

GATHERING MOMENTUM

UNAUDITED FINANCIAL STATEMENTS

For the Period ended 30th June 2019



 **Merchant Bank of
Sri Lanka & Finance PLC**

Rating ICRA " [SL] A Negative"

Co.Reg.No. PQ10

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		
	30/06/2019 (Unaudited) LKR '000	30/06/2018 (Unaudited) LKR '000	Change %	30/06/2019 (Unaudited) LKR '000	30/06/2018 (Unaudited) LKR '000	Change %	30/06/2019 (Unaudited) LKR '000	30/06/2018 (Unaudited) LKR '000	Change %	30/06/2019 (Unaudited) LKR '000	30/06/2018 (Unaudited) LKR '000	Change %
Income	1,632,417	1,457,924	12.0	3,225,426	3,066,577	5.2	1,692,249	1,499,141	12.9	3,315,431	3,182,238	4.2
Interest and similar income	1,579,549	1,407,333	12.2	3,141,613	2,937,081	7.0	1,629,472	1,427,527	14.1	3,214,610	2,978,748	7.9
Interest and similar expenses	1,139,323	894,824	27.3	2,170,025	1,822,006	19.1	1,152,434	902,667	27.7	2,197,105	1,835,002	19.7
Net interest income	440,227	512,509	(14.1)	971,588	1,115,074	(12.9)	477,038	524,860	(9.1)	1,017,506	1,143,746	(11.0)
Fee and commission income	45,513	53,048	(14.2)	88,407	104,279	(15.2)	46,257	53,046	(12.8)	89,150	104,264	(14.5)
Fee and commission expenses	8,167	460	1,676.0	16,011	1,803	787.8	9,303	2,059	351.7	18,153	5,747	215.9
Net fee and commission income	37,346	52,588	(29.0)	72,396	102,476	(29.4)	36,954	50,987	(27.5)	70,997	98,517	(27.9)
Insurance premium income	-	-	-	-	-	-	7,593	17,465	(56.5)	16,350	65,928	(75.2)
Net claims and benefits	-	-	-	-	-	-	11,862	(31,617)	137.5	(6,236)	(80,189)	92.2
Net trading income	4,973	3,936	26.4	6,424	6,678	(3.8)	5,691	4,281	32.9	7,184	7,066	1.7
Net gain/(loss) on financial instruments at fair value through profit or loss	(12,409)	(26,474)	53.1	(41,540)	(20,185)	(105.8)	(12,090)	(27,587)	56.2	(40,894)	(20,183)	(102.6)
Other operating income	14,790	20,080	(26.3)	30,522	38,724	(21.2)	15,327	24,408	(37.2)	29,031	46,416	(37.5)
Total operating income	484,927	562,640	(13.8)	1,039,390	1,242,767	(16.4)	542,374	562,798	(3.6)	1,093,938	1,261,300	(13.3)
Impairment charges from loans and other losses	104,935	105,405	(0.4)	155,720	340,369	54.2	104,935	105,405	(0.4)	156,820	341,345	54.1
Net operating income	379,991	457,234	(16.9)	883,670	902,398	(2.1)	437,439	457,392	(4.4)	937,118	919,955	1.9
Personnel expenses	299,513	307,546	(2.6)	590,488	596,428	1.0	319,617	329,867	(3.1)	627,661	644,714	2.6
Depreciation and amortisation	104,377	29,766	250.7	133,912	60,227	(122.3)	107,032	33,210	222.3	139,254	67,427	(106.5)
Other operating expenses	112,895	182,661	(38.2)	316,751	358,519	11.7	134,933	209,651	(35.6)	364,081	411,404	11.5
Total operating expense	516,786	519,974	(0.6)	1,041,151	1,015,174	(2.6)	561,582	572,727	(1.9)	1,130,995	1,123,546	(0.7)
Profit / (loss) from operations	(136,794)	(62,739)	(118.0)	(157,481)	(112,777)	(39.6)	(124,143)	(115,335)	(7.6)	(193,878)	(203,590)	4.8
Impairment from investment in Group companies	(182,752)	21,117	(965.4)	(182,752)	21,117	(965.4)	-	-	-	-	-	-
Profit / (loss) from operations after impairment from subsidiary investments	45,958	(83,856)	154.8	25,271	(133,894)	118.9	(124,143)	(115,335)	(7.6)	(193,878)	(203,590)	4.8
Value added tax (VAT) & Nation building tax (NBT) on financial services	53,912	33,503	60.9	88,736	66,631	(33.2)	53,912	33,503	60.9	88,736	66,631	(33.2)
Debt repayment levy	27,836	-	-	45,812	-	-	27,836	-	-	45,812	-	-
Share of associate companies profit before tax	-	-	-	-	-	-	(2,630)	(2,286)	(15.1)	(5,821)	(4,084)	(42.5)
Profit before income tax	(35,790)	(117,359)	69.5	(109,277)	(200,524)	45.5	(208,520)	(151,124)	(38.0)	(334,247)	(274,305)	(21.9)
Income tax expense / (Reversal)	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period	(35,790)	(117,359)	69.5	(109,277)	(200,524)	45.5	(208,520)	(151,124)	(38.0)	(334,247)	(274,305)	(21.9)
Profit for the period attributable to:												
Equity holders of the parent	(35,790)	(117,359)	69.5	(109,277)	(200,524)	45.5	(214,364)	(142,771)	(50.1)	(332,302)	(259,884)	(27.9)
Non controlling interests	-	-	-	-	-	-	5,844	(8,352)	170.0	(1,945)	(14,421)	86.5
Profit/(loss) for the period	(35,790)	(117,359)	69.5	(109,277)	(200,524)	45.5	(208,520)	(151,124)	(38.0)	(334,247)	(274,305)	(21.9)
Earnings per share:												
Basic / diluted earnings per share (LKR)	(0.22)	(0.71)	69.5	(0.66)	(1.21)	45.5	(1.29)	(0.86)	(50.1)	(2.00)	(1.57)	(27.9)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Six months ended			Quarter ended			Six months ended		
	30/06/2019 (Unaudited) LKR '000	30/06/2018 (Unaudited) LKR '000	Change %	30/06/2019 (Unaudited) LKR '000	30/06/2018 (Unaudited) LKR '000	Change %	30/06/2019 (Unaudited) LKR '000	30/06/2018 (Unaudited) LKR '000	Change %	30/06/2019 (Unaudited) LKR '000	30/06/2018 (Unaudited) LKR '000	Change %
Profit/(loss) for the period	(35,790)	(117,359)	69.5	(109,277)	(200,524)	45.5	(208,520)	(151,124)	(38.0)	(334,247)	(274,305)	(21.9)
Other comprehensive income/(expense) for the period												
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Fair value reserves (Financial investments at fair value through other comprehensive income):												
Gains/(Losses) on re-measuring financial investments at fair value through other comprehensive income	(4,934)	(2,847)	(73.3)	4,616	(3,549)	230.1	(4,934)	(2,847)	(73.3)	4,616	(3,549)	230.1
Other comprehensive income/(expense) before tax	(4,934)	(2,847)	(73.3)	4,616	(3,549)	230.1	(4,934)	(2,847)	(73.3)	4,616	(3,549)	230.1
Deferred tax (charge)/credit relating to components of other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	(4,934)	(2,847)	(73.3)	4,616	(3,549)	230.1	(4,934)	(2,847)	(73.3)	4,616	(3,549)	230.1
Total comprehensive income/(expense) for the period, net of tax	(40,724)	(120,206)	66.1	(104,661)	(204,073)	48.7	(213,455)	(153,970)	(38.6)	(329,631)	(277,854)	(18.6)
Total comprehensive income/(expense) attributable to:												
Equity holders of the parent	(40,724)	(120,206)	66.1	(104,661)	(204,073)	48.7	(219,299)	(145,618)	(50.6)	(327,686)	(263,433)	(24.4)
Non controlling interests	-	-	-	-	-	-	5,844	(8,352)	170.0	(1,945)	(14,421)	86.5
	(40,724)	(120,206)	66.1	(104,661)	(204,073)	48.7	(213,455)	(153,970)	(38.6)	(329,631)	(277,854)	(18.6)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Financial Position

as at	Company			Group		
	30/06/2019	31/12/2018	Change	30/06/2019	31/12/2018	Change
	(Unaudited)	(Audited)	%	(Unaudited)	(Audited)	%
	LKR '000	LKR '000		LKR '000	LKR '000	
Assets						
Cash and cash equivalents	491,084	294,622	66.7	498,770	391,886	27.3
Placements with banks & financial institutions	1,534,151	670,576	128.8	2,225,300	774,575	187.3
Securities purchased under resale agreements	1,294,979	1,292,670	0.2	2,124,014	1,440,819	47.4
Financial investments at fair value through profit or loss	224,905	267,106	(15.8)	233,144	274,700	(15.1)
Loans & receivables at amortised cost	30,742,525	30,721,148	0.1	30,483,947	30,485,412	(0.0)
Financial investments at fair value through other comprehensive income	896,411	1,180,996	(24.1)	1,596,667	1,850,320	(13.7)
Financial investments at amortised cost	555,052	60,829	812.5	555,052	60,828	812.5
Real Estate Stock	51,880	78,503	(33.9)	51,880	78,503	(33.9)
Investment in associate company	81,084	81,084	-	78,594	84,415	(6.90)
Investment in subsidiary	762,029	79,277	861.2	-	-	-
Investment properties	118,729	120,182	(1.2)	118,729	120,181	(1.2)
Property and equipment	338,972	320,113	5.9	350,852	334,493	4.9
Intangible assets	176,471	193,121	(8.6)	185,855	205,681	(9.6)
Right of Use assets	554,124	-	-	554,124	-	-
Deferred tax Assets	187,629	187,629	-	693,878	697,375	(0.5)
Other assets	374,356	316,571	18.3	583,832	514,778	13.4
Total assets	38,384,382	35,864,426	7.0	40,334,637	37,313,966	8.1
Liabilities						
Due to banks	6,261,794	5,869,317	6.7	6,262,188	5,872,471	6.6
Due to customers at amortised cost	22,927,307	20,831,021	10.1	22,927,307	20,821,606	10.1
Debt issued and borrowed funds at amortised cost	4,912,769	5,331,077	(7.8)	4,912,769	5,331,077	(7.8)
Insurance provision - life	-	-	-	555,009	574,399	(3.4)
Insurance provision - non life	-	-	-	331,716	336,825	(1.5)
Current tax liabilities	(13,572)	15,042	(190.2)	(13,572)	15,042	(190.2)
Deferred tax liabilities	528,073	528,073	(0.0)	528,072	531,570	(0.7)
Other liabilities	1,094,828	518,084	111.3	1,365,343	733,017	86.3
Retirement benefits obligations	253,740	247,708	2.4	264,066	256,644	2.9
Total liabilities	35,964,939	33,340,322	7.9	37,132,897	34,472,651	7.7
Equity						
Stated capital	2,124,457	2,124,457	-	2,124,457	2,124,457	-
Retained earnings	83,735	193,012	(56.6)	163,148	457,806	(64.4)
OCI reserve	(2,846)	(7,461)	61.9	(14,436)	(19,051)	24.2
Statutory reserves	214,096	214,096	-	214,096	214,096	-
Total equity attributable to the parent	2,419,443	2,524,104	(4.1)	2,487,265	2,777,308	(10.4)
Non controlling interests	-	-	-	714,474	64,007	1,016.2
Total equity	2,419,443	2,524,104	(4.1)	3,201,739	2,841,315	12.7
Total liabilities and equity	38,384,382	35,864,426	7.0	40,334,637	37,313,966	8.1
Commitments and contingencies	130,700	124,250	5.2	182,393	177,350	2.8
Net assets value per share (LKR)	14.59	15.22	(4.1)	14.99	16.74	(10.4)

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

(sgd.)

P. I. Kandanaarachchi

Head of Finance

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.)

C. Amarasinghe

Director

(sgd.)

G. M. J. A. R. Gamalath

Chief Executive Officer (Acting)

(sgd.)

D.N.L Fernando

Director

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Changes in Equity

Company	Stated capital LKR ' 000	Statutory reserves LKR ' 000	OCI reserve LKR ' 000	Retained profits LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2018	2,124,457	177,839	6,577	(168,507)	2,140,366
Net profit/(loss) for the Period	-	-	-	(200,524)	(200,524)
Other comprehensive income	-	-	(3,549)	0	(3,549)
Balance as at 30th June 2018	2,124,457	177,839	3,028	(369,031)	1,936,293
Balance as at 01st January 2019	2,124,457	214,096	(7,461)	193,012	2,524,104
Net profit/(loss) for the period	-	-	-	(109,277)	(109,277)
Other comprehensive income	-	-	4,616	(0)	4,616
Balance as at 30th June 2019	2,124,457	214,096	(2,846)	83,735	2,419,443

Group	Stated Capital LKR ' 000	Statutory reserves LKR ' 000	OCI reserve LKR ' 000	Retained profits LKR ' 000	Non controlling interest LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2018	2,124,457	177,839	1,300	(145,136)	7,146	2,165,605
Net profit/(loss) for the period	-	-	-	(259,884)	(14,421)	(274,305)
Other comprehensive income	-	-	(3,549)	(0)	(0)	(3,549)
Transfers to statutory reserve fund	-	-	-	-	-	-
Balance as at 30th June 2018	2,124,457	177,839	(2,249)	(405,020)	(7,275)	1,887,751
Balance as at 01st January 2019	2,124,457	214,096	(19,051)	457,806	64,007	2,841,315
Acquisition, disposal and changes in non-controlling interest	-	-	-	37,643	652,412	690,055
Net profit/(loss) for the period	-	-	-	(332,302)	(1,945)	(334,247)
Other comprehensive income	-	-	4,616	(0)	0	4,616
Transfers to statutory reserve fund	-	-	-	-	-	-
Balance as at 30th June 2019	2,124,457	214,096	(14,436)	163,148	714,474	3,201,739

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	
	2019 (Unaudited) LKR '000	2018 (Unaudited) LKR '000	2019 (Unaudited) LKR '000	2018 (Unaudited) LKR '000
Cash flows from operating activities				
Profit before income tax	(109,277)	(200,524)	(334,247)	(274,305)
Adjustments for :				
Change in operating assets	(579,631)	(1,629,141)	(755,063)	(1,475,273)
Change in operating liabilities	2,644,414	(576,101)	2,684,913	(476,430)
Share of 'associate companies' (profit)/loss before tax	-	-	5,821	4,084
Contribution to defined benefit plans	24,000	24,000	26,610	26,610
Other non-cash items included in profit before tax	262,493	429,238	671,328	393,962
Dividend income	(6,017)	(4,377)	(6,777)	(4,765)
	2,235,982	(1,956,905)	2,292,585	(1,806,118)
Gratuity paid	(17,968)	(5,381)	(19,188)	(9,165)
Net cash generated from/(used in) operating activities before tax	2,218,014	(1,962,286)	2,273,396	(1,815,282)
Income tax paid	-	-	-	-
Net cash generated from / (used in) operating activities	2,218,014	(1,962,286)	2,273,396	(1,815,282)
Cash flows from investing activities				
Purchase of financial assets designated at FVTPL	(17,835)	(183,787)	(17,835)	(183,789)
Proceeds from disposal of financial assets designated at FVTPL	18,090	90,023	18,090	90,023
Purchase of financial investments	(1,570,940)	415,933	(1,601,873)	362,829
Proceeds from sale and maturity of financial investments	1,069,499	633,892	1,069,499	633,892
Net increase/(decrease) in other investment	(863,575)	1,011,122	(1,450,725)	980,747
Purchase of property & equipment	(61,822)	(31,779)	(62,278)	(29,852)
Purchase of intangible assets	(72,846)	(3,731)	(72,058)	(2,583)
Proceeds from sale of property & equipment	-	-	109	1,218
Investment in Subsidiary from parent and other parties	(500,000)	-	652,412	-
Dividend received	6,017	4,377	6,777	4,765
Net cash generated from / (used in) investing activities	(1,993,411)	1,936,051	(1,457,881)	1,857,251
Cash flows from financing activities				
Net increase/(decrease) in reverse repo and repo agreements	285,546	(467,364)	(395,338)	(476,616)
Net increase/(decrease) in other borrowings at amortised cost	(227,907)	(1,242,446)	(227,907)	(1,242,446)
Payments on redemption of debentures	-	1,658,309	-	1,658,309
Net cash generated from / (used in) financing activities	57,639	(51,501)	(623,246)	(60,753)
Net increase / (decrease) in cash and cash equivalents during the period	282,241	(77,737)	192,270	(18,785)
Cash and cash equivalents at the beginning of the period	(213,602)	295,036	(116,339)	336,262
Cash and cash equivalents at the end of the period	68,639	217,300	75,931	317,477
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	491,084	493,156	498,770	598,479
Dues to banks	(422,445)	(275,856)	(422,839)	(281,003)
	68,639	217,300	75,931	317,477

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 13th August 2019, in accordance with the resolution of the Directors passed on 13th August 2019.

2 Change the Shareholding % of MBSL Insurance Ltd

As the major shareholder of the MBSL Insurance Ltd, the Company-MBSL has invested LKR 500 Mn out of 1.2 Bn and allotted 112,537,891 ordinary shares on 4 April, 2019. The Company shareholding has reduced to 53.81% from 84.12% with the investment.

3 Basis of preparation and accounting policies

The interim condensed Financial Statements for the period ended 30th June 2019 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.

Interim Financial Statements for the quarter ended 30/06/2018 have been restated by incorporating the impact on adopting SLFRS 9 on 1 January 2018. The Bank has previously prepared Interim Financial Statements for the quarter ended 30/06/2018 based on "LKAS 39 - Financial Instruments: Recognition and Measurement" as permitted by the Statement of Alternative Treatment (SoAT), on the figures in the Interim Financial Statements issued by CA Sri Lanka.

There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2018, except for the Accounting Policies & methods of computation adopted to be in compliant with the requirements of the Sri Lanka Accounting Standard SLFRS - 16 on "Leases", which became effective for annual Financial period from January 1, 2019.

SLFRS 16 requires recognizing lease liabilities and right of use assets for certain leases classified as operating leases under LKAS 17 Leases (Previous Standard).

All known expenses including fees and similar expenses have been provided in this Financial Statements.

4 Cap on Loans and Advances and Deposits

The Company has been imposed with caps of LKR 35 Bn on loan and advances (net of interest in suspense) and LKR 23 Bn on deposits by the Central Bank of Sri Lanka with effect from April 2019 and May 2019 respectively pending compliance with Capital Adequacy Ratios.

5 Measurement of Financial Instruments

Company	LKR.'000									
	Financial investment at FVTPL		Loans and receivable at amortised Cost		Financial investment at amortised Cost		Financial investment at FVTOCI		Total	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018
As at										
Financial assets										
Cash and cash equivalents	-	-	491,084	294,622	-	-	-	-	491,084	294,622
Placements with banks & financial institutions	-	-	1,534,151	670,576	-	-	-	-	1,534,151	670,576
Securities purchased under resale agreements	-	-	1,294,979	1,292,670	-	-	-	-	1,294,979	1,292,670
Financial investments at fair value through profit or loss	224,905	267,106	-	-	-	-	-	-	224,905	267,106
Loans & receivables at amortised cost	-	-	30,742,525	30,721,148	-	-	-	-	30,742,525	30,721,148
Financial investments at fair value through other comprehensive income	-	-	-	-	-	-	896,411	1,180,996	896,411	1,180,996
Financial investments at amortised cost	-	-	-	-	555,052	60,829	-	-	555,052	60,829
Other assets	-	-	46,348	52,140	-	-	-	-	46,348	52,140
Total	224,905	267,106	34,109,087	33,031,155	555,052	60,829	896,411	1,180,996	35,785,456	34,540,087

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Other Financial liabilities				
Due to banks	6,261,794	5,869,317	6,261,794	5,869,317
Due to customers at amortised cost	22,927,307	20,831,021	22,927,307	20,831,021
Debt issued and borrowed funds at amortised cost	4,912,769	5,331,077	4,912,769	5,331,077
Other liabilities	259,727	338,072	259,727	338,072
Total	34,361,597	32,369,488	34,361,597	32,369,488

Group	LKR.'000									
	Financial investment at FVTPL		Loans and receivable at amortised Cost		Financial investment at amortised Cost		Financial investment at FVTOCI		Total	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018
As at										
Financial assets										
Cash and cash equivalents	-	-	498,770	391,886	-	-	-	-	498,770	391,886
Placements with banks & financial institutions	-	-	2,225,300	774,575	-	-	-	-	2,225,300	774,575
Securities purchased under resale agreements	-	-	2,124,014	1,440,819	-	-	-	-	2,124,014	1,440,819
Financial investments at fair value through profit or loss	233,144	274,700	-	-	-	-	-	-	233,144	274,700
Loans & receivables at amortised cost	-	-	30,483,947	30,485,412	-	-	-	-	30,483,947	30,485,412
Financial investments at fair value through other comprehensive income	-	-	-	-	-	-	1,596,667	1,850,320	1,596,667	1,850,320
Financial investments at amortised cost	-	-	-	-	555,052	60,828	-	-	555,052	60,828
Other assets	-	-	46,348	52,140	-	-	-	-	46,348	52,140
Total	233,144	274,700	35,378,378	33,144,832	555,052	60,828	1,596,667	1,850,320	37,763,240	35,330,680

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Other Financial liabilities				
Due to banks	6,262,188	5,872,471	6,262,188	5,872,471
Due to customers at amortised cost	22,927,307	20,821,606	22,927,307	20,821,606
Debt issued and borrowed funds at amortised cost	4,912,769	5,331,077	4,912,769	5,331,077
Other liabilities	259,726.53	338,072	259,726.53	338,072
Total	34,361,991	32,363,226	34,361,991	32,363,226

6 Movement in individual and collective impairment during the period

	LKR. '000			
	Company		Group	
	2019	2018	2019	2018
Impairment charges from loans and other losses				
Impairment from Loans and advances_individual impairment (Note 4.1)	223,833	310,008	223,833	310,008
Impairment from Loans and advances_collective impairment (Note 4.2)	(11,510)	96,197	(11,510)	96,197
Cash and cash equivalent	-	(1)	-	(1)
Placements with banks & financial institutions	(1,826)	(862)	(1,826)	(862)
Above 90 days seized interest receivables*	(54,776)	(64,973)	(54,776)	(64,973)
Insurance Receivable	-	-	1,099	976
	155,721	340,369	156,821	341,345
4.1 Individual impairment charges				
As at 01 January	1,374,155	719,267	1,374,155	719,267
Charge to income statement from loans and advances	223,833	310,008	223,833	310,008
Write off	-	-	-	-
As at 30th June	1,597,988	1,029,275	1,597,988	1,029,275
4.2 Collective impairment charges				
As at 01 January	1,200,498	591,289	1,200,498	591,289
Charge to income statement from loans and advances	(11,510)	96,197	(11,510)	96,197
As at 30th June	1,188,988	687,486	1,188,988	687,486
Loans and advances impairment	2,786,976	1,716,761	2,786,976	1,716,761

7 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 2019 and comparative figures for the period ended 30th June 2018.

Group	Leasing		Corporate & Retail Credit		Corporate Advisory & Capital Markets		Insurance		Eliminations / Unallocated		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	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												
Revenue from external customers												
Interest and similar income	1,634,864	1,517,616	1,262,145	1,209,515	18,915	11,738	72,997	41,668	225,689	198,211	3,214,610	2,978,748
Interest and similar expenses	924,687	801,555	823,104	690,648	16,052	13,561	29,221	16,940	404,041	312,298	2,197,105	1,835,002
Net interest income	710,177	716,061	439,041	518,867	2,863	(1,823)	43,776	24,728	(178,351)	(114,087)	1,017,506	1,143,746
Other income	40,230	55,369	33,840	61,820	10,345	9,888	10,126	(6,197)	(18,109)	(3,326)	76,432	117,554
Inter - segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total operating income	750,407	771,430	472,881	580,687	13,208	8,065	53,902	18,531	(196,460)	(117,413)	1,093,938	1,261,300
Impairment charges for loans and other losses	(114,700)	(434,612)	(41,020)	94,242	(41,540)	(20,185)	(1,099)	(975)	41,540	20,185	(156,819)	(341,345)
Net operating income	635,707	336,818	431,861	674,929	(28,332)	(12,120)	52,803	17,556	(154,920)	(97,228)	937,119	919,955
Depreciation and amortisation	(57,062)	(26,496)	(50,794)	(22,830)	(991)	(448)	(5,343)	(7,200)	(25,065)	(10,453)	(139,255)	(67,427)
Segment result	185,232	(110,581)	30,873	289,434	(77,047)	(38,102)	(36,396)	(87,734)	(296,540)	(256,607)	(193,878)	(203,590)
Profit / (loss) from operations after impairment from subsidiary investments											(193,878)	(203,590)
Value added tax on financial services											(88,736)	(66,631)
Share of associate company's profit/(loss) before tax											(5,821)	(4,084)
Profit before income tax											(288,435)	(274,305)
Income tax expense											-	-
Profit for the year											(288,434)	(274,305)
Total assets	16,267,636	15,887,399	14,531,210	14,091,365	255,692	302,504	2,714,774	1,278,364	6,565,325	5,754,334	40,334,637	37,313,966
Total liabilities	14,968,403	14,434,623	13,370,660	12,802,822	235,270	274,842	1,167,958	1,344,039	7,390,606	5,616,325	37,132,897	34,472,651

8 Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 30/6/2019 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%	8.40%	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%	8.40%	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%	9.68%	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%	9.68%	Not traded during the quarter			Not traded during the quarter		
May 2017 - May 2022	Listed	Bi Annually	1,010	Not traded during the quarter			11.14%	11.45%	9.68%	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.

Debenture issue proceeds utilization as at 30th June 2019

No.	Objective as per the prospectus	Amount allocated as per prospectus	Date of Utilization	Amount allocated from proceed LKR (A)	% of Total Proceeds	Amount Utilized in LKR (B)	% of Utilization (B/A)	Clarification if not fully utilized
1	Issue of listed, unsecured, subordinated redeemable Debentures amounting LKR 2.0 Bn during the year 2017 The funds raised through this Debenture Issue utilized to increase the medium term fund base to match the medium to long term lending portfolio, to minimize the interest rate risk and the gap exposure in the Companies assets/liability portfolio, to provide investors an opportunity to earn a regular fixed Income.	2,000,000,000	3-Mar-17	2,000,000,000	100%	2,000,000,000	100%	N/A
2	To enhance Tier II Capital base of the Company. Tier II ratio of the Company as at 31st December 2016 stood at 10.69% and subsequent to this Debenture issue the Tier II ratio is expected to increase to 16.22%.					1,113,622,745	56%	Approved unsecured subordinated term debt are limited to 50% of Total Tier 1 Capital of the Company.

9 Events after the statement of financial position date

There were no material events that took place since 30th June 2019 that require disclosure in these financial statements.

10 Information on ordinary shares

As at	30/06/2019	31/12/2018
Net asset per share (LKR)		
- Company	14.59	15.22
- Group	14.99	16.74
Market price per share recorded during the quarter ended 30th June (LKR)	2019	2018
-High	10.70 (1-4-2019)	14.00 (5-4-2018)
-Low	8.30 (7-6-2019)	9.50 (28-6-2018)
-Last Transaction	8.50 (28-6-2019)	10.00 (30-6-2018)
As at	30/06/2019	31/12/2018
Number of shares issued	165,874,541	165,874,541
Stated capital (LKR)	2,124,457,307	2,124,457,307
Ratios as at	30/06/2019	31/12/2018
Debt / Equity Ratio	4.6	4.4
Statutory Liquid Asset Ratio	10.99%	10.20%
Ratios for the period ended	30/06/2019	30/06/2018
Interest Cover	0.950	0.890

The Float adjusted market capitalization as at 30th June 2019 - Rs. 359,612,467

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.

11 Twenty largest share holders as at 30th June 2019

	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	11,797,191	7.11%
03	Mr. R. E. Rambukwella	655,000	0.39%
04	People's Leasing & Finance PLC / Mr. D. M. P. Disanayake	632,485	0.38%
05	J. B. Cocoshell (Pvt) Ltd	537,530	0.32%
06	Merrill J Fernando & Sons (Pvt) Ltd	526,165	0.32%
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	Seylan Bank PLC / Prime Lands (Pvt) Ltd	375,000	0.23%
12	Mr. B.T. Prathapasinghe	345,000	0.21%
13	Mr. A. Chelliah (Deceased)	333,800	0.20%
14	Sandwave Limited	325,694	0.20%
15	Mr. A. M. Weerasinghe	305,583	0.18%
16	Mr. M. F. Ozman	301,146	0.18%
17	Mr. W. L. T. Anandawansa	300,100	0.18%
18	People's Leasing & Finance PLC / Mr. L. P. Hapangama	300,000	0.18%
19	Bartleet Produce Marketing (Pvt) Ltd	300,000	0.18%
20	Mr. D. S. Tennakoon	274,500	0.17%

The percentage of shares held by the public as at 30th June 2019 was 25.51% and the number of public shareholders as at 30th June 2019 were 11,346

12 Directors' shareholding as at 30th June 2019

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. S. N. Dayaratne	Nil
Mr. S. P. Arsakularatne	Nil
Mr. R. M. D. V. Jayabahu	Nil
Mr. D. N. L. Fernando	24
Mr. M. P. R. Kumara (Alternate Director to Mr. W. P. R. P. H. Fonseka)	Nil
Mr. C. Amarasinghe (Alternate Director to Mr. K. B. S. Bandara)	Nil

13 ACT. CEO's shareholding as at 30th June 2019

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