

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended,	31.03.2017 (Audited) Rs'000	31.03.2016 (Audited) Rs'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
Total 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
Value 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
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
Tax on other comprehensive income	(124)	(929)
Items 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 REPORTING)

As at 31st March	2017 (Audited)	2016 (Audited)
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital) Rs. '000	1,379,342	1,279,023
Total Capital Base Rs. '000	1,379,342	1,279,023
Core Capital Adequacy Ratio, as % of Risk Weighted Assets	26%	25%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets	26%	25%
Capital funds to deposit Liabilities Ratio (minimum requirement, 10%)	90%	106%
Assets Quality (Quality of Loan Portfolio)		
Gross Non performing Accommodations, Rs. '000	378,432	232,253
Gross Non performing Accommodations Ratio %	7.10%	4.66%
Net Non performing Accommodations Ratio %	2.58%	1.71%
Profitability		
Net Interest Margin	8.9%	8.6%
Return on Assets (before tax)	2.0%	1.4%
Return on Equity (after tax)	7.7%	5.4%
Regulatory Liquidity (Rs. '000)		
Required minimum amount of liquid assets	237,679	124,271
Available amount of liquid assets	482,239	302,316
Required minimum amount of Government securities	296,015	153,259
Available amount of Government securities	362,946	161,473
Memorandum information		
Number of employees	166	141
Number of branches	8	7
Number of service centers	1	1
Number of parking centers	-	-
Number of service centers	1	-

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	-
Intangible assets	34,683	34,554
Property, plant and equipment	103,825	47,456
Total assets	5,756,308	5,401,643
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
SHAREHOLDERS' FUNDS		
Stated capital	1,340,295	1,340,295
Reserve fund	14,499	9,382
Retained earnings	26,897	(70,653)
AFS reserve	(2,349)	-
Total shareholders' fund	1,379,342	1,279,023
Total liabilities and shareholders' funds	5,756,308	5,401,643

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

(Sgd.)
D.J. Withanachchi
AGM - Finance & Planning

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.)
A.L. Gooneratne
Chairman

29th May 2017
Colombo

(Sgd.)
D.M.N.P. Karunapala
Director/Chief Executive Officer



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
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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 information.

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.

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.
- 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.

CHARTERED ACCOUNTANTS
Colombo
29th May 2017

M.P. Mistry FCA
T.J.S. Rajapaksa FCA
M.A. S.R.B. Jayasinghe FCA
G.A.J. Karunaratne FCA
R.P. Rajan FCA
P.B. Perera FCA
S.R.A.C. Perera FCA
M.A.C.C. Abeyaratne FCA
R.M.D.B. Jayasinghe FCA
S.P. Jayatilaka FCA
M.S. Jayatilaka FCA
S.T.U.L. Perera FCA
M.S.R.P.T. Rodrigo FCA
Prestige - S.P.J. Perera FCA, J.S. Arambepillai FCA, T.S. Gooneratne FCA
M.C.T.R. Perera ACA, BBA



Melsta Regal
Finance Ltd
"In safe hands"



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

Fitch Rating A+(lka)

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

2017 මාර්තු 31 දිනෙන් අවසන් වර්ෂය සඳහා මූල්‍ය ප්‍රකාශන