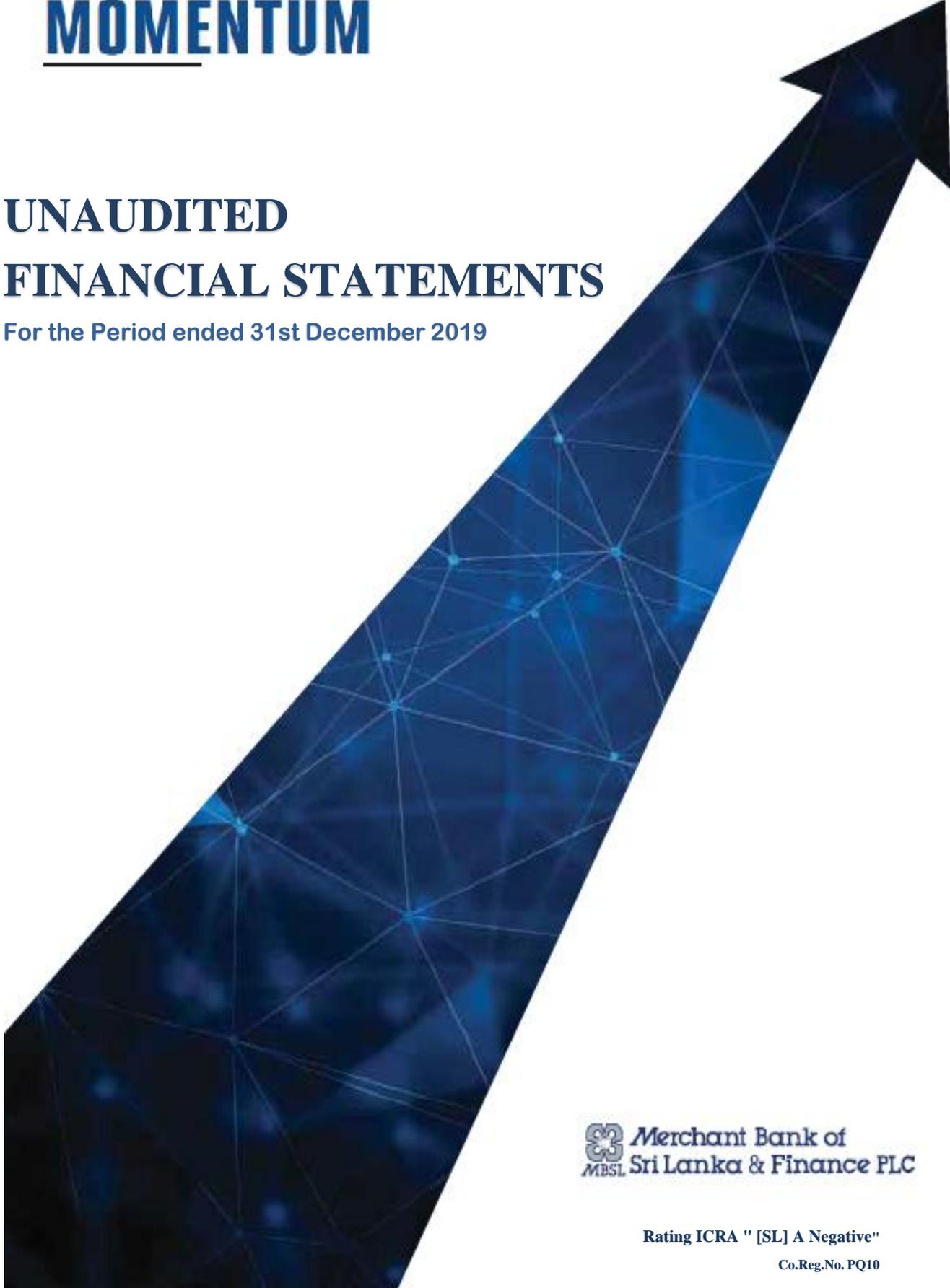


GATHERING MOMENTUM

UNAUDITED FINANCIAL STATEMENTS

For the Period ended 31st December 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			Twelve months ended			Quarter ended			Twelve months ended		
	31/12/2019 (Unaudited) LKR '000	31/12/2018 (Unaudited) LKR '000	Change %	31/12/2019 (Unaudited) LKR '000	31/12/2018 (Audited) LKR '000	Change %	31/12/2019 (Unaudited) LKR '000	31/12/2018 (Unaudited) LKR '000	Change %	31/12/2019 (Unaudited) LKR '000	31/12/2018 (Audited) LKR '000	Change %
Income	1,773,713	1,728,833	2.6	6,823,576	6,549,905	4.2	1,837,052	1,736,816	5.8	7,033,005	6,710,903	4.8
Interest and similar income	1,658,286	1,589,340	4.3	6,518,675	6,194,937	5.2	1,672,038	1,592,093	5.0	6,639,243	6,260,825	6.0
Interest and similar expenses	1,063,092	992,568	7.1	4,336,220	3,752,471	15.6	1,041,936	983,074	6.0	4,338,416	3,766,881	15.2
Net interest income	595,194	596,772	(0.3)	2,182,455	2,442,466	(10.6)	630,103	609,019	3.5	2,300,827	2,493,944	(7.7)
Fee and commission income	62,839	46,760	34.4	208,593	210,175	(0.8)	67,893	46,680	45.4	216,258	210,048	3.0
Fee and commission expenses	4,641	154	2,905.1	25,847	2,033	1,171.5	7,272	439	1,555.4	32,123	7,637	320.6
Net fee and commission income	58,198	46,605	24.9	182,746	208,142	(12.2)	60,621	46,241	31.1	184,135	202,411	(9.0)
Insurance premium income	-	-	-	-	-	-	28,691	(2,869)	1,100.1	60,431	69,960	(13.6)
Net claims and benefits	-	-	-	-	-	-	(10,856)	18,518	(158.6)	(28,214)	(76,602)	63.2
Net trading income	5,281	(1,715)	407.9	9,652	6,855	40.8	5,281	(1,715)	407.9	9,652	9,042	6.8
Net gain/(loss) on financial instruments at fair value through profit or loss	35,779	11,712	205.5	18,768	(29,999)	162.6	36,575	12,206	199.6	21,016	(29,394)	171.5
Other operating income	11,529	82,736	(86.1)	67,887	167,936	(59.6)	26,574	90,421	(70.6)	86,404	190,422	(54.6)
Total operating income	705,981	736,110	(4.1)	2,461,509	2,795,401	(11.9)	776,988	771,821	0.7	2,634,252	2,859,783	(7.9)
Impairment charges from loans and other losses	(48,783)	(391,486)	87.5	88,211	134,531	34.4	(48,783)	(391,363)	87.5	89,310	135,630	34.2
Net operating income	754,763	1,127,596	(33.1)	2,373,298	2,660,870	(10.8)	825,771	1,163,184	(29.0)	2,544,942	2,724,153	(6.6)
Personnel expenses	289,464	196,400	47.4	1,166,411	1,096,230	(6.4)	318,510	212,443	49.9	1,258,714	1,180,570	(6.6)
Depreciation and amortisation	70,087	29,934	134.1	271,738	119,806	(126.8)	74,226	32,720	126.9	287,672	132,776	(116.7)
Other operating expenses	222,319	222,343	(0.0)	699,142	789,583	11.5	422,569	223,425	89.1	809,639	904,790	10.5
Total operating expense	581,870	448,677	29.7	2,137,290	2,005,619	(6.6)	815,305	468,587	74.0	2,356,025	2,218,136	(6.2)
Profit / (loss) from operations	172,893	678,919	(74.5)	236,008	655,251	(64.0)	10,465	694,596	(98.5)	188,917	506,017	(62.7)
Impairment from investment in Group companies	(149,261)	(79,277)	(88.3)	(314,873)	(58,160)	(441.4)	-	-	-	-	-	-
Impairment from investment in Associate companies	4,470	-	-	4,470	-	-	-	-	-	-	-	-
Profit / (loss) from operations after impairment from subsidiary investments	317,684	758,196	(58.1)	546,411	713,411	(23.4)	10,465	694,596	(98.5)	188,917	506,017	(62.7)
Value added tax (VAT) & Nation building tax (NBT) on financial services	74,017	122,776	(39.7)	216,566	239,335	9.5	74,017	122,776	(39.7)	216,566	239,335	9.5
Debt repayment levy	39,782	27,400	45.2	113,361	27,400	(313.7)	39,782	27,400	45.2	113,361	27,400	(313.7)
Share of associate companies profit before tax	-	-	-	-	-	-	(1,209)	(1,870)	35.3	(7,801)	(8,360)	6.7
Profit before income tax	203,885	608,020	(66.5)	216,484	446,676	(51.5)	(104,543)	542,550	(119.3)	(148,811)	230,922	(164.4)
Income tax expense / (Reversal)	43,661	242,589	(82.0)	43,661	265,391	(83.5)	43,661	(263,604)	116.6	43,661	(240,803)	118.1
Profit/(loss) for the period	160,224	365,431	(56.2)	172,823	181,285	(4.7)	(148,204)	806,154	(118.4)	(192,472)	471,725	(140.8)
Profit for the period attributable to:												
Equity holders of the parent	160,224	365,430	(56.2)	172,823	181,285	(4.7)	(149,675)	784,785	(119.1)	(185,587)	415,031	(144.7)
Non controlling interests	-	-	-	-	-	-	1,471	79,528	(98.2)	(6,885)	56,694	(112.1)
Profit/(loss) for the period	160,224	365,430	(56.2)	172,823	181,285	(4.7)	(148,204)	864,313	(117.1)	(192,472)	471,725	(140.8)
Earnings per share:												
Basic / diluted earnings per share (LKR)	0.97	2.20	(56.2)	1.04	1.09	(4.7)	(0.90)	4.73	(119.1)	(1.12)	2.50	(144.7)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Twelve months ended			Quarter ended			Twelve months ended		
	31/12/2019 (Unaudited) LKR '000	31/12/2018 (Unaudited) LKR '000	Change %	31/12/2019 (Unaudited) LKR '000	31/12/2018 (Audited) LKR '000	Change %	31/12/2019 (Unaudited) LKR '000	31/12/2018 (Unaudited) LKR '000	Change %	31/12/2019 (Unaudited) LKR '000	31/12/2018 (Audited) LKR '000	Change %
Profit/(loss) for the period	160,224	365,431	(56.2)	172,823	181,285	(4.7)	(148,204)	806,154	(118.4)	(192,472)	471,725	(140.8)
Other comprehensive income/(expense) for the period												
Actuarial gains/(losses) on defined benefit plans	(30,822)	27,670	(211.4)	(30,822)	27,670	(211.4)	(33,406)	36,329	(192.0)	(33,406)	36,329	(192.0)
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	(1,567)	(8,276)	81.1	3,299	(14,038)	123.5	582	(15,784)	103.7	10,103	(21,543)	146.9
Recycling to the income statement for impairment	-	-	-	-	-	-	-	-	-	-	-	-
Share of associates companies' other comprehensive income	-	-	-	-	-	-	-	378	-	-	378	(100.0)
Other comprehensive income/(expense) before tax	(32,389)	19,394	(267.0)	(27,523)	13,633	(301.9)	(32,824)	20,922	(256.9)	(23,303)	15,164	(253.7)
Deferred tax (charge)/credit relating to components of other comprehensive income	16,378	(12,750)	228.5	16,378	(12,750)	228.5	16,378	(12,750)	228.5	16,378	(12,750)	228.5
Other comprehensive income for the period, net of tax	(16,011)	6,644	(341.0)	(11,146)	882	(1,363.1)	(16,447)	8,172	(301.3)	(6,926)	2,413	(387.0)
Total comprehensive income/(expense) for the period, net of tax	144,213	372,074	(61.2)	161,678	182,167	(11.2)	(164,650)	814,326	(120.2)	(199,398)	474,138	(142.1)
Total comprehensive income/(expense) attributable to:												
Equity holders of the parent	144,213	372,075	(61.2)	161,678	182,167	(11.2)	(164,449)	792,774	(120.7)	(201,347)	417,261	(148.3)
Non controlling interests	-	-	-	-	-	-	(201)	79,711	(100.3)	1,949	56,877	(96.6)
	144,213	372,075	(61.2)	161,678	182,167	(11.2)	(164,650)	872,485	(118.9)	(199,398)	474,138	(142.1)

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Financial Position

as at	Company			Group		
	31/12/2019 (Unaudited) LKR '000	31/12/2018 (Audited) LKR '000	Change %	31/12/2019 (Unaudited) LKR '000	31/12/2018 (Audited) LKR '000	Change %
Assets						
Cash and cash equivalents	358,944	294,622	21.8	376,363	391,886	(4.0)
Placements with banks & financial institutions	1,477,103	670,575	120.3	2,126,932	774,575	174.6
Securities purchased under resale agreements	996,841	1,292,670	(22.9)	1,802,437	1,440,819	25.1
Financial investments at fair value through profit or loss	945,199	267,106	253.9	955,040	274,700	247.7
Loans & receivables at amortised cost	29,397,516	30,721,147	(4.3)	29,143,224	30,485,412	(4.4)
Financial investments at fair value through other comprehensive income	1,216,479	1,180,998	3.0	1,954,686	1,850,320	5.6
Financial investments at amortised cost	1,513	60,828	(97.5)	1,513	60,828	(97.5)
Real Estate Stock	297,075	78,503	278.4	297,075	78,503	278.4
Investment in associate company	76,614	81,084	(5.5)	76,614	84,415	(9.2)
Investment in subsidiary	894,150	79,276	1,027.9	-	-	-
Investment properties	117,276	120,181	(2.4)	117,276	120,181	(2.4)
Property and equipment	375,002	320,113	17.1	387,714	334,493	15.9
Intangible assets	180,255	193,121	(6.7)	187,252	205,681	(9.0)
Right of Use assets	492,793	-	-	515,579	-	-
Deferred tax Assets	187,629	187,629	-	693,878	697,375	(0.5)
Other assets	345,387	316,573	9.1	599,158	514,778	16.4
Total assets	37,359,775	35,864,426	4.2	39,234,741	37,313,966	5.1
Liabilities						
Due to banks	7,749,020	5,869,317	32.0	7,749,806	5,872,471	32.0
Due to customers at amortised cost	22,755,930	20,831,021	9.2	22,755,930	20,821,606	9.3
Debt issued and borrowed funds at amortised cost	2,466,268	5,331,077	(53.7)	2,466,268	5,331,077	(53.7)
Insurance provision - life	-	-	-	550,581	574,399	(4.1)
Insurance provision - non life	-	-	-	383,164	336,825	13.8
Current tax liabilities	58,370	15,042	288.1	58,370	15,042	288.0
Deferred tax liabilities	442,036	528,073	(16.3)	442,035	531,570	(16.8)
Other liabilities	930,669	518,084	79.6	1,213,056	733,017	65.5
Retirement benefits obligations	271,699	247,708	9.7	283,559	256,644	10.5
Total liabilities	34,673,993	33,340,322	4.0	35,902,769	34,472,651	4.1
Equity						
Stated capital	2,124,457	2,124,457	-	2,124,457	2,124,457	-
Retained earnings	316,826	193,012	64.1	259,463	457,806	(43.3)
OCI reserve	(4,162)	(7,461)	44.2	(12,091)	(19,051)	36.5
Statutory reserves	248,661	214,096	16.1	248,661	214,096	16.1
Total equity attributable to the parent	2,685,782	2,524,104	6.4	2,620,489	2,777,308	(5.6)
Non controlling interests	-	-	-	711,483	64,007	1,011.6
Total equity	2,685,782	2,524,104	6.4	3,331,972	2,841,315	17.3
Total liabilities and equity	37,359,775	35,864,426	4.2	39,234,741	37,313,966	5.1
Commitments and contingencies	121,337	124,250	(2.3)	121,337	177,350	(31.6)
Net assets value per share (LKR)	16.19	15.22	6.4	15.80	16.74	(5.6)

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.)

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

Colombo, Sri Lanka
27/Feb/20

(sgd.)

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

(sgd.)

C. Amarasinghe
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	924,947	3,233,820
Impairment adjustment as per SLFRS 9	-	-	-	(1,093,454)	(1,093,454)
01 day impact to deferred tax under SLFRS 9	-	-	-	201,571	201,571
Balance as at 01st January 2018 after the restatement	2,124,457	177,839	6,577	33,064	2,341,937
Net profit/(loss) for the Period	-	-	-	181,285	181,285
Other comprehensive income	-	-	(14,038)	14,920	882
Transfers to statutory reserve fund	-	36,257	-	(36,257)	-
Balance as at 31st December 2018	2,124,457	214,096	(7,461)	193,012	2,524,104
Balance as at 01st January 2019	2,124,457	214,096	(7,461)	193,012	2,524,104
Net profit/(loss) for the period	-	-	-	172,823	172,823
Other comprehensive income	-	-	3,299	(14,444)	(11,146)
Transfers to statutory reserve fund	-	34,565	-	(34,565)	-
Balance as at 31st December 2019	2,124,457	248,661	(4,162)	316,826	2,685,782

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	948,415	7,145	3,259,156
Impairment adjustment as per SLFRS 9	-	-	-	(1,093,535)	(15)	(1,093,550)
01 day impact to deferred tax under SLFRS 9	-	-	-	201,571	-	201,571
Balance as at 01st January 2018 after the restatement	2,124,457	177,839	1,300	56,451	7,130	2,367,177
Net profit/(loss) for the period	-	-	-	415,031	56,694	471,725
Other comprehensive income	-	-	(20,351)	22,581	183	2,413
Transfers to statutory reserve fund	-	36,257	-	(36,257)	-	-
Balance as at 31st December 2018	2,124,457	214,096	(19,051)	457,806	64,007	2,841,315
Balance as at 01st January 2019	2,124,457	214,096	(19,051)	457,806	64,007	2,841,315
Acquisition, disposal and changes in non-controlling interest	-	-	-	37,643	652,413	690,056
Net profit/(loss) for the period	-	-	-	(185,587)	(6,885)	(192,473)
Other comprehensive income	-	-	6,960	(15,835)	1,949	(6,926)
Transfers to statutory reserve fund	-	34,565	-	(34,565)	-	-
Balance as at 31st December 2019	2,124,457	248,661	(12,091)	259,463	711,483	3,331,972

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 31st December	Company		Group	
	2019 (Unaudited) LKR '000	2018 (Audited) LKR '000	2019 (Unaudited) LKR '000	2018 (Audited) LKR '000
Cash flows from operating activities				
Profit before income tax	216,484	446,676	(148,811)	230,922
Adjustments for :				
Change in operating assets	495,242	(3,329,129)	429,816	(2,923,903)
Change in operating liabilities	2,267,500	(1,040,429)	2,366,892	(1,144,068)
Share of 'associate companies' (profit)/loss before tax	-	-	7,801	8,360
Contribution to defined benefit plans	51,653	45,862	54,220	49,424
Other non-cash items included in profit before tax	(135,483)	89,393	184,074	162,541
Dividend income	(9,043)	(9,192)	(10,726)	(11,379)
	2,886,353	(3,796,819)	2,883,267	(3,628,103)
Gratuity paid	(58,483)	(33,471)	(60,712)	(39,451)
Net cash generated from/(used in) operating activities before tax	2,827,870	(3,830,290)	2,822,555	(3,667,554)
Income tax paid	-	-	-	-
Net cash generated from / (used in) operating activities	2,827,870	(3,830,290)	2,822,555	(3,667,554)
Cash flows from investing activities				
Purchase of financial assets designated at FVTPL	(1,216,804)	(218,384)	(1,216,804)	(218,385)
Proceeds from disposal of financial assets designated at FVTPL	567,132	150,206	567,132	150,206
Purchase of financial investments	(1,722,498)	(183,934)	(1,784,578)	(483,722)
Proceeds from sale and maturity of financial investments	1,761,567	1,278,534	1,761,567	1,278,534
Net increase/(decrease) in other investment	(806,527)	839,022	(1,352,357)	823,210
Purchase of property & equipment	(145,337)	(89,020)	(157,922)	(89,020)
Purchase of intangible assets	(24,011)	(4,469)	(24,011)	(4,469)
Proceeds from sale of property & equipment	3,164	95,193	7,263	97,725
Investment in Subsidiary from parent and other parties	(500,000)	-	700,000	-
Dividend received	9,043	9,192	10,726	11,379
Net cash generated from / (used in) investing activities	(2,074,271)	1,876,340	(1,488,985)	1,565,458
Cash flows from financing activities				
Net increase/(decrease) in reverse repo and repo agreements	1,063,129	(260,700)	405,683	(59,670)
Net increase/(decrease) in other borrowings at amortised cost	545,745	3,364,722	545,745	3,364,722
Payments on redemption of debentures	(2,122,912)	(1,658,309)	(2,122,912)	(1,658,309)
Net cash generated from / (used in) financing activities	(514,038)	1,445,713	(1,171,484)	1,646,743
Net increase / (decrease) in cash and cash equivalents during the period	239,561	(508,237)	162,086	(455,353)
Cash and cash equivalents at the beginning of the period	(213,602)	295,036	(119,493)	336,262
Impairment charges of cash and cash equivalents		(402)		(402)
Cash and cash equivalents at the end of the period	25,959	(213,603)	42,593	(119,493)
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	358,944	294,622	376,363	391,886
Dues to banks	(332,985)	(508,225)	(333,770)	(511,379)
	25,959	(213,603)	42,593	(119,493)

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 27th February 2020, in accordance with the resolution of the Directors passed on 27th February 2020.

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 31st December 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.

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	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
As at										
Financial assets										
Cash and cash equivalents	-	-	358,944	294,622	-	-	-	-	358,944	294,622
Placements with banks & financial institutions	-	-	1,477,103	670,575	-	-	-	-	1,477,103	670,575
Securities purchased under resale agreements	-	-	996,841	1,292,670	-	-	-	-	996,841	1,292,670
Financial investments at fair value through profit or loss	945,199	267,106	-	-	-	-	-	-	945,199	267,106
Loans & receivables at amortised cost	-	-	29,397,516	30,721,147	-	-	-	-	29,397,516	30,721,147
Financial investments at fair value through other comprehensive income	-	-	-	-	-	-	1,216,479	1,180,998	1,216,479	1,180,998
Financial investments at amortised cost	-	-	-	-	1,513	60,828	-	-	1,513	60,828
Other assets	-	-	36,355	44,802	-	-	-	-	36,355	44,802
Total	945,199	267,106	32,266,758	33,023,817	1,513	60,828	1,216,479	1,180,998	34,429,949	34,532,749

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
As at				
Other Financial liabilities				
Due to banks	7,749,020	5,869,317	7,749,020	5,869,317
Due to customers at amortised cost	22,755,930	20,831,021	22,755,930	20,831,021
Debt issued and borrowed funds at amortised cost	2,466,268	5,331,077	2,466,268	5,331,077
Other liabilities	240,499	338,072	240,499	338,072
Total	33,211,718	32,369,488	33,211,718	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	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
As at										
Financial assets										
Cash and cash equivalents	-	-	376,363	391,886	-	-	-	-	376,363	391,886
Placements with banks & financial institutions	-	-	2,126,932	774,575	-	-	-	-	2,126,932	774,575
Securities purchased under resale agreements	-	-	1,802,437	1,440,819	-	-	-	-	1,802,437	1,440,819
Financial investments at fair value through profit or loss	955,040	274,700	-	-	-	-	-	-	955,040	274,700
Loans & receivables at amortised cost	-	-	29,143,224	30,485,412	-	-	-	-	29,143,224	30,485,412
Financial investments at fair value through other comprehensive income	-	-	-	-	-	-	1,954,686	1,850,320	1,954,686	1,850,320
Financial investments at amortised cost	-	-	-	-	1,513	60,828	-	-	1,513	60,828
Other assets	-	-	36,355	44,802	-	-	-	-	36,355	44,802
Total	955,040	274,700	33,485,311	33,137,494	1,513	60,828	1,954,686	1,850,320	36,396,550	35,323,342

Other Financial liabilities	LKR.'000			
	Other financial liabilities at amortised cost		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
As at				
Other Financial liabilities				
Due to banks	7,749,806	5,872,471	7,749,806	5,872,471
Due to customers at amortised cost	22,755,930	20,821,606	22,755,930	20,821,606
Debt issued and borrowed funds at amortised cost	2,466,268	5,331,077	2,466,268	5,331,077
Other liabilities	240,499.28	338,072	240,499.28	338,072
Total	33,212,503	32,363,226	33,212,503	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)	355,111	654,888	355,111	654,888
Impairment from Loans and advances_collective impairment (Note 4.2)	(250,954)	(483,844)	(250,954)	(483,844)
Cash and cash equivalent	-	(4)	-	(4)
Placements with banks & financial institutions	(1,911)	1,922	(1,911)	1,922
Above 90 days seized interest receivables*	(14,037)	(38,431)	(14,037)	(38,431)
Insurance Receivable	-	-	1,099	976
	88,210	134,531	89,310	135,507
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	355,111	654,888	355,111	654,888
Write off	-	-	-	-
As at 31st December	1,729,266	1,374,155	1,729,266	1,374,155
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	(250,954)	(483,844)	(250,954)	(483,844)
As at 31st December	949,544	1,200,498	949,544	107,445
Loans and advances impairment	2,678,810	2,574,653	2,678,810	1,481,600

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 31st December 2019 and comparative figures for the period ended 31st December 2018.

Group	Leasing		Corporate & Retail Credit		Corporate Advisory & Capital Markets		Insurance		Eliminations / Unallocated		Total	
	For the Period ended 31st December		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
Revenue from external customers												
Interest and similar income	3,287,199	3,201,421	2,731,779	2,606,984	34,433	24,436	172,849	65,888	412,983	362,096	6,639,243	6,260,825
Interest and similar expenses	1,773,520	1,640,465	1,676,854	1,388,813	87,873	30,075	60,752	20,014	739,417	687,514	4,338,416	3,766,881
Net interest income	1,513,679	1,560,956	1,054,925	1,218,171	(53,440)	(5,639)	112,097	45,874	(326,434)	(325,418)	2,300,827	2,493,944
Other income	80,783	109,362	68,737	122,559	25,890	16,571	58,399	17,902	99,616	99,445	333,425	365,839
Inter - segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total operating income	1,594,462	1,670,318	1,123,662	1,340,730	(27,550)	10,932	170,496	63,777	(226,818)	(225,973)	2,634,252	2,859,783
Impairment charges for loans and other losses	(153,436)	(180,113)	65,225	45,581	3,904	(29,999)	(1,099)	(1,099)	(3,904)	29,999	(89,310)	(135,630)
Net operating income	1,441,026	1,490,205	1,188,887	1,386,311	(23,646)	(19,067)	169,397	62,678	(230,722)	(195,974)	2,544,942	2,724,153
Depreciation and amortisation	(111,141)	(52,375)	(105,083)	(44,341)	(5,507)	(960)	(15,934)	(12,970)	(50,007)	(22,129)	(287,672)	(132,776)
Segment result	556,301	612,522	352,382	643,266	(46,465)	(65,156)	(47,091)	(149,234)	(626,210)	(535,382)	188,917	506,017
Profit / (loss) from operations after impairment from subsidiary investments											188,917	506,017
Value added tax on financial services											(216,566)	(239,335)
Debt repayment levy											(113,361)	(27,400)
Share of associate company's profit/(loss) before tax											(7,801)	(8,360)
Profit before income tax											(148,811)	230,922
Income tax expense											(43,661)	240,803
Profit for the year											(192,471)	471,725
Total assets	14,364,539	16,478,340	15,076,218	14,085,578	1,228,633	299,543	2,769,115	1,763,487	5,796,236	4,687,019	39,234,741	37,313,966
Total liabilities	12,694,768	14,723,525	13,323,719	12,585,574	1,085,813	267,644	1,234,551	1,381,048	7,563,917	5,514,860	35,902,769	34,472,651

8 Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 31/12/2019 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																
May 2017 - May 2022	Listed	Annually	805,760	102.00	100.00	102.00	15.00%	15.00%	9.26%	14.71%	15.00%	14.71%	13.91%	14.88%	13.91%	
May 2017 - May 2022	Listed	Bi Annually	1,193,230	100.00	100.00	100.00	14.50%	15.03%	9.26%	14.50%	14.50%	14.50%	14.38%	14.38%	14.38%	
May 2017 - May 2022	Listed	Bi Annually	1,010	Not traded during the quarter			10.00%	10.25%	9.26%	Not traded during the quarter			Not traded during the quarter			
Total Debentures			2,000,000													

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 December 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 31st December 2019 that require disclosure in these financial statements.

10 Information on ordinary shares

As at		31/12/2019	31/12/2018
Net asset per share (LKR)	- Company	16.19	15.22
	- Group	15.80	16.74
Market price per share recorded during the quarter ended 31st December (LKR)		2019	2018
	-High	10.30 (20-11-2019)	9.60 (31-12-2018)
	-Low	8.60 (7-10-2019)	7.40 (23-10-2018)
	-Last Transaction	9.60 (31-12-2019)	9.60 (31-12-2018)
As at		31/12/2019	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		31/12/2019	31/12/2018
Debt / Equity Ratio		3.8	4.4
Statutory Liquid Asset Ratio		12.30%	11.49%
Ratios for the period ended		31/12/2019	31/12/2018
Interest Cover		1.050	1.119

The Float adjusted market capitalization as at 31st December 2019 - Rs. 406,197,504

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 31st December 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	1,479,247	0.89%
04	Mr. R. E. Rambukwella	830,210	0.50%
05	Mr. D. F. G. Dalpethado	576,257	0.35%
06	J. B. Cocoshell (Pvt) Ltd	537,530	0.32%
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	Mr. K.V. Hewavitarne	400,000	0.24%
10	Hatton National Bank PLC / Mr. D. N. Sellamuttu	386,301	0.23%
11	Mr. N. Balasingam	381,400	0.23%
12	Seylan Bank PLC / Prime Lands (Pvt) Ltd	375,000	0.23%
13	Mr. B.T. Prathapasinghe	345,000	0.21%
14	Mr. A. Chelliah (Deceased)	333,800	0.20%
15	Mr. A. M. Weerasinghe	305,583	0.18%
16	Mr. M. F. Ozman	301,146	0.18%
17	Mr. D. S. Tennakoon	303,600	0.18%
18	Mr. W. L. T. Anandawansa	300,100	0.18%
19	Mrs. S. Tennakoon	300,000	0.18%
20	Bartleet Produce Marketing (Pvt) Ltd	300,000	0.18%

The percentage of shares held by the public as at 31st December 2019 was 25.51% and the number of public shareholders as at 31st December 2019 were 11,222

12 Directors' shareholding as at 31st December 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. 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 31st December 2019

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