

UNAUDITED FINANCIAL STATEMENTS

For the Period ended 31st December 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			Twelve months ended			Quarter ended			Twelve months ended		
	31/12/2017 (Unaudited) LKR '000	31/12/2016 (Unaudited) LKR '000	Change %	31/12/2017 (Unaudited) LKR '000	31/12/2016 (Audited) LKR '000	Change %	31/12/2017 (Unaudited) LKR '000	31/12/2016 (Unaudited) LKR '000	Change %	31/12/2017 (Unaudited) LKR '000	31/12/2016 (Audited) LKR '000	Change %
Income	1,700,310	1,418,464	19.9	6,384,046	4,888,155	30.6	1,801,184	1,692,796	6.4	7,086,680	6,099,998	16.2
Interest and similar income	1,644,799	1,359,572	21.0	6,138,507	4,737,774	29.6	1,667,839	1,388,744	20.1	6,241,274	4,853,007	28.6
Interest and similar expenses	1,001,031	775,704	29.0	3,708,808	2,709,604	36.9	1,003,645	775,949	29.3	3,712,065	2,710,557	36.9
Net interest income	643,768	583,868	10.3	2,429,699	2,028,170	19.8	664,194	612,795	8.4	2,529,209	2,142,450	18.1
Fee and commission income	49,457	35,747	38.4	179,687	131,483	36.7	12,082	23,406	(48.4)	146,218	190,723	(23.3)
Fee and commission expenses	9,595	8,717	10.1	59,964	37,813	58.6	19,461	(9,295)	309.4	83,773	103,487	(19.0)
Net fee and commission income	39,862	27,030	47.5	119,723	93,670	27.8	(7,379)	32,701	(122.6)	62,445	87,236	(28.4)
Insurance premium income	-	-	-	-	-	-	76,010	230,587	(67.0)	579,012	995,321	(41.8)
Net claims and benefits	-	-	-	-	-	-	17,890	(315,808)	105.7	(348,999)	(845,430)	58.7
Net trading income	630	32,246	(98.0)	(16,018)	10,072	(259.0)	893	32,464	(97.2)	(13,769)	5,611	(345.4)
Net gain / (loss) on financial assets - held for trading	(8,922)	(52,919)	83.1	5,624	(61,096)	109.2	(10,423)	(53,511)	80.5	4,771	(58,226)	108.2
Other operating income	14,346	43,818	(67.3)	76,246	69,922	9.0	54,783	71,106	(23.0)	129,174	113,562	13.7
Total operating income	689,684	634,043	8.8	2,615,274	2,140,738	22.2	795,968	610,334	30.4	2,941,843	2,440,524	20.5
Impairment charges from loans and other losses	45,949	26,047	76.4	244,231	24,239	907.6	43,204	17,300	149.7	245,206	27,959	777.0
Net operating income	643,735	607,996	5.9	2,371,043	2,116,499	12.0	752,764	593,034	26.9	2,696,637	2,412,565	11.8
Personnel expenses	224,374	221,751	1.2	1,027,113	781,530	31.4	254,846	272,589	(6.5)	1,179,681	993,083	18.8
Provision for employee benefit	13,172	4,464	195.1	46,434	40,464	14.8	12,687	6,547	93.8	49,864	45,697	9.1
Depreciation of property & equipment	20,869	18,855	10.7	82,144	63,572	29.2	40,686	29,741	36.8	96,530	89,438	7.9
Amortization of intangible assets	9,630	4,129	133.2	26,881	14,098	90.7	(6,056)	(635)	(853.7)	31,656	14,801	113.9
Other operating expenses	185,952	160,935	15.5	750,497	632,343	18.7	229,502	238,184	(3.6)	947,368	905,579	4.6
Total operating expense	453,997	410,134	10.7	1,933,069	1,532,007	26.2	531,665	546,426	(2.7)	2,305,099	2,048,598	12.5
Profit / (loss) from operations	189,738	197,862	(4.1)	437,974	584,492	(25.1)	221,099	46,608	374.4	391,538	363,967	7.6
Impairment from investment in Group companies	50,189	232,891	(78.4)	50,189	232,891	(78.4)	-	-	-	-	-	-
Profit / (loss) from operations after impairment from subsidiary investments	139,549	(35,029)	498.4	387,785	351,601	10.3	221,099	46,608	374.4	391,538	363,967	7.6
Value added tax (VAT) on financial services	52,792	30,359	73.9	183,101	111,730	63.9	52,792	30,359	73.9	183,101	111,730	63.9
Share of associate companies profit before tax	-	-	-	-	-	-	3,675	(3,579)	202.7	949	(5,437)	117.5
Profit before income tax	86,757	(65,388)	232.7	204,684	239,871	(14.7)	171,982	12,670	1,257.4	209,386	246,800	(15.2)
Income tax expense / (Reversal)	61,483	106,345	(42.2)	85,939	154,247	(44.3)	61,565	117,757	(47.7)	86,021	165,658	(48.1)
Profit/(loss) for the period	25,274	(171,732)	114.7	118,745	85,624	38.7	110,417	(105,087)	205.1	123,365	81,142	52.0
Profit for the period attributable to:												
Equity holders of the parent	25,274	(171,732)	114.7	118,745	85,624	38.7	105,436	(79,375)	232.8	130,739	117,853	10.9
Non controlling interests	-	-	-	-	-	-	4,981	(25,712)	119.4	(7,374)	(36,711)	79.9
Profit/(loss) for the period	25,274	(171,732)	114.7	118,745	85,624	38.7	110,417	(105,087)	205.1	123,365	81,142	52.0
Earnings per share:												
Basic / diluted earnings per share (LKR)	0.15	(1.04)	114.7	0.72	0.52	38.7	0.64	(0.48)	232.8	0.79	0.71	10.9

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Comprehensive Income

	Company						Group					
	Quarter ended			Twelve months ended			Quarter ended			Twelve months ended		
	31/12/2017 (Unaudited) LKR '000	31/12/2016 (Unaudited) LKR '000	Change %	31/12/2017 (Unaudited) LKR '000	31/12/2016 (Audited) LKR '000	Change %	31/12/2017 (Unaudited) LKR '000	31/12/2016 (Unaudited) LKR '000	Change %	31/12/2017 (Unaudited) LKR '000	31/12/2016 (Audited) LKR '000	Change %
Profit/(loss) for the period	25,274	(171,733)	114.7	118,745	85,624	38.7	110,417	(105,087)	205.1	123,365	81,142	52.0
Other comprehensive income for the period												
Actuarial gains/(losses) on defined benefit plans	(17,867)	39,068	(145.7)	(17,867)	39,068	(145.7)	(20,448)	40,541	(150.4)	(20,448)	40,541	(150.4)
Fair value reserves (Available for Sale Financial Assets):												
Net change in fair value	11,887	(7,818)	252.0	28,379	(17,452)	262.6	22,724	(19,495)	216.6	39,215	(29,129)	234.6
Share of associates companies' other comprehensive income	-	-	-	-	-	-	1,479	1,035	-	1,479	1,035	-
Other comprehensive income before tax	(5,980)	31,250	(119.1)	10,512	21,616	(51.4)	3,755	22,081	(83.0)	20,246	12,447	62.7
Income tax (charge)/credit relating to components of other comprehensive income	(15,942)	(1,810)	(780.8)	(15,942)	(1,810)	(780.8)	(15,942)	(1,810)	(780.8)	(15,942)	(1,810)	(780.8)
Other comprehensive income for the period, net of tax	(21,922)	29,440	(174.5)	(5,430)	19,806	(127.4)	(12,187)	20,271	(160.1)	4,304	10,637	(59.5)
Total comprehensive income for the period, net of tax	3,352	(142,293)	102.4	113,315	105,430	7.5	98,230	(84,816)	215.8	127,669	91,779	39.1
Total comprehensive income attributable to:												
Equity holders of the parent	3,352	(142,293)	102.4	113,315	105,430	7.5	91,938	(57,484)	259.9	133,732	130,111	2.8
Non controlling interests	-	-	-	-	-	-	6,292	(27,332)	123.0	(6,063)	(38,332)	84.2
	3,352	(142,293)	102.4	113,315	105,430	7.5	98,230	(84,816)	215.8	127,669	91,779	39.1

Merchant Bank of Sri Lanka & Finance PLC

Unaudited Statement of Financial Position

as at	Company			Group		
	31/12/2017	31/12/2016	Change	31/12/2017	31/12/2016	Change
	(Unaudited)	(Audited)	%	(Unaudited)	(Audited)	%
	LKR '000	LKR '000		LKR '000	LKR '000	
Assets						
Cash and cash equivalents	393,319	401,301	(2.0)	440,574	441,357	(0.2)
Placements with banks & financial institutions	1,509,597	118,933	1,169.3	1,606,271	262,319	512.3
Securities purchased under resale agreements	1,302,748	265,687	390.3	1,651,927	730,773	126.1
Financial investments - held for trading	231,264	323,655	(28.5)	238,252	331,586	(28.1)
Bills receivable	512,206	739,403	(30.7)	512,206	739,403	(30.7)
Loans & advances to customers	12,611,491	11,320,845	11.4	12,683,765	11,392,491	11.3
Lease and hire purchase receivable	15,649,670	14,991,751	4.4	15,649,670	14,991,751	4.4
Financial investments - available for sale	1,815,181	2,735,645	(33.6)	2,191,842	3,126,815	(29.9)
Financial investments - held to maturity	479,362	57,766	729.8	479,362	57,766	729.8
Real Estate Stock	69,094	24,144	186.2	69,094	24,143	186.2
Investment in associate company	81,084	81,084	-	93,671	91,325	2.6
Investment in subsidiary	27,117	77,306	(64.9)	-	-	-
Investment properties	123,773	127,670	(3.1)	123,773	127,670	(3.1)
Property, plant and equipment	321,661	312,337	3.0	349,080	354,092	(1.4)
Intangible assets	226,294	37,705	500.2	242,841	59,028	311.4
Other assets	360,536	318,496	13.2	763,481	910,918	(16.2)
Total assets	35,714,398	31,933,728	11.8	37,095,809	33,641,437	10.3
Liabilities						
Due to banks	123,849	201,635	(38.6)	129,877	224,997	(42.3)
Securities sold under repurchase agreements	437,672	401,820	8.9	437,672	401,820	8.9
Due to customers	21,918,869	18,518,419	18.4	21,918,869	18,518,419	18.4
Debt issued and borrowed funds	8,818,861	8,722,787	1.1	8,818,861	8,722,787	1.1
Insurance provision - life	-	-	-	547,026	514,258	6.4
Insurance provision - non life	-	-	-	430,093	781,034	(44.9)
Current tax liabilities	58,668	151,128	(61.2)	58,668	141,180	(58.4)
Deferred tax liabilities	342,831	206,888	65.7	342,831	206,888	65.7
Other liabilities	523,857	404,174	29.6	854,686	752,034	13.6
Retirement benefits obligations	262,987	213,388	23.2	283,001	231,463	22.3
Total liabilities	32,487,594	28,820,239	12.7	33,821,584	30,494,880	10.9
Equity						
Stated capital	2,124,457	2,124,457	-	2,124,457	2,124,457	-
Retained earnings	914,352	853,165	7.2	958,770	886,283	8.2
Available-for-sale reserve	6,577	(21,802)	130.2	1,300	(36,195)	103.6
Statutory reserves	181,418	157,669	15.1	181,418	157,669	15.1
Total equity attributable to the parent	3,226,804	3,113,489	3.6	3,265,945	3,132,214	4.3
Non controlling interests	-	-	-	8,280	14,343	(42.3)
Total equity	3,226,804	3,113,489	3.6	3,274,225	3,146,557	4.1
Total liabilities and equity	35,714,398	31,933,728	11.8	37,095,809	33,641,437	10.3
Commitments and contingencies	167,712	132,265	26.8	956,824	921,378	3.8
Net assets value per share (LKR)	19.45	18.77	3.6	19.69	18.88	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. Lokuheva
 Director

(sgd.)
D. M. N. P. Karunapala
 Chief Executive Officer

(sgd.)
K. B. S. Bandara
 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)	747,408	3,008,059
Super gain tax adjustment	-	-	-	-	-
Net profit for the year	-	-	-	85,624	85,624
Other comprehensive income	-	-	(17,452)	37,258	19,806
Transfers to statutory reserve fund	-	17,125	-	(17,125)	-
Balance as at 31st December 2016	2,124,457	157,669	(21,802)	853,165	3,113,489
Balance as at 01st January 2017	2,124,457	157,669	(21,802)	853,165	3,113,489
Net profit for the year	-	-	-	118,745	118,745
Other comprehensive income	-	-	28,379	(33,809)	(5,430)
Transfers to statutory reserve fund	-	23,749	-	(23,749)	-
Balance as at 31st December 2017	2,124,457	181,418	6,577	914,352	3,226,804

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	-	-	-	117,853	(36,711)	81,142
Other comprehensive income	-	-	(27,275)	39,532	(1,620)	10,637
Transfers to statutory reserve fund	-	17,125	-	(17,125)	-	-
Balance as at 31st December 2016	2,124,457	157,669	(36,195)	886,283	14,343	3,146,557
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	-	-	-	130,739	(7,374)	123,365
Other comprehensive income	-	-	37,495	(34,503)	1,311	4,303
Transfers to statutory reserve fund	-	23,749	-	(23,749)	-	-
Balance as at 31st December 2017	2,124,457	181,418	1,300	958,770	8,280	3,274,225

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 31st December	Company		Group	
	2017	2016	2017	2016
	LKR '000	LKR '000	LKR '000	LKR '000
Cash flows from operating activities				
Profit before income tax	204,684	239,871	209,386	246,800
Adjustments for :				
Change in operating assets	(2,102,778)	(3,899,099)	(1,864,716)	(3,987,586)
Change in operating liabilities	3,520,134	2,719,447	3,184,929	2,806,239
Share of associate companies' (profit)/loss before tax	-	-	(949)	5,437
Contribution to defined benefit plans	46,434	40,464	49,864	45,697
Other non-cash items included in profit before tax	407,093	219,617	325,553	15,798
Dividend income	(8,278)	(12,853)	(9,219)	(13,127)
	2,067,289	(692,553)	1,894,848	(880,742)
Gratuity paid	(14,703)	(33,539)	(18,774)	(35,733)
Net cash generated from/(used in) operating activities before tax	2,052,586	(726,092)	1,876,074	(916,475)
Income tax paid	(58,399)	(57,995)	(49,930)	(69,683)
Net cash generated from/ (used in) operating activities	1,994,187	(784,087)	1,826,144	(986,158)
Cash flows from investing activities				
Purchase of financial assets held for trading	(102,368)	(31,279)	(102,278)	(33,716)
Proceeds from disposal of financial assets held for trading	176,087	185,713	177,174	189,128
Purchase of financial investments-AFS & HTM	(1,942,589)	(3,082,222)	(1,915,765)	(3,243,384)
Sale of financial investments-AFS & HTM	2,530,014	2,228,223	2,530,014	2,228,223
Net increase/ (decrease) in other investment	(1,390,664)	321,160	(1,343,952)	309,353
Purchase of property & equipment & Investment properties	(86,580)	(154,237)	(86,630)	(160,095)
Purchase of intangible assets	(215,470)	(12,987)	(215,469)	(14,487)
Proceeds from sale of property & equipments	4,044	48,671	5,108	51,649
Dividend received	8,278	12,853	9,219	13,127
Net cash generated from/ (used in) investing activities	(1,019,248)	(484,105)	(942,579)	(660,202)
Cash flows from financing activities				
Net increase / (decrease) in reverse repo and repo agreements	(1,001,209)	505,626	(885,302)	864,277
Net increase/ (decrease) in other borrowings	1,285,094	1,173,945	1,285,094	1,173,945
Payments on redemption of debentures	(1,189,020)	(334,481)	(1,189,020)	(334,481)
Net cash generated from/ (used in) financing activities	(905,135)	1,345,090	(789,228)	1,703,741
Net increase/ (decrease) in cash and cash equivalents during the year	69,804	76,898	94,337	57,381
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	269,470	199,666	310,697	216,360
Note				
Analysis of Cash and Cash Equivalents				
Cash and short term funds	393,319	401,301	440,574	441,357
Dues to banks	(123,849)	(201,635)	(129,877)	(224,997)
	269,470	199,666	310,697	216,360

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 26th February 2018, in accordance with the resolution of the directors passed on 26th February 2018.

2 Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the period ended 31st December 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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Financial assets										
Cash and cash equivalents	-	-	393,319	401,301	-	-	-	-	393,319	401,301
Placements with banks & financial institutions	-	-	1,509,597	118,933	-	-	-	-	1,509,597	118,933
Securities purchased under resale agreements	-	-	1,302,748	265,687	-	-	-	-	1,302,748	265,687
Financial investments - held for trading	231,264	323,655	-	-	-	-	-	-	231,264	323,655
Bills receivable	-	-	512,206	739,403	-	-	-	-	512,206	739,403
Loans & advances to customers	-	-	12,611,491	11,320,845	-	-	-	-	12,611,491	11,320,845
Lease and hire purchase receivable	-	-	15,649,670	14,991,751	-	-	-	-	15,649,670	14,991,751
Financial investments - available for sale	-	-	-	-	-	-	1,815,181	2,735,645	1,815,181	2,735,645
Financial investments - held to maturity	-	-	-	-	479,362	57,766	-	-	479,362	57,766
Other assets	-	-	46,865	61,137	-	-	-	-	46,865	61,137
Total	231,264	323,655	32,025,896	27,899,057	479,362	57,766	1,815,181	2,735,645	34,551,703	31,016,123

Other Financial liabilities	LKR.'000	
	Total	
	31/12/2017	31/12/2016
Due to banks	123,849	201,635
Securities sold under repurchase agreements	437,672	401,820
Due to customers	21,918,869	18,518,419
Debt issued and borrowed funds	8,818,861	8,722,787
Other liabilities	351,288	162,203
Total	31,650,539	28,006,864

Group	LKR.'000									
	Fair Value through Profit / (Loss)		Loans and receivable		Held to maturity		Available for sale		Total	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Financial assets										
Cash and cash equivalents	-	-	440,574	441,357	-	-	-	-	440,574	441,357
Placements with banks & financial institutions	-	-	1,606,271	262,319	-	-	-	-	1,606,271	262,319
Securities purchased under resale agreements	-	-	1,651,927	730,773	-	-	-	-	1,651,927	730,773
Financial investments - held for trading	238,252	331,586	-	-	-	-	-	-	238,252	331,586
Bills receivable	-	-	512,206	739,403	-	-	-	-	512,206	739,403
Loans & advances to customers	-	-	12,683,765	11,392,491	-	-	-	-	12,683,765	11,392,491
Lease and hire purchase receivable	-	-	15,649,670	14,991,751	-	-	-	-	15,649,670	14,991,751
Financial investments - available for sale	-	-	-	-	-	-	2,191,842	3,126,815	2,191,842	3,126,815
Financial investments - held to maturity	-	-	-	-	479,362	57,766	-	-	479,362	57,766
Other assets	-	-	46,865	61,137	-	-	-	-	46,865	61,137
Total	238,252	331,586	32,591,278	28,619,231	479,362	57,766	2,191,842	3,126,815	35,500,734	32,135,398

Other Financial liabilities	LKR.'000	
	Total	
	31/12/2017	31/12/2016
Due to banks	129,877	224,997
Securities sold under repurchase agreements	437,672	401,820
Due to customers	21,918,869	18,518,419
Debt issued and borrowed funds	8,818,861	8,722,787
Other liabilities	351,288	162,203
Total	31,656,567	28,030,226

4 Movement in individual and collective impairment during the period

	LKR. '000			
	Company		Group	
	2017	2016	2017	2016
Impairment charges from loans and other losses				
Impairment from Loans and advances_individual impairment (Note 4.1)	44,762	82,328	44,762	82,320
Impairment from Loans and advances_collective impairment (Note 4.2)	199,469	(58,089)	200,444	(54,361)
Impairment from available for sale assets	-	-	-	-
Net written off during the year	-	-	-	-
	244,231	24,239	245,206	27,959
4.1 Individual impairment charges				
As at 01 January	690,328	1,053,185	690,320	1,053,185
Charge to income statement from loans and advances	44,762	82,328	44,762	82,320
Write off	(10,738)	(445,185)	(10,738)	(445,185)
As at 31st December	724,353	690,328	724,345	690,320
4.2 Collective impairment charges				
As at 01 January	386,735	444,824	386,743	441,104
Charge to income statement from loans and advances	199,469	(58,089)	200,444	(54,361)
Write off	-	-	-	-
As at 31st December	586,204	386,735	587,187	386,743
Loans and advances impairment	1,310,557	1,077,064	1,311,532	1,077,064

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 31st December 2017 and comparative figures for the year ended 31st December 2016

Group	Lease & HP		Loans		Corporate Advisory		Insurance		Unallocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	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 December												
External Revenue												
Interest and similar income	3,025,605	2,511,325	2,648,437	1,876,346	20,514	18,469	102,766	115,234	443,952	331,633	6,241,274	4,853,007
Fee and other income	50,362	44,204	94,922	9,360	10,541	(21,835)	600,720	1,120,858	84,090	152,630	840,635	1,305,217
Net gain / (loss) on financial assets - held for trading	-	-	-	-	4,771	(58,226)	-	-	-	-	4,771	(58,226)
	3,075,967	2,555,529	2,743,359	1,885,706	35,826	(61,592)	703,486	1,236,092	528,042	484,263	7,086,680	6,099,998
Inter - segment Revenue	-	-	-	-	900	900	-	-	(900)	(900)	-	-
Total Income	3,075,967	2,555,529	2,743,359	1,885,706	36,726	(60,692)	703,486	1,236,092	527,142	483,363	7,086,680	6,099,998
Segment result	486,209	449,577	628,315	402,239	(42,795)	(148,581)	(46,436)	(220,524)	(633,755)	(118,744)	391,538	363,967
Total assets	15,663,818	15,007,549	13,083,073	11,966,336	409,012	496,479	1,395,943	1,774,769	6,543,963	4,396,304	37,095,809	33,641,437

6 Information on Debentures

Debenture Categories	CSE Listing	Interest Payable Frequency	Face Value as at 31/12/2017 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	101.73	101.73	101.73	17.50%	17.50%	8.19%	17.20%	17.20%	17.20%	9.74%	9.74%	9.74%
Mar 2013 - Mar 2018	Listed	Quarterly	723,190	101.47	101.47	101.47	16.70%	17.78%	8.19%	16.46%	16.46%	16.46%	9.95%	9.95%	9.95%
Mar 2013 - Mar 2018	Listed	Monthly	166,460	100.40	100.30	100.30	16.50%	17.81%	8.19%	16.43%	16.45%	16.45%	13.78%	13.98%	13.98%
Nov 2014 - Nov 2019	Listed	Annually	909,770	Not traded during the quarter			9.00%	9.00%	9.51%	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%	9.51%	Not traded during the quarter			Not traded during the quarter		
May 2017 - May 2022	Listed	Annually	805,760	Not traded during the quarter			15.00%	15.00%	9.98%	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%	9.98%	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%	9.98%	Not traded during the quarter			Not traded during the quarter		
Total Debentures			5,514,760												

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 31st December 2017 that require disclosure in these financial statements.

8 Information on ordinary shares

As at		31/12/2017	31/12/2016
Net asset per share (LKR)	- Company	19.45	18.77
	- Group	19.69	18.88

Market price per share recorded during the quarter ended 31st December (LKR)		2017	2016
	-High	15.80 (7-11-2017)	16.50 (12-10-2016)
	-Low	12.70 (22-12-2017)	13.20 (30-11-2016)
	-Last Transaction	13.50 (29-12-2017)	13.60 (31-12-2016)

As at		31/12/2017	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		31/12/2017	31/12/2016
Debt / Equity Ratio		2.9	3.0
Statutory Liquid Asset Ratio		11.26%	10.75%

Ratios for the period ended		31/12/2017	31/12/2016
Interest Cover		1.055	1.089

9 Twenty largest share holders as at 31st December 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	10,788,183	6.50%
03	Sanwave Ltd	1,104,148	0.67%
04	MR. M.M. Fuad	841,837	0.51%
05	People's Leasing & Finance PLC / Mr. D. M. P. Disanayake	632,485	0.38%
06	Richard Peiris Financial Services (Pvt) Ltd / Mr. M. A. A. Karim	578,109	0.35%
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. 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	MRS. F.F. Hanifa	352,481	0.21%
14	Mr. B. T. Prathapasinghe	345,000	0.21%
15	Mr. A. Chelliah (Deceased)	333,800	0.20%
16	Mr. A. M. Weerasinghe	305,583	0.18%
17	Bartleet Produce Marketing (Pvt) Ltd	300,000	0.18%
18	People's Leasing & Finance PLC / Mr. L. P. Hapangama	300,000	0.18%
19	Mr. H. M. Hettiarachchi	294,858	0.18%
20	Mr. W. L. T. Anandawansa	282,039	0.17%

The percentage of shares held by the public as at 31st December 2017 was 25.51% and the number of public shareholders as at 31st December 2017 were 11,219

10 Directors' shareholding as at 31st December 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. B. Dassanayake (Alternate Director)	Nil

11 CEO's shareholding as at 31st December 2017

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