

## COMPREHENSIVE INCOME STATEMENT

For the Year Ended 31st March	2018 Rs.	2017 Rs.
Interest Income	2,133,736,799	1,671,191,961
Less: Interest Expenses	(1,211,243,242)	(935,493,264)
<b>Net Interest Income</b>	<b>922,493,558</b>	<b>735,698,697</b>
Fee and Commission Income	176,497,420	199,799,113
<b>Net Fee and Commission Income</b>	<b>1,098,990,978</b>	<b>935,497,810</b>
Other Operating Income	-	-
<b>Total Operating Income</b>	<b>1,098,990,978</b>	<b>935,497,810</b>
Less: Impairment (Charges) / Reversal for loans and other losses	(102,108,135)	(176,583,200)
<b>Net Operating Income</b>	<b>996,882,843</b>	<b>758,914,610</b>
<b>Operating Expenses</b>		
Personnel Expenses	(171,267,826)	(138,645,362)
Depreciation of Property, Plant & Equipment	(21,762,045)	(14,805,395)
Other Operating Expenses	(179,292,164)	(143,110,672)
<b>Total Operating Expenses</b>	<b>(372,322,035)</b>	<b>(296,561,429)</b>
<b>Operating Profit before Value Added Tax on Financial Services</b>	<b>624,560,807</b>	<b>462,353,181</b>
Value Added Tax on Financial Services	(107,587,840)	(64,701,477)
<b>Profit before Taxation from Operations</b>	<b>516,972,967</b>	<b>397,651,704</b>
Add/(Less) Income Tax Expense	(118,621,361)	(9,001,028)
<b>Profit for the Year</b>	<b>398,351,606</b>	<b>388,650,676</b>
<b>Other Comprehensive Income</b>		
<b>Other Comprehensive Income not to be reclassified to Income Statement</b>		
Actuarial gains on defined benefit plans	(4,067,643)	(579,553)
<b>Other Comprehensive Income to be reclassified to Income Statement</b>		
Gains/(losses) on re-measuring available-for-sale financial assets	620,644	(674,655)
Recycling to statement of Profit or Loss	-	(1,627,109)
<b>Total Comprehensive Income for the Year, Net of Tax</b>	<b>394,904,607</b>	<b>385,769,359</b>
<b>Basic Earnings Per Share (Rs)</b>	<b>3.39</b>	<b>3.31</b>

## SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

As at 31st March Indicator	2018	2017
<b>Regulatory Capital Adequacy</b>		
Core Capital (Tier 1 Capital), Rs.'000	2,168,860	2,019,631
Total Capital Base, Rs.'000	2,168,860	1,241,866
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	16.83%	17.32%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	16.83%	10.42%
Capital Fund to Deposit Liabilities Ratio (Minimum Requirement, 10%)	49.00%	59.73%
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non-Performing Accommodations, Rs. '000	1,189,812	394,056
Gross Non-Performing Accommodations Ratio, %	9.54%	3.51%
Net Non-Performing Accommodations Ratio, %	4.15%	0.00%
<b>Profitability (%)</b>		
Interest Margin (%)	8.29%	7.77%
Return on Assets (before Tax)	3.95%	3.62%
Return on Equity (after Tax)	17.69%	21.28%
<b>Regulatory Liquidity (Rs.'000)</b>		
Required minimum amount of Liquid Assets	535,533	338,224
Available amount of Liquid Assets	626,857	326,433
Required minimum amount of Government Securities	281,656	194,032
Available amount of Government Securities	306,756	262,310
<b>Memorandum information</b>		
Number of Employees	244	173
Number of Branches	12	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 of Directors by,

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

(Sgd.)  
Director  
H.G. Wijesurendra

01 June 2018  
Colombo



Ernst & Young  
Chartered Accountants  
201 De Saram Place  
P.O. Box 101  
Colombo 10  
Sri Lanka

Tel : +94 11 2463500  
Fax Gen : +94 11 2697369  
Tax : +94 11 5578180  
eysl@lk.ey.com  
ey.com

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

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Richard Pieris Finance Limited, which comprise the statement of financial position as at 31 March 2018, and the statement of 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.

#### 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.

(Sgd.)  
01 June 2018  
Colombo

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H Fernando FCA FCMA  
W K B S P Fernando FCA FCMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA  
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

A member firm of Ernst & Young Global Limited

## STATEMENT OF FINANCIAL POSITION

As at 31st March	2018 Rs.	2017 Rs.
<b>Assets</b>		
Cash and Bank Balances	348,984,979	272,493,312
Investments in Fixed Deposits	180,908,736	40,258,606
Lease Receivable	5,421,216,529	4,361,256,139
HP Receivable	130,752,583	245,127,687
Loans and Receivables	6,039,683,512	6,060,689,288
Other Debtors and Prepayments	742,425,925	204,435,309
Financial Investments - Available for Sale	328,220,078	262,898,213
Investments - Held for Trading	20,432,112	-
Investments in subsidiary	-	804,765,475
Goodwill	315,790,723	-
Income Taxation Receivable	-	4,558,564
Deferred Tax Assets	25,996,509	31,533,817
Intangible Assets	13,252,083	-
Investment Property	72,618,800	3,200,000
Property, Plant and Equipment	223,489,112	44,169,536
<b>Total Assets</b>	<b>13,863,771,679</b>	<b>12,335,385,948</b>
<b>Liabilities</b>		
Due to Banks	1,070,095,959	3,416,898,568
Due to Customers	5,070,356,531	3,381,398,456
Debt Issued and Other Borrowed Funds	4,050,544,171	3,029,656,433
Other Payables	1,063,118,119	484,640,564
Income Taxation Payable	109,589,479	-
Retirement Benefit Obligations	15,416,972	3,161,036
<b>Total Liabilities</b>	<b>11,379,121,232</b>	<b>10,315,755,056</b>
<b>Shareholders' Funds</b>		
Stated Capital	1,175,830,690	1,175,830,690
Statutory Reserve Fund	60,326,279	40,408,698
Retained earnings	1,248,493,479	803,391,502
Revaluation Gain Reserve	-	-
<b>Total Shareholders' Funds</b>	<b>2,484,650,448</b>	<b>2,019,630,891</b>
Non-controlling interest	-	-
<b>Total Equity</b>	<b>2,484,650,448</b>	<b>2,019,630,891</b>
<b>Total Liabilities and Shareholders' Funds</b>	<b>13,863,771,679</b>	<b>12,335,385,947</b>