

UNAUDITED FINANCIAL STATEMENTS

For the Period ended 31st March 2019



Merchant Bank of Sri Lanka & Finance PLC

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

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Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Profit or Loss

	Company			Group		
	Three months ended			Three months ended		
	31/03/2019 (Unaudited) LKR '000	31/03/2018 (Unaudited)* LKR '000	Change %	31/03/2019 (Unaudited) LKR '000	31/03/2018 (Unaudited)* LKR '000	Change %
Income	1,593,010	1,608,653	(1.0)	1,623,182	1,683,097	(3.6)
Interest and similar income	1,562,064	1,529,748	2.1	1,585,138	1,551,221	2.2
Interest and similar expenses	1,030,703	927,183	11.2	1,044,671	932,335	12.0
Net interest income	531,361	602,565	(11.8)	540,468	618,886	(12.7)
Fee and commission income	42,894	51,231	(16.3)	42,894	51,218	(16.3)
Fee and commission expenses	7,844	1,344	483.8	8,850	3,688	140.0
Net fee and commission income	35,050	49,887	(29.7)	34,044	47,530	(28.4)
Insurance premium income	-	-	-	8,757	48,462	(81.9)
Net claims and benefits	-	-	-	(18,098)	(48,572)	62.7
Net trading income	1,451	2,742	(47.1)	1,493	2,784	(46.4)
Net gain/(loss) on financial instruments at fair value through profit or loss	(29,131)	6,289	(563.2)	(28,804)	7,403	(489.1)
Other operating income	15,732	18,644	(15.6)	13,704	22,008	(37.7)
Total operating income	554,463	680,127	(18.5)	551,563	698,502	(21.0)
Impairment charges from loans and other losses	50,785	234,964	78.4	51,885	235,939	78.0
Net operating income	503,678	445,163	13.1	499,679	462,563	8.0
Personnel expenses	290,975	288,882	(0.7)	308,043	314,848	2.2
Depreciation and amortisation	29,535	30,461	3.0	32,223	34,217	5.8
Other operating expenses	203,856	175,858	(15.9)	229,148	201,753	(13.6)
Total operating expense	524,365	495,201	(5.9)	569,414	550,818	(3.4)
Profit / (loss) from operations	(20,687)	(50,038)	58.7	(69,735)	(88,256)	21.0
Value added tax (VAT) & Nation building tax (NBT) on financial services	34,825	33,128	(5.1)	34,825	33,128	(5.1)
Debt repayment levy	17,976	-	-	17,976	-	-
Share of associate companies profit before tax	-	-	-	(3,191)	(1,798)	(77.4)
Profit before income tax	(73,487)	(83,165)	11.6	(125,726)	(123,182)	(2.1)
Income tax expense / (Reversal)	-	-	-	-	-	-
Profit/(loss) for the period	(73,487)	(83,165)	11.6	(125,726)	(123,182)	(2.1)
Profit for the period attributable to:						
Equity holders of the parent	(73,487)	(83,165)	11.6	(117,937)	(117,113)	(0.7)
Non controlling interests	-	-	-	(7,789)	(6,069)	(28.3)
Profit/(loss) for the period	(73,487)	(83,165)	11.6	(125,726)	(123,182)	(2.1)
Earnings per share:						
Basic / diluted earnings per share (LKR)	(0.44)	(0.50)	11.6	(0.71)	(0.71)	(0.7)

* The amounts reported for the period ended March 31, 2019 have been computed in accordance with Sri Lanka Accounting Standard - SLFRS 9 - "Financial Instruments", whereas amounts for period ended March 31, 2018 have not been restated.

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Comprehensive Income

	Company			Group		
	Three months ended			Three months ended		
	31/03/2019 (Unaudited)* LKR '000	31/03/2018 (Unaudited)* LKR '000	Change %	31/03/2019 (Unaudited)* LKR '000	31/03/2018 (Unaudited)* LKR '000	Change %
Profit/(loss) for the period	(73,487)	(83,165)	11.6	(125,726)	(123,182)	(2.1)
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	9,550	(702)	1,460.1	9,550	(702)	1,460.1
Other comprehensive income/(expense) before tax	9,550	(702)	1,460.1	9,550	(702)	1,460.1
Deferred tax (charge)/credit relating to components of other comprehensive income	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	9,550	(702)	1,460.1	9,550	(702)	1,460.1
Total comprehensive income/(expense) for the period, net of tax	(63,937)	(83,867)	23.8	(116,176)	(123,884)	6.2
Total comprehensive income/(expense) attributable to:						
Equity holders of the parent	(63,937)	(83,867)	23.8	(108,387)	(117,815)	8.0
Non controlling interests	-	-	-	(7,789)	(6,069)	(28.3)
	(63,937)	(83,867)	23.8	(116,176)	(123,884)	6.2

* The amounts reported for the period ended March 31, 2019 have been computed in accordance with Sri Lanka Accounting Standard - SLFRS 9 - "Financial Instruments", whereas amounts for period ended March 31, 2018 have not been restated.

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Financial Position

as at	Company			Group		
	31/03/2019 (Unaudited) LKR '000	31/12/2018 (Unaudited) LKR '000	Change %	31/03/2019 (Unaudited) LKR '000	31/12/2018 (Unaudited) LKR '000	Change %
Assets						
Cash and cash equivalents	418,877	294,622	42.2	507,473	391,886	29.5
Placements with banks & financial institutions	892,568	670,576	33.1	892,568	774,575	15.2
Securities purchased under resale agreements	1,500,571	1,292,670	16.1	1,500,571	1,440,819	4.1
Financial investments at fair value through profit or loss	237,774	267,106	(11.0)	245,694	274,700	(10.6)
Loans & receivables at amortised cost	31,244,252	30,751,695	1.6	31,249,286	30,515,959	2.4
Financial investments at fair value through other comprehensive income	1,858,322	1,180,996	57.4	2,551,137	1,850,320	37.9
Financial investments at amortised cost	62,543	60,829	2.8	298,608	60,828	390.9
Real Estate Stock	62,742	78,503	(20.1)	62,742	78,503	(20.1)
Investment in associate company	81,084	81,084	-	81,224	84,415	(3.78)
Investment in subsidiary	79,277	79,277	0.0	-	-	-
Investment properties	119,455	120,182	(0.6)	119,455	120,181	(0.6)
Property and equipment	307,330	320,113	(4.0)	321,003	334,493	(4.0)
Intangible assets	184,679	193,121	(4.4)	195,258	205,681	(5.1)
Other assets	809,749	316,571	155.8	991,575	514,777	92.6
Total assets	37,859,223	35,707,344	6.0	39,016,596	36,647,137	6.5
Liabilities						
Due to banks	6,138,206	5,869,317	4.6	6,138,210	5,872,471	4.5
Due to customers at amortised cost	22,953,187	20,831,021	10.2	22,953,187	20,821,606	10.2
Debt issued and borrowed funds at amortised cost	5,122,798	5,331,077	(3.9)	5,122,798	5,331,077	(3.9)
Insurance provision - life	-	-	-	571,162	574,399	(0.6)
Insurance provision - non life	-	-	-	331,076	336,825	(1.7)
Current tax liabilities	7,721	22,096	(65.1)	7,721	40,062	(80.7)
Deferred tax liabilities	546,070	546,070	(0.0)	39,821	39,821	0.0
Other liabilities	599,255	548,633	9.2	1,103,927	763,564	44.6
Retirement benefits obligations	244,502	247,708	(1.3)	254,203	256,645	(1.0)
Total liabilities	35,611,739	33,395,923	6.6	36,522,105	34,036,470	7.3
Equity						
Stated capital	2,124,457	2,124,457	-	2,124,457	2,124,457	-
Retained earnings	(90,936)	(17,448)	(421.2)	111,443	229,380	(51.4)
OCI reserve	2,089	(7,461)	128.0	(9,501)	(19,051)	50.1
Statutory reserves	211,874	211,874	-	211,874	211,874	-
Total equity attributable to the parent	2,247,484	2,311,421	(2.8)	2,438,273	2,546,660	(4.3)
Non controlling interests	-	-	-	56,218	64,007	(12.2)
Total equity	2,247,484	2,311,421	(2.8)	2,494,491	2,610,667	(4.5)
Total liabilities and equity	37,859,223	35,707,344	6.0	39,016,596	36,647,137	6.5
Commitments and contingencies	127,850	124,250	2.9	180,950	177,350	2.0
Net assets value per share (LKR)	13.55	13.93	(2.8)	14.70	15.35	(4.3)

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
Chairman

Colombo, Sri Lanka
15/May/19

(sgd.)

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

(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	-	-	-	(83,165)	(83,165)
Other comprehensive income	-	-	(702)	(0)	(702)
Transfers to statutory reserve fund	-	-	-	-	-
Balance as at 31st March 2018*	2,124,457	177,839	5,874	(251,672)	2,056,498
Balance as at 01st January 2019	2,124,457	211,874	(7,461)	(17,448)	2,311,421
Net profit/(loss) for the period	-	-	-	(73,487)	(73,487)
Other comprehensive income	-	-	9,550	0	9,550
Transfers to statutory reserve fund	-	-	-	-	-
Balance as at 31st March 2019	2,124,457	211,874	2,089	(90,936)	2,247,484

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	-	-	-	(117,113)	(6,069)	(123,182)
Other comprehensive income	-	-	(702)	(0)	(0)	(702)
Transfers to statutory reserve fund	-	-	-	-	-	-
Balance as at 31st March 2018*	2,124,457	177,839	597	(262,249)	1,077	2,041,722
Balance as at 01st January 2019	2,124,457	211,874	(19,051)	229,380	64,007	2,610,667
Net profit/(loss) for the period	-	-	-	(117,937)	(7,789)	(125,726)
Other comprehensive income	-	-	9,550	-	0	9,550
Transfers to statutory reserve fund	-	-	-	-	-	-
Balance as at 31st March 2019	2,124,457	211,874	(9,501)	111,443	56,218	2,494,491

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.

* The amounts reported for the period ended March 31, 2019 have been computed in accordance with Sri Lanka Accounting Standard - SLFRS 9 - "Financial Instruments", whereas amounts for period ended March 31, 2018 have not been restated.

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Cash Flows

For the period ended 31st March	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	(73,487)	(83,165)	(125,726)	(123,182)
Adjustments for :				
Change in operating assets	(1,020,759)	(466,745)	(1,249,404)	(497,827)
Change in operating liabilities	2,158,413	(1,451,816)	2,430,617	(1,295,886)
Share of 'associate companies' (profit)/loss before tax	-	-	3,191	1,798
Contribution to defined benefit plans	12,000	12,000	13,305	13,305
Other non-cash items included in profit before tax	71,639	251,294	75,100	255,113
Dividend income	(1,663)	(1,287)	(1,706)	(1,330)
	1,146,142	(1,739,718)	1,145,377	(1,648,007)
Gratuity paid	(15,206)	(1,910)	(15,747)	(4,063)
Net cash generated from/(used in) operating activities before tax	1,130,937	(1,741,628)	1,129,630	(1,652,070)
Income tax paid	-	-	-	-
Net cash generated from / (used in) operating activities	1,130,937	(1,741,628)	1,129,630	(1,652,070)
Cash flows from investing activities				
Purchase of financial assets designated at FVTPL	(9,841)	(86,914)	(9,841)	(86,915)
Proceeds from disposal of financial assets designated at FVTPL	10,255	59,641	10,255	59,641
Purchase of financial investments	(631,891)	758,005	(891,447)	756,726
Net increase/(decrease) in other investment	(221,992)	1,089,331	(117,993)	1,060,975
Purchase of property & equipment	(7,583)	(20,797)	(8,372)	(21,592)
Purchase of intangible assets	0	(3,731)	788	(2,314)
Dividend received	1,663	1,287	1,706	1,330
Net cash generated from / (used in) investing activities	(859,389)	1,796,822	(1,014,904)	1,767,851
Cash flows from financing activities				
Net increase/(decrease) in reverse repo and repo agreements	220,351	80,312	368,500	79,140
Net increase/(decrease) in other borrowings at amortised cost	(184,554)	(2,281,490)	(184,554)	(2,281,490)
Payments on redemption of debentures	-	1,658,309	-	1,658,309
Net cash generated from / (used in) financing activities	35,797	(542,869)	183,947	(544,041)
Net increase / (decrease) in cash and cash equivalents during the period	307,345	(487,675)	298,673	(428,260)
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	93,743	(192,639)	182,334	(91,997)
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	418,877	398,013	507,473	507,350
Dues to banks	(325,135)	(590,652)	(325,139)	(599,347)
	93,743	(192,639)	182,334	(91,997)

* The amounts reported for the period ended March 31, 2019 have been computed in accordance with Sri Lanka Accounting Standard - SLFRS 9 - "Financial Instruments", whereas amounts for period ended March 31, 2018 have not been restated.

1 Reporting entity

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

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

The consolidated Financial Statements comprises of the Company, its subsidiary: MBSL Insurance Company Ltd and its interest in associate; Lanka Securities Ltd.

The consolidated Financial Statements for the period ended were authorized for issue on 15th May 2019, in accordance with the resolution of the Directors passed on 15th May 2019.

2 Basis of preparation and accounting policies

Basis of preparation

The interim condensed Financial Statements for the period ended 31st March 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.

Significant accounting policies

Sri Lanka Accounting Standard - SLFRS 9 on "Financial Instruments"

The Sri Lanka Accounting Standard - SLFRS 9 - "Financial Instruments", which replaced the previous guidance on LKAS 39 - "Financial Instruments: Recognition and Measurement" became effective for annual reporting periods beginning on or after January 01, 2018. SLFRS 9 replaced the "Incurred Loss Model" in LKAS 39 with forward looking "Expected Loss Model ("ECL") which requires considerable judgement over how changes in economic factors affect ECL, which in turn is to be determined on a probability weighted basis. SLFRS 9 also contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed based on their cash flow characteristics.

Based on the "Statement of Alternative Treatment (SoAT) on the figures in the interim Financial Statements" issued by The Institute of Chartered Accountants of Sri Lanka, the Company continued to prepare the interim Financial Statements for the first three quarters of the year 2018 with the application of LKAS 39 - 'Financial Instruments: Recognition and Measurement', along with relevant disclosures on the impact to the Statement of Comprehensive Income for the period, if SLFRS 9 has been applied.

There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2018, except for financial assets and liabilities within the scope of Sri Lanka Accounting Standard - SLFRS 9 - "Financial Instruments"

SLFRS 16 requires recognizing lease liabilities and right-of-use assets for some leases classified as operating leases under LKAS 17 Leases.

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

3 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	
	31/03/2019	31/12/2018	31/03/2019	31/12/2018	31/03/2019	31/12/2018	31/03/2019	31/12/2018	31/03/2019	31/12/2018
As at										
Financial assets										
Cash and cash equivalents	-	-	418,877	294,622	-	-	-	-	418,877	294,622
Placements with banks & financial institutions	-	-	892,568	670,576	-	-	-	-	892,568	670,576
Securities purchased under resale agreements	-	-	1,500,571	1,292,670	-	-	-	-	1,500,571	1,292,670
Financial investments at fair value through profit or loss	237,774	267,106	-	-	-	-	-	-	237,774	267,106
Loans & receivables at amortised cost	-	-	31,244,252	30,751,695	-	-	-	-	31,244,252	30,751,695
Financial investments at fair value through other comprehensive income	-	-	-	-	-	-	1,858,322	1,180,996	1,858,322	1,180,996
Financial investments at amortised cost	-	-	-	-	62,543	60,829	-	-	62,543	60,829
Other assets	-	-	53,295	-	-	-	-	-	53,295	-
Total	237,774	267,106	34,109,562	33,009,563	62,543	60,829	1,858,322	1,180,996	36,268,201	34,518,494

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
Other Financial liabilities				
Due to banks	6,138,206	5,869,317	6,138,206	5,869,317
Due to customers at amortised cost	22,953,187	20,831,021	22,953,187	20,831,021
Debt issued and borrowed funds at amortised cost	5,122,798	5,331,077	5,122,798	5,331,077
Other liabilities	322,346	338,072	322,346	338,072
Total	34,536,537	32,369,488	34,536,537	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	
	31/03/2019	31/12/2018	31/03/2019	31/12/2018	31/03/2019	31/12/2018	31/03/2019	31/12/2018	31/03/2019	31/12/2018
As at										
Financial assets										
Cash and cash equivalents	-	-	507,473	391,886	-	-	-	-	507,473	391,886
Placements with banks & financial institutions	-	-	892,568	774,575	-	-	-	-	892,568	774,575
Securities purchased under resale agreements	-	-	1,500,571	1,440,819	-	-	-	-	1,500,571	1,440,819
Financial investments at fair value through profit or loss	245,694	274,700	-	-	-	-	-	-	245,694	274,700
Loans & receivables at amortised cost	-	-	31,249,286	30,515,959	-	-	-	-	31,249,286	30,515,959
Financial investments at fair value through other comprehensive income	-	-	-	-	-	-	2,551,137	1,850,320	2,551,137	1,850,320
Financial investments at amortised cost	-	-	-	-	298,608	60,828	-	-	298,608	60,828
Other assets	-	-	53,295	-	-	-	-	-	53,295	-
Total	245,694	274,700	34,203,192	33,123,239	298,608	60,828	2,551,137	1,850,320	37,298,631	35,309,087

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
Other Financial liabilities				
Due to banks	6,138,210	5,872,471	6,138,210	5,872,471
Due to customers at amortised cost	22,953,187	20,821,606	22,953,187	20,821,606
Debt issued and borrowed funds at amortised cost	5,122,798	5,331,077	5,122,798	5,331,077
Other liabilities	322,346.06	338,072	322,346.06	338,072
Total	34,536,541	32,363,226	34,536,541	32,363,226

4 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)	94,877	180,486	94,877	180,486
Impairment from Loans and advances_collective impairment (Note 4.2)	(44,092)	54,478	(42,993)	55,454
Insurance Receivable	-	-	1,099	975
	50,785	234,964	52,984	236,914
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	94,877	180,486	94,877	180,486
Write off	-	-	-	-
As at 31st March	1,469,032	899,753	1,469,032	899,753
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	(44,092)	54,478	(42,993)	55,454
As at 31st March	1,156,406	645,767	1,157,505	646,743
Loans and advances impairment	2,625,438	1,545,520	2,626,538	1,546,495

5 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 31st March 2019 and comparative figures for the period ended 31st March 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 31st March												
Revenue from external customers												
Interest and similar income	820,274	781,223	644,200	625,578	6,697	5,370	23,074	21,473	90,893	117,577	1,585,138	1,551,221
Interest and similar expenses	451,837	411,879	386,410	344,023	8,301	9,534	14,975	7,497	183,148	159,402	1,044,671	932,335
Net interest income	368,437	369,344	257,790	281,555	(1,604)	(4,164)	8,099	13,976	(92,254)	(41,825)	540,468	618,886
Other income	21,299	24,734	16,474	32,962	4,594	4,308	(11,326)	3,284	(19,945)	14,328	11,096	79,616
Inter - segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total operating income	389,736	394,078	274,264	314,517	2,990	144	(3,227)	17,260	(112,200)	(27,497)	551,563	698,502
Impairment charges for loans and other losses	(31,252)	(156,812)	(19,533)	(78,152)	(29,131)	6,289	(1,099)	(975)	29,131	(6,289)	(51,884)	(235,939)
Net operating income	358,484	237,266	254,731	236,365	(26,141)	6,433	(4,326)	16,285	(83,069)	(33,786)	499,679	462,563
Depreciation and amortisation	(12,947)	(13,532)	(11,073)	(11,302)	(238)	(313)	(2,688)	(3,756)	(5,277)	(5,314)	(32,223)	(34,217)
Segment result	125,175	16,688	55,206	52,126	(59,232)	10,501	(49,048)	(35,138)	(141,836)	(132,433)	(69,735)	(88,256)
Profit / (loss) from operations after impairment from subsidiary investments											(69,735)	(88,256)
Value added tax on financial services											(34,825)	(33,128)
Share of associate company's profit/(loss) before tax											(3,191)	(1,798)
Profit before income tax											(107,750)	(123,182)
Income tax expense											-	-
Profit for the year											(107,749)	(123,182)
Total assets	16,761,208	15,723,550	14,550,821	13,230,086	270,537	326,254	1,244,530	1,391,093	6,189,501	5,976,154	39,016,596	36,647,137
Total liabilities	15,298,510	14,297,679	13,281,016	12,030,331	246,928	296,668	910,366	1,404,172	6,785,285	6,007,619	36,522,105	34,036,470

6 Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 31/3/2019 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%	10.08%	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%	10.08%	Not traded during the quarter			Not traded during the quarter			
May 2017 - May 2022	Listed	Annually	805,760	Not traded during the quarter			15.00%	15.00%	10.78%	Not traded during the quarter			Not traded during the quarter			
May 2017 - May 2022	Listed	Bi Annually	1,193,230	Not traded during the quarter			14.50%	15.03%	10.78%	Not traded during the quarter			Not traded during the quarter			
May 2017 - May 2022	Listed	Bi Annually	1,010	Not traded during the quarter			12.83%	13.24%	10.78%	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 31st March 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%.					1,047,738,069	52%	Approved unsecured subordinated term debt are limited to 50% of Total Tier 1 Capital of the Company.

7 Events after the statement of financial position date

In order to comply with regulatory requirements, as the major shareholder of the MBSLI the Company has invested Rs. 500 Mn in MBSLI on 31 January 2019 and allotted 112,537,891 ordinary shares on 4 April 2019, representing 53.81% of the share holdings.

8 Information on ordinary shares

As at	31/03/2019	31/12/2018
Net asset per share (LKR)		
- Company	13.55	13.93
- Group	14.70	15.35
Market price per share recorded during the quarter ended 31st March (LKR)	2019	2018
-High	10.90 (3-1-2019)	14.70 (6-3-2018)
-Low	8.90 (26-3-2019)	12.60 (21-3-2018)
-Last Transaction	10.40 (29-3-2019)	13.00 (29-3-2018)
As at	31/03/2019	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	31/03/2019	31/12/2018
Debt / Equity Ratio	5.0	4.8
Statutory Liquid Asset Ratio	10.19%	10.20%
Ratios for the period ended	31/03/2019	31/03/2018
Interest Cover	0.929	0.910

The Float adjusted market capitalization as at 31st March 2019 - Rs. 439,996,430

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.

9 Twenty largest share holders as at 31st March 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	11,783,123	7.10%
03	People's Leasing & Finance PLC / Mr. D. M. P. Disanayake	632,485	0.38%
04	J. B. Cocoshell (Pvt) Ltd	537,530	0.32%
05	Mr. R. E. Rambukwella	532,600	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	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	People's Leasing & Finance PLC / Mr. L. P. Hapangama	300,000	0.18%
18	Bartleet Produce Marketing (Pvt) Ltd	300,000	0.18%
19	Asha Financial Services Limited / Mr. C. N. Pakianathan	274,213	0.17%
20	Mr. K. C. Vignarajah	260,612	0.16%

The percentage of shares held by the public as at 31st March 2019 was 25.51% and the number of public shareholders as at 31st March 2019 were 11,288

10 Directors' shareholding as at 31st March 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

11 ACT. CEO's shareholding as at 31st March 2019

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