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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IDEAL FINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Ideal Finance Limited, ("the Company"), which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and, statement of cash flows 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 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

(Contd...2/)

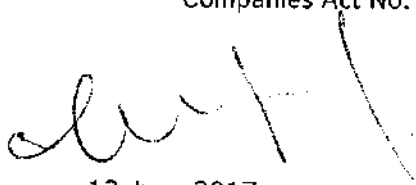


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Report on Other Legal and Regulatory Requirements

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

- a) The basis of opinion, 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. 07 of 2007.



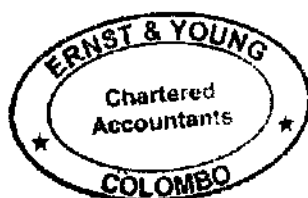
12 June 2017
Colombo

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2017

	Notes	2017 Rs.	2016 Rs.
Income	3	390,805,849	222,316,313
Interest Income	4.1	342,965,230	202,564,337
Interest Expenses	4.2	(133,806,481)	(45,259,962)
Net Interest Income		209,158,749	157,304,375
Fees and Commission Income	5	4,524,547	3,625,563
Net Fee and Commission Income		4,524,547	3,625,563
Other Operating Income	6	43,316,072	16,126,413
Total Operating Income		256,999,368	177,056,351
Impairment Charges for Loans and other Losses	7	(11,895,328)	(2,400,000)
Net Operating Income		245,104,040	174,656,351
Operating Expenses			
Personnel Expenses	8	(88,766,837)	(68,308,980)
Depreciation of Property Plant & Equipment	20	(16,521,791)	(13,745,534)
Amortization of Intangible Assets	21	(4,537,811)	(4,353,460)
Other Operating Expenses	9	(46,925,283)	(37,822,833)
Operating Profit before Value Added Tax on Financial Services		88,352,317	50,425,543
Value Added Tax & NBT on Financial Services		(16,986,682)	(6,256,568)
Profit before Taxation		71,365,635	44,168,975
Income Tax Expenses	10	(13,571,601)	(6,042,993)
Profit/ (Loss) for the period		57,794,034	38,125,982
Basic Earnings Per Share (Rs)	11	0.72	0.48
Profit/ (Loss) for the period		57,794,034	38,125,982
Other Comprehensive Income			
Actuarial Gain/ (Loss) on Defined Benefit Obligations		(218,379)	599,419
Deferred Tax (Charge)/Reversal on Other Comprehensive Income		61,146	(167,837)
Other Comprehensive Income for the period, Net of Tax		(157,233)	431,582
Total Comprehensive Income for the period, Net of Tax		57,636,801	38,557,564

The Accounting Policies and Notes on pages 07 through 42 form an integral part of the Financial Statements.

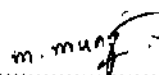


IDEAL Finance Limited
STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 Rs.	2016 Rs.
ASSETS			
Cash and Bank Balances	12	37,998,795	22,025,138
Investment In Government Securities	12.1	24,255,603	22,292,541
Placements with Banks and Other Financial Institutions	13	17,579,371	15,661,885
Lease Rentals Receivable and Stock out on Hire	14	1,743,026,107	1,276,304,949
Loans Stock	15	299,830,820	101,079,702
Gold Advances	15.1	16,119,775	6,825,383
Other Financial Assets	16	26,329,179	7,793,316
Other Non Financial Assets	17	49,782,845	24,240,073
Financial Investments-Available for Sale	18	457,700	457,700
Inventories	19	78,646,176	125,781,458
Property, Plant and Equipment	20	70,399,883	34,275,833
Intangible Assets	20.4	25,453,071	29,147,331
TOTAL ASSETS		2,389,879,325	1,665,885,309
LIABILITIES			
Due to Banks	21	1,183,196,053	484,704,388
Due to the Customers	22	301,121,019	380,790,865
Other Financial Liabilities	23	108,118,171	74,910,542
Other Non Financial Liabilities	24	35,025,114	24,921,248
Retirement Benefit Liability	25	5,162,362	3,477,563
Deferred Tax Liabilities	26	19,027,700	13,643,567
TOTAL LIABILITIES		1,651,650,419	982,448,173
EQUITY			
Stated Capital	27	603,247,125	603,247,125
Retained Earnings		127,834,330	75,924,400
Reserves	28	7,147,451	4,265,611
TOTAL EQUITY		738,228,906	683,437,136
TOTAL LIABILITIES AND EQUITY		2,389,879,325	1,665,885,309

These Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.

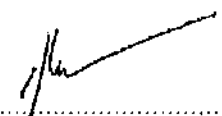


 Accountant

The Board of Directors are responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board of by;



 Chairman



 Chief Executive Officer

The Accounting Policies and Notes on pages 07 through 42 form an integral part of the Financial Statements.

