

# INTERIM FINANCIAL STATEMENTS

For the Period ended 30th September 2016



## Merchant Bank of Sri Lanka & Finance PLC

Co.Reg.No. PQ10

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# Merchant Bank of Sri Lanka & Finance PLC

## Unaudited Statement of Comprehensive Income

	Company				Group			
	Quarter ended		Nine months ended		Quarter ended		Nine months ended	
	30-09-2016 (Unaudited) LKR '000	30-09-2015 (Unaudited) LKR '000	30-09-2016 (Unaudited) LKR '000	30-09-2015 (Unaudited) LKR '000	30-09-2016 (Unaudited) LKR '000	30-09-2015 (Unaudited) LKR '000	30-09-2016 (Unaudited) LKR '000	30-09-2015 (Unaudited) LKR '000
Income	<b>1,271,442</b>	<b>1,062,853</b>	<b>3,469,692</b>	<b>3,090,483</b>	<b>1,595,582</b>	<b>1,346,203</b>	<b>4,407,203</b>	<b>3,995,594</b>
Interest and similar income	1,202,326	1,003,896	3,378,202	2,980,851	1,233,076	1,028,760	3,464,263	3,046,905
Interest and similar expenses	718,962	531,601	1,933,900	1,583,975	719,179	531,854	1,934,608	1,584,749
<b>Net interest income</b>	<b>483,364</b>	<b>472,295</b>	<b>1,444,302</b>	<b>1,396,876</b>	<b>513,897</b>	<b>496,906</b>	<b>1,529,655</b>	<b>1,462,156</b>
Fee and commission income	11,097	9,293	30,632	31,700	26,102	55,057	102,213	148,567
Fee and commission expenses	-	-	-	-	28,393	32,176	83,686	77,376
<b>Net fee and commission income</b>	<b>11,097</b>	<b>9,293</b>	<b>30,632</b>	<b>31,700</b>	<b>(2,291)</b>	<b>22,881</b>	<b>18,527</b>	<b>71,191</b>
Insurance premium income	-	-	-	-	274,280	206,468	764,734	693,123
Net claims and benefits	-	-	-	-	(179,246)	(132,861)	(529,622)	(465,083)
Net trading income	(32,662)	10,819	(22,174)	30,010	(32,653)	11,173	(26,853)	31,089
Net gain / (loss) on financial assets - held for trading	65,715	6,726	(8,177)	(28,089)	65,994	5,958	(4,715)	(29,238)
Other operating income	24,966	32,119	91,209	76,011	28,783	38,787	107,561	105,148
<b>Total operating income</b>	<b>552,480</b>	<b>531,252</b>	<b>1,535,792</b>	<b>1,506,508</b>	<b>668,764</b>	<b>649,312</b>	<b>1,859,287</b>	<b>1,868,386</b>
Impairment charges from loans and other losses	(511)	82,635	(1,808)	416,078	(511)	82,635	(1,808)	416,078
<b>Net operating income</b>	<b>552,991</b>	<b>448,617</b>	<b>1,537,600</b>	<b>1,090,430</b>	<b>669,275</b>	<b>566,677</b>	<b>1,861,095</b>	<b>1,452,308</b>
Personnel expenses	187,909	167,799	559,779	490,163	242,927	216,409	720,494	622,815
Provision for employee benefit	12,000	12,000	36,000	36,000	13,137	12,262	39,150	38,152
Depreciation of property & equipment	15,099	14,588	44,717	42,469	19,913	17,334	59,697	60,380
Amortization of intangible assets	3,502	2,927	9,969	8,130	5,291	7,726	15,436	12,929
Other operating expenses	177,491	168,306	500,506	452,534	245,735	265,458	708,959	709,914
<b>Total operating expense</b>	<b>396,001</b>	<b>365,620</b>	<b>1,150,971</b>	<b>1,029,296</b>	<b>527,003</b>	<b>519,189</b>	<b>1,543,736</b>	<b>1,444,190</b>
<b>Profit / (loss) from operations</b>	<b>156,990</b>	<b>82,997</b>	<b>386,629</b>	<b>61,134</b>	<b>142,272</b>	<b>47,488</b>	<b>317,359</b>	<b>8,118</b>
Value added tax (VAT) on financial services	25,345	17,646	81,371	39,326	25,345	17,646	81,371	39,326
Share of associate companies profit before tax	-	-	-	-	1,035	4,259	(1,858)	6,875
<b>Profit before income tax</b>	<b>131,645</b>	<b>65,351</b>	<b>305,258</b>	<b>21,808</b>	<b>117,962</b>	<b>34,101</b>	<b>234,130</b>	<b>(24,333)</b>
Income tax expense	9,332	6,107	47,902	6,107	9,332	6,670	47,902	6,932
<b>Profit/(loss) for the period</b>	<b>122,313</b>	<b>59,244</b>	<b>257,356</b>	<b>15,701</b>	<b>108,630</b>	<b>27,431</b>	<b>186,228</b>	<b>(31,265)</b>
<b>Other comprehensive income</b>								
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-
<b>Fair value reserves (Available for Sale Financial Assets):</b>								
Net change in fair value	35,507	(18,935)	(9,634)	(35,656)	35,507	(18,935)	(9,634)	(35,656)
<b>Other comprehensive income before tax</b>	<b>35,507</b>	<b>(18,935)</b>	<b>(9,634)</b>	<b>(35,656)</b>	<b>35,507</b>	<b>(18,935)</b>	<b>(9,634)</b>	<b>(35,656)</b>
Income tax (charge)/credit relating to components of other comprehensive income	-	-	-	-	-	-	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>35,507</b>	<b>(18,935)</b>	<b>(9,634)</b>	<b>(35,656)</b>	<b>35,507</b>	<b>(18,935)</b>	<b>(9,634)</b>	<b>(35,656)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>157,820</b>	<b>40,309</b>	<b>247,722</b>	<b>(19,955)</b>	<b>144,137</b>	<b>8,496</b>	<b>176,594</b>	<b>(66,921)</b>
<b>Profit for the period attributable to:</b>								
Equity holders of the parent	122,313	59,244	257,356	15,701	110,967	33,070	197,228	(22,846)
Non controlling interests	-	-	-	-	(2,337)	(5,639)	(11,000)	(8,419)
<b>Profit/(loss) for the period</b>	<b>122,313</b>	<b>59,244</b>	<b>257,356</b>	<b>15,701</b>	<b>108,630</b>	<b>27,431</b>	<b>186,228</b>	<b>(31,265)</b>
<b>Total comprehensive income attributable to:</b>								
Equity holders of the parent	157,820	40,309	247,722	(19,955)	146,474	14,135	187,594	(58,502)
Non controlling interests	-	-	-	-	(2,337)	(5,639)	(11,000)	(8,419)
	<b>157,820</b>	<b>40,309</b>	<b>247,722</b>	<b>(19,955)</b>	<b>144,137</b>	<b>8,496</b>	<b>176,594</b>	<b>(66,921)</b>
<b>Earnings per share:</b>								
Basic / diluted earnings per share (LKR)	0.74	0.36	1.55	0.09	0.67	0.20	1.19	(0.14)

# Merchant Bank of Sri Lanka & Finance PLC

## Unaudited Statement of Financial Position

as at	Company		Group	
	30-09-2016 (Unaudited) LKR '000	31-12-2015 (Audited) LKR '000	30-09-2016 (Unaudited) LKR '000	31-12-2015 (Audited) LKR '000
<b>Assets</b>				
Cash and cash equivalents	392,636	380,830	452,482	432,947
Placements with banks & financial institutions	114,680	440,093	254,005	571,672
Securities purchased under resale agreements	259,097	785,965	799,918	1,609,702
Financial investments - fair value through profit / (loss)	365,208	541,970	365,208	552,741
Bills receivable	636,514	595,888	636,514	595,888
Loans & advances to customers	10,290,565	8,406,632	10,368,002	8,505,054
Lease and hire purchase rental receivable	14,963,546	14,223,259	14,963,546	14,223,259
Financial investments - available for sale	2,684,048	1,754,206	3,159,297	1,994,857
Financial investments - held to maturity	56,596	56,507	56,596	56,507
Real Estate Stock	28,844	62,545	28,844	62,545
Investments in associate company	81,084	81,084	94,626	96,484
Investments in subsidiary	310,197	310,197	-	-
Investment properties	138,347	145,840	138,347	145,840
Property and equipment	231,779	219,260	277,234	273,122
Intangible assets	41,597	38,816	64,114	67,141
Other assets	331,265	213,521	1,068,783	694,398
<b>Total assets</b>	<b>30,926,003</b>	<b>28,256,613</b>	<b>32,727,516</b>	<b>29,882,157</b>
<b>Liabilities</b>				
Due to banks	220,408	258,062	283,799	273,968
Securities sold under repurchase agreements	401,125	416,472	401,125	416,472
Due to customers	17,748,712	15,846,306	17,748,712	15,846,306
Debt issued and borrowed funds	8,383,712	7,883,323	8,383,712	7,883,323
Insurance provision - life	-	-	526,918	444,257
Insurance provision - non life	-	-	732,214	512,333
Current tax liabilities	171,612	141,263	171,612	141,263
Deferred tax liabilities	113,669	113,669	113,669	113,669
Other liabilities	389,086	356,840	884,122	956,610
Employee benefit liability	254,811	245,532	273,123	262,040
<b>Total liabilities</b>	<b>27,683,135</b>	<b>25,261,467</b>	<b>29,519,006</b>	<b>26,850,241</b>
<b>Equity</b>				
Stated capital	2,124,457	2,124,457	2,124,457	2,124,457
Retained profits	991,851	734,495	920,389	723,161
Available-for-sale reserve	(13,984)	(4,350)	(18,553)	(8,919)
Statutory reserves	140,544	140,544	140,544	140,544
Total equity attributable to the parent	3,242,868	2,995,146	3,166,837	2,979,243
Non controlling interests	-	-	41,673	52,673
<b>Total equity</b>	<b>3,242,868</b>	<b>2,995,146</b>	<b>3,208,510</b>	<b>3,031,916</b>
<b>Total liabilities and equity</b>	<b>30,926,003</b>	<b>28,256,613</b>	<b>32,727,516</b>	<b>29,882,157</b>
Commitments and contingencies	122,936	123,536	545,479	546,079
Net assets value per share (LKR)	19.55	18.06	19.09	17.96

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007

(sgd.)  
**P. I. Kandanaarachchi**  
Head of Finance

(sgd.)  
**T. Mutugala**  
Chief Executive Officer

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.)  
**K. B. S. Bandara**  
Director

(sgd.)  
**S. P. Arsakularatne**  
Director

Colombo, Sri Lanka  
07-Nov-16

## Merchant Bank of Sri Lanka & Finance PLC

### Unaudited Statement of Changes in Equity

<b>Company</b>	<b>Stated capital LKR ' 000</b>	<b>Statutory reserves LKR ' 000</b>	<b>Available for sale reserve LKR ' 000</b>	<b>Retained profits LKR ' 000</b>	<b>Total equity LKR ' 000</b>
Balance as at 01st January 2015	2,124,457	140,544	43,485	842,936	3,151,422
Net profit for the year	-	-	-	15,701	15,701
Other comprehensive income	-	-	(35,656)	-	(35,656)
<b>Balance as at 30th September 2015</b>	<b>2,124,457</b>	<b>140,544</b>	<b>7,829</b>	<b>858,637</b>	<b>3,131,467</b>

Balance as at 01st January 2016	2,124,457	140,544	(4,350)	734,495	2,995,146
Net profit for the year	-	-	-	257,356	257,356
Other comprehensive income	-	-	(9,634)	-	(9,634)
<b>Balance as at 30th September 2016</b>	<b>2,124,457</b>	<b>140,544</b>	<b>(13,984)</b>	<b>991,851</b>	<b>3,242,868</b>

<b>Group</b>	<b>Stated Capital LKR ' 000</b>	<b>Statutory reserves LKR ' 000</b>	<b>Available for sale reserve LKR ' 000</b>	<b>Retained profits LKR ' 000</b>	<b>Non controlling interest LKR ' 000</b>	<b>Total equity LKR ' 000</b>
Balance as at 01st January 2015	2,124,457	140,544	43,961	742,987	72,715	3,124,664
Net profit for the year	-	-	-	(22,846)	(8,419)	(31,265)
Other comprehensive income	-	-	(35,656)	-	-	(35,656)
<b>Balance as at 30th September 2015</b>	<b>2,124,457</b>	<b>140,544</b>	<b>8,305</b>	<b>720,141</b>	<b>64,296</b>	<b>3,057,743</b>
Balance as at 01st January 2016	2,124,457	140,544	(8,919)	723,161	52,673	3,031,916
Net profit for the year	-	-	-	197,228	(11,000)	186,228
Other comprehensive income	-	-	(9,634)	-	-	(9,634)
<b>Balance as at 30th September 2016</b>	<b>2,124,457</b>	<b>140,544</b>	<b>(18,553)</b>	<b>920,389</b>	<b>41,673</b>	<b>3,208,510</b>

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	
	2016 LKR '000	2015 LKR '000	2016 LKR '000	2015 LKR '000
<b>Cash flows from operating activities</b>				
Profit before income tax	305,258	21,808	234,130	(24,333)
Adjustments for :				
Change in operating assets	(2,747,081)	(1,734,796)	(2,982,737)	(1,866,667)
Change in operating liabilities	1,934,652	3,643,205	2,144,318	3,876,136
Share of associate companies' (profit)/loss before tax	-	-	1,858	(6,875)
Contribution to defined benefit plans	36,000	36,000	39,150	38,152
Other non-cash items included in profit before tax	5,885	409,673	24,082	430,800
Dividend income	(10,772)	(8,249)	(10,772)	(8,249)
	<u>(476,058)</u>	<u>2,367,641</u>	<u>(549,971)</u>	<u>2,438,964</u>
Gratuity paid	(26,721)	(5,777)	(28,067)	(8,170)
<b>Net cash generated from/(used in) operating activities before tax</b>	<u>(502,779)</u>	<u>2,361,864</u>	<u>(578,038)</u>	<u>2,430,794</u>
Income tax paid	(17,553)	(50,563)	(17,553)	(50,563)
<b>Net cash generated from/ (used in) operating activities</b>	<u>(520,332)</u>	<u>2,311,301</u>	<u>(595,591)</u>	<u>2,380,231</u>
<b>Cash flows from investing activities</b>				
Purchase of financial assets held for trading	(29,622)	(316,943)	(22,547)	(306,640)
Proceeds from disposal of financial assets held for trading	165,261	644,887	167,700	648,081
Purchase of financial investments-AFS & HTM	(3,082,221)	(1,578,030)	(3,315,012)	(1,775,316)
Sale of financial investments-AFS & HTM	2,228,223	1,335,375	2,228,223	1,335,375
Net increase/ (decrease) in other investment	325,413	1,030,600	317,667	1,023,318
Purchase of property & equipment & Investment properties	(55,059)	(57,220)	(60,532)	(74,923)
Purchase of intangible assets	(12,750)	(11,357)	(25,948)	(1,567)
Proceeds from sale of property & equipments	7,865	3,317	10,146	3,317
Dividend received	10,772	8,249	10,772	8,249
<b>Net cash generated from/ (used in) investing activities</b>	<u>(442,118)</u>	<u>1,058,878</u>	<u>(689,531)</u>	<u>859,894</u>
<b>Cash flows from financing activities</b>				
Net increase / ( decrease) in reverse repo and repo agreements	511,521	58,288	794,437	173,205
Net increase/ (decrease) in other borrowings	500,389	(3,544,940)	500,389	(3,544,940)
<b>Net cash generated from/ (used in) financing activities</b>	<u>1,011,910</u>	<u>(3,486,652)</u>	<u>1,294,826</u>	<u>(3,371,735)</u>
Net increase/ (decrease) in cash and cash equivalents during the period	49,460	(116,473)	9,704	(131,610)
Cash and cash equivalents at the beginning of the period	122,768	151,901	158,979	196,121
<b>Cash and cash equivalents at the end of the period</b>	<u>172,228</u>	<u>35,428</u>	<u>168,683</u>	<u>64,511</u>
Note				
<b>Analysis of Cash and Cash Equivalents</b>				
Cash and short term funds	392,636	434,599	452,482	484,227
Dues to banks	(220,408)	(399,171)	(283,799)	(419,716)
	<u>172,228</u>	<u>35,428</u>	<u>168,683</u>	<u>64,511</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 period ended were authorized for issue on 7th November 2016, in accordance with the resolution of the directors passed on 7th November 2016.

## 2 Basis of preparation and accounting policies

### Basis of preparation

The interim condensed consolidated financial statements for the period ended 30th September 2016 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 2015

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

## 3 Measurement of Financial Instruments

Company	Fair Value through Profit / (Loss)		Loans and receivable		Held to maturity		Available for sale		Total	
	30-09-2016	31-12-2015	30-09-2016	31-12-2015	30-09-2016	31-12-2015	30-09-2016	31-12-2015	30-09-2016	31-12-2015
<b>Financial assets</b>										
Cash and cash equivalents	-	-	392,636	380,830	-	-	-	-	392,636	380,830
Placements with banks & financial institutions	-	-	114,680	440,093	-	-	-	-	114,680	440,093
Securities purchased under resale agreements	-	-	259,097	785,965	-	-	-	-	259,097	785,965
Financial investments - fair value through profit / (loss)	365,208	541,970	-	-	-	-	-	-	365,208	541,970
Bills receivable	-	-	636,514	595,888	-	-	-	-	636,514	595,888
Loans & advances to customers	-	-	10,290,565	8,406,632	-	-	-	-	10,290,565	8,406,632
Lease and hire purchase rental receivable	-	-	14,963,546	14,223,259	-	-	-	-	14,963,546	14,223,259
Financial investments - available for sale	-	-	-	-	-	-	2,684,048	1,754,206	2,684,048	1,754,206
Financial investments - held to maturity	-	-	-	-	56,596	56,507	-	-	56,596	56,507
Other assets	-	-	70,218	61,137	-	-	-	-	70,218	61,137
<b>Total</b>	<b>365,208</b>	<b>541,970</b>	<b>26,727,256</b>	<b>24,893,804</b>	<b>56,596</b>	<b>56,507</b>	<b>2,684,048</b>	<b>1,754,206</b>	<b>29,833,108</b>	<b>27,246,487</b>

	Total	
	30-09-2016	31-12-2015
<b>Other Financial liabilities</b>		
Due to banks	220,408	258,062
Securities sold under repurchase agreements	401,125	416,472
Due to customers	17,748,712	15,846,306
Debt issued and borrowed funds	8,383,712	7,883,323
Other liabilities	149,553	162,203
<b>Total</b>	<b>26,903,510</b>	<b>24,566,366</b>

Group	Fair Value through Profit / (Loss)		Loans and receivable		Held to maturity		Available for sale		Total	
	30-09-2016	31-12-2015	30-09-2016	31-12-2015	30-09-2016	31-12-2015	30-09-2016	31-12-2015	30-09-2016	31-12-2015
<b>Financial assets</b>										
Cash and cash equivalents	-	-	452,482	432,947	-	-	-	-	452,482	432,947
Placements with banks & financial institutions	-	-	254,005	571,672	-	-	-	-	254,005	571,672
Securities purchased under resale agreements	-	-	799,918	1,609,702	-	-	-	-	799,918	1,609,702
Financial investments - fair value through profit / (loss)	365,208	552,741	-	-	-	-	-	-	365,208	552,741
Bills receivable	-	-	636,514	595,888	-	-	-	-	636,514	595,888
Loans & advances to customers	-	-	10,368,002	8,505,054	-	-	-	-	10,368,002	8,505,054
Lease and hire purchase rental receivable	-	-	14,963,546	14,223,259	-	-	-	-	14,963,546	14,223,259
Financial investments - available for sale	-	-	-	-	-	-	3,159,297	1,994,857	3,159,297	1,994,857
Financial investments - held to maturity	-	-	-	-	56,596	56,507	-	-	56,596	56,507
Other assets	-	-	70,218	61,137	-	-	-	-	70,218	61,137
<b>Total</b>	<b>365,208</b>	<b>552,741</b>	<b>27,544,685</b>	<b>25,999,659</b>	<b>56,596</b>	<b>56,507</b>	<b>3,159,297</b>	<b>1,994,857</b>	<b>31,125,788</b>	<b>28,603,764</b>

	Total	
	30-09-2016	31-12-2015
<b>Other Financial liabilities</b>		
Due to banks	283,799	273,968
Securities sold under repurchase agreements	401,125	416,472
Due to customers	17,748,712	15,846,306
Debt issued and borrowed funds	8,383,712	7,883,323
Other liabilities	149,553	162,203
<b>Total</b>	<b>26,966,901</b>	<b>24,582,272</b>

#### 4 Movement in individual and collective impairment during the period

	LKR. '000			
	Company		Group	
	2016	2015	2016	2015
<b>Impairment charges from loans and other losses</b>				
Impairment from Loans and advances_individual impairment (Note 4.1)	61,460	297,008	61,460	297,008
Impairment from Loans and advances_collective impairment (Note 4.2)	(63,268)	119,070	(63,268)	119,070
	<b>(1,808)</b>	<b>416,078</b>	<b>(1,808)</b>	<b>416,078</b>
<b>4.1 Individual impairment charges</b>				
As at 01 January	1,047,962	1,036,789	1,047,962	1,036,789
Charge to income statement from loans and advances	61,460	297,008	61,460	297,008
Write off	(7,039)	(27,588)	(7,039)	(27,588)
<b>As at 30th September</b>	<b>1,102,384</b>	<b>1,306,209</b>	<b>1,102,384</b>	<b>1,306,209</b>
<b>4.2 Collective impairment charges</b>				
As at 01 January	450,034	329,499	450,034	329,499
Charge to income statement from loans and advances	(63,268)	119,070	(63,268)	119,070
Write off	-	-	-	-
<b>As at 30th September</b>	<b>386,766</b>	<b>448,569</b>	<b>386,766</b>	<b>448,569</b>
<b>Loans and advances impairment</b>	<b>1,489,150</b>	<b>1,754,778</b>	<b>1,489,150</b>	<b>1,754,778</b>

#### 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 30th September 2016 and comparative figures for the period ended 30th September 2015

Group	Lease & HP		Loans		Corporate Advisory		Insurance		Unallocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000
<b>For the Period ended 30th September</b>												
External Revenue												
Interest and similar income	1,848,149	1,724,209	1,296,949	1,048,489	13,789	12,683	86,061	66,054	219,315	195,470	3,464,263	3,046,905
Fee and other income	32,659	33,725	5,381	4,812	(21,594)	34,243	847,989	840,207	83,220	64,940	947,655	977,927
Net gain / (loss) on financial assets - held for trading	-	-	-	-	(4,715)	(29,238)	-	-	-	-	(4,715)	(29,238)
	<b>1,880,808</b>	<b>1,757,934</b>	<b>1,302,330</b>	<b>1,053,301</b>	<b>(12,520)</b>	<b>17,688</b>	<b>934,050</b>	<b>906,261</b>	<b>302,535</b>	<b>260,410</b>	<b>4,407,203</b>	<b>3,995,594</b>
Inter - segment Revenue	-	-	-	-	675	675	-	-	(675)	(675)	-	-
<b>Total Income</b>	<b>1,880,808</b>	<b>1,757,934</b>	<b>1,302,330</b>	<b>1,053,301</b>	<b>(11,845)</b>	<b>18,363</b>	<b>934,050</b>	<b>906,261</b>	<b>301,860</b>	<b>259,735</b>	<b>4,407,203</b>	<b>3,995,594</b>
<b>Segment result</b>	330,759	319,245	303,835	40,547	(82,608)	(70,143)	(69,270)	(53,016)	(165,357)	(228,515)	317,359	8,118
<b>Total assets</b>	<b>14,978,390</b>	<b>13,390,294</b>	<b>10,775,626</b>	<b>8,360,703</b>	<b>592,405</b>	<b>761,181</b>	<b>2,088,672</b>	<b>1,941,658</b>	<b>4,292,423</b>	<b>4,219,294</b>	<b>32,727,516</b>	<b>28,673,130</b>

## 6 Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 30/9/2016 LKR' 000	Market Values			Interest Rates		Interest rate of comparable Government Security %	Interest yield			Yield to Maturity		
				Highest LKR.	Lowest LKR.	Period end LKR.	Coupon Rate	Effective Annual Yield		Highest	Lowest	Last traded	Highest	Lowest	Last traded
<b>Fixed Rate</b>															
Mar 2013 - Mar 2018	Listed	Annually	625,110	115.18	115.18	115.18	17.50%	17.50%	11.81%	15.19%	15.19%	15.19%	6.92%	6.92%	6.92%
Mar 2013 - Mar 2017	Listed	Annually	485,240	Not traded during the quarter			17.25%	17.25%	10.82%	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%	11.81%	Not traded during the quarter			Not traded during the quarter		
Mar 2013 - Mar 2018	Listed	Monthly	166,460	101.00	101.00	101.00	16.50%	17.81%	11.81%	16.34%	16.34%	16.34%	15.63%	15.63%	15.63%
Dec 2013 - Dec 2017	Listed	Annually	674,770	Not traded during the quarter			14.25%	14.25%	11.33%	Not traded during the quarter			Not traded during the quarter		
Dec 2013 - Dec 2016	Listed	Annually	296,220	Not traded during the quarter			13.50%	13.50%	10.22%	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%	11.33%	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%	11.33%	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%	12.30%	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%	12.30%	Not traded during the quarter			Not traded during the quarter		
<b>Total Debentures</b>			<b>5,000,000</b>												

All debentures are unsecured. Company has not repurchased any of its own debts and has not had any default of principal, interest or other breaches with regard to all liabilities during the period.



## 7 Events after the statement of financial position date

There were no material events that took place since 30th September 2016 that require disclosure in these financial statements.

## 8 Information on ordinary shares

<b>As at</b>	<b>30-09-2016</b>	<b>31-12-2015</b>
Net asset per share (LKR)		
- Company	19.55	18.06
- Group	19.09	17.96

<b>Market price per share recorded during the quarter ended 30th September (LKR)</b>	<b>2016</b>	<b>2015</b>
-High	16.00 (29-9-2016)	19.20 (18-8-2015)
-Low	11.60 (05-7-2016)	16.00 (15-7-2015)
-Last Transaction	15.50 (30-9-2016)	16.40 (30-9-2015)

<b>As at</b>	<b>30-09-2016</b>	<b>31-12-2015</b>
Number of shares issued	165,874,541	165,874,541
Stated capital (LKR)	2,124,457,307	2,124,457,307

<b>Ratios as at</b>	<b>30-09-2016</b>	<b>31-12-2015</b>
Debt / Equity Ratio	2.8	2.9
Statutory Liquid Asset Ratio	11.07%	11.25%

<b>Ratios for the period ended</b>	<b>30-09-2016</b>	<b>30-09-2015</b>
Interest Cover	1.158	1.014

**9 Twenty largest share holders as at 30th September 2016**

	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	10,796,141	6.51%
03	Phoenix Ventures Private Limited	2,632,493	1.59%
04	Richard Peiris Financial Services (Pvt) Ltd/ M.A.A.	529,860	0.32%
05	Merrill J Fernando & Sons (Pvt) Limited	526,165	0.32%
06	People's Leasing & Finance PLC / Mr. D. M. P. Disanayake	428,450	0.26%
07	Prime Lands (Pvt) Ltd	400,000	0.24%
08	Hatton National Bank PLC / Mr. Dinesh Nagendra Sellamuttu	386,301	0.23%
09	Mr. N. Balasingam	381,400	0.23%
10	Mr. B.T. Prathapasinghe	345,000	0.21%
11	Mr. A. Chelliah (Deceased)	333,800	0.20%
12	Mr. A. M. Weerasinghe	305,583	0.18%
13	Bartleet Produce Marketing (Pvt) Limited	300,000	0.18%
14	People's Leasing & Finance PLC / Mr. L. P. Hapangama	300,000	0.18%
15	Seylan Bank PLC/Spice of Life (Pvt) Ltd	298,249	0.18%
16	Mr. W.L.T. Anandawansa	282,039	0.17%
17	Mr. K.T.R.P. Samarathunge	275,049	0.17%
18	Asha Financial Services Limited / Mr. C. N. Pakianathan	272,611	0.16%
19	D. S. L. Investments (Private) Ltd	269,603	0.16%
20	Mr. K. C. Vignarajah	263,296	0.16%

The percentage of shares held by the public as at 30th September 2016 was 25.50% and the number of public shareholders as at 30th September 2016 were 11,527

**10 Directors' shareholding as at 30th September 2016**

Name of the Director	No. of Shares
Dr. Sujeewa Lokuhewa	Nil
Mr. C. N. Wijewardane	4,235
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. H. J. D. Fonseka	Nil

**11 CEO's shareholding as at 30th September 2016**

Mr.T.Mutugala	Nil
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