

MELSTA REGAL FINANCE LTD

Head Office & Registered Office : No. 851, Dr. Danister De Silva Mawatha, Colombo 14.

Tel : 0115 200 100, Fax : 0115 200 111, Web : www.melstaregalfinance.lk

Audited Financial Statements as at 31st March 2018



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
+94 - 11 254 1249
Internet : www.kpmg.com/lk

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MELSTA REGAL FINANCE LIMITED

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Melsta Regal Finance Limited ("the Company"), which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion
We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
Management is responsible for the other information. These financial statements do not include the other information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

(Signature)

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
28th June 2018

M.F. Mulla FCA P.Y.S. Perera FCA C.P. Jayatilaka FCA
T.S.S. Mahipala FCA W.A.J.C. Perera FCA M.S. Joseph FCA
M.S.M.B. Jayasinghe FCA M.S.K.C. Abeyaratne FCA S.L.U.L. Perera FCA
G.A.J. Kumaranan FCA H.M.D.B. Jayasinghe FCA M.B.K.U.M. Rodrigo FCA
R.P. Rajan FCA M.H.W. Sumanasekera FCA
Principals - S.P.U. Perera FCA M.J.C. U.S. Attombayana FCA H.S. Gunewardene FCA
M.A.S.K.N. Perera FCA

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| For the year ended, | 31.03.2018 (Audited) Rs'000 | 31.03.2017 (Audited) Rs'000 |
|--|-----------------------------------|-----------------------------------|
| Gross Income | 6 1,244,630 | 979,627 |
| Interest Income | 7 1,206,710 | 943,025 |
| Interest Expenses | 8 (489,619) | (430,092) |
| Net Interest Income | 717,091 | 512,933 |
| Net Other Operating Income | 9 37,920 | 36,602 |
| Total Operating Income | 755,011 | 549,535 |
| Impairment Charge on Loans and Receivables | 22.3 (241,608) | (102,608) |
| Net Operating Income | 513,403 | 446,927 |
| Operating Expenses | | |
| Personnel Expenses | 10 (139,598) | (114,137) |
| Premises, Equipment and Establishment Expenses | (56,145) | (53,854) |
| Depreciation and Amortisation Charges | (30,557) | (29,549) |
| Other Operating Expenses | (108,337) | (115,390) |
| Operating Profit before Value Added Tax (VAT) and Nation Building Tax (NBT) on Financial Services | 178,766 | 133,996 |
| VAT on Financial Services | (31,731) | (21,422) |
| NBT on Financial Services | (4,231) | (3,328) |
| Profit before Income Tax Expense | 142,804 | 109,246 |
| Income Tax Expense | 12 (22,967) | (6,895.62) |
| Profit for the Year | 119,837 | 102,350 |
| Other Comprehensive Income / (Expense) | | |
| Items that will never be Reclassified to Profit or Loss | | |
| Actuarial Gain on Employee Benefits | 34.1 (450) | 441 |
| Deferred Tax Effect on Employee Benefits | 26.1 126 | (124) |
| Items that are or may be Reclassified to Profit or Loss | | |
| Fair Value Losses that arose during the Year | 5,654 | (2,349) |
| Other Comprehensive Income / (Expense) for the Year, Net of Tax | 5,330 | (2,032) |
| Total Comprehensive Income for the Year | 125,167 | 100,318 |
| Earnings per Share | | |
| Basic and Diluted Earnings per Share | 13.1 0.89 | 0.76 |

The Notes annexed are an integral part of these Financial Statements.
Figures in brackets indicate deductions.

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

| As at 31st March | 2018 (Audited) 31.03.2018 | 2017 (Audited) 31.03.2017 |
|---|---------------------------------|---------------------------------|
| Regulatory Capital Adequacy | | |
| Core Capital (Tier 1 Capital) Rs. '000 | 1,504,509 | 1,379,342 |
| Total Capital Base Rs. '000 | 1,504,509 | 1,379,342 |
| Core capital Adequacy Ratio, as % of Risk Weighted Assets | 25% | 26% |
| Total Capital Adequacy Ratio, as % of Risk Weighted Assets | 25% | 26% |
| Capital funds to deposit Liabilities Ratio (minimum requirement, 10%) | 56% | 90% |
| Assets Quality (Quality of Loan Portfolio) | | |
| Gross Non performing Accommodations, Rs. '000 | 346,247 | 378,432 |
| Gross Non performing Accommodations Ratio % | 5.74% | 7.10% |
| Net Non performing Accommodations Ratio % | 3.23% | 2.58% |
| Profitability | | |
| Net Interest Margin | 8.90% | 8.90% |
| Return on Assets (before tax) | 2.0% | 2.0% |
| Return on Equity (after tax) | 8.3% | 7.7% |
| Regulatory Liquidity (Rs. '000) | | |
| Required minimum amount of liquid assets | 322,513 | 237,679 |
| Available amount of liquid assets | 456,395 | 482,239 |
| Required minimum amount of Government securities | 181,350 | 296,015 |
| Available amount of Government securities | 231,776 | 362,946 |

Memorandum information

| | 2018 | 2017 |
|---------------------------|------|------|
| Number of employees | 189 | 166 |
| Number of branches | 8 | 8 |
| Number of service centers | 1 | 1 |
| Number of paving centers | - | - |

STATEMENT OF FINANCIAL POSITION

| As at | 31.03.2018 (Audited) Rs'000 | 31.03.2017 (Audited) Rs'000 |
|--|-----------------------------------|-----------------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | 14 99,618 | 119,293 |
| Financial Investments - Loans & Receivables to Banks | 15 309,729 | 56,287 |
| Financial Investments - Available-for-Sale | 16 51,637 | 45,984 |
| Finance Lease Receivables | 17 4,673,298 | 3,108,180 |
| Hire Purchase Receivables | 18 9,278 | 44,164 |
| Loans & Advances to Other Customers | 19 1,058,750 | 1,658,618 |
| Factoring Receivables | 20 67,009 | 268,118 |
| Financial Investments - Held-To-Maturity | 22 58,828 | 261,006 |
| Other Receivables | 23 32,176 | 28,646 |
| Tax Receivables | 24 7 | 7 |
| Net Deferred Tax Assets | 25 - | 4,298 |
| Investment Property | 26 23,200 | 23,200 |
| Intangible Assets | 27 27,294 | 34,683 |
| Property, Plant & Equipment | 28 82,499 | 103,825 |
| Total Assets | 6,493,325 | 5,756,309 |
| LIABILITIES | | |
| Bank Overdrafts | 432,227 | 442,745 |
| Other Financial Liabilities due to Customers | 29 2,694,597 | 1,540,732 |
| Interest bearing Loans & Borrowings | 30 1,540,302 | 2,106,202 |
| Liabilities of FBIL Customers | 31 962 | 962 |
| Current Tax Liabilities | 23,559 | 16,389 |
| Trade & Other Payables | 32 292,814 | 265,818 |
| Employee Benefits | 33 4,354 | 4,119 |
| Total Liabilities | 4,988,815 | 4,376,967 |
| EQUITY | | |
| Stated Capital | 36 1,340,295 | 1,340,295 |
| Statutory Reserve Fund | 20,491 | 14,499 |
| Available -for- Sale Reserve | 3,304 | (2,349) |
| Retained Earnings / (Accumulated Losses) | 140,419 | 26,897 |
| Total Equity | 1,504,509 | 1,379,342 |
| Total Liabilities and Equity | 6,493,325 | 5,756,309 |
| Contingent Liabilities and Commitments | 40 44,356 | 60,309 |
| Net Assets per Share (Rs.) | 11.23 | 10.29 |

The Notes annexed are an integral part of these Financial Statements.
Figures in brackets indicate deductions.

CERTIFICATION

I certified that the Financial Statements are prepared and presented in Compliance with the requirements of the Companies Act No. 7 of 2007.

(Sgd.)
D.J. Withanachchi
Chief Financial Officer

(Sgd.)
G.S.T. Dharmakirti-Herath
Chief Executive Officer/GM

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 of Directors;

(Sgd.)
A.D. Gunewardene
Chairman

(Sgd.)
K.D. Bernard
Director

Colombo,
28th June 2018



Melsta Regal
Finance Ltd
"In safe hands"



| Colombo | Gampaha | Kurunegala | Kandy | Kegalle | Kuliyaipitiya | Kiribathgoda | Kalutara | Matara | Negombo |
|---|---|---|--|--|---|-------------------------------------|--|---|--|
| Level 1, No 33, Park Street, Colombo 02 | 1st Floor, No.396/1/1, Colombo Road, Gampaha. | Level 1, No 252, Negombo Road, Kurunegala | No.206, Katugastota Road, Kandy, Sri Lanka | No 440 B, Kandy Road, Meepitiya, Kegalle | No.47 1/1, Kurunegala Road, Kuliyaipitiya | No. 398 A, Galle Road, Kiribathgoda | No. 398 A, Galle Road, Kalutara North, Kalutara. | No. 469 A, Angarika Dharmapala Mawatha, Pamburana, Matara | No. 600 A/1/1, Chilaw Road, Kattuwa, Negombo |

LC's | Import Loans | Pledge Loans | Short Term Loans | Corporate Finance | Project Loans | SME Finance | Debt Factoring | Credit Guarantees | AUTO ඉඩම | Leasing | Operating Lease | Leasing | Personal Loans | Fixed Deposits | Savings

Fitch Rating A+(Ika) Date of Incorporation: 29/03/2007, (Reg. No. PB 878) Licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011

මෙල්ස්ටා රීගල් ශිතාන්ත ලේඛක

ප්‍රධාන කාර්යාලය හා ලියාපදිංචි කාර්යාලය : නො. 851, දොස්තර බැනිස්ටර් ද සිල්වා මාවත (බේස්ලයිස් පාර), කොළඹ 14.
දු.ක : 0115 200 100, ෆැක්ස් : 0115 200 111, වෙබ් ලිපිනය : www.melstaregalfinance.lk

2018 මාර්තු 31 දිනෙන් අවසන් වර්ෂය සඳහා මූල්‍ය ප්‍රකාශන

| ආදායම් ප්‍රකාශන | | |
|---|------------------------------------|------------------------------------|
| | 2018 (විගණනය කළ රුපියල්'000) | 2017 (විගණනය කළ රුපියල්'000) |
| මාර්තු 31 දිනෙන් අවසන් වසර සඳහා | | |
| දළ ආදායම | 1,244,630 | 979,627 |
| පොලී ආදායම | 1,206,710 | 943,025 |
| අඩු කළා: පොලී වියදම් | 489,619 | 430,092 |
| ශුද්ධ පොලී ආදායම | 717,091 | 512,933 |
| අනෙකුත් මෙහෙයුම් ආදායම් | 37,920 | 36,602 |
| මුළු මෙහෙයුම් ආදායම | 755,011 | 549,535 |
| අඩු කළා: ණය හා අනෙකුත් අලාභ මත අපහායන ප්‍රතිපාදන | 241,608 | 102,608 |
| ශුද්ධ මෙහෙයුම් ආදායම | 513,403 | 446,927 |
| අඩු කළා: මෙහෙයුම් වියදම් | | |
| සේවක වියදම් | 139,598 | 114,137 |
| ආයතනික වියදම් | 56,145 | 53,854 |
| වත්කම් ධූරය | 30,557 | 29,549 |
| අනෙකුත් වියදම් | 108,337 | 115,390 |
| මූල්‍ය සේවාවන් මත වකු කල අගය මත බදු හා ජා.ගො.බී. වලට පසු මෙහෙයුම් ලාභ/(අලාභ) | 178,766 | 133,996 |
| අඩු කළා: මූල්‍ය සේවාවන් මත වකු කල අගය මත බදු | 35,962 | 24,750 |
| ආදායම් බදුවලට පෙර මෙහෙයුම් ලාභ/(අලාභ) | 142,804 | 109,246 |
| අඩු කළා: ආදායම් බදු වියදම | 22,967 | 6,896 |
| ආදායම් බදුවලට පසු ලාභය | 119,837 | 102,350 |

| විස්තරාත්මක ආදායම් ප්‍රකාශන | | |
|--|------------------------------------|------------------------------------|
| | 2018 (විගණනය කළ රුපියල්'000) | 2017 (විගණනය කළ රුපියල්'000) |
| මාර්තු 31 දිනෙන් අවසන් වසර සඳහා | | |
| කාලවර්ෂීය සඳහා ලාභය | 119,837 | 102,350 |
| ලාභ හෝ අලාභ ගටයේ නැවත වර්ගීකරණය නොකරන අයිතම | | |
| අනෙකුත් විස්තරාත්මක ආදායම්/(වියදම්) | (450) | 441 |
| අඩු කළා: අනෙකුත් විස්තරාත්මක ආදායම්/(වියදම්) මත බදු | 126 | (124) |
| ලාභ හෝ අලාභ ගටයේ නැවත වර්ගීකරණය කළ හැකි අයිතම | | |
| අලෙවි සඳහා ඇති මූල්‍ය උච්චාවචනයන් | 5,654 | (2,349) |
| වසර සඳහා මුළු විස්තරාත්මක ආදායම් | 125,167 | 100,318 |
| කොටසක ඉපයුම - (රු) | 0.89 | 0.76 |

| නෝරාගත් කාර්ය සාධන දර්ශකයන් | | | |
|---|---------------------|---------------------|--|
| | 2018 (විගණනය කළ) | 2017 (විගණනය කළ) | |
| මාර්තු 31 දිනට | | | |
| හිසාමත ප්‍රාග්ධන ප්‍රමාණවත්තාවය | | | |
| ප්‍රාග්ධන ප්‍රාග්ධනය (පළමු පෙළ ප්‍රාග්ධනය) රු 000 | 1,504,509 | 1,379,342 | |
| ප්‍රාග්ධන ප්‍රාග්ධනය (පළමු පෙළ + දෙවන පෙළ ප්‍රාග්ධනය) රු 000 | 1,504,509 | 1,379,342 | |
| ප්‍රාග්ධන ප්‍රමාණවත්තා අනුපාතය, අවදානම මත බර තබන ලද වත්කම් වලින් ප්‍රතිශතයක් ලෙස (අවම අවශ්‍යතාවය 5%) | 25% | 26% | |
| මුළු ප්‍රාග්ධන ප්‍රමාණවත්තා අනුපාතය, අවදානම මත බර තබන වත්කම් වලින් ප්‍රතිශතයක් ලෙස (අවම අවශ්‍යතාවය 10%) | 25% | 26% | |
| තැන්පතු වගකීම් වලට ප්‍රාග්ධන අරමුදල් අනුපාතය (අවම අවශ්‍යතාවය 10%)* | 56% | 90% | |
| ව්‍යවස්ථාපිත ද්‍රවශීල වත්කම් අනුපාතය (අවම අවශ්‍යතාවය, 7.5%) | | | |
| වත්කම්වල ගුණාත්මකභාවය (දෙක ලද ණයවල ගුණාත්මකභාවය) | | | |
| දළ අක්‍රීය ණය රු.000 | 346,247 | 378,432 | |
| දළ අක්‍රීය ණය ප්‍රතිශතය % | 5.74% | 7.10% | |
| ශුද්ධ අක්‍රීය ණය ප්‍රතිශතය % | 3.23% | 2.56% | |
| ලාභදායීත්වය (%) | | | |
| ශුද්ධ පොලී ආන්තික % | 8.90% | 8.9% | |
| මුළු වත්කම් මත ප්‍රතිලාභය (බදු වලට පෙර) % | 2.0% | 2.0% | |
| මුළු වත්කම් ස්කන්ධය මත ලැබීම් (බදු වලට පසු) % | 8.3% | 7.7% | |
| හිසාමත ද්‍රවශීලතාවය (රු. '000) | | | |
| ද්‍රවශීල වත්කම් අවශ්‍ය අවම මුදල | 322,513 | 237,679 | |
| ද්‍රවශීල වත්කම් ලෙස තබා ගෙන ඇති මුදල | 456,395 | 482,239 | |
| රජයේ සුරැකුම්පත් වල තබා ගැනීමට අවශ්‍ය අවම මුදල | 181,350 | 296,015 | |
| රජයේ සුරැකුම්පත් ලෙස තබාගෙන ඇති මුදල | 231,776 | 362,946 | |
| සිහිවරන තොරතුරු | | | |
| සේවක සංඛ්‍යාව | 189 | 166 | |
| ශාඛා සංඛ්‍යාව | 8 | 8 | |
| සේවා ස්ථාන සංඛ්‍යාව | 1 | 1 | |
| උකස් මධ්‍යස්ථාන සංඛ්‍යාව | - | - | |

| මූල්‍ය තත්ත්ව ප්‍රකාශන | | | |
|---|------------------------------------|------------------------------------|--|
| | 2018 (විගණනය කළ රුපියල්'000) | 2017 (විගණනය කළ රුපියල්'000) | |
| මාර්තු 31 දිනට | | | |
| වත්කම් | | | |
| මුදල් හා මුදල් වලට සමාන දෑ | 99,618 | 119,293 | |
| බැංකු සමඟ ස්ථාපනය කිරීම් | 309,729 | 56,287 | |
| රජයේ සුරැකුම්පත් ආයෝජන | 58,828 | 261,007 | |
| අලෙවි සඳහා ඇති මූල්‍ය උපකරණ | 51,637 | 45,984 | |
| කල් බදු වලින් ලැබීම් | 4,673,298 | 3,108,180 | |
| කුලී පිරි ගැනුම් වලින් ලැබීම් | 9,278 | 44,164 | |
| අනෙකුත් ණය ලැබීම් | 1,058,750 | 1,658,618 | |
| සාධකකරණ ලැබීම් | 67,009 | 268,118 | |
| අනෙකුත් ණය ගැනියන් සහ ඉදිරියට කරන ලද ගෙවීම් | 32,176 | 28,646 | |
| ලැබිය යුතු බදු | 7 | 7 | |
| ආයෝජන කළ ඉඩම් තොග | 23,200 | 23,200 | |
| විලම්බිත බදු වත්කම් | - | 4,298 | |
| අස්පාශය වත්කම් | 27,294 | 34,683 | |
| දේපල, පරිගන හා උපකරණ | 82,499 | 103,825 | |
| මුළු වත්කම් | 6,493,325 | 5,756,308 | |

| වගකීම් | | | |
|---|------------------|------------------|--|
| බැංකු අයිත | 432,227 | 442,745 | |
| ස්ථාවර තැන්පතු සහ ඉතුරුම් තැන්පතු | 2,694,597 | 1,540,732 | |
| හිඳුත් කළ ණය උපකරණ හා අනෙකුත් ණය ගැනීම් | 1,540,302 | 2,106,202 | |
| FBIL ණය හිමියෝ | 962 | 962 | |
| අනෙකුත් ගෙවිය යුතු වියදම් | 292,814 | 265,368 | |
| ගෙවිය යුතු බදු | 23,559 | 16,839 | |
| විලිගැනීම ප්‍රතිලාභ සඳහා ප්‍රතිපාදන | 4,354 | 4,119 | |
| මුළු වගකීම් | 4,988,815 | 4,376,966 | |

| කොටස්කරුවන්ගේ හිමිකම් | | | |
|--|------------------|------------------|--|
| ප්‍රකාශිත ප්‍රාග්ධනය | 1,340,295 | 1,340,295 | |
| ව්‍යවස්ථාපිත සංචිත අරමුදල | 20,491 | 14,499 | |
| සංචිත ලාභ / (අලාභ) | 140,419 | 26,897 | |
| අලෙවි සඳහා වූ මූල්‍ය උපකරණ සඳහා වූ සංචිත | 3,304 | (2,349) | |
| මුළු කොටස්කරුවන්ගේ හිමිකම | 1,504,509 | 1,379,342 | |
| මුළු වගකීම් හා කොටස්කරුවන්ගේ හිමිකම | 6,493,325 | 5,756,308 | |


මෙම මූල්‍ය ප්‍රකාශන 2007 අංක 07 දරණ සමාගම් පනතේ විධානයන්ට අනුකූලව සකසා ඇති බව සහතික කරමි.

(අත්සන් කළේ) (අත්සන් කළේ)
 ඩී.ජේ. විතානාච්චි පී.එස්.ඊ. බර්මකිරිසි තේරන්
 ප්‍රධාන මූල්‍ය නිලධාරී ප්‍රධාන විධායක නිලධාරී/
සාමාන්‍යාධිකාරී

මෙම මූල්‍ය ප්‍රකාශන පිළියල කර ඉදිරිපත් කිරීමේ වගකීම සමාගමේ අධ්‍යක්ෂ මණ්ඩලය සතුවේ. අධ්‍යක්ෂ මණ්ඩලය වෙනුවෙන් අනුමත කර අත්සන් තබන ලදී.

(අත්සන් කළේ) (අත්සන් කළේ)
 ඒ.ඩී. ගුණවර්ධන කේ.ඩී. බර්නාර්ඩ්
 සහායක අධ්‍යක්ෂ

2018 ජූනි 28,
කොළඹ.



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

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|----------|---------------------|
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| | : +94 - 11 244 6058 |
| | : +94 - 11 254 1249 |
| Internet | : www.kpmg.com/lk |

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF MELSTA REGAL FINANCE LIMITED

Report on the Audit of the Financial Statements
Opinion
 We have audited the financial statements of Melsta Regal Finance Limited ("the Company"), which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion
 We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAUSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
 Management is responsible for the other information. These financial statements do not include the other information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
 Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

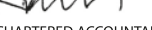
Auditor's Responsibilities for the Audit of the Financial Statements
 Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAUSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAUSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements
 As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

| | | | | | | | | | | | | | | | | |
|--|---|----------------------------|-------------------|---------------------|-----------------------|---------------------|-------------------|---------------------------|-------------------------|---------------------|------------------------|------------------------|----------------------------|----------------|--------------------|--|
|  CHARTERED ACCOUNTANTS Colombo, Sri Lanka 28th June 2018 | <table border="0" style="font-size: small;"> <tr> <td>M.R. Mihilar FCA</td> <td>P.Y.S. Perera FCA</td> <td>C.P. Jayatilake FCA</td> </tr> <tr> <td>T.J.S. Rajakarier FCA</td> <td>W.W.J.C. Perera FCA</td> <td>Ms. S. Joseph FCA</td> </tr> <tr> <td>Ms. S.M.B. Jayasekara ACA</td> <td>W.K.D.C. Abeyaratne FCA</td> <td>S.T.D.L. Perera FCA</td> </tr> <tr> <td>G.A.U. Kanuraratne ACA</td> <td>R.M.D.B. Rajapaksa FCA</td> <td>Ms. B.K.D.T.N. Rodrigo FCA</td> </tr> <tr> <td>R.H. Rajan ACA</td> <td>M.N.M. Shameel ACA</td> <td></td> </tr> </table> <p>Principals - S.R.I. Perera FCMA(UK), LLB. Attorney-at-Law, H.S. Goonewardene ACA Ms. S.T.K.N. Perera ACA</p> | M.R. Mihilar FCA | P.Y.S. Perera FCA | C.P. Jayatilake FCA | T.J.S. Rajakarier FCA | W.W.J.C. Perera FCA | Ms. S. Joseph FCA | Ms. S.M.B. Jayasekara ACA | W.K.D.C. Abeyaratne FCA | S.T.D.L. Perera FCA | G.A.U. Kanuraratne ACA | R.M.D.B. Rajapaksa FCA | Ms. B.K.D.T.N. Rodrigo FCA | R.H. Rajan ACA | M.N.M. Shameel ACA | |
| M.R. Mihilar FCA | P.Y.S. Perera FCA | C.P. Jayatilake FCA | | | | | | | | | | | | | | |
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| Ms. S.M.B. Jayasekara ACA | W.K.D.C. Abeyaratne FCA | S.T.D.L. Perera FCA | | | | | | | | | | | | | | |
| G.A.U. Kanuraratne ACA | R.M.D.B. Rajapaksa FCA | Ms. B.K.D.T.N. Rodrigo FCA | | | | | | | | | | | | | | |
| R.H. Rajan ACA | M.N.M. Shameel ACA | | | | | | | | | | | | | | | |



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 "මිඔට අත හිත සදා..."

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| කොළඹ | කැටුර | බැංකුරාගල | කැපුල්ල | කුලියාපිටිය | කිරිඳිවෙල | ගම්පහ | මාතර | මහනුවර | මීගමුව |
| 1 වැනි මහල, නො. 33, පාඨමාර්ග පිටිය, කොළඹ 02. | නො. 39 දී, හාලු පාර, කැටුර පදනම, කැටුර. | 1 වැනි මහල, නො. 252, මහලිය පාර, බැංකුරාගල. | නො. 440 දී, නුර පාර, මීටර, කැපුල්ල. | නො. 47/11, දැරුණකොට පාර, කුලියාපිටිය. | නො. 107, මාකොල පාර, කිරිඳිවෙල. | 1 වැනි මහල, නො. 396/11/1, කොළඹ පාර, ගම්පහ. | නො. 469 දී, අනන්තරාධීර මාවත මාවත, පඬුරුම, මාතර. | නො. 206, සුද්ධසේනාපාය පාර, මහනුවර. | නො. 600 දී, 1/1 ලොවුන පාර, කිරිඳි, මීගමුව. |

ණයවර ලිපි | ආනයන ණය | මධ්‍යම ණය | කෙටි කාලීන ණය | ආයතනික මූල්‍ය පහසුකම් | ව්‍යාපාරික ණය | සුළු හා මධ්‍ය පරිමාණ ණය | උකස්වරින් | ණය ඇපකර | ලිපි | පුද්ගල ණය | AUTO ගනු-දෙනු | ස්ථාවර හා ඉතුරුම් තැන්පතු