



RICHARD PIERIS FINANCE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 IN ACCORDANCE WITH GUIDELINE NO.02 OF 2006 ISSUED BY THE CENTRAL BANK OF SRI LANKA

COMPREHENSIVE INCOME STATEMENT

For the Year Ended 31st March	2017 Rs.	2016 Rs.
Interest Income	1,671,191,960	1,055,184,542
Less: Interest Expenses	(935,493,264)	(573,299,639)
Net Interest Income	735,698,696	481,884,903
Fee and Commission Income	199,799,113	216,632,477
Net Fee and Commission Income	935,497,809	698,517,381
Other Operating Income	-	-
Total Operating Income	935,497,809	698,517,381
Less: Impairment (Charges) / Reversal for loans and other losses	(176,583,201)	(190,661,000)
Net Operating Income	758,914,608	507,856,381
Operating Expenses		
Personnel Expenses	(138,645,363)	(128,482,622)
Depreciation of Property, Plant & Equipment	(14,805,395)	(10,184,298)
Other Operating Expenses	(143,110,672)	(116,997,414)
Total Operating Expenses	(296,561,429)	(255,664,335)
Operating Profit before Value Added Tax on Financial Services	462,353,179	252,192,046
Value Added Tax on Financial Services	(64,701,477)	(31,385,354)
Profit before Taxation from Operations	397,651,702	220,806,692
Income Tax Expense	(9,001,028)	(6,060,283)
Profit for the Year	388,650,674	214,746,410
Other Comprehensive Income		
Other Comprehensive Income not to be reclassified to Income Statement		
Actuarial gains on defined benefit plans	(579,553)	357,517
Surplus Value of Investment Property	-	-
Other Comprehensive Income to be reclassified to Income Statement		
Gains/(losses) on re-measuring available-for-sale financial assets	(674,655)	425,937
Recycling to statement of Profit or Loss	(1,627,109)	52,820
Total Comprehensive Income for the Year, Net of Tax	385,769,357	215,582,684
Basic Earnings Per Share (Rs)	3.28	1.83

STATEMENT OF FINANCIAL POSITION

As at 31st March	2017 Rs.	2016 Rs.
Assets		
Cash and Bank Balances	272,493,312	48,146,250
Investments in Fixed Deposits	40,258,606	261,983,324
Lease Receivable	4,361,256,139	3,802,390,613
HP Receivable	245,127,687	476,418,495
Loans and Receivables	6,060,689,288	3,986,844,903
Other Debtors and Prepayments	204,435,307	77,193,565
Financial Investments - Available for Sale	262,898,213	118,066,209
Financial Assets - Held to Maturity	-	-
Other Financial Assets	-	-
Investments - Held for Trading	-	-
Investments in subsidiary	804,765,475	804,765,475
Goodwill	-	-
Income Taxation Receivable	4,558,564	16,836,381
Deferred Tax Assets	31,533,817	22,667,169
Inventories	-	-
Intangible Assets	-	-
Investment Property	3,200,000	-
Property, Plant and Equipment	44,169,536	27,279,279
Total Assets	12,335,385,945	9,642,611,664
Liabilities		
Due to Banks	3,416,898,568	2,729,909,093
Due to Customers	3,381,398,456	3,084,791,479
Debt Issued and Other Borrowed Funds	3,029,856,433	1,844,944,665
Other Payables	484,640,564	347,959,235
Deferred Tax Liabilities	-	-
Income Taxation Payable	-	-
Retirement Benefit Obligations	3,161,036	1,145,660
Total Liabilities	10,315,755,056	8,008,750,132
Shareholders' Funds		
Stated Capital	1,175,830,690	1,175,830,690
Statutory Reserve Fund	40,408,698	20,976,165
Investment Fund Reserve	-	-
Retained earnings	803,391,502	437,054,677
Revaluation Gain Reserve	-	-
Total Shareholders' Funds	2,019,630,889	1,633,861,532
Non-controlling interest	-	-
Total Equity	2,019,630,889	1,633,861,532
Total Liabilities and Shareholders' Funds	12,335,385,945	9,642,611,664

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

As at 31st March Indicator	2017	2016
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), Rs.'000	2,019,631	1,633,862
Total Capital Base, Rs'000	1,241,866	829,097
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	17.32%	19.31%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	10.42%	9.80%
Capital Fund to Deposit Liabilities Ratio (Minimum Requirement, 10%)	59.73%	38.00%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Accommodations, Rs.'000	394,056	251,330
Gross Non-Performing Accommodations Ratio, %	3.51%	3.04%
Net Non-Performing Accommodations Ratio, %	0.00%	0.00%
Profitability (%)		
Interest Margin (%)	7.77%	5.52%
Return on Assets (before Tax)	3.62%	2.79%
Return on Equity (after Tax)	21.12%	13.99%
Regulatory Liquidity (Rs.'000)		
Required minimum amount of Liquid Assets '000	338,224	308,479
Available amount of Liquid Assets '000	326,433	324,254
Required minimum amount of Government Securities '000	194,032	97,090
Available amount of Government Securities '000	262,310	108,973
Memorandum Information		
Number of Employees	173	150
Number of Branches	2	2

We certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.) Chief Financial Officer
G.A.A. Ranasinghe

(Sgd.) Chief Executive Officer
K.M.M. Jabir

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 by,

(Sgd.) Director
D.P.J. Hewawitharana

(Sgd.) Director
H.G. Wijesurendra

15th September 2017
Colombo



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HMA/UMDM

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RICHARD PIERIS FINANCE LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Richard Pieris Finance Limited, ("the company"), which comprise the statement of financial position as at 31 March 2017, and the Income statement and comprehensive income, statement of changes in equity and, statement of 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 controls 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 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 the 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 consolidated financial statements give a true and fair view of the financial position of the Company as at 31 March 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 Companies Act No.7 of 2007, we state the following:

- The basis of opinion, 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.
 - The financial statements of the Company give a true and fair view of the financial position as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with the Sri Lanka Accounting Standards, and
 - The financial statements of the Company, comply with the requirements of section 151 of the Companies Act No.07 of 2007.

15 September 2017
Colombo