	2,970,168

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

For the period ended 30th June

	Company		Group	
	2018	2017	2018	2017
	LKR '000	LKR '000	LKR '000	LKR '000
Cash flows from operating activities				
Profit before income tax	(211,658)	194,326	(285,439)	189,214
Adjustments for :				
Change in operating assets	(1,751,371)	(2,876,757)	(1,597,407)	(2,825,631)
Change in operating liabilities	(576,101)	2,793,228	(448,144)	2,677,984
Share of associate companies' (profit)/loss before tax	-	-	4,084	2,514
Contribution to defined benefit plans	24,000	22,175	26,610	24,785
Other non-cash items included in profit before tax	505,345	9,634	470,068	24,675
Dividend income	(4,377)	(5,137)	(4,765)	(5,247)
	(2,014,162)	137,469	(1,834,993)	88,294
Gratuity paid	(5,381)	(10,779)	(9,164)	(11,861)
Net cash generated from/(used in) operating activities before tax	(2,019,543)	126,690	(1,844,157)	76,433
Income tax paid	-	(31,615)	(28,287)	(21,667)
Net cash generated from/ (used in) operating activities	(2,019,543)	95,075	(1,872,444)	54,766
Cash flows from investing activities				
Purchase of financial assets held for trading	(183,787)	(23,628)	(183,789)	(22,686)
Proceeds from disposal of financial assets held for trading	90,023	143,279	90,023	142,192
Proceeds from financial investments-AFS & HTM	415,933	(396,419)	362,828	(352,655)
Sale of financial investments-AFS & HTM	633,892	1,180,014	633,892	1,180,014
Net (increase)/decrease in other investment	1,335,660	(826,273)	1,305,285	(810,381)
Purchase of property & equipment & Investment properties	(31,778)	(29,043)	(29,851)	(12,314)
Purchase of intangible assets	(3,731)	6,060	(2,583)	(10,820)
Proceeds from sale of property & equipments	-	4,480	1,218	3,416
Dividend received	4,377	5,137	4,765	5,247
Net cash generated from/ (used in) investing activities	2,260,589	63,607	2,181,788	122,013
Cash flows from financing activities				
Net increase / (decrease) in reverse repo and repo agreements	(791,040)	(1,090,901)	(800,292)	(1,076,005)
Net increase/ (decrease) in other borrowings	2,074,171	827,790	2,074,171	827,790
Payments on redemption of debentures	(1,658,309)	-	(1,658,309)	-
Dividend paid				
Net cash generated from/ (used in) financing activities	(375,178)	(263,111)	(384,430)	(248,215)
Net increase/ (decrease) in cash and cash equivalents during the period	(134,132)	(104,429)	(75,086)	(71,436)
Cash and cash equivalents at the beginning of the period	295,036	199,666	336,262	216,360
Cash and cash equivalents at the end of the period	160,904	95,237	261,176	144,924
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	436,760	306,797	542,179	385,826
Dues to banks	(275,856)	(211,560)	(281,003)	(240,902)
	160,904	95,237	261,176	144,924

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, its subsidiary: MBSL Insurance Company Ltd and its interest in associate; Lanka Securities Ltd.

The consolidated financial statements for the period ended were authorized for issue on 13th August 2018, in accordance with the resolution of the directors passed on 13th August 2018.

2 Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the period ended 30th June 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	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017
As at										
Financial assets										
Cash and cash equivalents	-	-	436,760	418,885	-	-	-	-	436,760	418,885
Placements with banks & financial institutions	-	-	173,937	1,509,597	-	-	-	-	173,937	1,509,597
Securities purchased under resale agreements	-	-	1,846,349	1,302,748	-	-	-	-	1,846,349	1,302,748
Financial investments - held for trading	307,143	231,264	-	-	-	-	-	-	307,143	231,264
Bills receivable	-	-	545,976	494,096	-	-	-	-	545,976	494,096
Loans & advances to customers	-	-	13,191,416	12,598,133	-	-	-	-	13,191,416	12,598,133
Lease and hire purchase receivable	-	-	16,122,668	15,661,432	-	-	-	-	16,122,668	15,661,432
Financial investments - available for sale	-	-	-	-	-	-	1,242,986	1,815,181	1,242,986	1,815,181
Financial investments - held to maturity	-	-	-	-	29,660	479,362	-	-	29,660	479,362
Other assets	-	-	48,021	46,865	-	-	-	-	48,021	46,865
Total	307,143	231,264	32,365,127	32,031,756	29,660	479,362	1,242,986	1,815,181	33,944,916	34,557,563

	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Other Financial liabilities				
Due to banks	275,856	123,849	275,856	123,849
Securities sold under repurchase agreements	190,233	437,672	190,233	437,672
Due to customers	21,234,288	21,918,869	21,234,288	21,918,869
Debt issued and borrowed funds	9,234,724	8,818,862	9,234,724	8,818,862
Other liabilities	370,740	338,072	370,740	338,072
Total	31,305,841	31,637,324	31,305,841	31,637,324

Group	LKR.'000									
	Fair value through Profit / (Loss)		Loans and receivable		Held-to-maturity		Available-for-sale		Total	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017
As at										
Financial assets										
Cash and cash equivalents	-	-	542,179	466,139	-	-	-	-	542,179	466,139
Placements with banks & financial institutions	-	-	292,500	1,597,785	-	-	-	-	292,500	1,597,785
Securities purchased under resale agreements	-	-	2,204,780	1,651,927	-	-	-	-	2,204,780	1,651,927
Financial investments - held for trading	314,133	238,252	-	-	-	-	-	-	314,133	238,252
Bills receivable	-	-	545,976	494,096	-	-	-	-	545,976	494,096
Loans & advances to customers	-	-	13,197,588	12,592,956	-	-	-	-	13,197,588	12,592,956
Lease and hire purchase receivable	-	-	16,122,668	15,661,432	-	-	-	-	16,122,668	15,661,432
Financial investments - available for sale	-	-	-	-	-	-	1,672,751	2,191,842	1,672,751	2,191,842
Financial investments - held to maturity	-	-	-	-	29,660	479,362	-	-	29,660	479,362
Other assets	-	-	48,021	46,865	-	-	-	-	48,021	46,865
Total	314,133	238,252	32,953,712	32,511,200	29,660	479,362	1,672,751	2,191,842	34,970,256	35,420,656

	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Other Financial liabilities				
Due to banks	281,003	129,877	281,003	129,877
Securities sold under repurchase agreements	190,233	437,672	190,233	437,672
Due to customers	21,234,288	21,910,383	21,234,288	21,910,383
Debt issued and borrowed funds	9,234,724	8,818,862	9,234,724	8,818,862
Other liabilities	370,740.20	338,072	370,740.20	338,072
Total	31,310,988	31,634,866	31,310,988	31,634,866

4 Movement in individual and collective impairment during the period

	LKR. '000			
	Company		Group	
	2018	2017	2018	2017
Impairment charges from loans and other losses				
Impairment from Loans and advances_individual impairment (Note 4.1)	305,268	18,198	305,268	18,198
Impairment from Loans and advances_collective impairment (Note 4.2)	111,208	(2,239)	112,183	1,481
	416,476	15,959	417,451	19,679
4.1 Individual impairment charges				
As at 01 January	724,007	685,041	724,007	685,041
Charge to income statement from loans and advances	305,268	18,198	305,268	18,198
Write off	-	(10,738)	-	(10,738)
As at 30th June	1,029,275	692,501	1,029,275	692,501
4.2 Collective impairment charges				
As at 01 January	586,550	391,886	586,550	391,886
Charge to income statement from loans and advances	111,208	(2,239)	112,183	1,481
As at 30th June	697,758	389,647	698,733	393,367
Loans and advances impairment	1,727,032	1,082,148	1,728,007	1,085,868

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 June 2018 and comparative figures for the period ended 30th June 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
For the Period ended 30th June												
External Revenue												
Interest and similar income	1,558,151	-	1,233,952	-	11,738	-	41,668	53,744	198,212	2,892,766	3,043,721	2,946,510
Fee and other income	38,763	-	42,625	-	4,865	-	73,992	416,560	63,429	110,799	223,674	527,359
Net gain / (loss) on financial assets - held for trading	-	-	-	-	(20,183)	32,049	-	-	-	-	(20,183)	32,049
	1,596,914	-	1,276,577	-	(3,580)	32,049	115,660	470,304	261,641	3,003,565	3,247,212	3,505,918
Inter - segment Revenue	-	-	-	-	450	450	-	-	(450)	(450)	-	-
Total Income	1,596,914	-	1,276,577	-	(3,130)	32,499	115,660	470,304	261,191	3,003,115	3,247,212	3,505,918
Segment result	272,339	(1,283,952)	186,320	(942,891)	(46,573)	(8,328)	(90,814)	(2,597)	(543,937)	2,514,579	(222,665)	276,811
Total assets	16,136,816	15,661,432	13,668,845	13,092,229	504,197	231,264	1,278,364	1,663,975	4,900,320	6,268,066	36,488,542	36,916,966

7 Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 30/6/2018 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
Fixed Rate															
Nov 2014 - Nov 2019	Listed	Annually	909,770	Not traded during the quarter			9.00%	9.00%	9.64%	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%	9.64%	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%	10.26%	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			13.90%	14.38%	10.26%	Not traded during the quarter			Not traded during the quarter		
Total Debentures			4,000,000												

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 June 2018 that require disclosure in these financial statements.

9 Information on ordinary shares

As at		30/06/2018	31/12/2017
Net asset per share (LKR)	- Company	18.20	19.50
	- Group	17.95	19.61

Market price per share recorded during the quarter ended 30th June (LKR)		2018	2017
	-High	14.00 (5-4-2018)	15.40 (19-6-2017)
	-Low	9.50 (28-6-2018)	11.00 (3-4-2017)
	-Last Transaction	10.00 (30-6-2018)	14.90 (30-6-2017)

As at		30/06/2018	31/12/2017
Number of shares issued		165,874,541	165,874,541
Stated capital (LKR)		2,124,457,307	2,124,457,307

Ratios as at		30/06/2018	31/12/2017
Debt / Equity Ratio		3.2	2.9
Statutory Liquid Asset Ratio		11.59%	11.26%

Ratios for the period ended		30/06/2018	30/06/2017
Interest Cover		0.884	1.112

10 Twenty largest share holders as at 30th June 2018

	Name of the share holder	No. of Shares	Holding %
01	Bank of Ceylon No. 1 Account	123,562,267	74.49%
02	Bank of Ceylon A/C Ceybank Unit Trust	11,902,216	7.18%
03	MR. M.M. Fuad	813,828	0.49%
04	People's Leasing & Finance PLC / Mr. D. M. P. Disanayake	632,485	0.38%
05	Merrill J Fernando & Sons (Pvt) Ltd	526,165	0.32%
06	Sandwave Ltd	487,700	0.29%
07	Richard Peiris Financial Services (Pvt) Ltd / Mr. M. A. A. Karim	434,441	0.26%
08	Seylan Bank PLC / Spice of Life (Pvt) Ltd	405,234	0.24%
09	MRS. K.V. Hewavitarne	400,000	0.24%
10	Hatton National Bank PLC / Mr. D. N. Sellamuttu	386,301	0.23%
11	Mr. N. Balasingam	381,400	0.23%
12	Seylan Bank PLC / Prime Lands (Pvt) Ltd	375,000	0.23%
13	Mr. B.T. Prathapasinghe	345,000	0.21%
14	Mr. A. Chelliah (Deceased)	333,800	0.20%
15	Seylan Bank PLC / Mr. M. M. Fuad	326,600	0.20%
16	Mr. A. M. Weerasinghe	305,583	0.18%
17	People's Leasing & Finance PLC / Mr. L. P. Hapangama	300,000	0.18%
18	Bartleet Produce Marketing (Pvt) Ltd	300,000	0.18%
19	Mr. W. L. T. Anandawansa	282,039	0.17%
20	Asha Financial Services Limited / Mr. C. N. Pakianathan	274,213	0.17%

The percentage of shares held by the public as at 30th June 2018 was 25.51% and the number of public shareholders as at 30th June 2018 were 11,216

11 Directors' shareholding as at 30th June 2018

Name of the Director	No. of Shares
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. K. G. G. R. M. Wijesinghe	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 June 2018

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