

GATHERING MOMENTUM

UNAUDITED FINANCIAL STATEMENTS

For the Period ended 30th September 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			Nine months ended			Quarter ended			Nine months ended		
	30/09/2019 (Unaudited) LKR '000	30/09/2018 (Unaudited) Restated* LKR '000	Change %	30/09/2019 (Unaudited) LKR '000	30/09/2018 (Unaudited) Restated* LKR '000	Change %	30/09/2019 (Unaudited) LKR '000	30/09/2018 (Unaudited) Restated* LKR '000	Change %	30/09/2019 (Unaudited) LKR '000	30/09/2018 (Unaudited) Restated* LKR '000	Change %
Income	1,824,436	1,711,668	6.6	5,049,863	4,778,245	5.7	1,885,385	1,749,021	7.8	5,195,953	4,931,259	5.4
Interest and similar income	1,718,776	1,625,689	5.7	4,860,389	4,562,770	6.5	1,757,457	1,647,157	6.7	4,967,205	4,625,905	7.4
Interest and similar expenses	1,103,103	937,897	17.6	3,273,128	2,759,903	18.6	1,104,239	948,805	16.4	3,296,481	2,783,808	18.4
Net interest income	615,673	687,792	(10.5)	1,587,260	1,802,867	(12.0)	653,218	698,351	(6.5)	1,670,724	1,842,097	(9.3)
Fee and commission income	57,348	59,136	(3.0)	145,754	163,415	(10.8)	59,215	59,104	0.2	148,365	163,368	(9.2)
Fee and commission expenses	4,163	75	5,451.2	20,174	1,878	974.0	5,666	1,450	290.7	23,819	7,198	230.9
Net fee and commission income	53,184	59,061	(10.0)	125,580	161,537	(22.3)	53,549	57,653	(7.1)	124,546	156,170	(20.2)
Insurance premium income	-	-	-	-	-	-	15,391	6,901	123.0	31,741	72,828	(56.4)
Net claims and benefits	-	-	-	-	-	-	(11,122)	(14,931)	25.5	(17,358)	(95,120)	81.8
Net trading income	6,326	648	875.9	12,750	7,326	74.0	7,226	2,145	236.9	14,410	9,211	56.4
Net gain/(loss) on financial instruments at fair value through profit or loss	24,529	(21,525)	214.0	(17,010)	(41,710)	59.2	25,336	(21,417)	218.3	(15,559)	(41,600)	62.6
Other operating income	17,458	47,720	(63.4)	47,980	86,444	(44.5)	20,761	55,131	(62.3)	49,792	101,547	(51.0)
Total operating income	717,170	773,696	(7.3)	1,756,560	2,016,463	(12.9)	764,358	783,834	(2.5)	1,858,296	2,045,134	(9.1)
Impairment charges from loans and other losses	(18,727)	22,412	(183.6)	136,993	364,505	62.4	(18,727)	22,412	(183.6)	138,093	365,481	62.2
Net operating income	735,897	751,285	(2.0)	1,619,567	1,651,958	(2.0)	783,085	761,423	2.8	1,720,203	1,679,654	2.4
Personnel expenses	286,458	303,401	(5.6)	876,947	899,829	2.5	312,544	323,413	(3.4)	940,204	968,127	2.9
Depreciation and amortisation	67,739	29,645	128.5	201,650	89,872	(124.4)	74,191	32,629	127.4	213,446	100,056	(113.3)
Other operating expenses	161,104	208,721	(22.8)	477,855	567,240	15.8	189,633	248,844	(23.8)	553,714	660,248	16.1
Total operating expense	515,301	541,767	(4.9)	1,556,452	1,556,942	0.0	576,368	604,886	(4.7)	1,707,363	1,728,431	1.2
Profit / (loss) from operations	220,596	209,517	5.3	63,115	95,017	(33.6)	206,717	156,537	32.1	12,839	(48,778)	126.3
Impairment from investment in Group companies	17,140	-	-	(165,612)	21,117	(884.3)	-	-	-	-	-	-
Profit / (loss) from operations after impairment from subsidiary investments	203,456	209,517	(2.9)	228,727	73,900	209.5	206,717	156,537	32.1	12,839	(48,778)	126.3
Value added tax (VAT) & Nation building tax (NBT) on financial services	53,812	49,928	7.8	142,549	116,559	(22.3)	53,812	49,928	7.8	142,549	116,559	(22.3)
Debt repayment levy	27,768	-	-	73,579	-	-	27,768	-	-	73,579	-	-
Share of associate companies profit before tax	-	-	-	-	-	-	(771)	(2,406)	67.9	(6,592)	(6,490)	(1.6)
Profit before income tax	121,876	159,589	(23.6)	12,599	(42,659)	129.5	124,366	104,203	19.3	(209,881)	(171,826)	(22.1)
Income tax expense / (Reversal)	-	22,802	(100.0)	-	22,802	(100.0)	(0)	22,802	(100.0)	(0)	22,802	(100.0)
Profit/(loss) for the period	121,876	136,787	(10.9)	12,599	(65,461)	119.2	124,366	81,401	52.8	(209,880)	(194,628)	(7.8)
Profit for the period attributable to:												
Equity holders of the parent	121,876	136,787	(10.9)	12,599	(65,461)	119.2	130,777	89,815	45.6	(197,690)	(171,793)	(15.1)
Non controlling interests	-	-	-	-	-	-	(6,411)	(8,413)	23.8	(12,190)	(22,835)	46.6
Profit/(loss) for the period	121,876	136,787	(10.9)	12,599	(65,461)	119.2	124,366	81,401	52.8	(209,880)	(194,628)	(7.8)
Earnings per share:												
Basic / diluted earnings per share (LKR)	0.73	0.82	(10.9)	0.08	(0.39)	119.2	0.79	0.54	45.6	(1.19)	(1.04)	(15.1)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Nine months ended			Quarter ended			Nine months ended		
	30/09/2019 (Unaudited) LKR '000	30/09/2018 (Unaudited) Restated* LKR '000	Change %	30/09/2019 (Unaudited) LKR '000	30/09/2018 (Unaudited) Restated* LKR '000	Change %	30/09/2019 (Unaudited) LKR '000	30/09/2018 (Unaudited) Restated* LKR '000	Change %	30/09/2019 (Unaudited) LKR '000	30/09/2018 (Unaudited) Restated* LKR '000	Change %
Profit/(loss) for the period	121,876	136,787	(10.9)	12,599	(65,461)	119.2	124,366	81,401	52.8	(209,880)	(194,628)	(7.8)
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	250	(2,213)	111.3	4,865	(5,762)	184.4	4,905	(2,210)	322.0	9,521	(5,759)	265.3
Recycling to the income statement for impairment	-	-	-	-	-	-	-	-	-	-	-	-
Share of associates companies' other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income/(expense) before tax	250	(2,213)	111.3	4,865	(5,762)	184.4	4,905	(2,210)	322.0	9,521	(5,759)	265.3
Deferred tax (charge)/credit relating to components of other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	250	(2,213)	111.3	4,865	(5,762)	184.4	4,905	(2,210)	322.0	9,521	(5,759)	265.3
Total comprehensive income/(expense) for the period, net of tax	122,126	134,574	(9.3)	17,464	(71,223)	124.5	129,272	79,192	63.2	(200,359)	(200,386)	0.0
Total comprehensive income/(expense) attributable to:												
Equity holders of the parent	122,126	134,574	(9.3)	17,464	(71,223)	124.5	133,532	87,605	52.4	(190,319)	(177,552)	(7.2)
Non controlling interests	-	-	-	-	-	-	(4,260)	(8,413)	49.4	(10,040)	(22,834)	56.0
	122,126	134,574	(9.3)	17,464	(71,223)	124.5	129,272	79,192	63.2	(200,359)	(200,386)	0.0

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Financial Position

as at	Company			Group		
	30/09/2019 (Unaudited) LKR '000	31/12/2018 (Audited) LKR '000	Change %	30/09/2019 (Unaudited) LKR '000	31/12/2018 (Audited) LKR '000	Change %
Assets						
Cash and cash equivalents	358,633	294,622	21.7	368,713	391,886	(5.9)
Placements with banks & financial institutions	1,583,768	670,576	136.2	2,248,204	774,575	190.2
Securities purchased under resale agreements	1,326,663	1,292,670	2.6	2,139,413	1,440,819	48.5
Financial investments at fair value through profit or loss	251,972	267,106	(5.7)	261,017	274,700	(5.0)
Loans & receivables at amortised cost	30,750,428	30,721,148	0.1	30,494,232	30,485,412	0.0
Financial investments at fair value through other comprehensive income	918,593	1,180,996	(22.2)	1,644,742	1,850,320	(11.1)
Financial investments at amortised cost	706,546	60,829	1,061.5	706,546	60,828	1,061.5
Real Estate Stock	165,183	78,503	110.4	165,183	78,503	110.4
Investment in associate company	81,084	81,084	-	77,823	84,415	(7.8)
Investment in subsidiary	744,889	79,277	839.6	-	-	-
Investment properties	118,003	120,182	(1.8)	118,003	120,181	(1.8)
Non Current Assets Held for Sale	60,000	-	-	60,000	-	-
Property and equipment	338,709	320,113	5.8	349,782	334,493	4.6
Intangible assets	169,121	193,121	(12.4)	177,311	205,681	(13.8)
Right of Use assets	529,995	-	-	539,768	-	-
Deferred tax Assets	187,629	187,629	-	693,878	697,375	(0.5)
Other assets	382,587	316,571	20.9	638,823	514,778	24.1
Total assets	38,673,803	35,864,426	7.8	40,683,438	37,313,966	9.0
Liabilities						
Due to banks	6,352,400	5,869,317	8.2	6,353,569	5,872,471	8.2
Due to customers at amortised cost	22,502,975	20,831,021	8.0	22,502,975	20,821,606	8.1
Debt issued and borrowed funds at amortised cost	5,430,812	5,331,077	1.9	5,430,812	5,331,077	1.9
Insurance provision - life	-	-	-	559,895	574,399	(2.5)
Insurance provision - non life	-	-	-	361,787	336,825	7.4
Current tax liabilities	(28,065)	15,042	(286.6)	(28,065)	15,042	(286.6)
Deferred tax liabilities	528,073	528,073	(0.0)	528,072	531,570	(0.7)
Other liabilities	1,077,505	518,084	108.0	1,364,282	733,017	86.1
Retirement benefits obligations	268,534	247,708	8.4	279,099	256,644	8.7
Total liabilities	36,132,235	33,340,322	8.4	37,352,426	34,472,651	8.4
Equity						
Stated capital	2,124,457	2,124,457	-	2,124,457	2,124,457	-
Retained earnings	205,611	193,012	6.5	290,363	457,806	(36.6)
OCI reserve	(2,596)	(7,461)	65.2	(10,269)	(19,051)	46.1
Statutory reserves	214,096	214,096	-	214,096	214,096	-
Total equity attributable to the parent	2,541,569	2,524,104	0.7	2,618,647	2,777,308	(5.7)
Non controlling interests	-	-	-	712,364	64,007	1,012.9
Total equity	2,541,569	2,524,104	0.7	3,331,011	2,841,315	17.2
Total liabilities and equity	38,673,803	35,864,426	7.8	40,683,438	37,313,966	9.0
Commitments and contingencies	86,900	124,250	(30.1)	140,000	177,350	(21.1)
Net assets value per share (LKR)	15.32	15.22	0.7	15.79	16.74	(5.7)

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.)

Dr. S. Lokuhewa
Director

Colombo, Sri Lanka
07/Nov/19

(sgd.)

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

(sgd.)

W. P. R. P. H. Fonseka
Director

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Changes in Equity

Company	Stated capital LKR ' 000	Statutory reserves LKR ' 000	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	-	-	-	(65,461)	(65,461)
Other comprehensive income	-	-	(5,762)	0	(5,762)
Balance as at 30th September 2018	2,124,457	177,839	815	(233,968)	2,069,143
Balance as at 01st January 2019	2,124,457	214,096	(7,461)	193,012	2,524,104
Net profit/(loss) for the period	-	-	-	12,599	12,599
Other comprehensive income	-	-	4,865	0	4,865
Balance as at 30th September 2019	2,124,457	214,096	(2,596)	205,611	2,541,569

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	-	-	-	(171,793)	(22,835)	(194,628)
Other comprehensive income	-	-	(5,759)	(0)	0	(5,759)
Transfers to statutory reserve fund	-	-	-	-	-	-
Balance as at 30th September 2018	2,124,457	177,839	(4,460)	(316,929)	(15,688)	1,965,219
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	-	-	-	31,658	658,397	690,056
Net profit/(loss) for the period	-	-	-	(197,690)	(12,190)	(209,880)
Other comprehensive income	-	-	8,782	(1,411)	2,150	9,520
Transfers to statutory reserve fund	-	-	-	-	-	-
Balance as at 30th September 2019	2,124,457	214,096	(10,269)	290,363	712,364	3,331,011

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 September

	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	12,599	(42,659)	(209,881)	(171,826)
Adjustments for :				
Change in operating assets	(743,352)	(2,896,390)	(900,560)	(2,762,464)
Change in operating liabilities	2,188,267	308,021	2,279,986	479,544
Share of 'associate companies' (profit)/loss before tax	-	-	6,592	6,490
Contribution to defined benefit plans	36,000	36,000	39,915	39,915
Other non-cash items included in profit before tax	191,985	451,122	522,193	439,723
Dividend income	(8,379)	(7,948)	(10,038)	(9,833)
	1,677,119	(2,151,854)	1,728,207	(1,978,452)
Gratuity paid	(15,173)	(21,811)	(17,460)	(26,964)
Net cash generated from/(used in) operating activities before tax	1,661,946	(2,173,665)	1,710,746	(2,005,416)
Income tax paid	-	-	-	-
Net cash generated from / (used in) operating activities	1,661,946	(2,173,665)	1,710,746	(2,005,416)
Cash flows from investing activities				
Purchase of financial assets designated at FVTPL	(476,352)	(200,852)	(477,803)	(200,963)
Proceeds from disposal of financial assets designated at FVTPL	470,104	107,708	470,104	107,708
Purchase of financial investments	(1,722,497)	187,889	(1,774,668)	(107,211)
Proceeds from sale and maturity of financial investments	1,069,499	1,278,534	1,069,499	1,278,534
Net increase/(decrease) in other investment	(913,192)	1,176,541	(1,473,629)	1,143,760
Purchase of property & equipment	(96,940)	(67,558)	(157,991)	(65,575)
Purchase of intangible assets	(889)	(3,731)	(101)	(2,046)
Proceeds from sale of property & equipment	15,129	42,915	15,238	44,357
Investment in Subsidiary from parent and other parties	(500,000)	-	700,000	-
Dividend received	8,379	7,948	10,038	9,833
Net cash generated from / (used in) investing activities	(2,146,759)	2,529,394	(1,619,312)	2,208,397
Cash flows from financing activities				
Net increase/(decrease) in reverse repo and repo agreements	494,332	(1,222,876)	(170,268)	(1,009,231)
Net increase/(decrease) in other borrowings at amortised cost	462,059	2,326,332	462,059	2,326,332
Payments on redemption of debentures	-	(1,658,309)	-	(1,658,309)
Net cash generated from / (used in) financing activities	956,391	(554,852)	291,790	(341,207)
Net increase / (decrease) in cash and cash equivalents during the period	471,577	(199,123)	383,225	(138,226)
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	257,975	95,913	266,887	198,036
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	358,633	391,684	368,713	495,449
Dues to banks	(100,658)	(295,772)	(101,827)	(297,413)
	257,975	95,913	266,886	198,036

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 7th November 2019, in accordance with the resolution of the Directors passed on 7th November 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 September 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 - "Financial Instruments" 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	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018	30/09/2019	31/12/2018	30/09/2019	31/12/2018	30/09/2019	31/12/2018
As at										
Financial assets										
Cash and cash equivalents	-	-	358,633	294,622	-	-	-	-	358,633	294,622
Placements with banks & financial institutions	-	-	1,583,768	670,576	-	-	-	-	1,583,768	670,576
Securities purchased under resale agreements	-	-	1,326,663	1,292,670	-	-	-	-	1,326,663	1,292,670
Financial investments at fair value through profit or loss	251,972	267,106	-	-	-	-	-	-	251,972	267,106
Loans & receivables at amortised cost	-	-	30,750,428	30,721,148	-	-	-	-	30,750,428	30,721,148
Financial investments at fair value through other comprehensive income	-	-	-	-	-	-	918,593	1,180,996	918,593	1,180,996
Financial investments at amortised cost	-	-	-	-	706,546	60,829	-	-	706,546	60,829
Other assets	-	-	51,987	48,021	-	-	-	-	51,987	48,021
Total	251,972	267,106	34,071,479	33,027,037	706,546	60,829	918,593	1,180,996	35,948,591	34,535,968

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
As at				
Due to banks	6,352,400	5,869,317	6,352,400	5,869,317
Due to customers at amortised cost	22,502,975	20,831,021	22,502,975	20,831,021
Debt issued and borrowed funds at amortised cost	5,430,812	5,331,077	5,430,812	5,331,077
Other liabilities	261,285	338,072	261,285	338,072
Total	34,547,472	32,369,488	34,547,472	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	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018	30/09/2019	31/12/2018	30/09/2019	31/12/2018	30/09/2019	31/12/2018
As at										
Financial assets										
Cash and cash equivalents	-	-	368,713	391,886	-	-	-	-	368,713	391,886
Placements with banks & financial institutions	-	-	2,248,204	774,575	-	-	-	-	2,248,204	774,575
Securities purchased under resale agreements	-	-	2,139,413	1,440,819	-	-	-	-	2,139,413	1,440,819
Financial investments at fair value through profit or loss	261,017	274,700	-	-	-	-	-	-	261,017	274,700
Loans & receivables at amortised cost	-	-	30,494,232	30,485,412	-	-	-	-	30,494,232	30,485,412
Financial investments at fair value through other comprehensive income	-	-	-	-	-	-	1,644,742	1,850,320	1,644,742	1,850,320
Financial investments at amortised cost	-	-	-	-	706,546	60,828	-	-	706,546	60,828
Other assets	-	-	51,987	48,021	-	-	-	-	51,987	48,021
Total	261,017	274,700	35,302,548	33,140,713	706,546	60,828	1,644,742	1,850,320	37,914,853	35,326,561

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
As at				
Due to banks	6,353,569	5,872,471	6,353,569	5,872,471
Due to customers at amortised cost	22,502,975	20,821,606	22,502,975	20,821,606
Debt issued and borrowed funds at amortised cost	5,430,812	5,331,077	5,430,812	5,331,077
Other liabilities	261,285.13	338,072	261,285.13	338,072
Total	34,548,641	32,363,226	34,548,641	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)	225,765	310,008	225,765	310,008
Impairment from Loans and advances_collective impairment (Note 4.2)	(58,109)	96,197	(58,109)	96,197
Cash and cash equivalent	-	6	-	6
Placements with banks & financial institutions	(1,810)	1,122	(1,810)	1,122
Above 90 days seized interest receivables*	(28,852)	(42,827)	(28,852)	(42,827)
Insurance Receivable	-	-	1,099	976
	136,992	364,505	138,092	365,481
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	225,765	310,008	225,765	310,008
Write off	-	-	-	-
As at 30th September	1,599,920	1,029,275	1,599,920	1,029,275
4.2 Collective impairment charges				
As at 01 January	1,200,498	1,684,342	1,200,498	591,289
Charge to income statement from loans and advances	(58,109)	96,197	(58,109)	96,197
As at 30th September	1,142,389	1,780,539	1,142,389	687,486
Loans and advances impairment	2,742,308	2,809,814	2,742,308	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, 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 September 2019 and comparative figures for the period ended 30th September 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 September												
Revenue from external customers												
Interest and similar income	2,485,912	2,347,277	2,001,024	1,916,327	25,678	18,312	124,566	63,135	330,025	280,854	4,967,205	4,625,905
Interest and similar expenses	1,365,306	1,222,908	1,272,606	1,043,076	25,060	20,310	44,747	29,224	588,762	468,290	3,296,481	2,783,808
Net interest income	1,120,606	1,124,369	728,418	873,251	618	(1,998)	79,819	33,911	(258,737)	(187,436)	1,670,724	1,842,097
Other income	64,705	80,669	54,016	95,390	18,340	15,963	20,465	(5,351)	30,045	16,366	187,571	203,037
Inter - segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total operating income	1,185,311	1,205,038	782,434	968,641	18,958	13,965	100,284	28,560	(228,691)	(171,070)	1,858,296	2,045,134
Impairment charges for loans and other losses	(128,466)	(226,376)	(8,527)	(138,129)	(17,010)	(41,710)	(1,099)	(975)	17,010	41,710	(138,092)	(365,480)
Net operating income	1,056,845	978,662	773,907	830,512	1,948	(27,745)	99,185	27,585	(211,681)	(129,360)	1,720,204	1,679,654
Depreciation and amortisation	(84,114)	(39,822)	(78,402)	(33,966)	(1,544)	(661)	(11,795)	(10,184)	(37,590)	(15,422)	(213,445)	(100,055)
Segment result	399,192	287,952	160,909	241,373	(25,681)	(79,046)	(50,275)	(140,714)	(471,306)	(358,343)	12,839	(48,778)
Profit / (loss) from operations after impairment from subsidiary investments											12,839	(48,778)
Value added tax on financial services											(142,549)	(116,559)
Debt repayment levy											(73,579)	-
Share of associate company's profit/(loss) before tax											(6,592)	(6,490)
Profit before income tax											(209,881)	(171,826)
Income tax expense											0	(22,802)
Profit for the year											(209,879)	(194,628)
Total assets	15,466,117	16,478,339	15,454,203	14,321,312	283,821	302,504	2,757,783	1,293,669	6,721,513	4,918,142	40,683,438	37,313,966
Total liabilities	14,187,061	14,971,525	14,176,132	13,011,742	260,349	274,842	1,220,191	1,176,585	7,508,693	5,037,956	37,352,426	34,472,651

8 Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 30/9/2019 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%	7.83%	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%	7.83%	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%	9.26%	Not traded during the quarter			Not traded during the quarter		
May 2017 - May 2022	Listed	Bi Annually	1,193,230	100.05	100.00	100.05	14.50%	15.03%	9.26%	14.49%	14.50%	14.49%	14.39%	14.42%	14.39%
May 2017 - May 2022	Listed	Bi Annually	1,010	Not traded during the quarter			11.14%	11.45%	9.26%	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.

Debenture issue proceeds utilization as at 30th September 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%.					1,200,000,000	60%	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 September 2019 that require disclosure in these financial statements.

10 Information on ordinary shares

As at	30/09/2019	31/12/2018
Net asset per share (LKR)		
- Company	15.32	15.22
- Group	15.79	16.74
Market price per share recorded during the quarter ended 30th September (LKR)	2019	2018
-High	10.50 (30-7-2019)	10.40 (4-9-2018)
-Low	8.50 (24-9-2019)	7.70 (24-8-2018)
-Last Transaction	8.60 (30-9-2019)	8.10 (28-9-2018)
As at	30/09/2019	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	30/09/2019	31/12/2018
Debt / Equity Ratio	4.6	4.4
Statutory Liquid Asset Ratio	11.17%	10.20%
Ratios for the period ended	30/09/2019	30/09/2018
Interest Cover	1.004	0.985

The Float adjusted market capitalization as at 30th September 2019 - Rs. 363,885,264

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 September 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	People's Leasing & Finance PLC / Mr. D. M. P. Disanayake	1,479,047	0.89%
04	Mr. R. E. Rambukwella	763,157	0.46%
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	Mr. K.V. Hewavitane	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	Mr. A. M. Weerasinghe	305,583	0.18%
15	Mr. M. F. Ozman	301,146	0.18%
16	Mr. W. L. T. Anandawansa	300,100	0.18%
17	Mr. D. S. Tennakoon	300,000	0.18%
18	Mrs. S. Tennakoon	300,000	0.18%
19	People's Leasing & Finance PLC / Mr. L. P. Hapangama	300,000	0.18%
20	Bartleet Produce Marketing (Pvt) Ltd	300,000	0.18%

The percentage of shares held by the public as at 30th September 2019 was 25.51% and the number of public shareholders as at 30th September 2019 were 11,327

12 Directors' shareholding as at 30th September 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. D. N. L. Fernando	24
Mr. R. M. D. V. Jayabahu	Nil
Mr. C. Amarasinghe	Nil
Mr. M. P. R. Kumara (Alternate Director to Mr. W. P. R. P. H. Fonseka)	Nil
Mr. G. A. Jayashantha (Alternate Director to Mr. K. B. S. Bandara)	Nil

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

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