

# UNAUDITED FINANCIAL STATEMENTS

For the Period ended 30th June 2023

Rating - LRA BBB+ Stable

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

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		
	6/30/2023 (Unaudited)	6/30/2022 (Unaudited)	Change %									
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
<b>Income</b>	<b>1,755,185</b>	<b>1,511,944</b>	<b>16.1</b>	<b>3,449,091</b>	<b>2,934,527</b>	<b>17.5</b>	<b>2,024,265</b>	<b>1,656,160</b>	<b>22.2</b>	<b>3,903,135</b>	<b>3,178,167</b>	<b>22.8</b>
Interest and similar income	1,605,877	1,518,134	5.8	3,230,487	3,004,137	7.5	1,731,973	1,572,218	10.2	3,440,928	3,086,211	11.5
Interest and similar expenses	1,238,074	1,080,925	14.5	2,531,886	1,785,623	41.8	1,241,540	1,081,693	14.8	2,528,579	1,788,834	41.4
<b>Net interest income</b>	<b>367,803</b>	<b>437,209</b>	<b>(15.9)</b>	<b>698,601</b>	<b>1,218,514</b>	<b>(42.7)</b>	<b>490,433</b>	<b>490,525</b>	<b>(0.0)</b>	<b>912,349</b>	<b>1,297,377</b>	<b>(29.7)</b>
Fee and commission income	23,208	28,585	(18.8)	62,693	71,635	(12.5)	30,830	26,551	16.1	75,338	69,890	7.8
Fee and commission expenses	11,434	2,652	331.2	12,468	15,845	(21.3)	7,778	(2,398)	424.4	4,678	6,836	(31.6)
<b>Net fee and commission income</b>	<b>11,774</b>	<b>25,933</b>	<b>(54.6)</b>	<b>50,225</b>	<b>55,790</b>	<b>(10.0)</b>	<b>23,052</b>	<b>28,949</b>	<b>(20.4)</b>	<b>70,660</b>	<b>63,054</b>	<b>12.1</b>
Insurance premium income	-	-	-	-	-	-	124,674	93,338	33.6	221,010	168,814	30.9
Net claims and benefits	-	-	-	-	-	-	(153,615)	(86,822)	(76.9)	(248,886)	(153,291)	(62.4)
Net trading income	151	1,933	(92.2)	6,639	(14,972)	144.3	151	1,933	(92.2)	6,639	(14,972)	144.3
Net gain/(loss) on financial instruments at fair value through profit or loss	98,864	(54,835)	280.3	109,684	(170,214)	164.4	98,816	(57,246)	272.6	110,199	(178,016)	161.9
Other operating income	27,085	18,127	49.4	39,588	43,941	(9.9)	37,821	19,366	95.3	49,021	46,240	6.0
<b>Total operating income</b>	<b>505,677</b>	<b>428,367</b>	<b>18.0</b>	<b>904,737</b>	<b>1,133,059</b>	<b>(20.2)</b>	<b>621,332</b>	<b>490,043</b>	<b>26.8</b>	<b>1,120,992</b>	<b>1,229,206</b>	<b>(8.8)</b>
Impairment charge/(reversal) from loans and other losses	36,861	240,939	(84.7)	96,779	195,057	(50.4)	36,861	240,939	(84.7)	96,779	195,057	(50.4)
<b>Net operating income</b>	<b>468,816</b>	<b>187,428</b>	<b>150.1</b>	<b>807,958</b>	<b>938,002</b>	<b>(13.9)</b>	<b>584,471</b>	<b>249,104</b>	<b>134.6</b>	<b>1,024,213</b>	<b>1,034,149</b>	<b>(1.0)</b>
Personnel expenses	298,252	377,154	(20.9)	612,453	693,500	(11.7)	351,079	422,812	(17.0)	720,018	783,887	(8.1)
Depreciation and amortisation	65,444	68,094	(3.9)	130,097	136,802	(4.9)	74,956	76,074	(1.5)	148,142	152,499	(2.9)
Other operating expenses	183,026	178,927	2.3	375,273	322,104	16.5	236,649	182,955	29.3	480,637	307,289	56.4
<b>Total operating expense</b>	<b>546,722</b>	<b>624,175</b>	<b>(12.4)</b>	<b>1,117,823</b>	<b>1,152,406</b>	<b>(3.0)</b>	<b>662,684</b>	<b>681,841</b>	<b>(2.8)</b>	<b>1,348,797</b>	<b>1,243,675</b>	<b>8.5</b>
<b>Profit/(loss) from operations</b>	<b>(77,906)</b>	<b>(436,747)</b>	<b>82.2</b>	<b>(309,865)</b>	<b>(214,404)</b>	<b>(44.5)</b>	<b>(78,213)</b>	<b>(432,737)</b>	<b>81.9</b>	<b>(324,584)</b>	<b>(209,526)</b>	<b>(54.9)</b>
Impairment charge/(reversal) from investment in Subsidiary companies	-	105,345	(100.0)	-	105,345	(100.0)	-	-	-	-	-	-
<b>Profit/(loss) from operations after impairment from subsidiary investments</b>	<b>(77,906)</b>	<b>(542,092)</b>	<b>85.6</b>	<b>(309,865)</b>	<b>(319,749)</b>	<b>3.1</b>	<b>(78,213)</b>	<b>(432,737)</b>	<b>81.9</b>	<b>(324,584)</b>	<b>(209,526)</b>	<b>(54.9)</b>
Value added tax (VAT) on financial services	34,483	(19,281)	278.8	48,952	62,354	(21.5)	34,483	(19,281)	278.8	48,952	62,354	(21.5)
Social Security Contribution Levy (SSCL)	5,679	-	-	7,819	-	-	5,679	-	-	7,819	-	-
Share of associate companies profit/(loss) before tax	-	-	-	-	-	-	8,010	339	2,261.9	18,526	26,294	(29.5)
<b>Profit/(loss) before income tax</b>	<b>(118,068)</b>	<b>(522,811)</b>	<b>77.4</b>	<b>(366,636)</b>	<b>(382,103)</b>	<b>4.0</b>	<b>(110,365)</b>	<b>(413,117)</b>	<b>73.3</b>	<b>(362,829)</b>	<b>(245,586)</b>	<b>(47.7)</b>
Income tax expense/(reversal)	(18,836)	(46,115)	59.2	(94,786)	2,192	(4,424.1)	(16,433)	(45,991)	64.3	(89,283)	9,583	(1,031.7)
<b>Profit/(loss) for the period</b>	<b>(99,232)</b>	<b>(476,696)</b>	<b>79.2</b>	<b>(271,850)</b>	<b>(384,295)</b>	<b>29.3</b>	<b>(93,932)</b>	<b>(367,126)</b>	<b>74.4</b>	<b>(273,546)</b>	<b>(255,169)</b>	<b>(7.2)</b>
<b>Profit/(loss) for the period attributable to:</b>												
Equity holders of the parent	(99,232)	(476,696)	79.2	(271,850)	(384,295)	29.3	(93,790)	(368,978)	74.6	(266,748)	(257,422)	(3.6)
Non controlling interests	-	-	-	-	-	-	(142)	1,852	(107.7)	(6,798)	2,253	(401.8)
<b>Profit/(loss) for the period</b>	<b>(99,232)</b>	<b>(476,696)</b>	<b>79.2</b>	<b>(271,850)</b>	<b>(384,295)</b>	<b>29.3</b>	<b>(93,932)</b>	<b>(367,126)</b>	<b>74.4</b>	<b>(273,546)</b>	<b>(255,169)</b>	<b>(7.2)</b>
<b>Earnings per share:</b>												
Basic/Diluted earnings/(loss) per share (LKR)	(0.19)	(1.84)	89.7	(0.31)	(1.48)	79.2	(0.18)	(1.42)	87.4	(0.30)	(0.99)	69.6

## Merchant Bank of Sri Lanka & Finance PLC

### Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Six months ended			Quarter ended			Six months ended		
	6/30/2023 (Unaudited)	6/30/2022 (Unaudited)	Change %	6/30/2023 (Unaudited)	6/30/2022 (Unaudited)	Change %	6/30/2023 (Unaudited)	6/30/2022 (Unaudited)	Change %	6/30/2023 (Unaudited)	6/30/2022 (Unaudited)	Change %
LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		LKR '000	LKR '000		
<b>Profit/(loss) for the period</b>	<b>(99,232)</b>	<b>(476,696)</b>	<b>79.2</b>	<b>(271,850)</b>	<b>(384,295)</b>	<b>29.3</b>	<b>(93,932)</b>	<b>(367,126)</b>	<b>74.4</b>	<b>(273,546)</b>	<b>(255,169)</b>	<b>(7.2)</b>
<b>Other comprehensive income/(expense) for the period</b>												
Actuarial gains/(losses) on defined benefit plans	-	88,554	(100.0)	-	86,084	(100.0)	-	88,554	(100.0)	-	86,084	(100.0)
<b>Fair value reserves (Financial investments at fair value through other comprehensive income):</b>												
Gains/(Losses) on re-measuring financial investments at fair value through other comprehensive income	-	(3,500)	100.0	-	(7,988)	100.0	1,188	1,520	(21.8)	1,405	(10,029)	114.0
Share of associates companies' other comprehensive income	-	-	-	-	-	-	-	(0)	100.0	-	(0)	100.0
<b>Other comprehensive income/(expense) before tax</b>	<b>-</b>	<b>85,054</b>	<b>(100.0)</b>	<b>-</b>	<b>78,096</b>	<b>(100.0)</b>	<b>1,188</b>	<b>90,074</b>	<b>(98.7)</b>	<b>1,405</b>	<b>76,055</b>	<b>(98.2)</b>
Deferred tax (charge)/credit relating to components of other comprehensive income	-	20,068	(100.0)	-	20,660	(100.0)	-	20,068	(100.0)	-	20,660	(100.0)
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>-</b>	<b>105,122</b>	<b>(100.0)</b>	<b>-</b>	<b>98,756</b>	<b>(100.0)</b>	<b>1,188</b>	<b>110,142</b>	<b>(98.9)</b>	<b>1,405</b>	<b>96,715</b>	<b>(98.5)</b>
<b>Total comprehensive income/(expense) for the period, net of tax</b>	<b>(99,232)</b>	<b>(371,574)</b>	<b>73.3</b>	<b>(271,850)</b>	<b>(285,539)</b>	<b>4.8</b>	<b>(92,744)</b>	<b>(256,984)</b>	<b>63.9</b>	<b>(272,141)</b>	<b>(158,454)</b>	<b>(71.7)</b>
<b>Total comprehensive income/(expense) attributable to:</b>												
Equity holders of the parent	(99,232)	(371,574)	73.3	(271,850)	(285,539)	4.8	(93,151)	(261,155)	64.3	(265,992)	(159,764)	(66.5)
Non controlling interests	-	-	-	-	-	-	407	4,171	(90.2)	(6,149)	1,310	(569.5)
	<b>(99,232)</b>	<b>(371,574)</b>	<b>73.3</b>	<b>(271,850)</b>	<b>(285,539)</b>	<b>4.8</b>	<b>(92,744)</b>	<b>(256,984)</b>	<b>63.9</b>	<b>(272,141)</b>	<b>(158,454)</b>	<b>(71.7)</b>

# Merchant Bank of Sri Lanka & Finance PLC

## Unaudited Statement of Financial Position

as at	Company			Group		
	6/30/2023	12/31/2022	Change	6/30/2023	12/31/2022	Change
	(Unaudited)	(Audited)	%	(Unaudited)	(Audited)	%
	LKR '000	LKR '000		LKR '000	LKR '000	
<b>Assets</b>						
Cash and cash equivalents	507,215	748,724	(32.3)	1,019,302	944,784	7.9
Placements with banks & financial institutions	570,419	103,682	450.2	594,999	137,162	333.8
Financial investments at fair value through profit or loss	2,573,950	287,510	795.3	2,580,803	293,847	778.3
Loans & receivables at amortised cost	20,293,279	24,423,300	(16.9)	20,326,167	24,370,850	(16.6)
Financial investments at fair value through other comprehensive income	15,863	15,863	(0.0)	30,729	78,151	(60.7)
Financial investments at amortised cost	3,786,351	4,307,394	(12.1)	5,091,128	5,883,995	(13.5)
Real Estate Stock	69,392	96,937	(28.4)	69,392	96,937	(28.4)
Investment in associate company	81,084	81,084	-	185,863	172,841	7.5
Investment in subsidiary	257,631	257,631	0.0	-	-	-
Investment properties	101,491	104,798	(3.2)	101,491	104,798	(3.2)
Property, equipment and right-of-use assets	642,752	504,669	27.4	773,782	634,780	21.9
Intangible assets	84,233	103,208	(18.4)	84,233	106,396	(20.8)
Deferred tax Assets	128,610	33,824	280.2	137,679	42,893	221.0
Other assets	205,684	163,157	26.1	675,600	529,240	27.7
<b>Total assets</b>	<b>29,317,954</b>	<b>31,231,781</b>	<b>(6.1)</b>	<b>31,671,168</b>	<b>33,396,674</b>	<b>(5.2)</b>
<b>Liabilities</b>						
Due to banks	1,473,584	2,925,953	(49.6)	1,501,176	2,935,170	(48.9)
Due to customers at amortised cost	22,319,701	23,524,609	(5.1)	22,138,967	23,354,493	(5.2)
Debt issued and borrowed funds at amortised cost	768,898	69,082	1,013.0	768,898	69,082	1,013.0
Insurance provision - life	-	-	-	360,084	355,190	1.4
Insurance provision - non life	-	-	-	767,737	643,229	19.4
Current tax liabilities	48,703	49,029	(0.7)	48,703	49,029	(0.7)
Other liabilities	1,002,045	686,361	46.0	1,580,493	1,215,186	30.1
Retirement benefits obligations	281,328	281,203	0.0	294,281	292,326	0.7
<b>Total liabilities</b>	<b>25,894,260</b>	<b>27,536,237</b>	<b>(6.0)</b>	<b>27,460,340</b>	<b>28,913,705</b>	<b>(5.0)</b>
<b>Equity</b>						
Stated capital	4,276,448	4,276,448	-	4,276,448	4,276,448	-
Retained earnings	(1,310,352)	(944,964)	(38.7)	(954,405)	(594,119)	(60.6)
OCI reserve	(30,377)	(30,377)	-	(33,746)	(34,502)	2.2
RLA Reserve	147,979	54,441	171.8	147,979	54,441	171.8
Statutory reserves	339,996	339,996	-	339,996	339,996	0.0
Total equity attributable to the parent	3,423,694	3,695,544	(7.4)	3,776,272	4,042,264	(6.6)
Non controlling interests	-	-	-	434,556	440,705	(1.4)
<b>Total equity</b>	<b>3,423,694</b>	<b>3,695,544</b>	<b>(7.4)</b>	<b>4,210,828</b>	<b>4,482,969</b>	<b>(6.1)</b>
<b>Total liabilities and equity</b>	<b>29,317,954</b>	<b>31,231,781</b>	<b>(6.1)</b>	<b>31,671,168</b>	<b>33,396,674</b>	<b>(5.2)</b>
Commitments and contingencies	53,175	103,938	(48.8)	80,554	131,377	(38.7)
Net assets value per share (LKR)	6.53	7.05	(7.4)	7.20	7.71	(6.6)

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.)

**A. M. A. Perera**

Chairman

(sgd.)

**H. K. D. W. M. D. K. Hapuhinna**

Chief Executive Officer

(sgd.)

**H. P. K. Silva**

Director

Colombo, Sri Lanka  
14/Aug/2023

## 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	RLA reserve LKR ' 000	Retained profits LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2022	4,276,448	339,996	(19,642)	-	(427,847)	4,168,955
Net profit/(loss) for the period	-	-	-	-	(384,295)	(384,295)
Other comprehensive income	-	-	(7,988)	-	106,744	98,756
Transfers to statutory reserve fund	-	-	-	-	-	-
<b>Balance as at 30th June 2022</b>	<b>4,276,448</b>	<b>339,996</b>	<b>(27,630)</b>	<b>-</b>	<b>(705,398)</b>	<b>3,883,416</b>
Balance as at 01st January 2023	4,276,448	339,996	(30,377)	54,441	(944,964)	3,695,544
Net profit/(loss) for the period	-	-	-	-	(271,850)	(271,850)
Other comprehensive income	-	-	-	-	-	-
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	93,538	(93,538)	-
<b>Balance as at 30th June 2023</b>	<b>4,276,448</b>	<b>339,996</b>	<b>(30,377)</b>	<b>147,979</b>	<b>(1,310,352)</b>	<b>3,423,694</b>

Group	Stated Capital LKR ' 000	Statutory reserves LKR ' 000	OCI reserve LKR ' 000	RLA reserve LKR ' 000	Retained profits LKR ' 000	Non controlling interest LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2022	4,276,448	339,996	(23,860)	-	(251,498)	424,075	4,765,161
Net profit/(loss) for the period	-	-	-	-	(257,422)	2,253	(255,169)
Prior year adjustment made to share of associate company profit	-	-	-	-	2,401	-	2,401
Other comprehensive income	-	-	(9,086)	-	106,744	(943)	96,715
<b>Balance as at 30th June 2022</b>	<b>4,276,448</b>	<b>339,996</b>	<b>(32,946)</b>	<b>-</b>	<b>(399,774)</b>	<b>425,385</b>	<b>4,609,108</b>
Balance as at 01st January 2023	4,276,448	339,996	(34,502)	54,441	(594,119)	440,705	4,482,969
Net profit/(loss) for the period	-	-	-	-	(266,748)	(6,798)	(273,546)
Transfer to regulatory loss allowance reserve (RLAR)	-	-	-	93,538	(93,538)	-	-
Other comprehensive income	-	-	756	-	0	649	1,405
<b>Balance as at 30th June 2023</b>	<b>4,276,448</b>	<b>339,996</b>	<b>(33,746)</b>	<b>147,979</b>	<b>(954,405)</b>	<b>434,556</b>	<b>4,210,828</b>

# Merchant Bank of Sri Lanka & Finance PLC

## Unaudited Statement of Cash Flows

For the period ended 30th June

	Company		Group	
	2023 (Unaudited) LKR '000	2022 (Unaudited) LKR '000	2023 (Unaudited) LKR '000	2022 (Unaudited) LKR '000
<b>Cash flows from operating activities</b>				
Profit before income tax	(366,636)	(382,103)	(362,829)	(245,586)
<b>Adjustments for :</b>				
Net Interest Income	(698,601)	(1,218,514)	(912,349)	(1,297,376)
WHT movement for the year	(326)	-	(326)	-
Impairment charges for loans and other losses	96,779	195,057	96,779	195,057
Impairment (reversal)/charge of investment in subsidiary	-	105,345	-	-
Share of associate company's profit/(loss) before tax	-	-	(18,526)	(26,294)
Depreciation and amortisation	130,097	136,802	148,142	152,499
Profit from sales of real estate	(13,580)	(14,989)	(13,580)	(14,989)
Profit from sales of property & equipment and investment property	(1,951)	(78)	(1,951)	(78)
Dividend income from financial assets	(3,501)	(3,048)	(3,962)	(3,070)
Contribution to defined benefit plans	21,000	27,391	24,210	30,001
Fair value change of financial assets	(109,684)	170,214	(108,279)	168,172
	<b>(946,403)</b>	<b>(983,923)</b>	<b>(1,152,671)</b>	<b>(1,041,663)</b>
Interest paid to customers at amortised cost	(2,662,799)	(1,437,112)	(2,662,799)	(1,437,112)
Interest paid on other borrowings	(219,463)	(607,222)	(229,627)	(629,505)
Interest received on loans & receivables at amortised cost	2,749,139	2,918,155	2,749,139	2,918,155
Interest received on other investment	356,129	156,763	580,041	257,908
Gratuity paid	(20,875)	(13,572)	(22,255)	(13,760)
<b>Change in operating assets</b>				
Loans & receivables at amortised cost	3,923,281	(788,436)	3,893,372	(788,147)
Other operating assets	(273,252)	484,310	(377,085)	468,816
<b>Change in operating liabilities</b>				
Due to customers at amortised cost	(812,992)	3,631,240	(812,992)	3,631,240
Payments made under operating leases	92,550	93,295	92,550	93,295
Insurance provision	-	-	129,403	100,696
Other liabilities	192,190	59,517	241,813	65,616
<b>Net cash generated from/(used in) operating activities before tax</b>	<b>2,377,505</b>	<b>3,513,015</b>	<b>2,428,888</b>	<b>3,625,538</b>
Income tax paid	-	-	-	-
<b>Net cash generated from/(used in) operating activities</b>	<b>2,377,505</b>	<b>3,513,015</b>	<b>2,428,888</b>	<b>3,625,538</b>
<b>Cash flows from investing activities</b>				
Net increase/(decrease) in financial investments at amortised cost	608,644	(2,074,089)	927,890	(2,160,617)
Net (increase)/decrease in placements with banks & financial institutions	(445,000)	129,497	(446,720)	290,151
Net (increase)/decrease in investment of government securities at FVTPL	(2,038,868)	99,922	(2,038,868)	99,922
Net (increase)/decrease in other financial investments at FVTPL	(13,054)	(164,547)	(13,570)	(156,745)
Proceeds from real estate stock	41,126	59,166	41,126	59,166
Purchase of property & equipment	(14,348)	(13,025)	(30,122)	(17,972)
Proceeds from sale of property & equipment	2,146	78	2,146	78
Dividends received	3,501	3,048	3,962	3,070
<b>Net cash generated from/(used in) investing activities</b>	<b>(1,855,853)</b>	<b>(1,959,950)</b>	<b>(1,554,156)</b>	<b>(1,882,947)</b>
<b>Cash flows from financing activities</b>				
Net increase/(decrease) reverse repo agreements	(250,000)	359,819	(250,000)	359,819
Net increase/(decrease) in other borrowings at amortised cost	(579,212)	(1,551,408)	(634,641)	(1,606,938)
<b>Net cash generated from/(used in) financing activities</b>	<b>(829,212)</b>	<b>(1,191,589)</b>	<b>(884,641)</b>	<b>(1,247,119)</b>
Net increase / (decrease) in cash and cash equivalents during the period	(307,560)	361,476	(9,908)	495,472
Cash and cash equivalents at the beginning of the period	596,679	416,172	783,522	644,740
<b>Cash and cash equivalents at the end of the period</b>	<b>289,119</b>	<b>777,648</b>	<b>773,614</b>	<b>1,140,212</b>
Note				
<b>Analysis of Cash and Cash Equivalents</b>				
Cash and short term funds	507,244	875,596	1,019,331	1,267,477
Dues to banks	(218,125)	(97,948)	(245,717)	(127,265)
	<b>289,119</b>	<b>777,648</b>	<b>773,614</b>	<b>1,140,212</b>

**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 August 2023, in accordance with the resolution of the Directors passed on 14th August 2023.

**Basis of preparation and accounting policies**

The interim condensed Financial Statements for the period ended 30th June 2023 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.

There were no changes to the Accounting Policies and methods of computation since the publication of the last Annual Audited Financials except the Group changes its business model for managing its financial assets and financial liabilities.

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

## Measurement of Financial Instruments

Company	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022	6/30/2023	12/31/2022	6/30/2023	12/31/2022
<b>As at</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	507,215	748,724	-	-	507,215	748,724
Placements with banks & financial institutions	-	-	570,419	103,682	-	-	570,419	103,682
Financial investments at fair value through profit or loss	2,573,950	287,510	-	-	-	-	2,573,950	287,510
Loans & receivables at amortised cost	-	-	20,293,279	24,423,300	-	-	20,293,279	24,423,300
Financial investments at fair value through other comprehensive income	-	-	-	-	15,863	15,863	15,863	15,863
Financial investments at amortised cost	-	-	3,786,351	4,307,394	-	-	3,786,351	4,307,394
Other assets	-	-	20,559	47,993	-	-	20,559	47,993
<b>Total</b>	<b>2,573,950</b>	<b>287,510</b>	<b>25,177,823</b>	<b>29,631,093</b>	<b>15,863</b>	<b>15,863</b>	<b>27,767,636</b>	<b>29,934,466</b>

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
<b>Due to banks</b>	1,473,584	2,925,953	1,473,584	2,925,953
<b>Due to customers at amortised cost</b>	22,319,701	23,524,609	22,319,701	23,524,609
<b>Debt issued and borrowed funds at amortised cost</b>	768,898	69,082	768,898	69,082
<b>Other liabilities</b>	179,784	240,908	179,784	240,908
<b>Total</b>	<b>24,741,968</b>	<b>26,760,552</b>	<b>24,741,968</b>	<b>26,760,552</b>

Group	LKR.'000							
	Financial instrument at FVTPL		Financial instrument at amortised Cost		Financial instrument at FVTOCI		Total	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022	6/30/2023	12/31/2022	6/30/2023	12/31/2022
<b>As at</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	1,019,302	944,784	-	-	1,019,302	944,784
Placements with banks & financial institutions	-	-	594,999	137,162	-	-	594,999	137,162
Financial investments at fair value through profit or loss	2,580,803	293,847	-	-	-	-	2,580,803	293,847
Loans & receivables at amortised cost	-	-	20,326,167	24,370,850	-	-	20,326,167	24,370,850
Financial investments at fair value through other comprehensive income	-	-	-	-	30,729	78,151	30,729	78,151
Financial investments at amortised cost	-	-	5,091,128	5,883,994.82	-	-	5,091,128	5,883,995
Other assets	-	-	20,559	47,993	-	-	20,559	47,993
<b>Total</b>	<b>2,580,803</b>	<b>293,847</b>	<b>27,052,155</b>	<b>31,384,784</b>	<b>30,729</b>	<b>78,151</b>	<b>29,663,687</b>	<b>31,756,782</b>

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
<b>Due to banks</b>	1,501,176	2,935,170	1,501,176	2,935,170
<b>Due to customers at amortised cost</b>	22,138,967	23,354,493	22,138,967	23,354,493
<b>Debt issued and borrowed funds at amortised cost</b>	768,898	69,082	768,898	69,082
<b>Other liabilities</b>	179,784	240,908	179,784	240,908
<b>Total</b>	<b>24,588,826</b>	<b>26,599,653</b>	<b>24,588,826</b>	<b>26,599,653</b>

**Movement in individual and collective impairment during the period**

	LKR. '000			
	Company		Group	
	2023	2022	2023	2022
<b>Impairment charge/(reversal) from loans and other losses</b>				
Impairment from Loans and advances-individual impairment (Note 4.1)	231,557	56,210	231,557	56,210
Impairment from Loans and advances-collective impairment (Note 4.2)	(151,094)	138,796	(151,094)	138,796
Write off	17,190	-	17,190	-
Cash and cash equivalent	14	(2)	14	(2)
Placements with banks & financial institutions	133	53	133	53
Other losses	(1,021)	-	(1,021)	-
	<b>96,779</b>	<b>195,057</b>	<b>96,779</b>	<b>195,057</b>
<b>Individual impairment charge/(reversal)</b>				
As at 01 January	1,655,176	1,902,229	1,902,229	1,902,229
Charge/(reversal) to income statement from loans and advances	231,557	56,210	231,557	56,210
<b>As at 30th June</b>	<b>1,886,733</b>	<b>1,958,439</b>	<b>2,133,786</b>	<b>1,958,439</b>
<b>Collective impairment charge/(reversal)</b>				
As at 01 January	1,087,042	1,575,108	1,575,108	1,575,108
Charge/(reversal) to income statement from loans and advances	(151,094)	138,797	(151,094)	138,797
<b>As at 30th June</b>	<b>935,948</b>	<b>1,713,905</b>	<b>1,424,014</b>	<b>1,713,905</b>
<b>Loans and advances impairment</b>	<b>2,822,681</b>	<b>3,672,344</b>	<b>3,557,800</b>	<b>3,672,344</b>

**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, pawning, 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 2023 and comparative figures for the period ended 30th June 2022.

Group	Leasing		Loans		Corporate Advisory & Capital Markets		Insurance		Eliminations / Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	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 June</b>												
<b>Revenue from external customers</b>												
Interest and similar income	868,788	1,274,198	1,399,550	1,195,280	371,715	341,524	223,912	101,146	576,963	174,063	3,440,928	3,086,211
Interest and similar expenses	699,326	576,811	948,876	682,583	218,381	181,232	10,164	22,284	651,832	325,924	2,528,579	1,788,834
<b>Net interest income</b>	<b>169,462</b>	<b>697,387</b>	<b>450,674</b>	<b>512,697</b>	<b>153,334</b>	<b>160,292</b>	<b>213,748</b>	<b>78,862</b>	<b>(74,869)</b>	<b>(151,861)</b>	<b>912,349</b>	<b>1,297,377</b>
<b>Net fee and commission income</b>	<b>24,578</b>	<b>44,867</b>	<b>22,229</b>	<b>7,581</b>	<b>-</b>	<b>600</b>	<b>20,435</b>	<b>7,265</b>	<b>3,419</b>	<b>2,742</b>	<b>70,660</b>	<b>63,054</b>
Insurance premium income	-	-	-	-	-	-	221,010	168,814	-	-	221,010	168,814
Net claims and benefits	-	-	-	-	-	-	(248,886)	(153,291)	-	-	(248,886)	(153,291)
Real estate profit	-	-	13,580	14,989	-	-	-	-	-	-	13,580	14,989
Trading and other income	7,350	12,282	4,153	8,565	119,824	(182,138)	9,948	(5,503)	11,005	5,057	152,279	(161,737)
<b>Total operating income</b>	<b>201,390</b>	<b>754,536</b>	<b>490,636</b>	<b>543,832</b>	<b>273,158</b>	<b>(21,246)</b>	<b>216,255</b>	<b>96,147</b>	<b>(60,445)</b>	<b>(144,062)</b>	<b>1,120,992</b>	<b>1,229,206</b>
Impairment (charges)/reversal for loans and other losses	105,632	(87,402)	(17,707)	173,030	(167,513)	(280,685)	-	-	(17,191)	-	(96,779)	(195,057)
<b>Net operating income</b>	<b>307,022</b>	<b>667,134</b>	<b>472,929</b>	<b>716,862</b>	<b>105,645</b>	<b>(301,931)</b>	<b>216,255</b>	<b>96,147</b>	<b>(77,636)</b>	<b>(144,062)</b>	<b>1,024,213</b>	<b>1,034,149</b>
Personnel expenses	(170,069)	(226,440)	(230,757)	(267,964)	(8,244)	(9,647)	(107,564)	(90,387)	(203,383)	(189,449)	(720,017)	(783,887)
Depreciation and amortisation	(36,126)	(44,668)	(49,017)	(52,860)	(80)	(123)	(18,044)	(15,697)	(44,874)	(39,152)	(148,141)	(152,500)
Other operating expenses	(104,208)	(105,173)	(141,394)	(124,459)	(2,389)	(1,013)	(127,173)	(4,105)	(105,475)	(72,538)	(480,639)	(307,288)
<b>Segment result</b>	<b>(3,381)</b>	<b>290,853</b>	<b>51,761</b>	<b>271,579</b>	<b>94,932</b>	<b>(312,714)</b>	<b>(36,526)</b>	<b>(14,042)</b>	<b>(431,368)</b>	<b>(445,201)</b>	<b>(324,584)</b>	<b>(209,526)</b>
<b>Profit/(loss) from operations after impairment from subsidiary investments</b>											<b>(324,584)</b>	<b>(209,526)</b>
Value added tax on financial services											(48,952)	(62,354)
Debt repayment levy											(7,819)	-
Share of associate company's profit/(loss) before tax											18,526	26,294
<b>Profit/(loss) before income tax</b>											<b>(362,829)</b>	<b>(245,586)</b>
Income tax expense											89,283	(9,583)
<b>Profit/(loss) for the period</b>											<b>(273,546)</b>	<b>(255,169)</b>
<b>Assets</b>												
<b>Capital expenditures</b>												
Property, equipment and right-of-use assets	3,984	4,253	5,406	5,033	1,244	1,336	15,775	4,947	3,713	2,403	30,122	17,972
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total segment assets</b>	<b>7,718,917</b>	<b>11,075,392</b>	<b>10,595,136</b>	<b>14,230,232</b>	<b>2,299,054</b>	<b>3,616,058</b>	<b>2,686,801</b>	<b>2,620,819</b>	<b>8,371,259</b>	<b>6,165,213</b>	<b>31,671,168</b>	<b>37,707,714</b>
<b>Total segment liabilities</b>	<b>6,743,947</b>	<b>9,796,707</b>	<b>9,256,874</b>	<b>12,587,313</b>	<b>2,008,663</b>	<b>3,198,574</b>	<b>1,746,811</b>	<b>1,700,684</b>	<b>7,704,045</b>	<b>5,815,328</b>	<b>27,460,340</b>	<b>33,098,606</b>

## Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 30/6/2023 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 2022 - Nov 2027	Listed	Annually	25,442	Not traded during the quarter			24.00%	24.00%	22.70%	Not traded during the quarter			Not traded during the quarter		
Nov 2022 - Nov 2027	Listed	Bi Annually	34,840	Not traded during the quarter			23.50%	24.88%	22.70%	Not traded during the quarter			Not traded during the quarter		
Nov 2022 - Nov 2027	Listed	Quarterly	10,781	Not traded during the quarter			29.50%	32.93%	22.70%	Not traded during the quarter			Not traded during the quarter		
April 2023 - April 2028	Listed	Annually	276,660	Not traded during the quarter			29.50%	29.50%	22.70%	Not traded during the quarter			Not traded during the quarter		
April 2023 - April 2028	Listed	Bi Annually	254,140	Not traded during the quarter			28.00%	29.96%	22.70%	Not traded during the quarter			Not traded during the quarter		
April 2023 - April 2028	Listed	Bi Annually	1,000	Not traded during the quarter			28.00%	29.96%	22.70%	Not traded during the quarter			Not traded during the quarter		
April 2023 - April 2028	Listed	Redeemable	91,030	Not traded during the quarter			24.57%	24.57%	22.70%	Not traded during the quarter			Not traded during the quarter		
<b>Total Debentures</b>			<b>693,893</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.

## Debenture issue proceeds utilization as at 30th June 2023

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
<b>1</b>	<b>Issue of listed, unsecured, subordinated redeemable Debentures amounting LKR 67.7 Mn during the year 2022</b>							
a.	The funds raised through this Debenture Issue utilized to increase the medium term fund base to match the medium to long term lending portfolio.	67,700,000	16-Nov-22	67,700,000	100%	67,700,000	100%	N/A
b.	To enhance the Total Capital base of the Company, for which the Company has obtained approval from the Central Bank of Sri Lanka (CBSL).							
<b>2</b>	<b>Issue of listed, unsecured, subordinated redeemable Debentures amounting LKR 622.83 Mn during the year 2023</b>							
	The funds raised through this Debenture Issue utilized to meet the regulatory capital requirements of the company (tier II) and also to reduce the maturity mismatch by increasing the medium term fund base to match the medium to long term lending portfolio of the company.	622,830,000	10-Apr-23	622,830,000	100%	622,830,000	100%	N/A

**Events after the statement of financial position date**

There were no material events reported since 30th June 2023 that require disclosure in these Financial Statements.

**Information on ordinary shares**

<b>As at</b>		<b>6/30/2023</b>	<b>12/31/2022</b>
Net asset per share (LKR)	- Company	6.53	7.05
	- Group	7.20	7.71

<b>Market price per share recorded during the quarter ended 30th June (LKR)</b>		<b>2023</b>	<b>2022</b>
	-High	3.80 (19-4-2023)	5.70 (4-4-2022)
	-Low	3.00 (13-6-2023)	3.00 (28-6-2022)
	-Last Transaction	3.20 (28-6-2023)	3.10 (30-6-2022)

<b>As at</b>		<b>6/30/2023</b>	<b>12/31/2022</b>
Number of shares issued		524,539,637	524,539,637
Stated capital (LKR)		4,276,447,883	4,276,447,883

<b>Ratios as at</b>		<b>6/30/2023</b>	<b>12/31/2022</b>
Debt/Equity Ratio		0.7	0.8
Statutory Liquid Asset Ratio		13.04%	13.41%

<b>Ratios for the period ended</b>		<b>6/30/2023</b>	<b>6/30/2022</b>
Interest Cover		0.855	0.786

**The Float adjusted market capitalization as at 30th June 2023 - Rs. 260,145,830**

The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and in terms of section 7.14.1 of the listing rule of the Colombo Stock Exchange, upon being transferred to the Diri Savi Borad of the CSE w.e.f. 26th April 2023, the Company is now compliant with the minimum public holding requirement.

**Twenty largest share holders as at 30th June 2023**

	<b>Name of the share holder</b>	<b>No. of Shares</b>	<b>Holding %</b>
01	Bank of Ceylon No. 1 Account	401,577,367	76.56%
02	BOC Property Development & Management (Pvt ) Ltd	41,666,682	7.94%
03	Bank of Ceylon A/C Ceybank Unit Trust	11,798,960	2.25%
04	Hatton National Bank PLC/Dinesh Nagendra Sellamuttu	5,320,722	1.01%
05	Mr. J.A.S.M. Jayawickrama	4,645,926	0.89%
06	Mr. A.M. Weerasinghe	2,727,403	0.52%
07	Sampath Bank PLC/ Dr.T. Senthilverl	2,039,958	0.39%
08	Thread Capital (Private) Limited	1,905,000	0.36%
09	Amaliya Private Limited	1,817,656	0.35%
10	Mrs. M. P. R. Silva	1,440,000	0.27%
11	Mr. B.T. Prathapasinghe	1,121,250	0.21%
12	Hatton National Bank PLC/Ravindra Erle Rambukwelle	1,100,000	0.21%
13	Ravi Exports Private Limited	850,000	0.16%
14	Mr. T. Loganathan	790,758	0.15%
15	Est. of Late Mr. P K C P Samarasinghe	784,031	0.15%
16	Mr. W A S P De Saram	642,186	0.12%
17	Mr. P C P Samarasinghe	611,931	0.12%
18	Mr. J M S J B P Peiris	606,264	0.12%
19	Dr. P M C B Digana	595,005	0.11%
20	Dialog Finance PLC/K W J P L Perera	593,725	0.11%

The percentage of shares held by the public as at 30th June 2023 was 15.50% and the number of public shareholders as at 30th June 2023 were 11,134

**Directors' shareholding as at 30th June 2023**

<b>Name of the Director</b>	<b>No. of Shares</b>
Mr. A. M. A. Perera	Nil
Prof. N. S. Punchihewa	Nil
Mr. M. P. R. Kumara	Nil
Mr. G. A. Jayashantha	Nil
Mr. J. D. V. N. Jayasinghe	Nil
Mr. R. M. N. Jeewantha	Nil
Mr. H.P.K. Silva	Nil
Mr.Y.A. Jayathilaka	Nil

**CEO's shareholding as at 30th June 2023**

Mr. H. K. D. W. M. D. K. Hapuhinna	Nil
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