

INTERIM FINANCIAL STATEMENTS

For the Period ended 30th September 2017



Merchant Bank of Sri Lanka & Finance PLC

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

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Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Profit or Loss

	Company						Group					
	Quarter ended			Nine months ended			Quarter ended			Nine months ended		
	30/09/2017 (Unaudited) LKR '000	30/09/2016 (Unaudited) LKR '000	Change %									
Income	1,648,551	1,271,441	29.7	4,683,736	3,469,691	35.0	1,806,696	1,595,581	13.2	5,312,614	4,407,202	20.5
Interest and similar income	1,600,942	1,202,326	33.2	4,493,708	3,378,202	33.0	1,626,924	1,233,076	31.9	4,573,434	3,464,263	32.0
Interest and similar expenses	967,963	711,596	36.0	2,707,777	1,911,999	41.6	968,197	711,813	36.0	2,708,420	1,912,707	41.6
Net interest income	632,979	490,730	29.0	1,785,931	1,466,203	21.8	658,727	521,263	26.4	1,865,014	1,551,556	20.2
Fee and commission income	32,458	32,093	1.1	130,230	95,736	36.0	30,873	47,098	(34.4)	151,020	167,317	(9.7)
Fee and commission expenses	13,680	16,244	(15.8)	50,369	50,997	(1.2)	17,697	44,637	(60.4)	81,195	134,683	(39.7)
Net fee and commission income	18,778	15,849	18.5	79,861	44,739	78.5	13,176	2,461	435.4	69,825	32,634	114.0
Insurance premium income	-	-	-	-	-	-	125,951	274,280	(54.1)	513,237	764,734	(32.9)
Net claims and benefits	-	-	-	-	-	-	(133,255)	(179,246)	25.7	(366,889)	(529,622)	30.7
Net trading income	1,324	(32,662)	104.1	(16,648)	(22,174)	24.9	3,202	(32,653)	109.8	(14,662)	(26,853)	45.4
Net gain / (loss) on financial assets - held for trading	(17,074)	65,715	(126.0)	14,546	(8,177)	277.9	(16,855)	65,994	(125.5)	15,194	(4,715)	422.2
Other operating income	30,901	3,969	678.6	61,900	26,104	137.1	36,601	7,786	370.1	74,391	42,456	75.2
Total operating income	666,908	543,601	22.7	1,925,590	1,506,695	27.8	687,547	659,885	4.2	2,156,110	1,830,190	17.8
Impairment charges from loans and other losses	182,312	(511)	35,777.5	198,282	(1,808)	11,066.9	182,312	(511)	35,777.5	202,002	10,659	1,795.1
Net operating income	484,596	544,112	(10.9)	1,727,308	1,508,503	14.5	505,235	660,396	(23.5)	1,954,108	1,819,531	7.4
Personnel expenses	282,500	187,909	50.3	802,739	559,779	43.4	318,323	242,927	31.0	924,835	720,494	28.4
Provision for employee benefit	11,087	12,000	(7.6)	33,262	36,000	(7.6)	12,392	13,137	(5.7)	37,177	39,150	(5.0)
Depreciation of property & equipment	20,693	15,099	37.0	61,275	44,717	37.0	24,077	19,913	20.9	55,844	59,697	(6.5)
Amortization of intangible assets	9,993	3,502	185.4	17,251	9,969	73.0	11,187	5,291	111.4	37,712	15,436	144.3
Other operating expenses	191,485	168,612	13.6	564,545	471,409	19.8	245,618	236,856	3.7	728,102	667,395	9.1
Total operating expense	515,758	387,122	33.2	1,479,072	1,121,874	31.8	611,597	518,124	18.0	1,783,670	1,502,172	18.7
Profit / (loss) from operations	(31,162)	156,990	(119.8)	248,236	386,629	(35.8)	(106,362)	142,272	(174.8)	170,438	317,359	(46.3)
Impairment from investment in Group companies	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (loss) from operations after impairment from subsidiary investments	(31,162)	156,990	(119.8)	248,236	386,629	(35.8)	(106,362)	142,272	(174.8)	170,438	317,359	(46.3)
Value added tax (VAT) on financial services	45,226	25,345	78.4	130,309	81,371	60.1	45,226	25,345	78.4	130,309	81,371	60.1
Share of associate companies profit before tax	-	-	-	-	-	-	(212)	1,035	(120.5)	(2,726)	(1,858)	(46.7)
Profit before income tax	(76,388)	131,645	(158.0)	117,927	305,258	(61.4)	(151,800)	117,962	(228.7)	37,403	234,130	(84.0)
Income tax expense / (Reversal)	(17,461)	9,332	(287.1)	24,456	47,902	(48.9)	(17,461)	9,332	(287.1)	24,456	47,902	(48.9)
Profit/(loss) for the period	(58,927)	122,313	(148.2)	93,471	257,356	(63.7)	(134,339)	108,630	(223.7)	12,947	186,228	(93.0)
Profit for the period attributable to:												
Equity holders of the parent	(58,927)	122,313	(148.2)	93,471	257,356	(63.7)	(122,397)	110,967	(210.3)	25,302	197,228	(87.2)
Non controlling interests	-	-	-	-	-	-	(11,942)	(2,337)	(411.0)	(12,355)	(11,000)	(12.3)
Profit/(loss) for the period	(58,927)	122,313	(148.2)	93,471	257,356	(63.7)	(134,339)	108,630	(223.7)	12,947	186,228	(93.0)
Earnings per share:												
Basic / diluted earnings per share (LKR)	(0.36)	0.74	(148.2)	0.56	1.55	(63.7)	(0.74)	0.67	(210.3)	0.15	1.19	(87.2)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			months ended			Quarter ended			months ended		
	30/09/2017 (Unaudited) LKR '000	30/09/2016 (Unaudited) LKR '000	Change %	30/09/2017 (Unaudited) LKR '000	30/09/2016 (Unaudited) LKR '000	Change %	30/09/2017 (Unaudited) LKR '000	30/09/2016 (Unaudited) LKR '000	Change %	30/09/2017 (Unaudited) LKR '000	30/09/2016 (Unaudited) LKR '000	Change %
Profit/(loss) for the period	(58,927)	122,313	(148.2)	93,471	257,356	(63.7)	(134,339)	108,630	(223.7)	12,947	186,228	(93.0)
Other comprehensive income for the period												
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Fair value reserves (Available for Sale Financial Assets):												
Net change in fair value	13,373	35,507	(62.3)	16,492	(9,634)	271.2	13,373	35,507	(62.3)	16,492	(9,634)	271.2
Share of associates companies' other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income before tax	13,373	35,507	(62.3)	16,492	(9,634)	271.2	13,373	35,507	(62.3)	16,492	(9,634)	271.2
Income tax (charge)/credit relating to components of other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	13,373	35,507	(62.3)	16,492	(9,634)	271.2	13,373	35,507	(62.3)	16,492	(9,634)	271.2
Total comprehensive income for the period, net of tax	(45,554)	157,820	(128.9)	109,963	247,722	(55.6)	(120,966)	144,137	(183.9)	29,439	176,594	(83.3)
Total comprehensive income attributable to:												
Equity holders of the parent	(45,554)	157,820	(128.9)	109,963	247,722	(55.6)	(109,024)	146,474	(174.4)	41,794	187,594	(77.7)
Non controlling interests	-	-	-	-	-	-	(11,942)	(2,337)	(411.0)	(12,355)	(11,000)	(12.3)
	(45,554)	157,820	(128.9)	109,963	247,722	(55.6)	(120,966)	144,137	(183.9)	29,439	176,594	(83.3)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Financial Position

as at	Company			Group		
	30/09/2017	31/12/2016	Change	30/09/2017	31/12/2016	Change
	(Unaudited)	(Audited)	%	(Unaudited)	(Audited)	%
	LKR '000	LKR '000		LKR '000	LKR '000	
Assets						
Cash and cash equivalents	448,252	401,301	11.7	544,085	441,357	23.3
Placements with banks & financial institutions	1,023,105	118,933	760.2	1,125,730	262,319	329.1
Securities purchased under resale agreements	2,884,148	265,687	985.5	3,226,259	730,773	341.5
Financial investments - held for trading	220,481	323,655	(31.9)	228,970	331,586	(30.9)
Bills receivable	739,803	739,403	0.1	739,803	739,403	0.1
Loans & advances to customers	12,902,197	11,320,845	14.0	12,979,903	11,392,491	13.9
Lease and hire purchase receivable	15,577,769	14,991,751	3.9	15,577,769	14,991,751	3.9
Financial investments - available for sale	665,970	2,735,645	(75.7)	1,014,637	3,126,815	(67.6)
Financial investments - held to maturity	481,784	57,766	734.0	481,784	57,766	734.0
Real Estate Stock	53,245	24,144	120.5	53,245	24,143	120.5
Investment in associate company	81,084	81,084	-	88,599	91,325	(3.0)
Investment in subsidiary	77,306	77,306	-	-	-	-
Investment properties	124,500	127,670	(2.5)	124,500	127,670	(2.5)
Property, plant and equipment	337,909	312,337	8.2	368,365	354,092	4.0
Intangible assets	233,908	37,705	520.4	251,650	59,028	326.3
Other assets	309,074	318,496	(3.0)	726,827	910,918	(20.2)
Total assets	36,160,535	31,933,728	13.2	37,532,126	33,641,437	11.6
Liabilities						
Due to banks	283,433	201,635	40.6	304,775	224,997	35.5
Securities sold under repurchase agreements	-	401,820	(100.0)	-	401,820	(100.0)
Due to customers	22,757,385	18,518,419	22.9	22,757,385	18,518,419	22.9
Debt issued and borrowed funds	8,656,616	8,722,787	(0.8)	8,656,616	8,722,787	(0.8)
Insurance provision - life	-	-	-	531,664	514,258	3.4
Insurance provision - non life	-	-	-	572,908	781,034	(26.6)
Current tax liabilities	131,879	151,128	(12.7)	131,879	141,180	(6.6)
Deferred tax liabilities	206,888	206,888	-	206,888	206,888	-
Other liabilities	665,668	404,174	64.7	938,793	752,034	24.8
Retirement benefits obligations	235,214	213,388	10.2	255,222	231,463	10.3
Total liabilities	32,937,083	28,820,239	14.3	34,356,130	30,494,880	12.7
Equity						
Stated capital	2,124,457	2,124,457	-	2,124,457	2,124,457	-
Retained earnings	946,636	853,165	11.0	911,585	886,283	2.9
Available-for-sale reserve	(5,310)	(21,802)	75.6	(19,703)	(36,195)	45.6
Statutory reserves	157,669	157,669	-	157,669	157,669	-
Total equity attributable to the parent	3,223,452	3,113,489	3.5	3,174,008	3,132,214	1.3
Non controlling interests	-	-	-	1,988	14,343	(86.1)
Total equity	3,223,452	3,113,489	3.5	3,175,996	3,146,557	0.9
Total liabilities and equity	36,160,535	31,933,728	13.2	37,532,126	33,641,437	11.6
Commitments and contingencies	206,844	132,265	56.4	1,114,849	1,040,271	7.2
Net assets value per share (LKR)	19.43	18.77	3.5	19.13	18.88	1.3

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
 Director

(sgd.)
D. M. N. P. Karunapala
 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	Available for sale reserve LKR ' 000	Retained profits LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2016	2,124,457	140,544	(4,350)	734,495	2,995,146
Super gain tax adjustment	-	-	-	-	-
Net profit for the year	-	-	-	257,356	257,356
Other comprehensive income	-	-	(9,634)	-	(9,634)
Balance as at 30th September 2016	2,124,457	140,544	(13,984)	991,851	3,242,868
Balance as at 01st January 2017	2,124,457	157,669	(21,802)	853,165	3,113,489
Net profit for the year	-	-	-	93,471	93,471
Other comprehensive income	-	-	16,492	-	16,492
Transfers to statutory reserve fund	-	-	-	-	-
Balance as at 30th September 2017	2,124,457	157,669	(5,310)	946,636	3,223,452

Group	Stated Capital LKR ' 000	Statutory reserves LKR ' 000	Available for sale reserve LKR ' 000	Retained profits LKR ' 000	Non controlling interest LKR ' 000	Total equity LKR ' 000
Balance as at 01st January 2016	2,124,457	140,544	(8,920)	746,023	52,674	3,054,778
Super gain tax adjustment	-	-	-	-	-	-
Net profit for the year	-	-	-	197,228	(11,000)	186,228
Other comprehensive income	-	-	(9,634)	-	-	(9,634)
Balance as at 30th September 2016	2,124,457	140,544	(18,554)	943,251	41,674	3,231,372
Balance as at 01st January 2017	2,124,457	157,669	(36,195)	886,283	14,343	3,146,557
Net profit for the year	-	-	-	25,302	(12,355)	12,947
Other comprehensive income	-	-	16,492	-	-	16,492
Transfers to statutory reserve fund	-	-	-	-	-	-
Balance as at 30th September 2017	2,124,457	157,669	(19,703)	911,585	1,988	3,175,996

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 year ended 30th September	Company		Group	
	2017	2016	2017	2016
	LKR '000	LKR '000	LKR '000	LKR '000
Cash flows from operating activities				
Profit before income tax	117,927	305,258	37,403	234,130
Adjustments for :				
Change in operating assets	(2,385,731)	(2,741,147)	(2,220,843)	(2,979,772)
Change in operating liabilities	4,466,537	1,934,652	4,235,005	2,132,460
Share of associate companies' (profit)/loss before tax	-	-	2,726	1,858
Contribution to defined benefit plans	33,262	36,000	37,177	39,150
Other non-cash items included in profit before tax	264,168	60,674	250,434	88,472
Dividend income	(6,957)	(10,772)	(7,856)	(10,827)
	<u>2,489,206</u>	<u>(415,335)</u>	<u>2,334,046</u>	<u>(494,529)</u>
Gratuity paid	(11,436)	(26,721)	(13,418)	(28,067)
Net cash generated from/(used in) operating activities before tax	<u>2,477,770</u>	<u>(442,056)</u>	<u>2,320,628</u>	<u>(522,596)</u>
Income tax paid	(43,705)	(22,574)	(33,757)	(22,574)
Net cash generated from/ (used in) operating activities	<u>2,434,065</u>	<u>(464,630)</u>	<u>2,286,871</u>	<u>(545,170)</u>
Cash flows from investing activities				
Purchase of financial assets held for trading	(59,112)	91,859	(59,022)	96,596
Proceeds from disposal of financial assets held for trading	155,702	43,780	154,615	48,515
Purchase of financial investments-AFS & HTM	(819,753)	(2,247,049)	(777,250)	(2,481,647)
Sale of financial investments-AFS & HTM	2,530,014	1,338,262	2,530,014	1,338,262
Net increase/ (decrease) in other investment	(904,172)	324,403	(863,411)	316,657
Purchase of property & equipment & Investment properties	(86,307)	(55,059)	(69,577)	(61,632)
Purchase of intangible assets	(213,454)	(12,750)	(230,334)	(12,411)
Proceeds from sale of property & equipments	7,665	7,865	6,665	4,784
Dividend received	6,957	10,772	7,856	10,827
Net cash generated from/ (used in) investing activities	<u>617,540</u>	<u>(497,917)</u>	<u>699,556</u>	<u>(740,049)</u>
Cash flows from financing activities				
Net increase / (decrease) in reverse repo and repo agreements	(3,020,281)	511,521	(2,897,306)	794,437
Net increase/ (decrease) in other borrowings	(66,171)	500,389	(66,171)	500,389
Payments on redemption of debentures	-	-	-	-
Net cash generated from/ (used in) financing activities	<u>(3,086,452)</u>	<u>1,011,910</u>	<u>(2,963,477)</u>	<u>1,294,826</u>
Net increase/ (decrease) in cash and cash equivalents during the year	(34,847)	49,363	22,950	9,607
Cash and cash equivalents at the beginning of the year	199,666	122,768	216,360	158,979
Cash and cash equivalents at the end of the year	<u>164,819</u>	<u>172,131</u>	<u>239,310</u>	<u>168,586</u>
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	448,252	392,539	544,085	452,385
Dues to banks	(283,433)	(220,408)	(304,775)	(283,799)
	<u>164,819</u>	<u>172,131</u>	<u>239,310</u>	<u>168,586</u>

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 year ended were authorized for issue on 9th November 2017, in accordance with the resolution of the directors passed on 9th November 2017.

2 Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the period ended 30th September 2017 have been prepared in accordance with LKAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements.

Significant accounting policies

The accounting policies adopted in the preparation of interim condensed consolidated financial statements are consistent with those followed in the preparation of Group's annual financial statements for the year ended 31st December 2016 except the new system software which implemented from 1st July 2017, amortized over the estimated useful lives of eight years.

All known expenses including management fees and similar expenses have been provided in this financial statements.

3 Measurement of Financial Instruments

Company	LKR.'000									
	Fair Value through Profit / (Loss)		Loans and receivable		Held to maturity		Available for sale		Total	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016	30/09/2017	31/12/2016	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Financial assets										
Cash and cash equivalents	-	-	448,252	401,301	-	-	-	-	448,252	401,301
Placements with banks & financial institutions	-	-	1,023,105	118,933	-	-	-	-	1,023,105	118,933
Securities purchased under resale agreements	-	-	2,884,148	265,687	-	-	-	-	2,884,148	265,687
Financial investments - held for trading	220,481	323,655	-	-	-	-	-	-	220,481	323,655
Bills receivable	-	-	739,803	739,403	-	-	-	-	739,803	739,403
Loans & advances to customers	-	-	12,902,197	11,320,845	-	-	-	-	12,902,197	11,320,845
Lease and hire purchase receivable	-	-	15,577,769	14,991,751	-	-	-	-	15,577,769	14,991,751
Financial investments - available for sale	-	-	-	-	-	-	665,970	2,735,645	665,970	2,735,645
Financial investments - held to maturity	-	-	-	-	481,784	57,766	-	-	481,784	57,766
Other assets	-	-	49,442	61,137	-	-	-	-	49,442	61,137
Total	220,481	323,655	33,624,716	27,899,057	481,784	57,766	665,970	2,735,645	34,992,951	31,016,123

Other Financial liabilities	LKR.'000	
	Total	
	30/09/2017	31/12/2016
Due to banks	283,433	201,635
Securities sold under repurchase agreements	-	401,820
Due to customers	22,757,385	18,518,419
Debt issued and borrowed funds	8,656,616	8,722,787
Other liabilities	348,082	162,203
Total	32,045,516	28,006,864

Group	LKR.'000									
	Fair Value through Profit / (Loss)		Loans and receivable		Held to maturity		Available for sale		Total	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016	30/09/2017	31/12/2016	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Financial assets										
Cash and cash equivalents	-	-	544,085	441,357	-	-	-	-	544,085	441,357
Placements with banks & financial institutions	-	-	1,125,730	262,319	-	-	-	-	1,125,730	262,319
Securities purchased under resale agreements	-	-	3,226,259	730,773	-	-	-	-	3,226,259	730,773
Financial investments - held for trading	228,970	331,586	-	-	-	-	-	-	228,970	331,586
Bills receivable	-	-	739,803	739,403	-	-	-	-	739,803	739,403
Loans & advances to customers	-	-	12,979,903	11,392,491	-	-	-	-	12,979,903	11,392,491
Lease and hire purchase receivable	-	-	15,577,769	14,991,751	-	-	-	-	15,577,769	14,991,751
Financial investments - available for sale	-	-	-	-	-	-	1,014,637	3,126,815	1,014,637	3,126,815
Financial investments - held to maturity	-	-	-	-	481,784	57,766	-	-	481,784	57,766
Other assets	-	-	49,442	61,137	-	-	-	-	49,442	61,137
Total	228,970	331,586	34,242,991	28,619,231	481,784	57,766	1,014,637	3,126,815	35,968,382	32,135,398

Other Financial liabilities	LKR.'000	
	Total	
	30/09/2017	31/12/2016
Due to banks	304,775	224,997
Securities sold under repurchase agreements	-	401,820
Due to customers	22,757,385	18,518,419
Debt issued and borrowed funds	8,656,616	8,722,787
Other liabilities	348,082	162,203
Total	32,066,858	28,030,226

4 Movement in individual and collective impairment during the period

Impairment charges from loans and other losses	LKR. '000			
	Company		Group	
	2017	2016	2017	2016
Impairment from Loans and advances_individual impairment (Note 4.1)	36,641	61,460	36,641	61,460
Impairment from Loans and advances_collective impairment (Note 4.2)	161,641	(63,268)	165,361	(50,801)
	198,282	(1,808)	202,002	10,659
4.1 Individual impairment charges				
As at 01 January	685,041	1,047,962	685,041	1,047,962
Charge to income statement from loans and advances	36,641	61,460	36,641	61,460
Write off	(10,738)	(7,039)	(10,738)	(7,039)
As at 30th September	710,944	1,102,384	710,944	1,102,384
4.2 Collective impairment charges				
As at 01 January	391,886	450,034	391,886	450,034
Charge to income statement from loans and advances	161,641	(63,268)	165,361	(50,801)
Write off	-	-	-	-
As at 30th September	553,527	386,766	557,247	399,233
Loans and advances impairment	1,264,471	1,489,150	1,268,191	1,501,617

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 year ended 30th September 2017 and comparative figures for the year ended 30th September 2016

Group	Lease & HP		Loans		Corporate Advisory		Insurance		Unallocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
For the Period ended 30th September	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000
External Revenue												
Interest and similar income	2,239,171	1,848,149	1,934,263	1,296,949	15,040	13,789	79,726	86,061	305,234	219,315	4,573,434	3,464,263
Fee and other income	32,061	32,659	73,299	5,119	9,000	(21,594)	548,503	847,989	61,123	83,481	723,986	947,654
Net gain / (loss) on financial assets - held for trading	-	-	-	-	15,194	(4,715)	-	-	-	-	15,194	(4,715)
	2,271,232	1,880,808	2,007,562	1,302,068	39,234	(12,520)	628,229	934,050	366,357	302,796	5,312,614	4,407,202
Inter - segment Revenue	-	-	-	-	675	675	-	-	(675)	(675)	-	-
Total Income	2,271,232	1,880,808	2,007,562	1,302,068	39,909	(11,845)	628,229	934,050	365,682	302,121	5,312,614	4,407,202
Segment result	364,243	355,017	415,793	262,682	(19,327)	(77,524)	(77,798)	(69,270)	(512,473)	(153,546)	170,438	317,359
Total assets	15,592,186	15,006,298	13,575,588	11,908,795	411,428	550,852	1,430,969	2,098,168	6,521,955	4,077,324	37,532,126	33,641,437

6 Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 30/9/2017 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															
Mar 2013 - Mar 2018	Listed	Annually	625,110	Not traded during the quarter			17.50%	17.50%	9.18%	Not traded during the quarter			Not traded during the quarter		
Mar 2013 - Mar 2018	Listed	Quarterly	723,190	Not traded during the quarter			16.70%	17.78%	9.18%	Not traded during the quarter			Not traded during the quarter		
Mar 2013 - Mar 2018	Listed	Monthly	166,460	Not traded during the quarter			16.50%	17.81%	9.18%	Not traded during the quarter			Not traded during the quarter		
Dec 2013 - Dec 2017	Listed	Annually	674,770	Not traded during the quarter			14.25%	14.25%	9.20%	Not traded during the quarter			Not traded during the quarter		
Dec 2013 - Dec 2017	Listed	Quarterly	17,540	Not traded during the quarter			13.50%	14.20%	9.20%	Not traded during the quarter			Not traded during the quarter		
Dec 2013 - Dec 2017	Listed	Monthly	11,470	Not traded during the quarter			13.25%	14.09%	9.20%	Not traded during the quarter			Not traded during the quarter		
Nov 2014 - Nov 2019	Listed	Annually	909,770	Not traded during the quarter			9.00%	9.00%	9.54%	Not traded during the quarter			Not traded during the quarter		
Nov 2014 - Nov 2019	Listed	Bi Annually	1,090,230	Not traded during the quarter			8.75%	8.94%	9.54%	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%	10.08%	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%	10.08%	Not traded during the quarter			Not traded during the quarter		
May 2017 - May 2022	Listed	Bi Annually	1,010	Not traded during the quarter			13.90%	14.38%	10.08%	Not traded during the quarter			Not traded during the quarter		
Total Debentures			6,218,540												

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.

7 Events after the statement of financial position date

There were no material events that took place since 30th September 2017 that require disclosure in these financial statements.

8 Information on ordinary shares

As at		30/09/2017	31/12/2016
Net asset per share (LKR)	- Company	19.43	18.77
	- Group	19.13	18.88

Market price per share recorded during the quarter ended 30th September (LKR)		2017	2016
	-High	15.40 (29-9-2017)	16.00 (30-9-2016)
	-Low	13.40 (24-8-2017)	11.60 (5-7-2016)
	-Last Transaction	15.10 (29-9-2017)	15.50 (30-9-2016)

As at		30/09/2017	31/12/2016
Number of shares issued		165,874,541	165,874,541
Stated capital (LKR)		2,124,457,307	2,124,457,307

Ratios as at		30/09/2017	31/12/2016
Debt / Equity Ratio		2.8	3.0
Statutory Liquid Asset Ratio		11.47%	10.55%

Ratios for the period ended		30/09/2017	30/09/2016
Interest Cover		1.044	1.160

9 Twenty largest share holders as at 30th September 2017

	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	10,803,183	6.51%
03	MR. M.M. Fuad	839,098	0.51%
04	Sanwave Ltd	687,309	0.41%
05	Richard Peiris Financial Services (Pvt) Ltd / Mr. M. A. A. Karim	686,000	0.41%
06	People's Leasing & Finance PLC / Mr. D. M. P. Disanayake	632,485	0.38%
07	Merrill J Fernando & Sons (Pvt) Ltd	526,165	0.32%
08	Seylan Bank PLC / Spice of Life (Pvt) Ltd	405,234	0.24%
09	MRS. F.F. Hanifa	400,410	0.24%
10	MRS. K.V. Hewavitarne	400,000	0.24%
11	Hatton National Bank PLC / Mr. D. N. Sellamuttu	386,301	0.23%
12	Mr. N. Balasingam	381,400	0.23%
13	Seylan Bank PLC / Prime Lands (Pvt) Ltd	375,000	0.23%
14	Mr. B.T. Prathapasinghe	345,000	0.21%
15	Seylan Bank PLC / Mohamed Mushtaq Fuad	337,629	0.20%
16	Mr. A. Chelliah (Deceased)	333,800	0.20%
17	Mr. A. M. Weerasinghe	305,583	0.18%
18	Bartleet Produce Marketing (Pvt) Ltd	300,000	0.18%
19	People's Leasing & Finance PLC / Mr. L. P. Hapangama	300,000	0.18%
20	Mr. W. L. T. Anandawansa	282,039	0.17%

The percentage of shares held by the public as at 30th September 2017 was 25.51% and the number of public shareholders as at 30th September 2017 were 11,284

10 Directors' shareholding as at 30th September 2017

Name of the Director	No. of Shares
Dr. S. Lokuhewa	Nil
Mr. D. M. Gunasekara	Nil
Mr. W. P. R. P. H. Fonseka	Nil
Mr. K. B. S. Bandara	Nil
Mr. N. Perera	Nil
Mr. S. N. Dayaratne	Nil
Mr. S. P. Arsakularatne	Nil
Mr. R. M. D. V. Jayabahu (Alternate Director)	Nil
Mr. D. M. L. N. Dassanayake (Alternate Director)	Nil

11 CEO's shareholding as at 30th September 2017

Mr. D. M. N. P. Karunapala	21
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