



Table with 3 columns: Description, 2018, 2017. Rows include Balance Sheet, Profit and Loss, and Cash Flow statements.

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Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Merchant Bank of Sri Lanka and Finance PLC for the year ended 31 December 2018 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

Table with 3 columns: Description, 2018, 2017. Rows include Impairment of Loans and Receivables, Impairment of Investment in Subsidiary, and Impairment of Investment in Other Entities.

1.4 Key Audit Matters
These matters are those matters that, in my professional judgement, were of most significance to my audit of the financial statements at the current period.

Table with 3 columns: Description, 2018, 2017. Rows include Impairment of Investment in Subsidiary, Impairment of Investment in Other Entities, and Impairment of Investment in Financial Instruments.

For loans and receivables collectively assessed for impairment:
I assessed the completeness, relevant and accuracy of the underlying information in loans and advances used in the impairment calculations by agreeing details to the Group's source documents and information in IT systems and by performing the calculations.

Table with 3 columns: Description, 2018, 2017. Rows include Impairment of Investment in Subsidiary, Impairment of Investment in Other Entities, and Impairment of Investment in Financial Instruments.

1.6 Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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මාර්ගගත විස්තර මාර්ගගතව ලබාදීමේදී ප්‍රකාශන පිළිබඳව විමර්ශනයක් සහ වැඩිදුරටත් ප්‍රකාශන ඒවායේ සිදුවූ වෙනස්කම් පිළිබඳව විස්තරයක් සපයා ඇත.

Reference to Law/Direction
Rule 7.56(8)(1) of the Colombo Stock Exchange (CSE) Listing Rules
Description
Independent auditor's report contains an emphasis of matter on the part of the subsidiary.