MELSTA REGAL FINANCE LTD

Head Office: No. 851, Dr. Danister De Silva Mawatha, Colombo 14. Registered Office: No. 110, Norris Canal Road, Colombo 10,

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

Audited Financial Statements as at 31st March 2017

For the year ended,	31.03.2017	31.03.201
or the year chaea,	(Audited)	(Audited
	Rs'000	Rs'000
		1.5 000
Gross income	979,627	742,384
Income		
Interest income	943,025	695,077
Interest expenses	(430,092)	(264,312
Net interest income	512,933	430,765
Other income	36,602	47,307
Fotal Operating Income	549,535	478,072
Allowance for impairment of loans and receivables	(102,608)	(127,919
Net Operating income	446,927	350,153
Operating expenses		
Personnel expenses	(114,137)	(102,225
Premises, equipment and establishment expenses	(53,854)	(43,888
Depreciation and amortisation cost	(29,549)	(16,580
Other operating expenses	(115,390)	(92,559
Operating profit before VAT and NBT on financial		
services and income tax	133,996	94,901
/alue Added Tax on financial services	(21,422)	(16,073
Nations Building Tax on financial services	(3,328)	(2,922
Profit before income tax	109,246	75,906
Income tax expense	(6,896)	(8,111
Profit for the year	102,350	67,795
		0,,,,,
Basic earnings per share	0.76	0.51
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Actuarial gains/ (losses) on defined benefit obligations	441	3,318
ax on other comprehensive income	(124)	(929
tems that will or may be reclassified to Profit or Loss		
Gains/ (losses) on fair valuation of AFS assets	(2,349)	
Total comprehensive income for the year	100,319	70,184
SELECTED PERFORMANCE INDICATORS (AS PER	REGULATORY RE	PORTING
A+ 24 -+ M	2017	20:
As at 31st March	2017	

As at 31st March	2017	2016
Regulatory Capital Adequacy Core Capital (Tier 1 Capital) Rs. '000 Total Capital Base Rs. '000 Core capital Adequacy Ratio, as % of Risk Weighted Assets Total Capital Adequacy Ratio, as % of Risk Weighted Assets Capital funds to deposit Liabilities Ratio (minimum requirement, 10%)	1,379,342 1,379,342 26% 26% 90%	(Audited) 1,279,023 1,279,023 25% 25% 106%
Assets Quality (Quality of Loan Portfolio) Gross Non performing Accommodations, Rs. '000 Gross Non performing Accommodations Ratio % Net Non performing Accommodations Ratio %	378,432 7.10% 2.58%	232,253 4.66% 1.71%
Profitability Net Interest Margin Return on Assets (before tax) Return on Equity (after tax)	8.9% 2.0% 7.7%	8.6% 1.4% 5.4%
Regulatory Liquidity (Rs. '000) Required minimum amount of liquid assets Available amount of liquid assets Required minimum amount of Government securities Available amount of Government securities	237,679 482,239 296,015 362,946	124,271 302,316 153,259 161,473
Memorandum information Number of employees	166	14 <u>1</u>

STATEMENT OF FINANCIAL POSITION		
As at	31.03.2017 (Audited) Rs'000	31.03.2016 (Audited) Rs'000
ASSETS		
Cash and cash equivalents	119,293	140,843
Financial investments - Held-to-maturity	261,006	48,916
Financial investments - Loans and receivables	56,287	113,000
Financial investments - Available-for-sale	45,984	331
Financial investments - Fair value through profit or loss	-	111,040
Finance lease receivables	3,108,180	2,453,747
Hire purchase receivables	44,164	111,674
Loans and advances	1,658,618	1,982,685
Factoring receivables	268,118	291,252
Other receivables	28,646	40,361
Tax recoverable	7	20,583
Investment property	23,200	5,200
Deferred tax asset	4,298	24 554
Intangible assets	34,683	34,554
Property, plant and equipment Total assets	103,825 5,756,308	47,456 5,401,643
Iodal assets	3,730,308	3,701,073
LIABILITIES		
Bank overdrafts	442,745	92,986
Other financial liabilities due to customers	1,540,732	1,206,189
Interest bearing loans and borrowings	2,106,202	2,648,309
Liabilities of FBIL customers	962	885
Trade and other payables	282,207	171,247
Retirement benefit obligations	4,119	3,003
Total liabilities	4,376,966	4,122,620

Total liabilities and shareholders' funds 5,756,308 5,401,643

1,340,295

14,499

26,897

(2,349)

1,379,342

1,340,295

(70,653)

1,279,023

9,382

I certify that the financial statements have been prepared in accordance with the requirements of Companies Act No. 7 of 2007.

D.J. Withanachchi AGM - Finance & Planning

SHAREHOLDERS' FUNDS

Stated capital Reserve fund

AFS reserve

Retained earnings

Total shareholders' fund

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

À.L. Gooneratne Chairman

Colombo

D.M.N.P. Karunapala **Director/Chief Executive Officer** 29th May 2017



Tel +94 - 11 542 6426 +94 - 11 244 5872 (Chartered Accountants) Fax 32A, Sir Mohamed Macan Markar Mawatha, +94 - 11 244 6058 P. O. Box 186 +94 - 11 254 1249 Colombo 00300, Sri Lanka : www.kpmg.com/lk

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MELSTA REGAL FINANCE LTD

Report on the Financial Statements

We have audited the accompanying financial statements of Melsta Regal Finance Limited, ("the Company"), which comprise the statement of financial position as at March 31, 2017, and the income statement, statements of profit or loss and other comprehensive income, changes in equity and, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory

Board's Responsibility for the Financial StatementsThe Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility,

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the -financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- . The basis of opinion and scope and limitations of the audit are as stated above.
- 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,
- and the financial statements of the Company, comply with the requirements of section 151 of the Companies Act No 7 of 2007.

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CHARTERED ACCOUNTANTS Colombo 29th May 2017

KPMG, a Sir tankan partnership and a member firm of the KPMO retwork of independent member firms off lates with KPMO internations. Cooperative

Principals - S.F.I. Parara FCMAIJIC, ULS, Artomay-et-Law, PLS. Geonewardens ACA Ma. CT.E.II. Person ACMA (UR)



Melsta Regal Finance Ltd

"In safe hands"











Level 1, No 33, Park Street,

Number of branches

Number of service centers

Number of pawing centers Number of service centers

1st Floor, No.396/1/1,

Kurunegala Level 1, No 252, Negombo Road

No.206, Katugastota Road,

No 440 B, Kandy Road,

No.47 1/1, Kurunegala Road

Kiribathaoda No. 107, Makola Road,

No. 398 A, Galle Road Kalutara North, Kalutara

No. 469 A, Angarika Dharmapala Mawatha,

No. 600 A,1/1, Chilaw Road,

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

මෙල්ස්ටා රීගල් ෆිනෑන්ස් ලිම්ටඩ්

දු.ක : 0115 200 100, ෆැක්ස් : 0115 200 111, වෙබ් ලිපිනය : www.melstaregalfinance.lk

2017 මාර්තු 31 දිනෙන් අවසන් වර්ෂය සඳහා මූලුප පුකාශන

ආදායම් පුකාශය		
මාර්තු 31 දිනෙන් අවසන් වසර සඳහා	2017 (විගණනය කළ) රුපියල්'000	2016 (විගණනය කළ) රුපියල්'000
දිලි ආදායම 	979,627	742,384
පොළී ආදායම	943,025	695,077
අඩු කළා: පොළී වියදම්	430,092	264,312
ශුද්ධ පොළී ආදායම	512,933	430,765
අනෙකුත් මෙතෙයුම් ආදායම්	36,602	47,307
මුළු මෙතෙයුම් ආදායම	549,535	478,072
අඩු කළා: ණය හා අනෙකුත් අලාභ මත අපහායන පුතිපාදන	102,608	127,919
ශුද්ධ මෙහෙයුම් ආදායම	446,927	350,153
අඩු කළා: මෙහෙයුම් වියදුම්		
සේවක වියදම්	114,137	102,225
ආයතනික ව්යදම්	53,854	43,888
වත්කම් කෂය	29,549	16,580
අනෙකුත් ව්යදම්	115,390	92,559
මූලෳ සේවාවන් මත චිකතු කල අගය මත වදු හා		
ජා.ගො.බ. වලට පසු මෙහෙයුම් ලාත/(අලාත)	133,996	94,901
අඩු කළා: මූලෳ සේවාවන් මත චිකතු කල අගය මත බදු	21,422	16,073
අඩු කළා: මූල¤ සේවාවන් මත ජා.ගො.බ.	3,328	2,922
ආදායම් බදුවලට පෙර මෙහෙයුම් ලාත/(අලාත)	109,246	75,906
අඩු කළා: ආදායම් බදු ව්යදම	6,896	8,111
ආදායම් නිදුවලට පසු ලානය	102,350	67,795
කොටසක ඉපැයුම - (රු)	0.76	0.51
විස්තරාත්මක ආදායම් පුකා	ශය	

මාර්තු 31 දිනෙන් අවසන් වසර සඳහා	2017 (විගණනය කළ) රුපියල්'000	2016 (විගණනය කළ) රුපියල්'000
කාලච්ජේදය සඳහා ලාභය	102,350	67,795
ලාත හෝ අලාත යටතේ නැවත වර්ගීකරණය නොකරන අයිතම		
අනෙකුත් විස්තරාත්මක ආදායම්/(වියදම්)	441	3,318
අඩු කළා: අනෙකුත් විස්තරාත්මක ආදායම්/(වියදම්) මත බදු	(124)	(929)
ලාන හෝ අලාන යටතේ නැවත වර්ගීකරණය කළ හැකි අයිතම		
අලෙවිය සදහා ඇති මූලූ උචජාවචනයන්	(2,349)	-
වසර සඳහා මුළු විස්තරාත්මක ආදායම්	100,319	70,184

වසට සඳහා මුළු වසතටාතුමක ආදායම	100,319	/0,184	
තෝරාගත් කාර්ය සාධන දර්ශකයන්			
මාර්තු 31 දිනට	2017 (ව්ගණනය කළ)	2016 (විගණනය කළ)	
නියාමන පාත්ධන පුමාණාත්මතාවය පුාවමික පාත්ධනය (පළමු පෙළ පාත්ධනය) රු 000 පුාවමික පාත්ධනය (පළමු පෙළ + දෙවන පෙළ පාත්ධනය) රු 000 පුාවමික පාත්ධන පුමාණාත්මතා අනුපානය, අවදානම මත බර තබන ලද	1,379,342 1,379,342	1,279,023 1,279,023	
වත්කම් වලින් පුතිශෙතයක් ලෙස (අවම අවශයතාවය 5% මුළු පාශ්ධන පුමාණාත්මතා අනුපාතය, අවදානම මත බර තැබූ වත්කම් වලින් පුතිශෙතයක් ලෙස (අවම අවශයතාවය 10%) තැන්පතු වශක්ම් වලට පාශ්ධන අරමුදල් අනුපාතය (අවම අවශයතාවය 1 වාහේපතු වශක්ම් වලට පාශ්ධන අරමුදල් අනුපාතය (අවම අවශයතාවය 7.5%)	26% 26% 90%)*	25% 25% 106%	
වත්කම්වල ගුණාත්මකභාවය (දෙන ලද ණයවල ගුණාත්මකභාවය) දුළ අතීය ණය රු.000 දුළ අතීය ණය පුතිශතය % ඉද්ධ අතීය ණය පුතිශතය %	378,432 7.10% 2.58%	232,253 4.66% 1.71%	
හනදායිත්වය (%) ඉද්ධ පොලී ආන්තීය % මුළු වත්කම් මත පුතිලාභය (බදු වලට පෙර) % මුළු වත්කම් ස්කන්ධය මත ලැබීම් (බදු වලට පසු) %	8.9% 2.0% 7.7%	8.6% 1.4% 5.4%	
නියාමන දුවශීලතාවය (රු. '000) දුවශීල වත්කම්නි අවශන අවම මුදල දුවශීල වත්කම් ලෙස තබා ගෙන ඇති මුදල රජයේ සුරැකුම්පත් වල තබා ගැනීමට අවශන අවම මුදල රජයේ සුරැකුම්පත් ලෙස තබාගෙන ඇති මුදල	237,679 482,239 296,015 362,946	124,271 302,316 153,259 161,473	
සිහිවටන තොරතුරු සේවක සංඛතාව ශාබා සංඛතාව ජේවා ස්ථාන සංඛතාව උකස් මඛකස්ථාන සංඛතාව	166 8 1	141 7 1 -	

මාර්තු 31 දිනට	2017 (විගණනය කළ) රුපියල්'000	2016 (විගණනය කළ) රුපියල්'000
වත්කම්		
මුදල් හා මුදල් වලට සමාන දෑ	119,293	140,843
රජයේ සුරැකම්පත් ආයෝජන	317,294	161,473
අලෙවිය සදහා ඇති මූලෳ උපකරණ	45,984	331
ආයෝජන	-	111,040
කල් බදු වලින් ලැබීම්	3,108,180	2,453,747
කුලී පිට ගැනුම් වලින් ලැබීම්	44,164	111,674
අනෙකුත් ණය ලැබීම්	1,658,618	1,982,685
සාධෳකරණ ලැබීම්	268,118	291,252
අනෙකුත් ණය ගැතියන් සහ ඉදිරියට කරන ලද ගෙවීම්	28,646	40,805
ලැබිය යුතු බදු	7	20,583
ආයෝජන කළ ඉඩම් තොග	23,200	5,200
විලම්හිත බදු වත්කම්	4,298	-
අස්පෘශන වත්කම්	34,683	34,554
දේපල, පරියත හා උපකරණ	103,825	47,456
මුළු වත්කම්	5,756,308	5,401,643
වශකීම්		
බැංකු අයිරා	442,745	92,986
ස්ථාවර තැන්පතු සහ ඉතුරුම් තැන්පතු	1,540,732	1,206,189
නිකුත් කළ ණය උපකරණ හා අනෙකුත් ණය ගැනීම්	2,106,202	2,648,309
FBIL ණය හිමියෝ	962	885
අනෙකුත් ගෙවිය යුතු වියදම්	282,207	171,248
ව්ශුාමික පුතිලාභ සඳහා පුතිපාදන	4,119	3,003
මුළු වගකීම්	4,376,966	4,122,620
කොටස්කරුවන්ගේ හිමිකම්		
පුකාශිත පුාග්ධනය	1,340,295	1,340,295
- වฆාවස්ථාපිත සංචිත අරමුදල	14,499	9,381
සංචිත ලාභ /(අලාභ)	26,897	(70,653)
අලෙවිය සදහා වූ මූලෳ උපකරණ සදහා වූ සංචිත	(2,349)	-
මුළු කොටස්කරුවන්ගේ හිමිකම	1,379,342	1,279,023
	5,756,308	5,401,643

මෙම මුලූූූූලූ පුකාශන 2007 අංක 07 දරණ සමාගම් පනතේ විධානයන්ට අනුකූලුව සකසා ඇති බව සහතික කරමි.

(අත්සන් කළේ) ඩී.ජේ. විතානාච්චි

සහකාර සාමානහාධිකාරිනී - මූලූ හා සැළසුම්

මෙම මූලූූූ පුකාශන පිළියළ කර ඉදිර්පත් කිරීමේ වගකීම සමාගමේ අධෳක්ෂ මණ්ඩලය සතුවේ. අධාන්ෂ මණ්ඩලය වෙනුවෙන් අනුමත කර අත්සන් තබන ලදි.

(අත්සන් කළේ) ඒී.එල්. ගුණරත්න සභාපති 2017 මැයි 29

(අත්සන් කළේ) ඩී.එම්.එන්.පී. කරුණාපාල අධ¤ක්ෂ/පුධාන විධායක නිලධාරී

නො. 107, මාකොළ පාර



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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MELSTA REGAL FINANCE LTD

Report on the Financial Statements

We have audited the accompanying financial statements of Melsta Regal Finance Limited, ("the Company"), which comprise the statement of financial position as at March 31, 2017, and the income statement, statements of profit or loss and other comprehensive income, changes in equity and, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility,

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the -financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- . The basis of opinion and scope and limitations of the audit are as stated above.
- b). In our opinion:
 - 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,
- and the financial statements of the Company, comply with the requirements of section 151 of the Companies Act No 7 of 2007.

KIN

CHARTERED ACCOUNTANTS Colombo 29th May 2017

KPMG, a Sintamen partiesting and a member firm of the KPMG retrook of adequated (minimal off) after with KPMG international Condensitive int PMG International", a Swiss entity.

M.R. Milatar FCA 1.J.S. Hejakariar FCA Ma. S.M.B. Jayanskara 6.4.0 Korunantne ACA B.H. Rejen ACA

P.V.S. Pores FCA C.P. Javasi ske FCA
CA WW.V.J.C. Mente PCA Me. S. Javasi FCA
WK. D.C. Absyration ACA S. J.D. L. Pores FCA
FACA H.M.D.B. Regentes ACA Me. S.K.J. T.N. Hodings ACA

Principale - S.F.I. Perera F.C.M.4.I.J.C., 1885, Antomory-et-Law., Ft.S. Geonewardene ACA No. C.T.E.M. Perera ACMA (JR)



1 වැනි මහල, නො 33,පාර්ක් වීදිය

මෙල්ස්ටා රීගල්

"ඔබට අත හිත සදා...."

> කුරුණෑගල නො. 398 ඒ, ගාලු පාර 1 වැනි මහල, නො 252, මීගමුව පාර,

නො. 440 බී, නුවර පාර







1 වැනි මහල, නො. 396/1/1

ණය ඇපකර





ණායවර ලිපි ඔඩපණ ණය ආනයන ණය කෙට් කාලීන ණය

ආයතනික මලප පහසකම් වනපෘති ණය

සළු හා මධ්ය පරිමාණ ණය ෆැක්ටරින්



නො. 469 ඒ, අනගාරික ධර්මපාල මාවත

නො. 206, කවුගස්තොව පාර,

නො. 600 ඒ,1/1 හලාවත පාර, කට්ටුව

කුලියාපිටිය

නො. 47/1/1, කුරුණෑගල පාර