

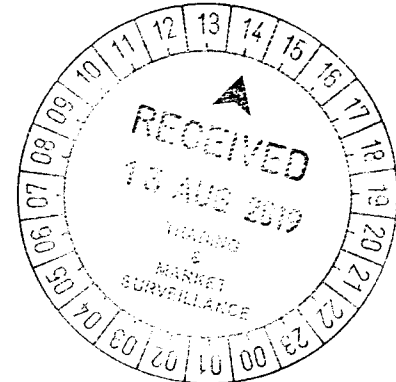


Merchant Bank of Sri Lanka & Finance PLC

Co.Reg.No. PQ 10

8 August 2019

Ms. Nilupa Perera
Head of Trading, Market Surveillance & Corporate Affairs
Colombo Stock Exchange
No. 04-01 West Block
World Trade Centre
Echelon Square
Colombo 01



Madam,

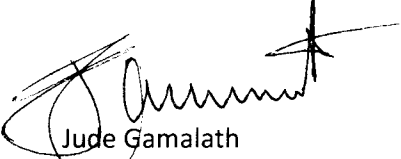
Merchant Bank of Sri Lanka & Finance PLC ("the Company") – Enforcement Actions

Please find attached the below mentioned documents confirming that the matters giving rise to the Emphasis of Matter on going concern reported in the Audited Financial Statements for the year ended 31st December 2017 has been resolved in the year ended 31st December 2018.

- Declaration by the Board of Directors of the Company
- Confirmation by the Audit Committee of the Company
- Declaration by the Auditor General of the Company

Yours Faithfully,

MERCHANT BANK OF SRI LANKA & FINANCE PLC


Jude Gamalath
ACTG. CHIEF EXECUTIVE OFFICER

TN/WF
13/8



Bank of Ceylon Merchant Tower, 28, St. Michael's Road, Colombo 3, Sri Lanka.

Tel: +94 11 4711711, Fax: +94 11 4711716, E-mail: mbslbank@mbslbank.com, Website: www.mbslbank.com

A Finance company licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011

A Subsidiary of the Bank of Ceylon

In alliance with SBI Capital Markets Limited of India



Merchant Bank of Sri Lanka & Finance PLC

Co.Reg.No. PQ 10

07 August 2019

Ms. Nilupa Perera
The Head of Trading
Market Surveillance & Corporate Affairs
Colombo Stock Exchange
#04-01 West Block
World Trade Centre, Echelon Square
Colombo 001

Madam,

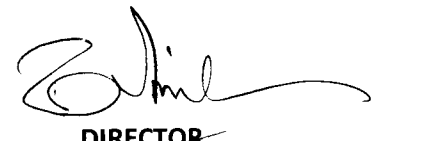
Board declaration regarding the resolution of all matters giving rise to the Emphasis of Matter on going concern

We hereby confirm that the matters giving rise to the Emphasis of Matter which was reported in Audit Report 2017, have been resolved in the Audited financial Statements for the year ended 31 December 2018, by infusing additional capital of LKR 1.2 Bn to the Subsidiary, MBSL Insurance Company Ltd. We further wish to mention that the Insurance Regulator (IRCSL) has lifted the suspension of operation of the said Subsidiary on 3rd April 2019.

Yours faithfully,

**On behalf of the Board of
MERCHANT BANK OF SRI LANKA & FINANCE PLC**


DIRECTOR
K B S BANDARA


DIRECTOR
W P R P H FONSEKA



Bank of Ceylon Merchant Tower, 28, St. Michael's Road, Colombo 3, Sri Lanka.

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Merchant Bank of Sri Lanka & Finance PLC

Co.Reg.No. PQ 10

07 August 2019

Ms. Nilupa Perera
The Head of Trading
Market Surveillance & Corporate Affairs
Colombo Stock Exchange
#04-01 West Block
World Trade Centre, Echelon Square
Colombo 001

Madam,

**Audit Committee Confirmation regarding the resolution of all matters giving rise to the Emphasis of
Matter on going concern**

We hereby confirm that the matters giving rise to the Emphasis of Matter which was reported in Audit Report 2017, have been resolved in the Audited financial Statements for the year ended 31 December 2018, by infusing additional capital of LKR 1.2 Bn to the Subsidiary, MBSL Insurance Company Ltd. We further wish to mention that the Insurance Regulator (IRCSL) has lifted the suspension of operation of the said Subsidiary on 3rd April 2019.

Yours faithfully,

**On behalf of Audit Committee of
MERCHANT BANK OF SRI LANKA & FINANCE PLC**

W.P.R.P.H. Fonseka

AUDIT COMMITTEE CHAIRMAN



Bank of Ceylon Merchant Tower, 28, St. Michael's Road, Colombo 3, Sri Lanka.

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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

BAF/B/BOC-S/MBSL/DEC/2018

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

24 July 2019

Chief Executive Officer,
Merchant Bank of Sri Lanka & Finance PLC

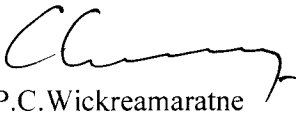
Declaration regarding the resolution of matters giving rise to the Emphasis of matter on going concern.

With reference to your letter dated 17 June 2019 and 18 July 2019 on the above subject matter.

I have included an Emphasis of Matter paragraph in the audit report of the Merchant bank of Sri Lanka and Finance PLC for the year ended 31 December 2017 by referring to Note number 44 of its financial statement based on the emphasis of matter paragraph included in the audit report of the subsidiary company, MBSL Insurance Company Ltd.

An Emphasis of Matter paragraph on going concern was included in the audit report of the MBSL Insurance Company Ltd for the year ended 31 December 2017 due to the suspension of license to carry on business with effect from 28 June 2017 by the Insurance Regulatory Commission of Sri Lanka (IRCSL).

As per the letters of IRCSL dated 05 April 2019 suspension placed on the continuation of the business of the subsidiary company was lifted with effect from 3 April 2019. Therefore the going concern issue would not arise for both parent and subsidiary company from April 2019.


W.P.C. Wickreamaratne
Auditor General

