



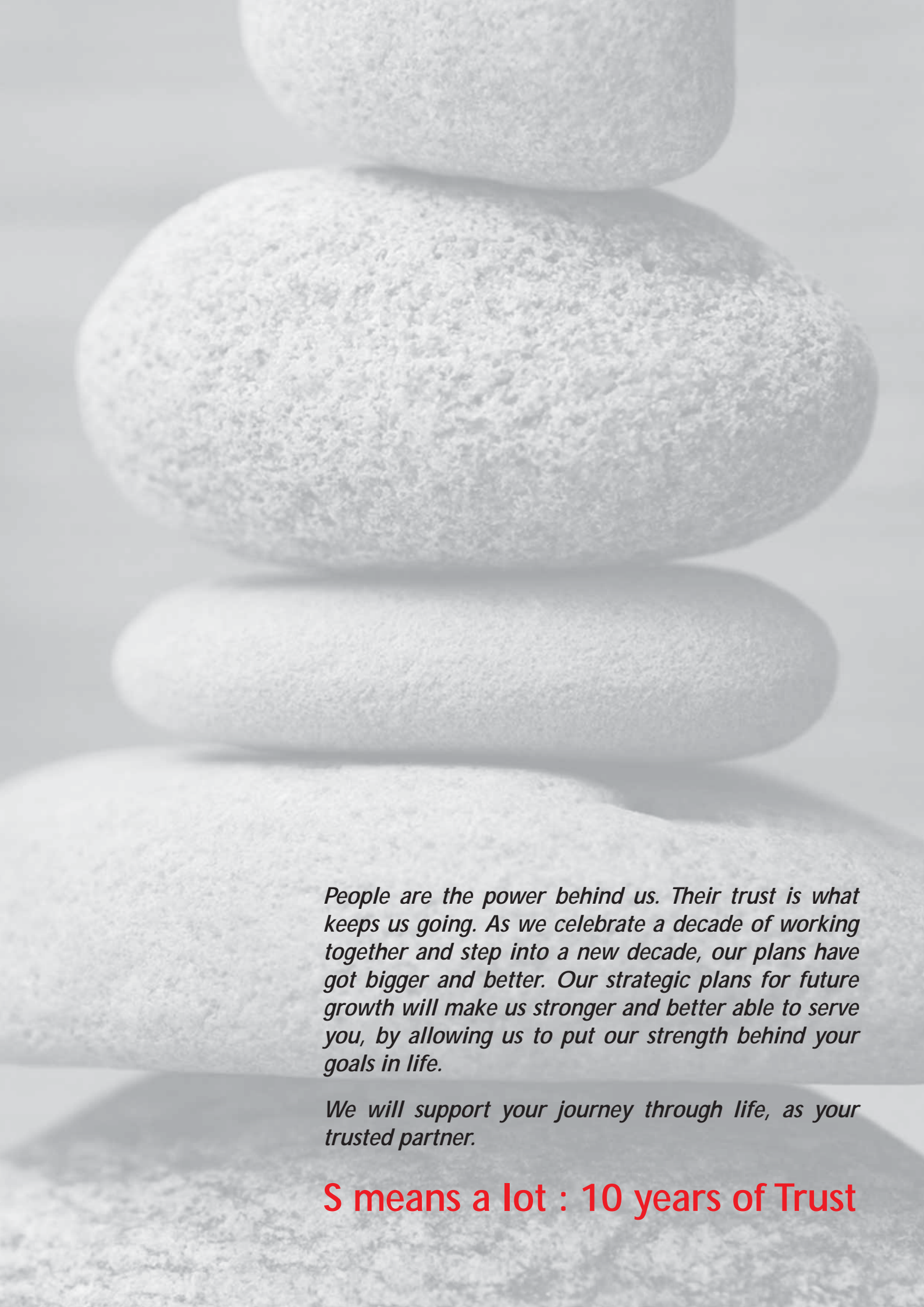
**SINGER
FINANCE**

Annual Report 2013/14

S means a lot : 10 years of Trust

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People are the power behind us. Their trust is what keeps us going. As we celebrate a decade of working together and step into a new decade, our plans have got bigger and better. Our strategic plans for future growth will make us stronger and better able to serve you, by allowing us to put our strength behind your goals in life.

We will support your journey through life, as your trusted partner.

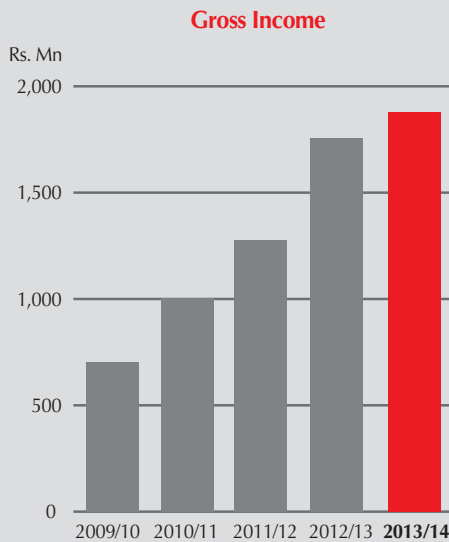
S means a lot : 10 years of Trust

Financial Highlights

	2013/14	2012/13	Change
Financial Performance (Rs. 000)			
Gross Income	1,879,252	1,755,601	7.0%
Interest Income	1,799,637	1,695,034	6.2%
Interest Expense	743,940	742,013	0.3%
Profit Before Tax	374,493	323,391	15.8%
Income Tax Expense	105,897	66,857	58.4%
Profit After Tax	268,597	256,535	4.7%
Total Comprehensive Income for the Year	268,149	256,535	4.5%
Revenue to the government	120,757	79,810	51.3%
Gross Dividends	107,467	107,467	0.0%
Financial Position at the year end (Rs. 000)			
Total Equity	2,084,524	1,923,842	8.4%
Public Deposit	4,277,335	3,318,927	28.9%
Hire Purchase, Lease, Loans & Advances	7,047,463	6,590,722	6.9%
Total Assets	8,151,197	7,257,475	12.3%
Investor Information			
Earning Per Share (Rs.)	1.62	1.76	-7.6%
Dividend Per Share (Rs.)	0.65	0.65	0.0%
Net Assets Per Share (Rs.)	12.61	13.17	-4.2%
Price Earning Ratio (Times)	7.47	7.18	0.0%
Dividend Payout Ratio (Times)	40.08	41.89	-4.3%
Dividend Cover (Times)	2.50	2.39	4.5%
Ratios			
Gross Non-Performing Advance Ratio (%)	3.55	1.77	
Net Non-Performing Advance Ratio (%)	1.06	0.83	
Non-Interest Expense to Gross Income (%)	40.50	39.30	
Gross Interest Margin	58.66	56.22	
Net Interest Margin (NIM)	15.35	14.86	
Return on Assets (Before Tax) (%)	4.86	4.62	
Return on Average Shareholders' Funds (%)	13.38	16.9	
Debt: Equity (Times)	2.69	2.25	
Interest Cover (Times)	1.50	1.44	
Equity : Interest Bearing Liabilities (Times)	0.37	0.39	
Statutory Ratios			
Liquid Assets (%)	19.07	12.14	
Core Capital Ratio (%) (Minimum requirement 5%)	23.53	25.51	
Regulatory Capital to Risk-Weighted Assets (%) (Minimum requirement 10%)	23.53	25.51	
Shareholders' Funds: Public Deposits % (Minimum of 10%)	48.73	57.97	

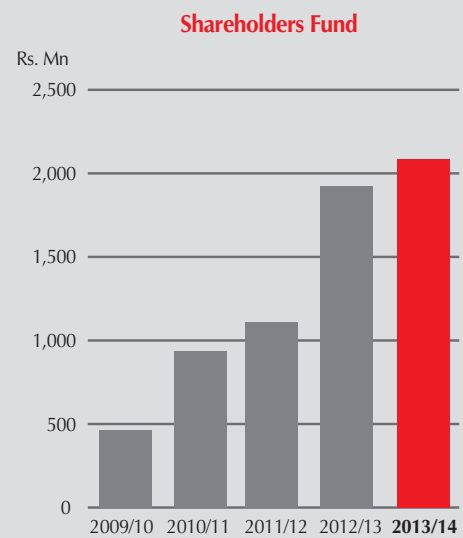
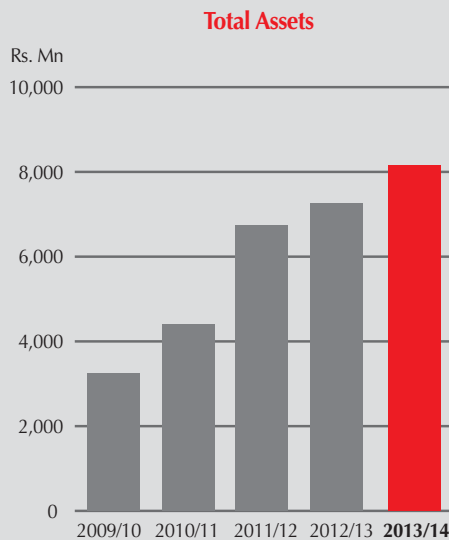
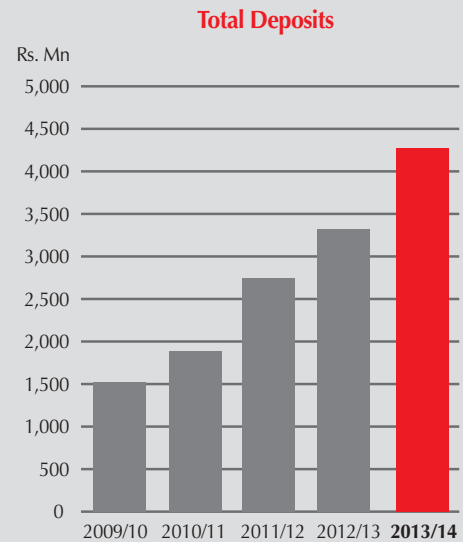
Gross Income

Rs. 1,879 Mn



Total Deposits

Rs. 4,277 Mn



Share Holder Funds to Public Deposits

49%

Total Comprehensive Income

Rs. 268 Mn

Vision

To be the foremost Finance Company in Sri Lanka

Mission

To continuously improve the quality of life of Sri Lankans by providing convenient financial solutions whilst encouraging savings by providing the most friendly and reliable fixed deposit Services within the regulatory framework.

Values

Community

We conduct our business by conforming to the ethics of our country and share the social responsibility towards the less fortunate

Competitors

We respect our competitors and recognise their contribution to the Finance Industry

Consumers

We live up to the expectations of a responsible organisation by providing customer-focused financial services

Employees

We respect each other as individuals and encourage cross functional teamwork while providing opportunities for career development

Environment

We make every effort to ensure that the environment is protected and conserved for the future generations

Shareholders

We provide a reasonable return while safeguarding their investment

About Us

Singer Finance (Lanka) PLC, a subsidiary of Singer (Sri Lanka) PLC was incorporated on 19th April 2004 to operate as a finance leasing entity within the provisions of the Finance Companies Act No. 78 of 1988 as amended by Act No. 23 of 1991, which was subsequently replaced by the Finance Business Act No. 42 of 2011.

With an avowed mission to become the foremost finance company in Sri Lanka, Singer Finance engages in the financing of capital goods, agricultural equipment and a variety of products marketed by Singer Sri Lanka, and of their own.

Management Information

Over the past decade, we have built up the trust in our Company. That trust has lifted us to greater heights as we expand our reach and become a household name in Sri Lanka, for financial services.



Letter from the Chairman

"By expanding our services outside the western province, we have taken formal **financial services and** entrepreneurial support to the unbanked masses, fuelling economic growth in the regions."



Dr. Saman Kelegama
Chairman



Letter from the Chairman

"I am happy to report that although the entire leasing and finance sector recorded negative profit growth Singer Finance saw a profit growth"

Preamble

The year 2013 saw the economy picking up the pace of growth to 7.3% from 6.3% in 2012. All three major sectors of the economy, viz., agriculture, industry and services, showed impressive growth. The industrial sector expanded by 9.9%, which was lower than the 10.3% growth rate of 2012, while the agriculture sector grew by 4.7%, compared to the faster pace of 5.2% growth in 2012, and the services sector growth increased to 6.4% from 4.6% in 2012. Annual average headline inflation remained at a single digit level and decelerated further during the year, to reach a benign mid-single digit level in December 2013. According to the Colombo Consumers' Price Index, inflation declined to 6.9% in December 2013. The year also saw the country's current account and Balance of Payments improve. With exports recording a growth of 6.4% in 2013 and import expenditure declining by 6.2%, the overall balance of payments recorded a surplus of US\$ 985 million in 2013, compared to a surplus of US\$ 151 million in 2012. Measures adopted to rationalize the recurrent expenditure of the government sector resulted in the current account deficit of the government narrowing further. The budget deficit was maintained at 5.9% of GDP in 2013, reflecting a slight deviation from the budgetary target of 5.8% of GDP envisaged for the year. This is an improvement from the deficit of 6.5% recorded in 2012. Therefore, 2013 saw the country's economic indicators heading in the correct direction. However, a number of challenges still remain, such as implementing reforms in state-owned enterprises, and reducing the current account deficit further, to a more manageable level.

During 2013, the Central Bank continued its stance of monetary policy easing that had commenced in December 2012. This resulted in

downward adjustments in market interest rates. However, despite lower interest rates, the demand for credit by the private sector continued to decline sharply, and according to Central Bank data, credit to the private sector slowed to 7.3% in November 2013, from 17.6% at end 2012, before accelerating marginally to 7.5% by end 2013. The entire non-bank financial sector, including Singer Finance was affected by these and other, market challenges.

Non-Bank Financial Sector: an overview

The year was a challenging one for leasing activities as the industry was affected by not only a sluggish vehicle market but also a sharp increase in non-performing loans (NPLs). Demand for leasing remained lacklustre due to high costs stemming from the higher vehicle import duties and relatively high interest rates. These developments resulted in the industry experiencing lower growth rates of assets, accommodations and investments during the year. Overall, industry profitability and capital base decreased, while operating costs increased.

The total value of leasing and finance industry assets reached Rs. 718 billion during the year. However, asset growth slowed to 20% by end December 2013, compared to the growth rate of 22% recorded by end December 2012. Accommodation portfolios decelerated to 17%, from 21% in 2012, while the same grew to Rs. 553 billion, as at end of 2013. Among the accommodation products, other secured loans, loans against deposits and finance leases recorded high growth rates of 63%, 26% and 16%, respectively. Investments of the licensed finance companies and specialised leasing companies grew only marginally by 3%, compared to the growth of 14% recorded for 2012. Total borrowings by the industry reached Rs. 192 billion, an increase of 9% as at end 2013, and 11 Licensed Finance Companies (LFCs) and Specialized Leasing Companies (SLCs) also issued listed debentures, valued at Rs. 21.9 billion, to raise funds. The accommodation to deposits and borrowings ratio decreased from 110% in 2012 to 104% in 2013, indicating a deceleration in demand for lending activities of the sector. The capital base of the sector increased marginally by 3% in 2013 to Rs. 97 billion, compared to an increase of 23% in 2012, mainly due to a decrease in profitability of the sector. The interest margin declined to 6.6% for 2013, from 7.4% in the previous year. The liquid assets to total assets ratio increased from 6% in 2012, to 8% in 2013, due to reduced lending, coupled with the growth in deposits. Liquid assets of the sector increased by Rs. 24 billion in 2013, in comparison to the increase of Rs. 11 billion in 2012, mainly due to increased investments in Treasury bills and deposits with licensed banks.

The total amount of industry NPLs increased to Rs. 37 billion as at end December 2013, from Rs. 23 billion in 2012. Exposure to NPLs relative to the

total accommodations outstanding increased to 6.7% by end 2013 from 5% in 2012. This sharp increase in NPLs was due to the dual impact of the rising trend of defaults in the gold loan and leasing portfolios. Although Singer Finance is not active in the gold market, the Company bottom line was hurt by the downturn in the agriculture leasing market, which accounts for a fair share in the Company's leasing portfolio.

Singer Finance Lanka PLC

Singer Finance can now count a decade of operations as a non-bank financial services provider in Sri Lanka, with a steadily expanding market footprint, under our strategic expansion plan that has seen the Company reach out to an ever growing customer base in rural markets. By expanding our services outside the Western Province, we have taken formal financial services and entrepreneurial support to the unbanked masses, fuelling economic growth in the outer regions. Backed by the brand name of our parent company Singer (Sri Lanka), Singer Finance is fast becoming a household name associated with trust and stability.

With this growing public trust behind us, we hope to continue our expansion drive to cater to the financial needs of the unbanked masses with innovative products and financial solutions in line with industry consolidation plans. As a 'Category A' finance Company, Singer Finance, is required as per the Central Bank directives to merge with a 'Category B' finance company. While financial sector consolidation is a positive development with many beneficial outcomes for the financial sector and consumers, it is currently a regulator driven, rather than a market driven exercise, and therefore could result in unforeseen challenges for finance companies in effecting such a merger successfully. Companies face many difficulties in ensuring cultural and strategic compatibility and integration of systems and resources in orchestrating a union with another company. Singer Finance is currently in the process of selecting a suitable partner for a strategic union and more information in this regard will be made available in the future.

Singer Finance intends to be a key player in the Sri Lankan market and the Company is optimistic it can achieve the Central Bank's stipulation of a Rs. 20 billion asset base by 2016, with our plans for a strategic merger.

Operating Results and Strategies

Singer Finance had zero exposure to the pawning market and was unscathed by the gold market crash. The challenge for the Company was in the leasing sector, as Singer Finance is involved in leasing vehicles and equipment to the agriculture sector, which was affected by adverse weather conditions throughout the year, resulting in higher lease payment defaults. Currently, the Company is closely observing the market and has made adequate provisioning together with strong recovery measures. I am confident the Company's performance will improve with the recovery of the agriculture sector and the overall economy. Already, with the advent of rains, default rates in the agriculture sector have shown a reversal.

On a more positive note, I am happy to report that although the entire leasing and finance sector recorded negative profit growth, Singer Finance saw a profit

growth of 4.7%, for a net profit of Rs. 268 million. Total income increased by 8% to Rs. 1,879 million and our deposit base grew by 28.9%, despite interest payments for fixed deposits reducing throughout the year. However, due to the reasons explained above, our NPL ratio increased to 3.6%, from 1.8% in 2012/13.

We also issued a listed debenture during the year, which was very successful and raised Rs. 1.25 billion that will support our future expansion. With our stronger balance sheet, we are now better placed to expand our product portfolio and geographic scope. As part of this market diversification, Singer Finance will be introducing a number of new products in the coming years.

Acknowledgement

I warmly acknowledge the advice and assistance given by the Board of Directors, particularly the Chief Executive Officer, Mr. Wijeweera, the Finance Manager, Mr. Amarasuriya, the Finance Director of Singer (Sri Lanka) PLC, Mr. Salgado, the Chairman of the Audit Committee, Mr. Setukavalar and the Chairperson of the Integrated Risk Management Committee, Mrs. Tharmaratnam. As always, I greatly appreciate the vision and guidance of the Chairman of Singer (Sri Lanka), Mr. Hemaka Amarasuriya. I also thank all the staff and management of Singer Finance for their contributions during the year and the customers of Singer Finance for their trust in the Company. Last but not least, my appreciation goes out to the Central Bank and its officials for their regulatory guidance during the year.



Dr. Saman Kelegama
Chairman

Group Chief Executive Officer's Review

"In a challenging environment, Singer Finance increased its focus on the risks and controls. The company has strong internal controls, tight credit approvals and good follow up"

Asoka Pieris

*Chief Executive Officer –
Singer Group of Companies*



Group Chief Executive Officer's Review

"The company continued to capitalise on the strengths of its parent company,"

Dear Shareholders,

The business environment continued to be difficult and challenging in the year under review, a trend that we saw from second half of 2012, with reduced demand by the customers and difficulty in collections. In these market conditions, Singer Finance continued its growth in Business Volumes, Income and Profits although at a lower rate than in preceding years.

Singer Finance gross income grew by 7% and net interest income grew by 10.7%. Although due to the tight collection environment, allowances for impairment charges for loans and others increased considerably, administration and selling expenses reduced by 24% and enabled the operating profit before VAT on financial services and taxes to increase by 17%. Net profit after all taxes increased by 4.7%. We believe that this is a good performance considering the decline in profits in the industry.

During the year under review, Singer Finance improved its funding by increasing public deposits and through a highly successful listed debenture issue. The debenture issue raised Rs. 1.25 billion with the re-payment spread over 3-5 years. Apart from strengthening the company's funding it helped to set off the mismatch between the maturity of the assets and the maturity of the liabilities. The company's fixed deposits increased by 29% and crossed the Rs. 4.2 billion mark at the end of the year. Improvement in deposits was in despite of lower interest rates offered on such deposits. The company launched a children's savings account branded "Muthu" during the

previous year. During the year under review, the company also introduced the normal savings accounts for its customers. The savings increased from Rs. 0.7 million to Rs. 10 Million.

During the year under review, the company opened a branch in Jaffna and converted window service centres in Dambulla, Galle and Mahiyanganaya to branches. The company also commenced accepting and selling foreign currency in its branches in July 2013.

The company continued to capitalise on the strengths of its parent company, Singer (Sri Lanka) PLC. Singer Finance continued to take over the hire purchase lending operations at the Singer Mega showrooms during the year under review. Singer Finance also increased its financing of group sales for the consumer durable sector. In the ensuing financial year, this will be pursued further by opening some branches at Singer Mega showrooms.

In a challenging environment, Singer Finance increased its focus on the risks and controls. The company has strong internal controls, tight credit approvals and good follow up. Although the non performing loan rates increased from 1.8% as at 31st March 2013 to 3.6% as at 31st March 2014, the non performing loan ratio remains among the lowest in the industry. Singer Finance non performing loans were on lending to the agricultural sector which was affected by the weather and lending to construction and transport sector, which is affected by cash flow issues. The company had zero exposure to the pawning and gold loan sector, which too has been affected.

Singer Finance continues to focus on safeguarding the shareholders and deposit holders through prudent lending, effective systems and controls and adequate funding. The shareholder funds to deposit ratio at 48.7% as well as the capital adequacy ratio are one of the best in the industry.

In late 2013, the Central Bank embarked on a programme of consolidating the financial sector. We are happy to inform the shareholders that for the consolidation process, Singer Finance has been categorized as an "A" category company. The company has had several discussions and is in the process of identifying other financial sector companies for acquisitions or mergers. Once this takes place during the financial year 2014/15, we believe that Singer Finance would become an even larger and stronger player in the market than at present.

I wish to place on record my appreciation of Mr. Shantha Wijeweera, Chief Executive Officer and all our staff for their contribution and commitment without which it would have not been possible to achieve these results in challenging conditions.

I thank the Chairman, Dr. Saman Kelegama and the Board of Directors of the company, the Chairman of Singer (Sri Lanka) PLC and the Chairman and Chief Executive Officer of Singer Asia for their valuable support and guidance.

I thank the Governor of the Central Bank, Directors and other Officials of the Central Bank, the General Manager and staff of the Credit Information Bureau for their support for the growth of the financial sector.

I also thank all our Shareholders for their continued trust in the Board of Directors and the Management of the company.

Sincerely,



Asoka Pieris

Chief Executive Officer – Singer Group of Companies

Chief Executive Officer's Review

"We maintain one of the highest shareholder funds – to deposit ratios in the industry, at 48.7%, Compared to the industry average of 28.1%, ensuring strong **financial base to meet any contingency**"



R. S. Wijeweera

Executive Director/ Chief Executive Officer



Chief Executive Officer's Review

"Singer Finance is also preparing to face a new and different future, following consolidation of the financial sector."

The current year saw interest rates maintaining a declining trend, in line with policy measures, which caused returns from fixed deposits to fall continuously throughout the year. Nevertheless, instead of an outflow of deposits and lower re-investments, Singer Finance saw a steady growth in public deposits. Despite earning lower interest incomes, more people continued to trust us with their savings and investments. I believe this is one of the most encouraging signs of public confidence in the company, its management and its governance systems. This is particularly important as we have embarked on an expansion drive, reaching out to more people across the country.

The finance and leasing industry faced a challenging year in 2013/14, due to a combination of macroeconomic factors that dampened demand and raised risks, particularly within the auto market, which had successive years of unrestrained growth, saw a reversal since last year that evidenced by the negative growth of 18% to 326,651 units in new vehicle registration during 2013. Profitability of the sector deteriorated by 47% compared to the previous year, with profits falling to Rs. 8 billion in 2013, against profits of Rs. 15 billion in 2012. Despite this overall trend of reducing profitability, we are happy to report a year-on-year 4.7% profit growth at Singer Finance, for a net profit of Rs. 268 million, although at a lower pace than the 18.9% profit expansion experienced in the previous financial year. Profitability was affected not only by higher operating costs but also the need for higher provisioning due to the sharp increase in defaults across all lending sectors, and particularly within the leasing and hire purchase markets. The company's NPL ratio more than doubled during the year to 3.6%, compared to 1.8% in 2012/13. This was mainly due to higher default rates in leasing, in the

rural agriculture sector, which was repeatedly disrupted by extreme weather conditions. The Western Province too, experienced cash flow bottlenecks in the construction and transport sectors that had a knock-on-effect across finance and leasing operations.

Our gross income increased by 7% to Rs. 1,879 million, compared to the 37% income growth in the last financial year. Nevertheless, given the serious downturn in the auto market, which accounts for 90% of our business, this is a commendable level of income growth. Interest incomes represent nearly 96.1% of our total income and this saw a 6% growth during the year. Despite the unfavourable vehicle market, our asset base expanded by an encouraging 12% to reach Rs. 8,151 million. This was largely due to the strong growth in our group sales portfolio, as credit demand in the vehicle segment contracted during the year. Further, interest spread grew by 49 basis point to 15.35% from 14.86% in FY 2012/13, this is well above that of the industry interest spread of 6.3%.

A significant event during the year was our highly successful BBB+ debenture issue. The Singer Finance listed debenture was fully subscribed within the first day, and raised Rs. 1.25 billion in total, spread over three different payment tenures of three, four and five years, at the weighted average rate of 14.25. The funds will address the asset and liability mismatch, strengthening our financial capacity for expansion.

Our deposit base continued to grow by 29% during the year, although we do not offer the highest interest rates in the market and despite interest rates on fixed deposits reducing seven times during the year, in line with market rate changes. We maintain one of the highest shareholder funds-to-deposit ratios in the industry, at 48.7%, compared to the industry average of 28.1%, ensuring a strong financial base to meet any contingency. Our core capital ratio and total capital adequacy ratio stood at 23.53%, which notably exceeds the industry averages of 15% and 15.3% respectively. The liquid asset ratio, which is required to be 10%, was 19.07%, while the industry average was 14.6%. These prudent financial decisions and strong governance and reporting standards have been acknowledged even by the Central Bank, which is why Singer Finance is classified as an 'A-category' finance company.

Therefore, I can confidently state that Singer Finance has the financial capacity and governance systems, to support our expansion drive. In line with our growth plans, during the current financial year, we diversified into the microfinance segment, with encouraging results. Currently our micro-credit facilities are limited to Jaffna, which contains a well-developed market and delivery channels for micro finance. We hope to expand this service to regions in the North

Central parts of the country during the coming months. We will also continue to focus on market penetration and expansion of our reach, through the Singer distribution channels. Currently our delivery network comprises 18 branches, two Service Centres and we are present in 15 Singer Mega showrooms across the country. During the year, we upgraded our service centres in Galle, Dambulla and Mahiyanganaya into fully fledged branches, to cater to these growing markets. At present all hire purchase transactions of Singer Mega outlets are channelled through Singer Finance, making consumer goods financing a significant and growing source of income. Our rapidly growing customer base at Singer Mega has now reached 6,500 individual accounts, with a portfolio value of Rs. 110 million. In the new financial year we will add two new Singer Mega showrooms, increasing our retail footprint to 17 outlets. We will also enter Singer Homes, the Singer Group's furniture channel, and selected Singer Plus stores, out of 400 existing locations. This channel sharing expansion strategy allows fast and rapid market penetration, while containing expansion costs.

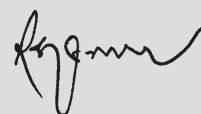
Our growth plans will be flanked by a portfolio rebalancing strategy and a focus on recoveries. We have already appointed mobile teams to strengthen the recovery process and to contain NPL levels as we expand our asset base. As part of consolidating our asset base, we have also initiated begun a process of rationalising our leasing and hire purchase portfolio by reducing emphasis on the agriculture sector, and expanding the share of more stable corporate and personal vehicle segments.

As we move into expansion mode, investing in developing our human capital has been crucial to sustain performance. However, we have adopted a dual approach of human resource development coupled with technology infusion, to contain our expansion costs. We have incorporated real time online systems, which facilitate high efficiency and timely reporting, and we plan to support our physical expansion with palm held devices for greater customer convenience and lower cost structures. As part of our contributions to build the human resource base of the country, Singer Finance has also joined the Network on Disability by the Employers Federation of Ceylon, to provide employment opportunities for differently abled persons. Under this corporate responsibility initiative, we have employed a visually handicapped youth, paving the way for a mutually beneficial relationship. I hope this initiative contributes towards a richer and more inclusive corporate culture, and allows the company to make a direct and useful contribution towards national social welfare.

Singer Finance is also preparing to face a new and different future, following consolidation of the financial sector. We look forward to becoming a significant player in this new era and we are currently in the process of identifying suitable partners for a strategic union. I am confident our strong governance structures will support this transition and enable the creation of a bigger and better organisation that can contribute more to the development of this country.

In conclusion, I would like to thank the Governor of the Central Bank, the Director and officials of Non- Bank Supervision and the Assistant Governor of the Financial Consolidation Unit, for their guidance at all times. I thank the General Manager and Staff of the Credit Information Bureau, for their expertise

towards maintaining our credit quality. I thank the Chairman and Board of Directors of the Company for their steadfast support and guidance at all times, which proved so invaluable. I am grateful to our shareholders for their trust in the company and as always, I highly value our customers for their patronage. Finally I thank all my staff for their hard work throughout the year. I am confident they will continue to improve their contributions towards achieving our goals in the new financial year.



R. S. Wijeweera

Chief Executive Officer

Board of Directors



Dr. Saman Kelegama

Chairman/ Non-Executive Director

Dr. Kelegama Joined the Board of Singer Finance (Lanka) PLC as Director on 13th November 2008. Director of Singer (Sri Lanka) PLC, Regnis (Lanka) PLC, S C Securities and Colombo Stock Exchange.

He serves as a Board Member of the Industrial Development Board and the National Enterprise Development Authority.

He is the Executive Director, Institute of Policy Studies of Sri Lanka, Fellow National Academy of Sciences in Sri Lanka, former President of Sri Lanka Economic Association, Board Member of the Postgraduate Institute of Management (PIM) and author of several publications on the economy of Sri Lanka. He holds a D.Phil (Economics), from Oxford University, UK.



Mrs. M. A. Tharmaratnam

Senior Independent Director

Mrs. Marina Tharmaratnam was appointed to the Board of Singer Finance (Lanka) PLC on the 7th August 2012.

She is a Director of DFCC Vardhana Bank PLC, and the current Chairperson of World Vision Sri Lanka. She has held the position of CEO and Director of Union Assurance PLC and Executive Vice President (Operations) DFCC Bank. She has also held the position of director, company secretary and senior management positions at Eagle Insurance Company Ltd and Eagle NDB Fund Management Company Ltd..

Mrs. Tharmaratnam is a Fellow of the Institute of Chartered Accountants of Sri Lanka, a Fellow of the Chartered Institute of Marketing and a Chartered Marketer. She also holds a Diploma in Computer Systems and Design of the National Institute of Business Management.



Mr. Jayendran A. Setukavalan

Non-Executive Independent Director

Mr. Setukavalan Joined the Board of Singer Finance (Lanka) PLC on the 22nd of March 2012. He also serves on the Boards of A. Baur & Co. (Pvt) Ltd., Bours Air Services Ltd., A. Baur & Company (Travel) Ltd., A. Baur Trading (Pvt) Ltd., Bours Agri Exports (Pvt) Ltd., Swiss Trading Group (Pvt) Ltd., Swiss Hotel Management Academy (Pvt) Ltd., Mr. Setukavalan is also a member of the Board of Governors of the CMS schools in Sri Lanka and is the current Chairman of its Finance Committee.

Mr. Setukavalan has over 39 years of experience in the fields of Auditing, Accounting and Finance and has served in key management positions and boards in various industries. He also worked overseas for three years with PriceWaterhouseCoopers Dubai. He is a fellow of The Institute of Chartered Accountants of Sri Lanka, Chartered Institute of Management Accountants - UK, Certified Management Accountants - SL, Certified Global Management Accountant (CGMA) and a Fellow of the institute of Certified Professional Managers (FCPM-SL). Mr. Setukavalan was awarded scholarships by the British Foreign and Commonwealth Office UK and the Colombo Plan Bureau to follow Senior Management Programmes in UK and South Korea and has also attended Senior Management training programmes at INSEAD - France, IBM - Rochester, USA and JICA - Japan.



Mr. John Hyun

Non-Executive Director

Mr. John Hyun Joined the board of Singer Finance (Lanka) PLC on 28th of February 2011.

John Hyun is a Managing Director of UCL Asia, one of Hong Kong's largest direct investment groups in terms of liquid capital.

Mr. Hyun began his career in finance more than 19 years ago as part of Bankers Trust's Asia Private Equity investment team based in Hong Kong before relocating to Seoul to help establish its Mergers, Acquisitions & Advisory group. He returned to Hong Kong in 1999 with Investor Asia, the Asian operations of Investor AB, the Swedish industrial holding group controlled by the Wallenberg family. Mr. Hyun joined UCL in 2003.

Mr. Hyun is a Director of Korean Residents Association (HK) Ltd, the Korean Chamber of Commerce in Hong Kong, BE Far East, Erivale LLC, Singer (Sri Lanka) PLC, Direct Asia Insurance (Holdings) Pte Ltd, KCS Ltd and several non-profit organisations active in Asia.

He is an alumnus of the University of Chicago.



Mr. Gavin J. Walker

Non-Executive Director

Mr. Gavin Walker was appointed to the Board of Singer Finance (Lanka) PLC on 20th September 2010. Mr. Walker is the President and Chief Executive Officer of Singer Asia Ltd., and was appointed to this position in August 2005. Prior to joining the Company, Mr. Walker held offices as Managing Director and Chief Executive Officer of public quoted and private companies in the United Kingdom and South Africa. Mr. Walker served as Chief Executive Officer of a multi-brand retailer of electrical appliances and furniture with operations in 16 African countries and Australia (including SINGER® brand electrical appliances under license). Mr. Walker serves on the Boards of a number of Singer Asia Subsidiaries.



Mr. Joe Kan

Non-Executive Director

Mr. Kan was appointed to the board of Singer Finance (Lanka) PLC on 30th April 2013. He was appointed as **Chief Financial Officer of Singer Asia Ltd** in September 2010 and as Controller of Retail Holdings N.V. in November 2011. Prior to joining the Company he was the Head of Finance of Octopus Cards Limited, the developer and operator of the largest smart card payment system in the world. He has a Bachelor of Engineering degree in Electrical and Electronics Engineering from the University of Birmingham, UK, and an MBA from The Chinese University of Hong Kong. Mr. Kan is also a member of the Institute of Chartered Accountants in England and Wales and Hong Kong Institute of Certified Public Accountants. He is currently a Director of Sewko Asean Trading Limited and Singer Corporation Limited.

Board of Directors



Mr. Priyath Salgado

Non-Executive Director

Mr. Salgado first joined the Board of Singer Finance (Lanka) PLC on 31st July 2008. After resigning on 07th August 2012, he was re-appointed to the Board of Singer Finance (Lanka) PLC on 30th April 2013 as a Non-Executive Director. He is also the Finance Director of Singer (Sri Lanka) PLC and an alternative Director of Singer (Sri Lanka) PLC.



Mr. R. S. Wijeweera

Executive Director/ Chief Executive Officer

Mr. Shanthapriya Wijeweera has been functioning as the Chief Executive Officer of Singer Finance (Lanka) PLC since its inception in 2004 and joined the Board of Singer Finance (Lanka) PLC on 13th November 2008. He has a career spanning over 35 years in the finance industry and has held senior positions in several RFCs, Mr. Wijeweera holds a MBA (Banking & Finance) from Postgraduate Institute of Management of the University of Sri Jaywardenepura and MSc. (Management) National University of Ireland (UCD).

Mr. Wijeweera was selected as the outstanding alumnus of the year - Sri Lanka for the year 2013 by the National University of Ireland. He is a member of the Executive Committee of Finance Houses Association of Sri Lanka (FHA) and a member of the Executive Committee of Sri Lanka China Society (SLCS).



Mr. Shyamsunder Ramanathan

Alternate Director

Mr. Ramanathan first joined the Board of Singer Finance (Lanka) PLC on 13th November 2008 as an Alternate Director. After resigning, he was re-appointed to the Board of Singer Finance (Lanka) PLC on 30th April 2013. He currently functions as the Director Logistics of Singer (Sri Lanka) PLC. Mr. Ramanathan is a fellow of The Institute of Financial Accountants of London.



Mr. Janaka Mendis

Alternate Director

Mr. Mendis Joined the Board of Singer Finance (Lanka) PLC on 30th April 2013. Credit Director of Singer (Sri Lanka) PLC and holds a diploma in credit management from Sri Lanka Institute of Credit Management.



Mr. P. J. P. De Silva

Alternate Director

Mr. De Silva Joined the Board of Singer Finance (Lanka) PLC on 30th April 2013. He currently functions as the Director - Operations of Singer (Sri Lanka) PLC.



Mr. Lalith Yatiwella

Secretary to the Board

Mr. Lalith Yatiwella is the Group Finance Manager of Singer (Sri Lanka) PLC. He is also the Secretary to the Board of Reality Lanka Ltd. Mr. Lalith Yatiwella is an Associate Member of The Institute of Chartered Accountants of Sri Lanka and holds a BSc (Hons.) Special Degree in Business Administration from University of Sri Jayewardenepura.

Senior Management



Mr. Thushan Amarasuriya

Finance Manager

Thushan is an Associate Member of the Chartered Institute of Management Accountants - (CIMA - UK), an Affiliate Member of the Association of Chartered Certified Accountants - (ACCA - UK), Certified Global Management Accountant (CGMA) he has completed Level-3 in Global Financial Compliance (Chartered Institute for Securities & Investment- CISI- UK) and is a Member of the Chartered Institute of Marketing - (CIM - UK). He has over 10 years experience in the field of Accounting and Finance and over 3 years experience in Sales, Marketing and Branding. Prior to joining Singer Finance, Thushan worked at Singer India Retail as its Financial Controller and at Singer (Sri Lanka) PLC as Manager - Financial Reporting.



Mr. Iman Perera

Business Development Manager

Iman holds a MBA from Postgraduate Institute of Management (PIM) of University of Sri Jayewardenepura and a BSc Business Administration (Special) Degree from University of Sri Jayewardenepura. He counts 20 years work experience in Finance industry covering retail banking, Business development and sales / marketing functions in Leasing and Micro Financing. He has been heading the branch network and Marketing /Business Development Division of SFLP since 2006.



Mr. Ruwan Jayasuriya

Manager - Credit and Recoveries

Ruwan has been with Singer Group for over 18 years, of which eight years with the parent company managing sales, administration and hire purchase of consumer durables. He joined SFLP team at the inception in 2004 and is heading credit, recoveries and operations divisions of the company. He holds a MBA from the Cardiff Metropolitan University (Wales), Diploma in Credit Management from the Institute of Bankers of Sri Lanka. He is a Member of the Sri Lanka Institute of Marketing and an Associate Member of the Chartered Institute of Marketing, UK.



Mr. Joe Wijeyegoonewardene

Head of Deposits

Joe, has considerable years of working experience both in the public and private sectors holding several positions of which over 32 years have been spent in the Finance Industry heading deposit departments. He is a Justice of Peace (All Island).



Mr. Chamara Gomis

Senior Manager

Chamara has over 18 years experience in the banking and finance industry with specialisations in retail banking including credit card operations, electronic payments, loyalty schemes, fraud management, business development and the BPO industry, both in Sri Lanka and overseas. Chamara joined Singer Finance in August 2011 and is responsible of managing new financial products for the organisation. He holds a MBA from the Cardiff Metropolitan University (Wales) with a Merit pass.

Middle Management



Mr. Eraj Fernando

Manager - Compliance & Reporting

Eraj has over 14 years experience in the field of Accounting, Auditing and Finance. He is an Associate Member of The Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka. Prior to joining Singer Finance, Eraj worked for Singer (Sri Lanka) PLC as Senior Accountant.



Mr. Madhawa Thilakaratne

Manager Deposits

Has over 10 years' experience in retail banking and over 9 years in Finance Industry Deposit Department. Completed Level one of National Diploma in Engineering Sciences in the field of Mechanical Engineering-Marine at Institute of Engineering Technology- Sri Lanka and holds a Diploma in Business Management from Indian Institute of Management and Technology.



Mr. Niranjana Sethunga

Manager - Recoveries

Niranjana holds a B. Com (Sp) Hons. Degree with a 2nd class from the University of Kelaniya and a Executive Diploma in Micro Finance & Livelihood Development from Sri Lanka Foundation. He has been with Singer Finance since its inception and holds over 8 years management experience in Marketing, Credit & Recovery.



Mr. Jeevaka Jayawardena

Accountant

Jeevaka holds over 15 years experience in Accounting and Finance out of which he has served 9 years in the Financing and Leasing Industry.



Mr. K. D. S. Manoj Kumara

Manager - Operations

Has over 10 years experience in the Retail Banking Industry and over 9 years in the Financing and Leasing industry. He holds a Diploma in Banking from the Institute of Bankers of Sri Lanka.



Mr. Rajindra Gamage

Regional Manager - Kurunegala

Has over 11 years experience in retail banking and over 8 years experience in Financing and Leasing.



Mr. Pradeep Boange
Regional Manager - Kandy

Pradeep has over 19 years experience in the field of Financing and Leasing. Pradeep has a MBA from the University of Wales Institute - Cardiff.



Mr. Roshan Ruwanpura
Manager - Group Sales

Roshan is presently heading the Group Sales Division of Singer Finance, his overall experience of 17 years, covers Sales and Marketing, Recoveries, Credit Control, and Inventory Management. Holds a Diploma in Supplies and Material Management from the Institute of Supplies and Material Management - Sri Lanka.



Mr. Shanith Jeewantha
Accountant

Having worked for Singer Finance (Lanka) PLC during its formative years, Shanith re visited the drawing board by joining a reputed audit firm for a period of three years. After completing his articles Shanith re-joined Singer Finance in the year 2013.

He is an Associate member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Associate Member of the Association of Chartered Certified Accountants – (ACCA-UK), and holds a First class Finance (Special) degree from University of Sri Jayewardenepura.



Mr. Nishantha De Silva
Regional Manager - Matara

Has over 24 years experience in the Finance and Leasing industry, and has also covered two years in Life and General insurance. Nishantha has successfully completed a "Diploma in English for Employment" awarded by the Faculty of Humanities & Social Sciences of University of Ruhuna, and has completed three years in the Higher National Diploma in Commerce conducted by the Higher Education Ministry.

Junior Management





1. Ms. Geeshani Sasheeka
Senior Assistant Accountant



2. Ms. Ruchira Mendis
Confidential Secretary



8. Mr. H. Premakumara
Assistant Manager - Credit & Collections



9. Mr. Supun De Costa
Assistant Manager - Deposit



15. Mr. L. K. T. L. Perera
Assistant Manager - Wattala



16. Mr. W. A. D. Shaminda
Assistant Manager - Tissamaharama



3. Mr. Muditha Gunawardena
Manager - Wennappuwa



10. Mr. P. T. S. Fernando
Assistant Manager - Recovery



17. Mr. H. M. S. Herath
Assistant Manager - Medawachchiya



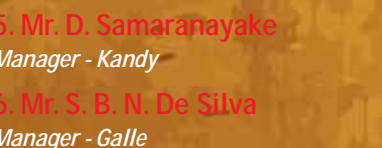
4. Mr. A. G. Warn
Manager - Embilipitiya



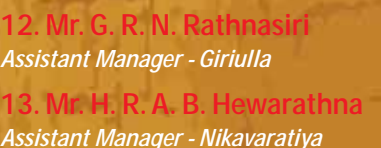
11. Mr. V. P. Wijeyesinghe
Assistant Manager - Operations



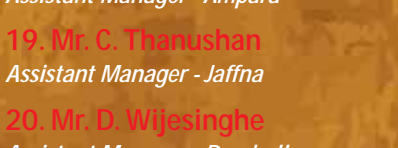
18. Mr. H. C. K. Peiris
Assistant Manager - Ampara



5. Mr. D. Samaranyake
Manager - Kandy



12. Mr. G. R. N. Rathnasiri
Assistant Manager - Giriulla



19. Mr. C. Thanushan
Assistant Manager - Jaffna



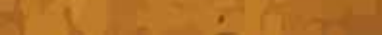
6. Mr. S. B. N. De Silva
Manager - Galle



13. Mr. H. R. A. B. Hewarathna
Assistant Manager - Nikavaratiya



20. Mr. D. Wijesinghe
Assistant Manager - Dambulla



7. Mr. Nadeesha Liyange
Manager - Union Place



14. Mr. W. M. M. Wasala
Assistant Manager - Thambuttegama



21. Mr. I. M. R. K. D. Galgamuwa
Assistant Manager - Anuradhapura

Management Discussion and Analysis

The Economic Overview

As per the Annual report of the central bank of Sri Lanka “The Sri Lankan economy grew at 7.3% in 2013 while inflation was maintained at single digit for the fifth consecutive year.

In the year 2013, many of the country’s infrastructure projects such as the second international airport, harbour and port development projects and highway development projects were completed. The completion of highway projects were much welcomed and it is hoped that future plans for the Colombo- Kandy highway would be expedited, as it would lead to development in agriculture, services and tourism sectors.

It is encouraging to note that the government has sustained tax reforms that were introduced in 2012 as this contributed to business confidence. The most pressing need at present is to stimulate credit demand and to improve business confidence, it is important that the finance sector reaches out to sectors such as SME, IT services , exports and entrepreneurial sectors in order to stimulate business growth.

Non-Bank Financial Institutions (NBFI) Sector

The NBFI sector represents Licensed Finance Companies (LFCs) and Specialized Leasing Companies (SLCs). The sector comprise of 48 LFCs and 10 SLCs by the end of 2013. The NBFI sector represents 7 % of the Sri Lankan financial system and is reputed to lend to a segment of customers that do not engage the banking system.

NBFI sector was negatively affected by fluctuating gold prices and relatively high lending rates offered in 2012 leading to high non -performing loans in 2013. Singer Finance (Lanka) PLC (“SFLP”) was not affected by exposure to Gold, as it does not offer the same in its product portfolio. During the calendar year 2013 the NBFI sector profits declined

compared to the prior year. The profit after tax in 2012 was Rs. 15 billion and this declined by 46% to Rs. 8 billion by end of 2013.

In order to facilitate expansion of economic activity and to strengthen the ability of the NBFI sector to absorb risks, the Central Bank of Sri Lanka (“CBSL”) proposed a consolidation plan in the year 2014. This plan is welcomed by SFLP and is seen as a positive measure that would result in aiding both the NBFI sector and the economy at large in the medium to long term. It is however, important that adequate time is provided for the finalization of the consolidation process to be completed.

(Source: - CBSL Annual Report 2013)

Introduction

SINGER FINANCE (LANKA) PLC (“SFLP”), a subsidiary of SINGER (Sri Lanka) PLC (SSL), was incorporated on 19th April 2004 to carry out finance business within the provisions of the Finance Companies Act No.78 of 1988 as amended by Act No.23 of 1991 and subsequently replaced by Finance Business Act No. 42 of 2011. SFLP obtained the License from Central Bank of Sri Lanka to carry out Finance Leasing business and licensed as a registered “Finance Company” in terms of section 2 of the Finance Companies Act No.78 of 1988. The company’s asset base currently exceeds Rs. 8 billion. SFLP was listed on main board of Colombo Stock Exchange in December 2010 and currently 19.60% of Shares are held by the public.

The Company’s main activities consist of accepting deposits from members of the public and granting leases, hire purchase facilities and consumer loans to its customers. We have 18 regional branches and 2 service windows. SFLP finances all hire purchase accounts of Singer Mega, which is the modern trade channel of the parent company, presently there are 15 mega branches scattered across the country. Customers may also use our parent companies 400 plus locations to make a settlement which is of great convenience to all of our customers.

SFLP has established its place as a medium sized Finance and Leasing Company and was recently categorized as “A” category finance company. Although the support of the parent company has always been available for SFLP, the company has now reached a stage where it is capable of withstanding business , financial and credit stress on its own, backed by the strength of its balance sheet and strong governance.

Performance Review

The year under review was challenging for the industry at large. A summary of key Income statement and balance sheet items are summarized below. A detailed analysis of the performance is discussed in the financial review furnished in page number 35 to 41.

	Rs. Million	
Summary of Performance	2013/14	2012/13
Gross Income	1,879	1,756
Interest Income	1,799	1,695
Other Income	29	20
Impairment for loan and other losses	214	65
Profit Before Tax	374	323
Net Profit	268	257
Total Assets	8,151	7,257
Advances	7,047	6,591
Deposit Base	4,277	3,319
Capital Adequacy Ratio	23.53%	25.51%
Liquid Assets Ratio	19.07%	12.14%

As illustrated above the company performed above the industry at large, returning a growth figures in a very challenging year of operations.

Company gross income grew by 7% over the prior year, however the same level of growth could not be sustained in the bottom line, mainly due to the increase in provisioning for loan losses which increased at a considerably high rate compared to the prior year. Most of the loan losses accrued from the agriculture, transportation and construction sectors. The management consistently reviews credit policies to mitigate exposure to high risk sectors by revising operational policies within a short time span. Company has established proactive mechanisms to monitor non-performing loans at early stages, one such very successful actions were to establish a formal call centre operation to follow up on arrears accounts.

Growth in advances was low, due to decrease in vehicle imports due to the higher excise duty applicable and also drop in demand for second hand vehicles in the market. Growth was experienced from financing of three wheelers, light

commercial vehicles, and motor bikes. SFLP began to finance the Hire Purchase portfolio of Singer Mega, the modern trade channel of the parent company and also increased focus on group sales to bridge the receding advances portfolio in the loans category.

Although deposit rates were revised downward at constant intervals during the year under review, the deposit customers of SFLP remained loyal to the Company and renewed their deposits with us. Whilst the Company is happy to provide the best possible returns to customers, there was a compelling need to revise rates downward in order to lower the companies cost of funds as doors were opened to access low cost funds from other sectors, this is always a balancing act that the management has to perform in order to protect long term interests of its stakeholders.

The capital adequacy ratio and the liquid assets ratio was well above the minimum level of 10% as stipulated by the Central Bank of Sri Lanka ("CBSL"). The Company has met all reporting deadlines in a timely manner and has complied with all corporate governance requirements except for a few exceptions as furnished in page 56 and 57.

Growth rates illustrated below speaks volumes of the consistency in the Company's

Indicator	2014 Rs. Mn	2013 Rs. Mn	2012 Rs. Mn	2011 Rs. Mn	2010 Rs. Mn	2009 Rs. Mn	CAGR	AAGR
Income	1,879	1,756	1,277	1,002	705	460	32.5%	33.5%
Profit After Tax	268	257	216	119	54	13	84.0%	110.1%
Total Assets	8,151	7,257	6,748	4,397	3,256	2,078	31.4%	33.0%
Advances	7,047	6,591	6,183	4,007	2,981	1,792	31.5%	33.7%
Deposits from Customers	4,277	3,319	2,741	1,883	1,518	1,098	31.3%	31.6%
CAGR- Compound Annual Growth Rate								
AAGR- Average Annual Growth Rate								

Management Discussion & Analysis

performance over the last six years. The strategy of SFLP has been simple and straight forward, i.e. “stick to the knitting” has been the mantra, and it is this strategy that has paved the way to establish ourselves as an organisation which has provided consistently good returns through a decade of operations, with the ability to withstand industry related stress factors.

Our Stakeholders

Our stakeholders are our most important assets. Although it may not be justifiable to rank our stakeholders, it is only fair to mention that customers would rank high on the ladder. Company as a policy treats all its stakeholders with respect and care. Being a service organisation SFLP is aware of the importance of sustaining a superior level of customer service in order to be noticeable in an industry where competition is high and the ability of the customer to shift allegiance is also comparatively high. The lending customer base of SFLP is the mass market and currently it is tilted towards more rural followed by urban. The deposit base constitutes of high net worth, working class professionals. The Company engages its stakeholders often through the media and other modes of communication.

Synergies with Parent Company

Customers of Singer Finance has the option of settling their rental dues from any one of the 400 plus Singer Plus, Singer Mega, Singer Homes or Sisil showrooms island wide. This option is presently unmatched by the competition. Further, SFLP brand name is augmented by the strength and popularity of the brand Singer which has a high share of voice in the local advertising space.

Company also benefits from the access to lower cost of funds sourced by the Treasury of the Parent Company and also by many other support functions such as payroll administration, general administration and logistical support rendered by the parent Company. It is noteworthy to mention that SFLP has the ability and the strength to stand

independent of the parent company if required, however, from a business point of view, it is prudent to realise the benefits that available from the parent and the group companies first, before one ventures out.

Our Products

Singer Finance commenced operations by providing leasing and hire purchase financing for customers, subsequently the Company began to finance the purchase of consumer products, personal loans and business loans. The company also obtained a license to trade in foreign exchange from the CBSL during the year under review and is an authorized money exchanger.

Leasing

Leasing was introduced to the Sri Lankan market in 1980 and soon began to gain wide acceptance as an alternative form of financing. Its availability “over the counter” enhanced its appeal. Its popularity among SME’s also grew. Singer Finance provides leasing facilities for brand new vehicles. The demand for vehicle leases continued to grow during the year under review, however growth has plateaued when compared to prior year.

Hire Purchase

Hire purchase became a popular financial product due to VAT concessions given when financing used vehicles and provides a flexible method of payment for those unable to pay the full amount at the time of purchase. Hire Purchase was initially used for consumer products but has now emerged as a popular alternative to leasing.

Singer Finance provides Hire Purchase facilities for used vehicles and agricultural equipment. With exemptions in VAT for certain vehicle categories such as buses, we experienced a shift from Hire Purchase to Leasing. Further, the demand for second hand vehicles has dropped at an alarming pace as a result of duty increases and this was a factor that negatively affected lending growth during the financial year.

Group Sales

The company has a group sales policy similar to the policy followed by its parent company. This unique facility is made available to staff from reputed organizations in both public and private sector. Employees of these organizations may select any consumer product and pay for it in monthly installments. These installments are deducted from the respective employee’s salary and remitted to us by the organizations concerned.

Many public and private institutions have made use of this facility. Customers enjoy the benefits of the product from the very first day without being obliged to pay the entire sum up front. The burden of settling the monthly payment is taken on by the employee’s organization. We have established a dedicated unit with competent staff at head office to supervise this facility. A state of the art IT system supports the unit.

Deposits

SFLP is a registered Finance Company authorized to accept public deposits by the Central Bank of Sri Lanka. The head office of the deposit division is located in Colombo and all branches island wide are authorized to accept deposits. Whilst SFLP offers very attractive rates, the Company avoids engaging in the rate competition which in the past has affected the finance industry adversely.

SFLP's deposit base has grown by 31.3% since 2009 on a compound growth basis, thus displaying the confidence of the public at large. The deposit holders continued to display trust during an year where the industry was under stress and the company acknowledges this trust by continuing to focus on improving the operational capabilities and on growing the company in the years ahead.

"Singer Muthu" Savings Accounts

"Muthu translated to English depicts a pearl, and aims to link childhood to the traits of a pearl. The brand Singer, introduced Hire Purchase to the world way back in 1851 and back then the beginnings were humble and small, although a Savings products is not an innovation, the Company's track record speaks of a high success rate and we remain optimistic that the simple beginning of "Singer Muthu" savings is the beginning of a family of new products which will one day be a success story to be spoken about " The above is a re-statement from the previous year's annual report, adding to the progress since then, the Rs. 10 million figure was surpassed during the year under review and the management worked hard to promote savings with a limited number of branches available to service being the greatest drawback. There are plans to obtain technology that would enable SFLP to overcome the limited branch network by taking the deposit product to the customers doorstep, a successful

implementation of this plan would enable SFLP to further this product in the medium to long term. During the year under review SFLP introduced normal savings accounts targeted towards the youth and the senior citizens'

Singer Mega

In the year under review SFLP began to take over the granting of Hire Purchase facilities to customers of Singer Mega, which is the modern trade distribution channel of the parent company thus widening our reach and opening the horizons to a new customer segment. This could be considered as a new channel in addition to the already existing branches and windows. As at the year end we have taken over the financing of all 15 mega branches.

Money Exchange

During the year under review SFLP obtained a license from CBSL to act as an authorized money changer. All branches of the company are now equipped to buy and sell authorized foreign currency notes for approved purposes as per CBSL. SFLP offers very attractive rates in comparison to the rest of the players in the market.

Key Challenges facing our industry and SFLP's response

Key Challenges	How Singer Finance (Lanka) PLC will respond
Increase in number of re-possessed assets	SFLP does its utmost to provide an opportunity for the lessee to settle outstanding facilities and re possess as a last resort, the management has systems in place to dispose re-possessed assets within a short time span, after following the required legal steps
Increase in loan losses	In the year 2013/14 the finance industry as a whole experienced an increase in loan losses due to economic and environment factors. SFLP identified sectors that were badly affected and made adjustments on its credit policies towards these sectors. E.g. SFLP ceased lending to the sand mining sector in which re payment patterns worsened throughout the year and reduced its exposure to the agricultural sector

Management Discussion & Analysis

Key Challenges	How Singer Finance (Lanka) PLC will respond
Challenges in sustaining an optimal spread	<p>SFLP reviews its spread on a monthly basis and compares to both prior year and plan and takes corrective action where appropriate.</p> <p>Company plans to increase its portfolio of financing consumer durables. This product provides a high yield in a short term and are small ticket items, at present SFLP is the market leader in this segment and further consolidation in this space will enable the company to maintain a healthy spread and also financing requirements shift to short term as the average period of a contract will be 12 to 15 months.</p>
Challenges faced in Information Technology	<p>IT processes are reviewed regularly by a specialist internal IT team and vendor partners</p> <p>SFLP invests in required changes /additions to the Information system in order to ensure that the company's information systems are up to date and information required is available timely and efficiently.</p> <p>SFLP invests in training their staff on a continuous basis, by participating in both local and foreign training programs. Our staff regularly participates in training conducted by the Centre for Banking Studies of the Central Bank of Sri Lanka</p> <p>The modern and highly effective ERP of SFLP's parent company enables synergies, where any customer of SFLP is able to make settlements through the vast branch network of the Parent Company. The capabilities of this ERP provides for many more synergies that will result in operational efficiencies</p>

Opportunities and Threats relevant to our business

Opportunities	How Singer Finance (Lanka) PLC will respond
Market and product growth :- SFLP has opportunity to move into new markets and products hitherto untapped	SFLP introduced foreign currency trading and ventured to the Northern Sector and began "Micro Financing" as a pilot project. Further, there are plans for few more new products to be introduced in 2014/15
New Regulations imposed on Finance Companies	New regulations imposed have increased the confidence levels of the customers in the RFC's and along with this regulatory backing and the strength of SFLP we intend to design communication campaigns to educate both our existing and new customers on the benefits associated with investing their money with SFLP

Opportunities	How Singer Finance (Lanka) PLC will respond
Threats	How Singer Finance (Lanka) PLC will respond
<p>Competition</p> <p>Banking sector entering the Leasing business</p>	<p>Competition in the industry is intensifying with existing players growing and emergence of new competitors, SFLP will capitalize on the strength of their brand and will leverage on our superior service capabilities and core values to differentiate from our competitors.</p> <p>SFLP has the capability to approve and disburse loans faster than banks, and will capitalize on this ability to compete with banks. Also, SFLP can counter the threat of losing market share in Leasing to banks, by growing the financing of consumer durables portfolio, the capability and the speed at which SFLP disburses these consumer loans is a distinct advantage.</p>
<p>Capital Markets :-</p> <p>The ability to raise funds from capital markets may be jeopardized in the short term due to the poor performance of the bourse and need for stricter regulatory requirements</p>	<p>Both SFLP and its parent company have provided attractive dividends and capital gains to their investors, the prevailing market prices do not project nor justify the year on year performance of SFLP which has been admirable. SFLP will continue to add value to their shareholders via growth and stability</p>
<p>Data Protection</p> <p>Any business faces the challenge of protecting its data from theft or loss due to IT system failure</p>	<p>Data theft is also far more of a threat than data loss as it's clearly malicious. SFLP regularly reviews its systems to protect data from theft. Access rights are reviewed on a quarterly basis and reviewed by Internal audit</p> <p>Employee contracts, legally bind employees to safeguard company data</p> <p>SFLP replicates system data in an off-site disaster recovery site and conducts disaster recovery drills on an annual basis</p>

Management Discussion & Analysis

Resources and Capabilities of Singer Finance

In diversifying into the Financial Sector, the Singer Group succeeded in exploiting and employing the resources and capabilities available to an organization with 160 plus

years of exposure, experience and success. In an external environment which is subject to rapid change, internal resources offer a more secure basis for strategy than market focus. Resources and capabilities are primary sources of profitability

Resources	Advantages
Financial	Rating of BBB (lka) Stable by Fitch ratings lanka Ltd Ability to raise capital and access to funding at competitive rates
Physical	Ability to expand (subject to relevant approvals) to reach customers island-wide Facility for our customers to settle payments at 400 plus locations where the parent Company is present.
Human	Skilled and experienced staff
Technological	State of the art software capabilities Trained and skilful IT staff
Reputational	A heritage brand name which is 160 years old Eminent and skilled Board of Directors

Financial Review

The year under review posed many challenges in terms of the macroeconomic environment that resulted in low demand for credit and increasing credit and interest rate risk. Re-visiting past data, the economic deceleration began in latter part of the final quarter of the financial year 2011/12, quoting from the financial review of the annual report 2011/12 quote “A negative shift was experienced in the latter part of the fourth quarter, in which macroeconomic factors began to move adversely as a result of price increases in fuel, electricity, imported food items, increase in vehicle duty, and tariff. An over production of rice, vegetable and other commodities adversely affected the agricultural sector, resulting in depressed farm prices because of record crop production swelling the supply of commodities. Market interest rates began to rise sharply and the rupee depreciated Vs dollar significantly, we are hopeful that the recent adverse economic changes are short run and that the economy will bounce back on track” unquote. Fuel prices and dollar remained stable, and interest rates began to decline, however there were price increases in electricity and essential food items which had an adverse impact on the economy at large.

The agricultural sector continued to face difficulties mainly due to the sector being straddled with back to back years of negative environmental impact, which resulted in accumulated financial liabilities to the farmer, although they enjoyed a reasonably good harvest in March / April in 2014 the benefit of the cash settlements did not accrue to SFLP in full, as naturally, there were other accrued liabilities that attracted settlements from this segment thus the settlements were divided.

There is much debate as to whether the benefit of low interest rates have trickled down to the SME sector and privately owned enterprises which could be termed as growth drivers in our economy. To the credit of Singer Finance (Lanka) PLC – (“SFLP”) the company has been decelerating lending rates at reasonable intervals as and when the policy rates were shifted and cost of borrowing receded to lower levels, thereby aiding the credit growth in the economy.

In order to mitigate the credit risk, the company revisited its credit evaluation policies, by mainly reducing the exposure levels to the segments that were affected most. The company also increased its lending exposure to the group sales segments which are short term small ticket lending portfolios yielding a high income and comparatively low on risk to longer term financing thereby spreading its portfolio risk.

The deposit holders of SFLP continue to hold trust in the organisation by re investing their funds despite low interest rates. The deposit base surpassed the Rs. 4 billion mark during the year under review which was a significant landmark for SFLP. The savings and children’s savings segments performed well during the year, and the management has identified this category as a strategically important product in the organisations portfolio.

Basis of Preparation and Comparative Figures

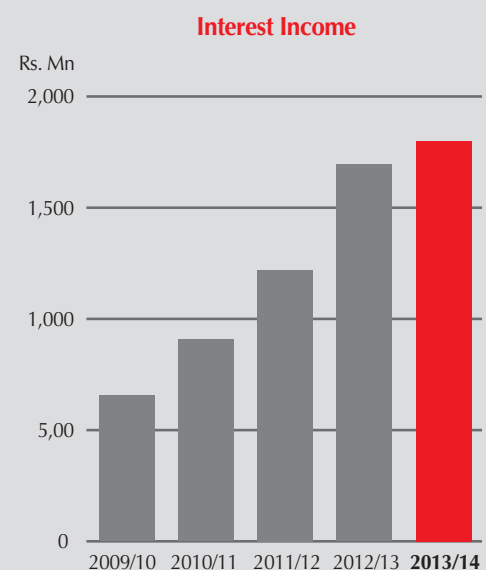
The financial statements for 2013/14 represent and include the Financial Statements of the Company. The basis of preparation of the Financial Statements are described under note 1.2 to the Financial Statements. The

accounting policies used are consistent with those used in the previous year.

Revenue

Gross Income of the company grew by Rs. 123.7 million (7.9% growth) to Rs. 1.9 billion compared to the prior year. Income of the company constitutes of interest income, fee and commission income, trading income and other operating income.

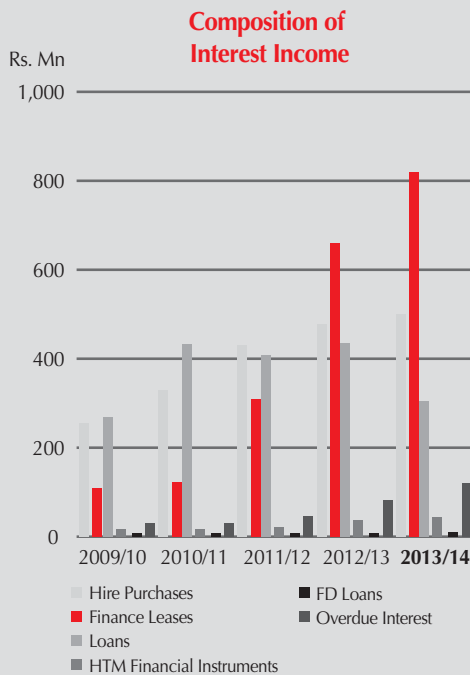
Interest Income for the year under review grew by Rs. 104.6 million (6.2% growth) to Rs. 1.8 billion compared to the same period prior year, Fee and commission income grew by Rs. 9.8 million (24.2% growth) to Rs. 50.3 million compared to prior year, Income from service charges amounting to Rs. 29.7 million contributed most to fee based income category which was followed by insurance commission Rs16.2 million and commission income Rs. 4.4 million. Net trading income amounting to Rs. 50,868/- related to trading profit from buying and selling of foreign currency. This segment is a new addition to the product portfolio of Singer Finance (Lanka) PLC and is still at the infancy stage of the life cycle. Other Operating Income grew by Rs. 9.2 million (45.8% growth) to Rs. 29.3 million.



Financial Review

Components of Interest Income

The Interest Income portfolio of the Company is made up of hire purchase, finance leases, loans, financial instruments held to maturity, income from placements with banks and overdue interest.

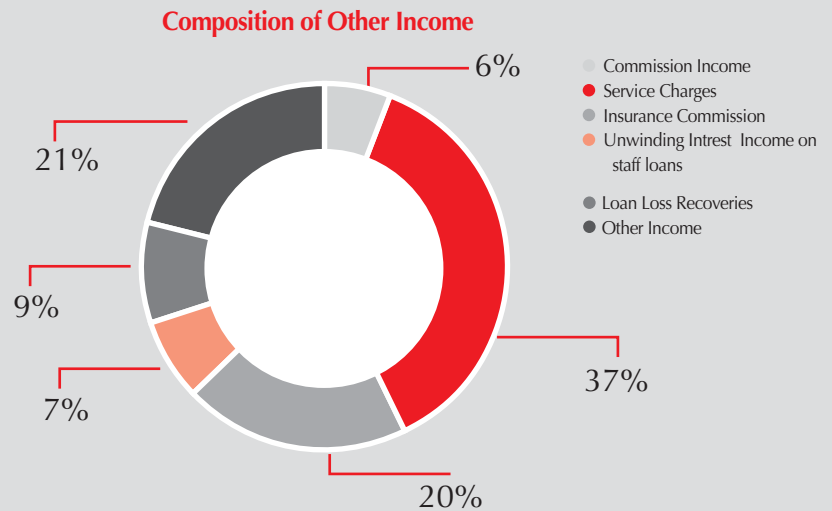


Interest Income from Hire Purchase grew by 4.9 % to Rs. 499.8 million over the previous financial year, Interest Income from leasing increased by 24.2% to Rs. 819.8 million. Growth in income from Hire Purchase of vehicles continues to be slack due to the drop in demand for second hand vehicles in the market place. Growth in leasing income has plateaued when compared to the exponential growth of 114% experienced in leasing income in the financial year 2012/13 over financial year 2011/12. Reasons for the drop in growth, apart from a high base year is attributable to deceleration in demand for growth during the period under review and loss of share in Leasing to the banking sector, which began to aggressively promote the Leasing business.

Interest income on loans decelerated by 29.8% to Rs. 304.9 million compared to the prior year. Adverse growth in this segment is due to the discontinuation of financing locally

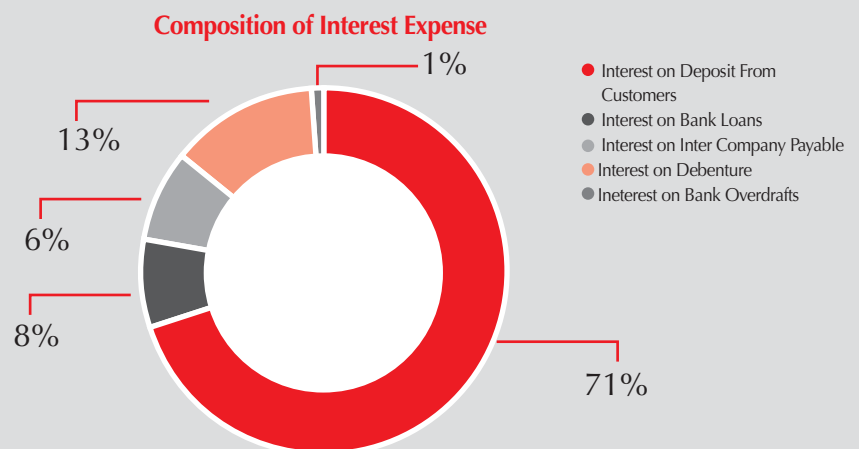
manufactured Singer products (SLMP) of the parent company. Loans category is considered to be of strategic importance to SFLP, from a future perspective and thus company has adopted measures to grow this category once again. Apart from leading the industry in terms of financing group sales which finances consumer durable items, SFLP also finances the entire hire purchase pack of Singer Mega, which is the modern retail channel of the parent company. These segments are noted as future growth drivers.

Other Income



Other Operating Income grew by Rs. 9.2 million (45.8% growth) to Rs. 29.3 million and constitutes mainly of Unwinding Interest Income on Employee Loans, Loan Loss Recoveries and other representing income such as return cheque charges, income from bank guarantees issued on secured fixed deposits.

Interest Expenses



In the year under review interest expense increased marginally by Rs. 1.9 Million to Rs. 743.9 million. Interest expense from all sources of borrowing except the deposit base was favourable compared to the prior year. An analysis of the

interest expense excluding the interest paid to deposit holders indicates that the interest expense would have been favourable by 34.5% totalling to Rs. 214.1 million. This is a reflection of the continued drop in interest rates by banks as the government continued to drop policy rates throughout the year. SFLP revised the deposit rates downward according to the prevailing interest rates, however the weighted average cost of the deposit base continues to be comparatively high due to the fixed rates of fixed deposits which are over one year.

SFLP's interest cover improved by 4.1% to 1.50 compared to the prior year figure of 1.44 times, although the increase is marginal this is a healthy indicator for an organisation in the finance sector.

Most of SFLP's borrowings are short term and this resulted in an advantage as the Company settled its high cost bank borrowings with excess funds generated from operations. In order to bridge the assets-liability mismatch the company issued a 3 to 5 year listed debenture amounting to Rs. 1.25 billion in September 2013 at an overall cost of 14.73%. This was the lowest rate debenture that was issued at the time, whereas comparative rates of other debentures issued by Finance Companies were 17% and more.

Debt to equity ratio was 2.7 times compared to 2.2 times in the prior year.

Net Interest Margin (NII)

The Company NII grew by Rs. 102.7 million to Rs. 1,056 million over the previous year. This growth was possible due to the continuous monitoring of Net Interest Margins (NIM) of the company and adjusting lending rates according to market conditions.

Net Interest Margin (NIM) grew by 49 basis points to 15.35%. The portfolio of high yield short term consumer durable loans is a factor that contributes a high NIM compared to the industry.

Staff Cost

Staff costs increased by 14.6% to Rs. 175.7 million YoY. This increase is correlated to the increase in head count which stood at 245 Vs 200 as at 31st March 2013. The increase in number of heads was to supplement income generating activities such as conversion of service windows to fully-fledged branches namely Singer Finance Galle, Dambulla and Mahiyanganaya and to staff the newly acquired Singer Mega operation and Jaffna branch, backend staff increases were needed to support the business expansion and to strengthen the recoveries and operational functions.

Administration and Selling Expenses

Administration and selling expenses decreased by 24% to Rs. 343 million YoY. The drop in this cost segment is due to significant cost savings from collecting commissions and administration fees payable to parent company for collecting rentals of Singer Locally Manufactured products that were financed by SFLP up to December 2012 and ceased thereafter.

SFLP's non-interest expense to gross income as at 31st March 2014 was 40.5% compared to 39.2% as at 31st March 2013. The marginal increase is attributable to the increase in Allowances for Impairment charges for Loan and Other Losses.

Bad Debt Expenses

During the year under review Company provided Rs. 213.7 million for bad and doubtful debts this was an increase of Rs. 149.1 million over the prior year.

This exponential increase in bad debts is mainly due to non-performing loans from agricultural, transportation and construction segments. Throughout the second half of the financial year, there was excess liquidity in the economy and low cost of borrowing compared to 2012/13, however we did not see these benefits flowing to the segments that SFLP lends to. According to the latest annual report of the central bank the non-performing loans in the NBFI sector increased by 60% to Rs. 37 billion, thus indicating that high provision was prevalent in the industry at large. SFLP is not exposed to gold pawning which is yet another category that was exposed to high provisioning due to price fluctuations in the gold market. Sustained collection drives in territories where outstanding's are high is expected to yield improved results in containing NPLs in the financial year 2014/15.

Value Added Tax On Financial Services

Value added tax expense for the year was Rs. 28.5 million compared to Rs. 20.9 million in the prior year. The increase in value added tax on financial services is mainly due to the increase in income from group sales which is liable for financial VAT.

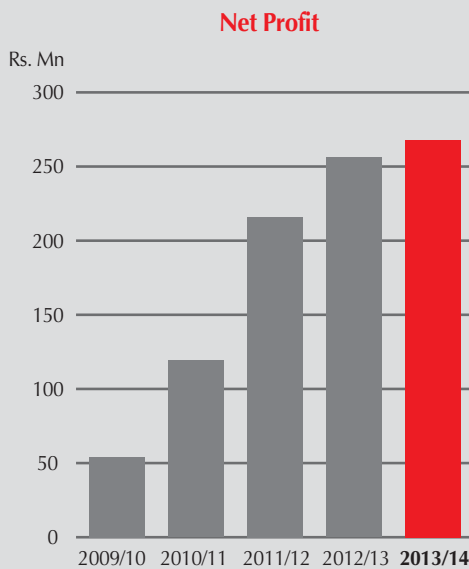
Income Tax Expense

Income Tax Expense was Rs. 105.9 million as against Rs. 66.9 million in the previous financial year. The Company's effective tax rate for the year was 28.3% compared to 20.67% in the previous financial year. The reason for the

Financial Review

increase in effective tax rate is due to higher add backs from advertising, and also due to the fact that the Company recognized a deferred tax asset attributable to a Loss in Leasing Segmental P&L relating to the financial year 2011/12 in 2012/13 which resulted in a lower base year expense.

Singer Finance is currently liable for income tax at 28% on taxable profits with effect from 1st April 2011



The Company recorded a net profit after tax of Rs. 268.6 million which is 4.7% growth year on year, this is a commendable growth when compared to a 93% negative growth in the industry (Source: Annual report of the Central Bank of Sri Lanka) and also considering the fact that the financial year under review was challenging and a difficult year.

Earnings per Share

The Company's earnings per share for the year was Rs. 1.62 compared to Rs. 1.76 in 2012/13

Price Earnings Ratio

The price to earnings ratio of the Company as at 31st March 2014 was 7.47 times Vs 7.18 as at 31st March 2013.

Dividends

A final dividend of Rs. 0.65 per share was approved by the board of directors. SFLP has been consistent with its dividend pay-outs and is paying the same dividend as the last year.

The dividend payment has been approved by the Central Bank of Sri Lanka and the ex-dividend date is 10th of June 2014 and payment of dividends subject to the receipt of the solvency certificate will be the 19th of June 2014.

Solvency

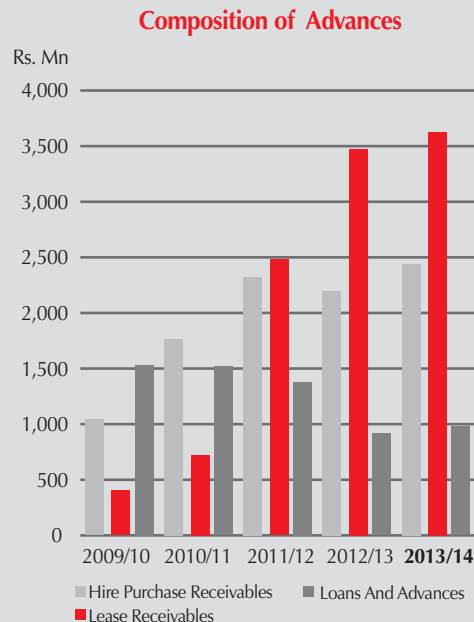
Section 56 of the Companies Act no 07 of 2007 requires that a solvency test be carried out prior to the payment of dividends. The Board of Directors will obtain a certificate of solvency from the Auditors prior to the date of dispatch of the proposed dividend payment.

Return on Equity – (ROE)

Return on Equity for the year under review is 13.4%, whilst in the previous year it was 16.9%. Return on Equity has been computed by comparing the profits for the year and average total equity as at balance sheet date.

The reason for the deceleration in return on equity is attributable to slack in profit growth compared to prior year

Assets



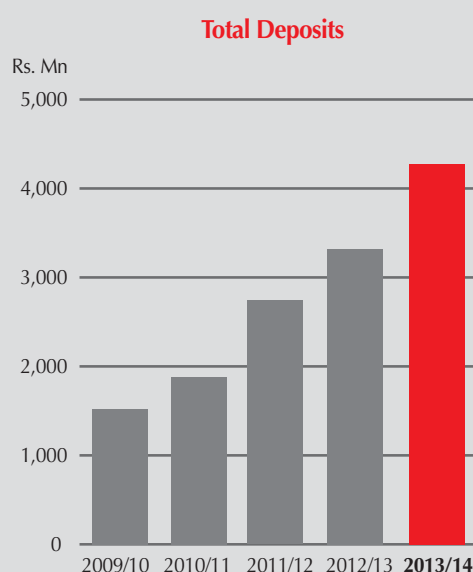
The total asset base increased by Rs. 893.7 million from Rs. 7.3 billion in 2013 to Rs. 8.2 billion in 2014. Main increase was from HP receivables which grew by Rs. 244.3 million to Rs. 2.4 billion, Lease receivables grew by Rs. 149.4 million to Rs. 3.6 billion and Loans and Advances grew by Rs. 63 million to Rs. 980.3 million. There was significant growth in Financial Instruments held to maturity which grew by Rs. 115.8 million (34.3% growth) to Rs. 453.9 million and

placement with banks which grew by Rs. 65.6 million (130.5% growth) to Rs. 115.8 million, both these segments are attributable to the mandatory liquidity requirements imposed by CBSL in order to strengthen the repayment ability of the deposit and savings holders funds. Cash and Cash equivalents amounting to Rs. 245.8 million grew by Rs. 231.2 million compared to the prior year, this high balance represents cash in transit and is not a reflection of excess funds in the banks.

Liabilities

Total liabilities as at 31st March 2014 were Rs. 6.1 billion, which includes public deposits amounting to Rs. 4.3 billion. Interest bearing loans and borrowings amounting to Rs. 1.3 billion. This consist of Rs. 1.2 billion debenture liability and Rs. 50.2 million bank borrowings. It is noted that bank borrowings decreased from Rs. 726 million as at 31st March 2013 to Rs. 50.2 million as at 31st March 2014 this is a reflection of low credit demand in the market, amounts due to the parent company amounted to Rs. 28.7. The deposit base which includes the interest payable grew by Rs. 958.4 million (28.9% growth) to Rs. 4.3 billion from the prior year amount of Rs. 3.3 billion.

Deposit Base



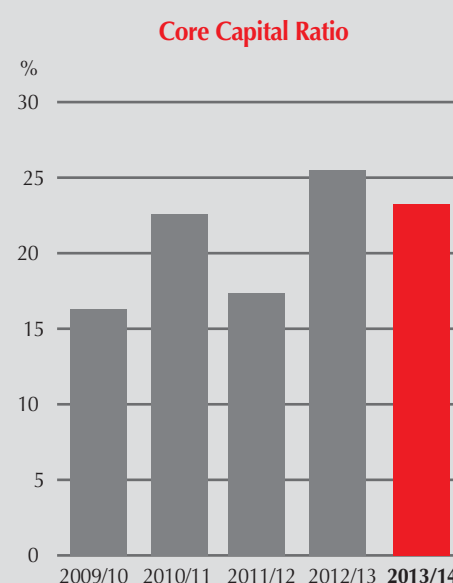
The public continues to be supremely confident of Singer Finance as they invest their savings with us for competitive returns. The YoY growth of Rs. 958.4million is a 28.9% growth compared to the previous financial year, it is commendable to note that given a regime of decelerating interest rates SFLP outshined the 21% growth reported in FY 2012/13 over 2011/12

The composition of customer deposits on the total borrowings of the company was 76.35% compared to 76.68% in the prior year, this deceleration is not indicative of the fact that the Company is not completely reliant on the deposit or savings base for funding. SFLP has over a Rs. 1 billion worth of un utilized bank facilities obtained independent of any guarantees from the

parent company which is an indication of the strength of the company balance sheet and good governance practices which the company upholds without any compromise.

Equity

Equity increased by Rs. 160.6 million over the previous financial year and accrued from profit for the year Rs. 268.1 million less the Dividends paid Rs. 107.5 million.



Capital Adequacy

SFLP has maintained a capital adequacy which is well in advance of the minimum requirement of 10%. As at 31st March 2014 both the core capital and capital adequacy stood at 23.78%. This measure is one of the key factors that depositors and lenders of debt capital closely evaluate and the Company has a sound capital base which is one of the highest in the sector.

Net Cash Flow from Operating Activities

During the year under review the Company recorded Rs. 723 million net cash flow from operating activities. Compared to the previous year, the net cash flows improved by Rs. 1.2 billion. This was mainly due to the increase from deposits from customers and interest received.

Financial Review

Net Cash Flow from Investing Activities

During the year under review company invested Rs. 29.2 million in acquiring property plant and equipment and incurred Rs. 11.1 million in software development, net cash used in investing activities decreased by 17.2% to Rs. 40.3 million when compared to the prior year.

Cash flow from Financing Activities

Net cash used for financing activities was Rs. 266.5million, this accrued mainly through settlement of Interest bearing loans and borrowings. The Company settled Rs. 2.5 billion worth of interest bearing loans and borrowings and borrowed Rs. 2.4 billion in the year under review, the total cash outflow due to dividend paid amounted to Rs. 105.9 million in the financial year under consideration.

Cash and Cash Equivalents

As at 31st March 2014 cash and cash equivalents of the company increased by Rs. 416.2 million to Rs. 200 million.

Accounting Policies

The Financial Statements contained in this report are prepared in accordance with the Sri Lanka Accounting Standards, the requirements of the Colombo stock exchange and the Companies Act No. 07 of 2007.

Sustainability Report

As we reach out to more people across the country, our advance is carefully managed to ensure sustainable growth that creates win-win opportunities for all our stakeholders.



Sustainability Review

The Singer brand stands for generations of trust. Singer Finance has inherited this ethos of trust and accountability to the public of Sri Lanka. Our performance during the current financial year is ample proof of this public trust in the Company. Confidence in the governance and management of the Company can be seen in the inflow of deposits, even in an environment of reducing interest rates. We are proud that the national financial sector regulator, the Central Bank, also recognises the quality of our governance and financial stability, by ranking Singer Finance a 'Category A' finance company. During the current year we continued to uphold our principles of integrity to ensure financial sustainability of the company. We also took into account our environmental and social responsibilities, as a responsible corporate citizen.

Our Stakeholders

We recognise our different stakeholders as having different needs from the Company. We attempt to respond to these different requirements to the best of our ability. Our stakeholder engagement processes are described in the following sections of this report.

Investors

As equity holders of the Company, we recognize our obligations to maximize wealth for our investors and to ensure transparency regarding the management and daily operations of the Company. Despite the difficult market conditions experienced during the current year the Company has continued to show growth in profitability and pay dividends to its shareholders. Singer Finance has paid out a consistent dividend to its shareholders throughout its history. All decisions taken by the Company is with the intention of maximising the shareholder wealth in an ethical and sustainable way. Shareholders of the Company are kept well informed regarding Company management through annual general meetings, annual reports, and quarterly reports submitted to the CSE every quarter. In addition, the Company also issues press releases from time to time. We are open to direct communication with shareholders and we do not restrict access to management at any time. Any member of staff is also directly accessible through telephone or in person.

Government and regulators

The Company upheld its obligations towards the State by paying all relevant taxes and aligning services in support of Government development policies. We have always abided by the rules and regulations set by the Government and have maintained a cordial relationship with all public agencies. We have supported government objectives of reducing unemployment, supporting entrepreneurial activities and improving quality of through the provision of a range of financial services to the public. In particular, our support to the agriculture sector and rural economies, through employment creation and



expansion into rural areas, have supported government objectives of rural development.

We ensure compliance with all regulatory requirements to discharge our responsibility towards the national regulatory bodies. We work closely with the Central Bank, Securities & Exchange Commission and Colombo Stock Exchange, as well as other national regulatory bodies. We have provided necessary information to them when requested, and complied with all reporting requirements. These institutions act as a safety net to safeguard customers and investors in the industry. Singer Finance engages these institutions regularly in discharging company's reporting obligations.

We would like to record that there has been no legal action, or actions on regulatory non-compliance, against Singer Finance during the current financial year, which is ample proof of our high compliance standards. Further information on compliance is listed in the Corporate Governance section of this report.

Financiers

Our financiers are an integral part of business sustainability and are a binding force within the entire financial sector of the country. Our integrity in all our dealings with banks and other financial institutions has created a strong bond of trust between the Company and the financial sector. Over a decade of partnership, we have continued to uphold this trust through compliance with regulatory and financier-specific contractual obligations. We have ensured transparency by providing easy access to information and ensured the integrity of all data.

Pressure Groups/ Media

Singer Finance has always maintained a cordial relationship with Pressure Groups and Media. We have treated Pressure Groups and Media with equal respect. So far we have not had any negative experience with Pressure Groups. This we relate to our fair business practice regime. Our doors and communication lines have been open for any of these interest groups and will be so in future.

Competitors

At Singer Finance we do not treat our competitors as a threat but as a market force that makes us grow stronger. We treat our competition with due respect and at all times avoid antagonistic or anti-competitive behaviour. We engage our competitors and Industry at regular meetings held by the Leasing Association, where certain non-confidential information is shared for the betterment of the industry and ultimately our customers.

The natural environment

Although we are not a manufacturing entity and therefore have minimum impact on the natural environment directly, due to our business activities, we acknowledge that the environment is a stakeholder in the Company. This is due to the impacts on the environment through our daily operations. These impacts include the use of natural resources such as water, energy and paper, and emission of gases to the air from transportation activities. Therefore, we are addressing our carbon footprint through conservation mechanisms.

To save energy we attempt to maximise the use of natural light. All our branches use a standard temperature in order to save electricity and all our locations are equipped with energy saving bulbs. We have also invested in LED computer screens that are less energy consuming.

We reduce paper wastage by reusing paper in all our offices and we have switched to electronic communications wherever possible. In addition, used paper of the company is sent to Neptune Recyclers, for recycling. This activity enables us to contribute to the environment by disposing the used paper in an environmentally friendly manner.

Neptune Recyclers have confirmed the following

Period under consideration	1st January 2014 to 19th May 2014
Total used papers collected for shredding	179KGs
Number of fully grown trees saved	3
Oil saved	314 Ltrs
Electricity saved	716 Kwh
Water Saved	5689 Ltrs
Land fill	1 cubic meter
Green House gas emission saved	179KGs of carbon equivalent

Sustainability Review

Customers

As a service organization in a highly competitive industry, customer engagement is vital for survival. At Singer finance we ensure a customer engagement process that upholds the heritage of the Singer brand. This involves ensuring high customer integrity of our services through trust and customer care.

To ensure customer convenience, disbursements are done within one day, ensuring speedy service. We have ensured high accessibility with payment options at approximately 400 branches of our parent company, in addition to Singer Finance branches. Customers can also make payments at any Commercial Bank. Service options and products available at the branches are designed according to the requirements of our customers. Tailor-made Leasing and Hire Purchase schemes are very popular among our customers, coupled with the convenience we provide in making payments and the professional service. These customer convenience factors have given us a competitive advantage in the market.

We understand the value of savings in the Sri Lankan culture and we re-invest customer deposits in a responsible manner, ensuring fair returns for the same. Highest protection is provided for these deposits by ensuring financial sustainability of the Company and keeping adequate liquid assets to back the deposit base.

In addition, we ensure a high service delivery standard through trained employees for courteous and warm service that put our customers at ease. Our customer loyalty is proof of the quality of service we provide.

Community

We have continued to support overall social development through creation of direct and indirect employment, providing financial support for businesses and entrepreneurs and by providing services to the agriculture sector of the country. We have also contributed to social progress through contributions to the national economy from our activities. We engage with different communities through our services and also through philanthropic activities that contribute towards public welfare.

During the current financial year we donated Rs. 147,861 in money and materials to support various charitable causes. We provided financial aid to a child suffering from Thalassemia in Padukka, aid was also provided for a child in Ja Ela, to undergo an urgent operation for a medical condition called 'Post Vaccinated Encephalomyelitis.' We donated a special purpose bed, mattress and rations, to the Meth Sewa Foundation, a shelter for mentally and physically handicapped people, in Handapangala, Weherayaya. The contribution was made possible by the Singer Finance 'Rs. 10 fund', where employees voluntarily to contribute Rs. 10 every month for a charitable fund. We also funded the Hepatitis C Antibodies test, at the Thalassemia Ward, at the Anuradhapura Hospital, which cost Rs. 5,000 per test, as the hospital does not provide for these tests, we contributed Rs. 100,000 in total for 20 tests.





Employees

The Singer Group is considered one of the best employers in Sri Lanka. This is because of the Singer policy of treating employees as a family. The family culture has been adopted at Singer Finance and we treat our employees like extended members of our family. This is because we believe an organisation whose employees are happy, is more productive, has higher morale and has a lower employee turnover. We always lay emphasis on equal opportunity, providing career development and training opportunities for all. We evaluate all employees on a regular basis assessing their skills, accomplishments, professional goals, training and other relevant factors. This approach has enabled us to design formal training programmes, informal mentoring and regular feedback.

Labour practices and decent work

Singer Finance complies with all statutory labour standards and goes beyond the legal requirement in providing a comfortable, safe and happy work environment for employees. We believe our employees are our greatest strength and asset and we do all we can to ensure employee satisfaction.

Human Rights and Equality in the Workplace

Respecting human dignity and promoting human freedom is very much a part of our business strategy. As an ethical employer, Singer Finance has put in place a Code of Conduct that also applies to the treatment of employees, in protecting their rights and prohibiting discrimination. The Code of Conduct has been developed in line with constitutional rights and human rights enshrined in the international treaties that Sri Lanka has signed. No employee may harass, intimidate, or act in an unwelcome, hostile, offensive, degrading or abusive manner towards any other employee, or towards any customer or supplier, or the employee of any customer or supplier. All employees are treated with equal respect and dignity and are provided opportunities for career advancement within

Sustainability Review

the Company based on merit. Singer encourages its suppliers, customers and business partners to incorporate similar commitments in their business practices.

Total work Force Based on Category of Employment as at March 31, 2014

Category	No of Employees	Percentage (%)
Key & Senior Management	5	2.0
Middle Management	11	4.5
Junior Management	21	8.6
Non-Management	208	84.9
	245	100

Staff Strength (as at 31st March)

Category	No of Employees					
	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Key & Senior Management	5	5	6	4	4	1
Middle Management	11	11	5	4	1	4
Junior Management	21	19	16	14	17	17
Non-Management	208	165	128	81	58	48
Total	245	200	155	103	80	70

Income Per Employee (Rs. '000)	7,670	8,778	8,150	9,424	8,798	6,576
Profit Per Employee (Rs. '000)	1,096	1,283	1,455	1,088	676	182
Assets Per Employee (Rs. '000)	33,270	36,287	43,714	42,825	40,664	29,693

Age Analysis (as at 31st March 2014)

Age (Years)	Key & Senior Management	Middle Management	Junior Management	Non-Management	Total	Percentage (%)
Above 50	1	1	0	1	3	1.2
41-50	1	1	3	3	8	3.3
31-40	3	8	15	54	80	32.7
21-30	0	1	3	146	150	61.2
Below 20	0	0	0	4	4	1.6
Total	5	11	21	208	245	100.00

Service Analysis (as at 31st March 2014)

Service (Years)	Key & Senior Management	Middle Management	Junior Management	Non-Management	Total	Percentage (%)
6-8	3	9	10	27	49	20
Below 05	2	2	11	181	196	80
Total	5	11	21	208	245	100

Gender Diversity (as at 31st March 2014)

Employee Category	Male	Female	Total
Key & Senior Management	5	0	5
Middle Management	11	0	11
Junior Management	19	2	21
Non-Management	177	31	208
Total	212	33	245

Staff Turnover Ratio (as at 31st March)

Period	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Staff Turnover (%)	9.09%	8.02%	10.96%	7.74%	2.58%	9.67%

Geographical Structure of Employees (as at 31st March 2014)

Category	Total	Percentage (%)
No of Employees within western province	88	35.9
No of Employees outside to western province	157	64.1
Total	245	100

Singer Finance employment policy

Singer Finance is an equal opportunity employer and we do not discriminate on the basis of race, gender or any other demographic. All recruitments are based on merit. We believe that in order to be truly sustainable, we must nurture the talents of employees by pushing them to think 'beyond boundaries' and rewarding them for their loyalty.

Walking the talk – We do not discriminate

In 2013, as part of our commitment to the Disability Network of the Employers Federation of Ceylon, we recruited Mr. Rangan Sampath to join the Singer Finance family. Mr. Sampath, who hails from Vavunia, is a visually handicapped youth, who is now working at Singer Finance. Mr. Sampath works as a telephone operator and also supports the collection department by making timely



reminders to customers. These activities allow Mr. Sampath to be a productive employee, where his disability does not obstruct his performance. We extend our best wishes to Mr. Sampath and we hope he will achieve his dreams through our support. We also hope our experience will encourage other employers in Sri Lanka, to provide employment opportunities for the differently abled population of Sri Lanka.

Human resource policy

By adhering to a comprehensive human resources policy that covers the following 12 critical areas, Singer Finance ensures that employees have maximum opportunity for growth.

- Recruitment/Transfers
- Manpower planning/Succession planning
- Training and development
- Performance planning, appraisal and development Organisation changes
- Occupational health and safety
- Foreign travel

Sustainability Review

- Complaints
- Grievances
- Rules of disciplinary procedure
- Relatives employment/Business relationship
- Sexual harassment in the workplace

No industrial disputes

We would like to report that there were no incidents of discrimination reported during the period under review. We maintained a good relationship with our employees and created an environment, free of industrial disputes

Policy against sexual harassment

Prevention of sexual harassment in the workplace has been introduced into the Company through the HR policy. All efforts are made to raise awareness about this topic and a process has been put in place to handle any potential complaints promptly. We would like to record that there have been no complaints of sexual harassment at the Company during the year.

Codes of Conduct

Our parent company has adopted a Code of Conduct devised by Singer Asia Ltd., which clearly sets out every employee's responsibilities with regard to compliance with national laws, refraining from bribes and political contributions, divulging confidential information and engaging in insider trading, recording false, inaccurate or incomplete information and avoiding conflicts of interest.

Training

Since inception, Singer Finance has given employees the opportunity to grow with the organisation. As part of this process the Company invests in training opportunities for staff. These investments have given strong returns and we are proud to state that we are among the companies that show the highest income per employee ratio in the industry. Our

well trained employees have resulted in higher customer satisfaction and higher customer loyalty, which has helped the Company's growth. During the current year the Company invested Rs. 539,165 in 302 training hours, that saw 89 employees taking part in a variety of training programmes.

Divisional heads at Singer are required to give a detailed account of their division's training requirements in the third quarter of every year. After an analysis of these and other requirements, our Group Training Division implements tailor-made programmes to address these training needs. These are either external training programmes that send individual employees to seminars, conferences and technical sessions, or through internal programmes that train groups of employees in particular skill sets. Department heads are also responsible for assessing skill shortages by studying his or her department's annual performance appraisals and analysing the skill requirements needed to successfully navigate future challenges.

We are supported in our staff development efforts by our parent company's Training Division. Singer has set up a Training Division staffed by full time trainers that offers one of the best training environments among business organisations in Sri Lanka. In addition to 'in-house' training, the Company also provides external training for its staff. We have also developed a structured training system that identifies potential and builds on it, for future returns for the Company, as explained below.

The 'High Flyers'

This programme is aimed at the 'non-management' category of the organisation, especially at the officer and senior officer levels. Department heads from each division will identify those employees who are eligible for promotion but lack certain skills. The aim of this programme is to close that skill gap. Under this programme, communication skills, presentation skills, personality development and other related subjects are addressed. Over the past few years, a high proportion of those who went through the training were promoted to management level positions.

'Junior Manager Development'

This programme is aimed at developing the managerial skills, communication skills and presentation skills of employees to enable them to move up the organisational hierarchy. In previous years, many of those who completed the training were promoted to the middle management level

'Middle Manager Development'

This programme was started in 2010 with the intention of polishing the managerial and personal skills required to become a successful senior manager. This comprehensive development programme includes modules on leadership, delegation, evaluation of the performance of subordinates, mentoring and related areas.

Child and forced labour

The Company has a zero tolerance policy on child labour and compulsory labour. At Singer, all work is of free will. All employees are over the age of 18, in compliance with Sri Lankan labour laws

Maternity Leave

Singer has upheld its statutory obligations of providing 82 days of maternity leave to women employees. However, the Company has always been flexible on maternity leave and has given priority to the interest of the mother and child over that of the Company.

Grievance handling

We have established formal and transparent grievance handling mechanisms to ensure equity and social justice within the organisation at all times. All employees have the right to use the grievance procedure to air his or her grievances and demand remedial action. Fairness and impartiality are integral to each stage of the process and the employee is protected from any retaliatory action.

Occupational Health and Safety

As a service organisation our employees are not exposed to industrial hazards. However, we do pay attention to occupational health and safety to ensure the physical and mental wellbeing of our employees. We ensure workplaces are hygienic and accident free.

Our rewards system

Singer Finance provides a multitude of benefits for full time employees that look after the physical and mental wellbeing of our employees, including their academic and professional development.

Sports and recreation facilities

The Singer Group head office contains a state-of-the-art gym for the benefit of all employees ensuring that employees have the opportunity to take care of their physical health.

Lodging

Singer Finance reimburses all expenses incurred by field staff in staying at approved hotels while on official business.

Discounted Sales

All products that are marketed by Singer are offered to its employees, at discounted prices and are given on easy payment terms at zero interest.

Travel Expenses

Singer Finance provides several facilities to employees who engage in official travel. This includes vehicle maintenance, a transport allowance and reimbursement of travel expenses. The Company has divided its staff into two categories - field staff and office staff. Vehicle and transport allowances are then allocated depending on which category the employee falls into.

Accident Cover

The Company provides accident cover to all staff, whose line of work exposes them to the risk of accidents, either at the workplace, or because their job involves extensive travel.

Distress Loans

Distress loans are available in the case of emergencies such as a sudden illness, a death in the family, damage to homes due to flooding or other disasters, urgent home repairs, or a family wedding

Vehicle and motorcycle loan

Permanent employees, of specified categories, can apply for interest free, five-year vehicle loans. Seventy-five percent of the vehicle valuation is granted as a loan.

Educational Support

Two educational support schemes have been developed to help employees achieve their educational goals.

1. The Company will grant a lump sum of Rs. 225,000/- for an employee's educational needs. The employee must then serve the Company for a period of eight years. This amount needs to be repaid only if the employee leaves the Company within this period of eight years.

Sustainability Review

2. The Company will reimburse two-thirds of the cost of a particular course of study, provided that the employee is successful in the final examination.

Professional Subscriptions

Subscription fees to any one professional body are reimbursed for all management grade staff

Death donations

In the event of an employee's death, his or her family will receive a sum of Rs. 50,000/- in addition to the employee's salary of six months. In the event of the death of an employee's spouse, child, parent or unmarried sibling, the employee is entitled to a sum of Rs. 25,000/-.

Employee social events

During the year, we conducted many social activities to allow employees to socialise and enjoy themselves and also to display their talents and skills.

Singer Speech Competition 2013

The Singer Group speech competition, organised by the Singer Toastmasters Club, was held in 2013, to display the oratorical talents of our staff. Singer Finance employees, Mr. O K S Deshanath and Miss. M S Devadas, won second and third places respectively.

Singer Got Talent 2013

In year 2013, Singer started a Group wide programme named 'Singer Got Latent,' with the intention of discovering the special talents of the employees in the Singer Group. Employees showcased their talents in different fields, such as singing, dancing and playing musical instruments. The panel of judges were experts

in the industry, and were highly impressed by the talent that was on offer. In this competition, Miss. H. A. U. Maduwanthi and Mr. I. D. Kodithuwakku who are employees of Singer Finance, won the overall second place and overall third place respectively in the singing competition. Mr. Nishantha De Silva, Mr. I. D. Kodithuwakku and Mr. G. H. A. E. M. Hettiarachchi won first place in the Singing Group category. Mr. G. H. A. E. M. Hettiarachchi won second place in the instrumental category.

Singer finance gents picnic

Singer Finance gents picnic for the year 2013 was at Chaya Tranz Hotel, Hikkaduwa, on 23rd, 24th and 25th August 2013. A total of 110 employees participated in this fun filled event. The gents picnic, as it is called in the group, leaves a lot of fond memories in the minds of the participants, as this is an occasion for fun and networking among different categories of employees. Singer Finance CEO, Mr. R. S. Wijeweera and the management team also participated in this event.

Singer finance ladies picnic

Similar to the gents picnic, the ladies of the Singer Group also have their fun filled picnic. The Singer ladies picnic was held at Dickwella Village, in Dickwella, on 17th, 18th and 19th of May 2013. A total of 15 ladies from Singer Finance participated in the event and had a wonderful, relaxing time.

Discover the superhero in you

Singer Finance held its Annual Awards night for 2013 at Waters Edge, themed 'Discover the Superhero in you.' Chairman of Singer (Sri Lanka) PLC, CEO of Singer Group, CEO of Singer Finance, and Directors of Singer group graced the occasion. The event was a memorable occasion where awards were presented to employees, under many categories, based on exceptional performance. The awards allowed us to appreciate high performing employees and to encourage others to improve their performance. After the awards ceremony, all the participants were treated to live music and buffet dinner.



Singer six a side cricket match 2013

The much anticipated Singer annual six a side cricket match of 2013, was held on 18th August 2013, at the NCC Grounds, Colombo 07. Singer Finance also took part in this tournament for boys and for girls. Singer Finance fielded 6 boys teams and one girls team at this competition. We are proud to report that Singer Finance was able to win both the categories, amidst stiff competition from rest of the teams. Our best wishes go out to the winning teams and we look forward to more wins in the new financial year.

Singer mercantile cricket matches 2013

The Singer Group fields two teams for the Mercantile Cricket Tournament organised by the Mercantile Cricket Association of Sri Lanka. The Singer 'A Team' is playing in the B Division of the tournament, whilst the 'B Team' plays in the F Division of the tournament. We are proud to announce that Singer Finance has six employees in the 'A Team' and one player in the B Team.

Singer Mercantile Hockey 2013

Our sporting talent extends to the game of hockey. Players from Singer Finance represented the Mercantile Hockey team of the Singer Group in 2013.

Finance House Netball

We are happy to announce that the Singe Group netball team won the Finance House Netball tournament for the first time in 2013. We congratulate the team and wish them further success.

Singer Mercantile Badminton 2013

Singer Finance participated in the Singer Mercantile Badminton Tournament in 2013. Mr. P. T. A. Lasantha became runner up in the G Division of the tournament and was also the proud champion in the doubles event of the Singer Inter Department Badminton tournament.

Risk Management

Risk, to varying degrees, is present in all aspects of business activities; therefore effective risk management is fundamental to the success of a finance company. The primary goal is to ensure that there is an appropriate balance between risk and reward in order to maximise shareholder returns both in monetary and non-monetary terms bearing in mind the socioeconomic role the Company plays in the development of the community. Given the ever-changing and challenging risk landscape, both internationally and locally, the Company has been following sound risk mitigating procedures from its inception using its parent's 160 years of experience, especially in the field of credit and recoveries. Risk management in the Company is continuously evolving and awareness is being developed enterprise-wide so that it forms a part of the corporate culture.

Risk Governance

Risk Management Governance Structure of the Company begins with oversight by the Board of Directors, through the Integrated Risk Management Committee.

Integrated Risk Management Committee (IRMC)

Primary purpose of the IRMC is to assist the Board in fulfilling its oversight responsibilities with respect to the operation and effectiveness of risk management. Members to this Committee are appointed by the Board of Directors and include Board members with the participation of the Chief Executive Officer, Group Head of Risk and Divisional Managers.

Risk Management Framework

In order to effectively and efficiently deliver its core purposes, the Company has a comprehensive risk management framework to identify, measure, monitor and control the principal risks assumed in conducting its activities. These risk exposures include Strategic, Credit, Market, Operational and Liquidity.

Staff Awareness

To ensure that all staff are aware of the inherent risk in their areas of responsibility and their role in managing and monitoring risk, the Company facilitates ongoing training at all levels and maintains effective dialogue across functional departments.

Credit Risk

In quantitative terms, credit risk is the most significant risk in a finance company book. Credit risk is the possibility of losses associated with changes in credit profile of borrowers. These losses, associated with change in portfolio value, could arise due to default or deterioration in credit quality.

The major drivers of credit risk are default risk, concentration risk and correlation risk (concentration based on common risk factors between different borrowers, industries, or sectors which may lead to simultaneous default).

In order to strengthen the assets quality and optimise the capital charge, the Company undertakes comprehensive credit risk management practices. Effective credit risk management is a critical component of risk management and essential to the long-term success of the Company.

Credit Risk Management

The Board has approved Credit Risk Management (CRM) Policy and Manual governing all credit risk-related activities of the Company. These policies and procedures are communicated through awareness programmes both at the top level and at the operational level.

The highest authority in credit approval is vested with the Board of Directors, with delegation to the Credit Committee to exercise within its delegated limits or make appropriate recommendations to the Board. The Committee regularly reviews the exposure limits with a view to maintain the credit quality.

The Company has structured and standardised credit approval process, and borrower evaluation model and it is being used to assess risk associated with credit proposals.

A risk-based pricing approach was introduced to achieve an appropriate balance between risk and reward while continuing to enhance the risk management capabilities to assist in achieving corporate objectives.

Portfolio Management

The need for credit portfolio management arises from the potentially adverse impact of concentration of exposure and necessity to optimise the benefits associated with diversification. The Company has developed systems for identification of credit weakness well in advance. The Company's credit portfolio is effectively managed through periodic monitoring, evaluating the portfolio quality by tracking the migration of borrowers from one rating scale to another and keeping close track of deteriorating credit quality.

Segmentation

Loan portfolio of the Company consists of credit originating from all branches including the Head Office. The Company is in the process of refining the segmentation of the loan book, which would facilitate and improve the assessment of the portfolio credit risk in a more proactive manner and help develop strategies for mitigating risk more effectively.

The Company continuously emphasise on good asset quality. Effectiveness of the Company's systems and controls for identifying, monitoring and addressing asset quality in a timely manner has been a key focus of management over the years.

Provisioning Policies

Provision for non-performing loans and advances is made on the basis of a continuous review of all loans and advances in accordance with the applicable Accounting Standards and Regulations imposed by the Central Bank of Sri Lanka. The provisioning policy of the Company is given under the Accounting Policies in page 103 in this Annual Report.

Concentration Risk

Concentration of exposures in the credit portfolio is an important aspect of credit risk. It may arise from two types of imperfect diversification. The first type, name concentration, relates to imperfect diversification of idiosyncratic risk in the portfolio because of large exposures to specific individual obligors. The second type, sector concentration, relates to imperfect diversification across sectors.

Name Concentration

Name concentration is monitored and managed by stipulating prudential risk limits on various risks parameters such as single/related party borrower limits.

Sector Concentration

Sector concentration risk is managed by establishing sector/Industry exposure limits and establishing Branches and Window Service Centres in different regions.

Market Risk

Market risk is the risk that arises due to adverse change in market variables such as interest rates, foreign exchange rates, equity and commodity prices. Mismatches carried in interest rates, currency and equity products which are exposed to general and specific market movements and changes in the level of volatility of interest rates, foreign exchange rates and equity prices generate market risk to the Company.

Market Risk Management

Market risk is managed with the broad objectives of-

1. Managing interest rate risk arising from day to day lending activities and deposit acceptance activities with proper classification, valuation, accounting and reporting of the same.
2. Effective control over the operation and execution of market-related transactions while facilitating business growth in a transparent risk management framework.
3. Ensure that overall risk exposure is maintained at prudent levels and consistent with the available capital.
4. Compliance with regulatory requirements.

Interest Rate Risk

Interest rate risk is the risk where changes in the market interest rates may adversely affect a company's financial condition. The impact of changes in interest rates affects the Company's earnings in the near term. The long-term impact would be on the Company's net worth as the economic value of its assets and liabilities linked to different rates gets affected by the movements in the market interest rates.

The Company's Net Interest Margin (NIM) is monitored for variance, and appropriate remedial action is taken. This initiative resulted in maintaining NIM at an acceptable level, which ensured that the projected earnings of the Company were well within the expected levels. The Company uses gap analysis to measure the re-pricing risk of the Company's assets and liabilities in order to assess the impact from interest rate changes and thereby on the profitability of the Company. Based on the outcome, the Company takes measures to mitigate any possible adverse impact.

Risk Management

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as and when they fall due. Liquidity risk arises from the possibility that market conditions prevailing at some points in the future will require the Company to sell assets at a value which is below their underlying worth, or may result in inability to exit from the liabilities.

The Company manages liquidity risk in accordance with the regulatory guidelines. Accordingly, the Company manages liquidity risk through cash flow management, maintaining a highly liquid assets portfolio in accordance with the prudential regulations and with a prudent funding strategy. Liquidity ratios are continuously monitored to adhere to internal and external regulatory requirements.

The Company has diverse sources of liquidity to allow for flexibility in meeting funding requirements. Fixed deposits form a significant part of the Company's funding, and the Company continues to work on this concentrated strategy to sustain and grow this segment. The Company also has the option of managing liquidity by borrowing from banks as well as its Parent Company, Singer (Sri Lanka) PLC.

Overall, the Company follows a conservative approach in its management of liquidity and has in place a healthy governance structure, policy framework and review mechanism to ensure availability of adequate liquidity even under stress market conditions.

Operational Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal process, people, systems and external events. The Company recognises the significance of operational risk, which is inherent in all areas of business. IT security, internal and external frauds, outsourcing of operations, customers' service quality, operational process reliability, recruitment and training-related issues, social

and environment impacts and regulatory compliance have been identified as the major sources of the Company's operational risk.

The Company seeks to minimise exposure to operational risks, through implementing improved management and measurement approaches.

Operational Risk Management Framework

The Board approved Operational Risk Management (ORM) Policy and Manual governs the enterprise-wide management of Operational Risk. This policy aims at not only ensuring consistent application of risk policies, procedures and systems for identifying, measuring, monitoring, reporting and controlling operational risk but also ensures that any new or changed activity, such as new products or system conversions, will be evaluated for Operational Risk prior to implementation.

The Company has established an organisational culture that places a high priority on effective ORM and adherence to sound operational controls. Ownership, management and accountability of operational risk lie with business and functional heads.

A well-defined IT Security Policy is in place which ensures that all critical systems are validated and tested before implementation. Information Technology Division continues to implement Policies and Procedures to enhance and maintain information, security controls and systems.

In addition to the above, the Company implements Policies and Procedures to safeguard the confidentiality of the information. All Singer employees are made aware of the importance of the security of information and confidentiality. Certain critical information is made available only to selected employees. The ethical values that the Company propagates also stress the need to maintain confidentiality.

Business Continuity Plan

A key function of risk management is to manage crisis situation and to ensure the continuity of business across the Company.

The Company Business Continuity Plan (BCP) is a comprehensive plan of actions that spells out the processes, procedures and systems, which are essential to continue or restore the operations of the Company in the event of various categories of disasters, based on several levels of severity.

Singer Finance is maintaining a data replication system in an external location on real time online basis. As a result, in the event of any unforeseen disability of the main system, the Company is in a position to operate the IT system in this remote location.

As a key requirement of the Company's BCP, a comprehensive disaster recovery centre is in place outside the Company premises with alternate arrangements to facilitate continuing key operations in the event of various pre-defined scenarios.

Internal, External and Corporate Audit

Internal, external and corporate audits are crucial in the risk management process. Reports on the Group's operational and financial systems by these auditors are reviewed and action taken to manage any risks that have been identified. Significant audit findings by the Auditors are immediately reviewed by the Board appointed Audit Committee.

The Company's system of internal controls covers all policies and procedures, enabling significant strategic and operational risks to be managed.

Insurance

The Company's risk mitigation programmes use insurance policies to transfer the risk of high severity losses arising from frauds and external events that are beyond the control of the Company such as natural disasters, thefts, burglaries, where feasible and appropriate.

Compliance

Compliance describes the way we do business, the way we make decisions and the way we act in order to uphold integrity throughout the Company.

Adherence to the law and internal regulations is the foundation of all our business activities. Compliance risk is the risk that the Company fails to comply with the letter and spirit of all statutes, regulations, supervisory requirements and industry codes of conduct, which apply to the Company's business. The

Company seeks to bring the highest standard of compliance best practices to apply in all the areas we operate. In keeping with our core values, the Company endeavours to comply with the highest professional standards of integrity and behaviour, which build trust. The Company is subject to extensive supervisory and regulatory governance by the Central Bank of Sri Lanka (CBSL).

SFLP's Compliance Officer reports to the Board of Directors. The Compliance Officer is responsible for ensuring management of compliance risk within the Company. Compliance risk is managed through internal policies and procedures, which include legal, regulatory and other technical requirements relevant to the business.

Regulatory Compliance

The Company considers compliance with the regulatory requirements and guidelines as core to its business and good governance. The Compliance Officer is responsible for regulatory compliance and also dissemination of regulatory instructions across the Company. As per the Corporate Governance Direction, the Board ensures compliance with all prudential requirements, regulations, laws and internal controls affecting the Company.

During the period under review, there were no material non-compliance with prudential requirements, regulations, laws and internal controls pertaining to the Company except as stated in Compliance Statement of Corporate Governance principles.

Anti-Money Laundering (AML)/Combating Terrorist Financing (CTF)

There has been considerable focus on implementing the new directives and legislative requirements related to anti-money laundering and financial crime across the world. In response to international best practice and global standards of AML and CTF, the Government of Sri Lanka has enacted laws during 2005-2006. Accordingly, CBSL issued Know Your Customer (KYC)/Customer Due Diligence (CDD) rules in 2007 and thereafter, the Company implemented policies which include obligations such as customer identification and verification, record keeping, monitoring and the establishment and maintenance of an AML/CTF programme.

Capital Adequacy Ratio (CAR)

This gives a sense of the financial stability of the Company. Singer Finance (Lanka) PLC complies with regulatory requirement for calculation of CAR as required by CBSL and applies the standardised approach for Credit Risk, standardised measurement method for Market Risk and basic indicator approach for Operational Risk. On the above basis, our CAR is at a strong position, which is above the minimum required by the regulator, providing a healthy 'cushion' against any potential losses.

Caveat

Although the key sources of risk and their mitigation have been discussed in this document, no assurance can be given that the Company is fully-protected against all possible risks. As noted in the Report, the best that can be achieved is reasonable management of risks through a sound operational framework that identifies, evaluates and mitigates the negative impact in a timely manner at multiple levels. In this context, the Company is confident that all material risk factors have been adequately assessed and managed to ensure the uninterrupted and profitable continuity of the business.

Corporate Governance

Governance Policy

Distinct corporate governance provides a structure that works for the benefit of everyone concerned by ensuring the company adheres to accepted ethical standards and best practices as well as to formal laws. An intense set of controls over business processes shaped by strategic management decisions towards the shareholder wealth creation and the betterment of other stakeholders form a good corporate citizen eventually.

A well defined structure of Corporate Governance in Singer Finance intends to encompass the set of core values, accountability to shareholders, relationship with management, environmental protection and anti corruption

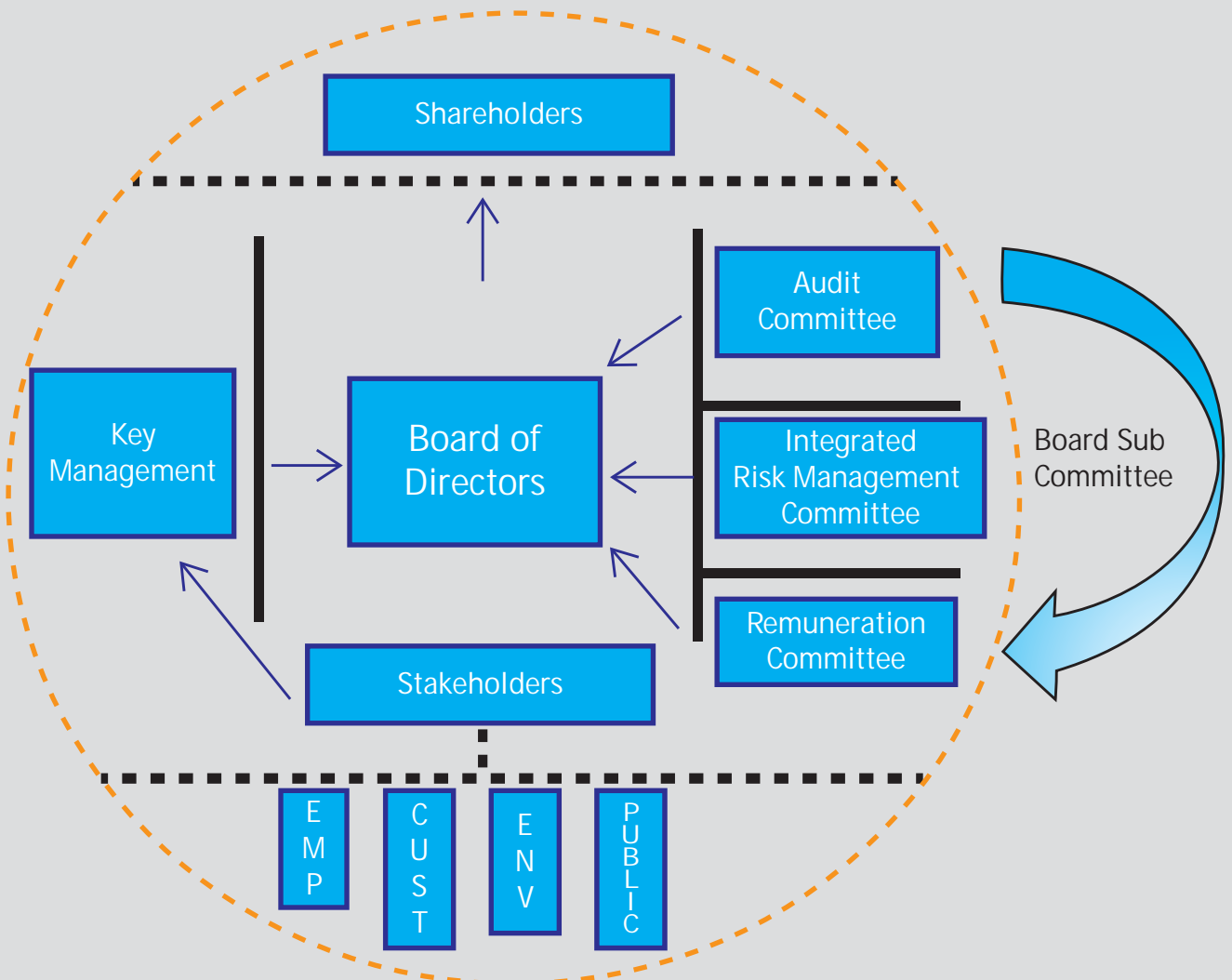
measures. The Board of Singer Finance is committed to deliver a holistic service embedded by the highest ethical standards in the regime of excellent corporate governance practices across all areas.

The diagram below shows the governance structure of the company which ensures the integral performance and long term sustainability.

Business Ethics

We are in the era of envisioning the company vision of “to be the foremost Finance company” and ensuring the development of a learning corporate culture where each and every employee is encouraged to create cross functional teamwork to deliver integral performance and long-term sustainability.

A precise system of Governance is an indispensable requirement for a company to attract and maintain the public confidence by which the transparency of business activities is disclosed. Whistle blowing policy is implemented to encourage employees to raise a concern about the wrongdoing at work and take necessary solutions.



All employees are bound by pertinent rules and regulations and the company's written code of conduct to persuade them to be honest and avoid conduct which can reflect a bad image on the company.

Directions on Corporate Governance.

The company is in compliance with the Directions on Corporate Governance issued by the following institutions.

- The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka

The Institute of Chartered Accountants of Sri Lanka is the pioneer in introducing the first code namely, "Code of Best Practice on matters related to financial aspects of Corporate Governance", issued in December 1997 and subsequently this code was revised in 2003, 2008 and the present code in practice is "Code of Best Practice on Corporate Governance 2013" issued jointly by the ICASL & SEC Sri Lanka.

Joint code issued in 2013, carried more extensive best practice provisions that corporates are encouraged to adopt in discharging their corporate governance activities in following areas.

- Directors
- Directors' Remuneration
- Relationship with Shareholders
- Accountability and Audit
- Shareholders
- Sustainability Reporting

- **Central Bank of Sri Lanka**

The Monetary Law Act (Chapter 422) established the Central Bank of Sri Lanka (CBSL) as the authority responsible for the administration, supervision and regulation of the monetary, financial and payment system of Sri Lanka. By the same Act, CBSL has been charged with the objectives of economic and price stability, with a view to encouraging and promoting the development of the productive resources of Sri Lanka.

In order to ensure financial system stability, the Finance Business Act, No.42 of 2011 empowers the Monetary Board to issue directions, rules, determinations, notices and guidelines to finance companies.

The Monetary Board of the Central Bank of Sri Lanka under section 12 of the Finance Business Act has issued a set of guidelines namely, Finance Companies (Corporate Governance) Directions No.03 of 2008 and Finance Companies (Corporate Governance - Amendment) Direction No 04 of 2008, to be complied by the Registered Finance Companies.

- **Listing rules of the Colombo Stock Exchange**

Colombo Stock Exchange has issued Listing Rules to ensure the creation and maintenance of a market in which Securities can be issued and traded in an orderly and fair manner and which secures efficiency and confidence of all stakeholders in the operation and conduct of the market. The CSE has issued rules on Corporate Governance under its ruling 7.10 to be complied by the companies listed in the Exchange.

Corporate Governance

Corporate Governance Principles Under SEC and ICASL Principles

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
Section 1: THE COMPANY			
A. DIRECTORS			
A.1 THE BOARD	Code A.1	Singer Finance is headed by an effective board comprising both executive and non executive directors to direct, lead and manage the company.	Complied
1. <i>Meetings of the Board</i>	Code A.1.1	Board meetings were held in monthly intervals. The Board met 10 times during the financial year concerned. Individual participation of each Director at Board meetings is exemplified in the chart given under The heading of "Board meetings".	Complied
2. <i>Responsibilities of the Board</i>	Code A.1.2	A sound business strategy crafted by the Board of Singer Finance guides the company to success in all its endeavours. Responsible areas of the Board are as follows. <ul style="list-style-type: none"> • The formulation and implementation of a sound business strategy and proper follow up procedures. • Equipping the CEO and the management team with the required skills, experience and knowledge to make the company vision a reality by following the correct strategic direction required for a finance company. • Internal controls and risk management practices, two critical areas of Singer Finance while complying with laws, regulations and ethical standards. • Ensuring that company values are set in accordance with the appropriate accounting policies and financial regulatory compliance. 	Complied
3. <i>Professional advice to the Board</i>	Code A.1.3	Independent professional advice to be obtained according to a procedure agreed to by the Board of Directors at the Company's expenses.	Complied
4. <i>Company Secretary</i>	Code A.1.4	All directors should have access to the advice and services of the Company Secretary who ensures that the applicable rules and regulations are complied with.	Complied
5. <i>Independent judgment of Directors</i>	Code A.1.5	Directors bring independent judgment on strategic issues, performance and standards of conduct.	Complied
6. <i>Adequate time and effort of Directors</i>	Code A.1.6	Adequate time and effort is devoted by Directors on the matters of the Board and the Company to ensure that the duties and responsibilities of Directors are satisfactorily discharged.	Complied
7. <i>Training for Directors</i>	Code A.1.7	Directors receive appropriate orientation when first appointed to the board and subsequently as necessary.	Complied

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
A.2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)	Code A.2	The Chairman and CEO roles are conducted separately.	Complied
A.3 CHAIRMAN'S ROLE	Code A.3.1	The Chairman conducted Board proceedings in a proper manner and ensured the effective participation of all Directors. A balance of power between Executive and Non Executive Directors is maintained and the Board is in complete control of the company's affairs and alert to its obligations to all stakeholders.	Complied
A.4 FINANCIAL ACUMEN	Code A.4	<p>Sufficient financial acumen and knowledge is available in the Board.</p> <p>Former Chairman, Mr. Hemaka Amarasuriya who resigned on 30th April 2013 is a Fellow of The Institute of Chartered Accountants of Sri Lanka, Fellow of The Chartered Institute of Management Accountants UK and Fellow of the Chartered Institute of Marketing UK.</p> <p>Chairman is D.Phil.(Economics), Oxford University, UK.</p> <p>Group CEO who resigned from the Board on 30th April 2013 is an Associate member of The Institute of Chartered Accountants of Sri Lanka and fellow of The Chartered Institute of Management Accountants UK.</p> <p>CEO of Singer Finance holds a MBA (Banking & Finance) from Postgraduate Institute of Management of the University of Sri Jayewardenepura and MSc (Management) National University of Ireland (UCD)</p> <p>Further the two Independent Non Executive Directors of the Board are fellows of The Institute of Chartered Accountants of Sri Lanka and one Non Executive Director is a member of the Institute of Chartered Accountants of England and Wales.</p> <p>This blend of members enables the Board to provide proper guidance on financial matters of the company.</p>	Complied

Corporate Governance

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance																						
A.5 BOARD BALANCE	Code A.5.1, A.5.3, A.5.4, A.5.5	<p>The board includes seven Non Executive directors and out of which two are Independent Non Executive directors.</p> <p>Non Executive Directors have submitted the signed declaration of their independence. Independent Directors are listed under CBSL 4.1.</p> <p>A total of eight directors are in the Board.</p> <p>The composition of the present board is given below.</p> <table><tr><td>Dr. Saman Kelegama</td><td>Chairman/ Non executive</td></tr><tr><td>Mrs. Marina Tharmaratnam</td><td>Independent Non-executive - Senior Director</td></tr><tr><td>Mr. J. A Setukavalar</td><td>Independent Non-executive</td></tr><tr><td>Mr. J. Hyun</td><td>Non Executive</td></tr><tr><td>Mr. Gavin Walker</td><td>Non-Executive</td></tr><tr><td>Mr. Y. C. Joe Kan</td><td>Non-Executive</td></tr><tr><td>Mr. Priyath Salgado</td><td>Non Executive (appointed w.e.f.30th April 2013)</td></tr><tr><td>Mr. Shantha Wijeweera</td><td>Director/CEO</td></tr><tr><td>Mr. S. Ramanathan</td><td>Alternate (appointed w.e.f.30th April 2013)</td></tr><tr><td>Mr. J. Mendis</td><td>Alternate (appointed w.e.f.30th April 2013)</td></tr><tr><td>Mr. P. J. P. De Silva</td><td>Alternate (appointed w.e.f.30th April 2013)</td></tr></table>	Dr. Saman Kelegama	Chairman/ Non executive	Mrs. Marina Tharmaratnam	Independent Non-executive - Senior Director	Mr. J. A Setukavalar	Independent Non-executive	Mr. J. Hyun	Non Executive	Mr. Gavin Walker	Non-Executive	Mr. Y. C. Joe Kan	Non-Executive	Mr. Priyath Salgado	Non Executive (appointed w.e.f.30th April 2013)	Mr. Shantha Wijeweera	Director/CEO	Mr. S. Ramanathan	Alternate (appointed w.e.f.30th April 2013)	Mr. J. Mendis	Alternate (appointed w.e.f.30th April 2013)	Mr. P. J. P. De Silva	Alternate (appointed w.e.f.30th April 2013)	Complied
Dr. Saman Kelegama	Chairman/ Non executive																								
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Mr. P. J. P. De Silva	Alternate (appointed w.e.f.30th April 2013)																								
A.6 SUPPLY OF INFORMATION	Code A.6.1	<p>The management provides relevant timely information to the Board and Directors make additional inquiries where required on the information provided previously. Board papers normally contain monthly management accounts set, applicable ratios, Branch operations, deposit mobilizations etc. to facilitate quality conduct of the company.</p>	Complied																						
A.7 APPOINTMENTS TO THE BOARD	Code A.7.1, A.7.2	<p>Board nomination committee recommends the new board appointments. In recommending a new appointee to the Board, a special emphasis is made on the challenges ahead and the competency of the existing Board to face those challenges.</p> <p>Shareholders will be provided with a brief resume of the newly appointed Director in this Annual Report along with his expertise, names of the companies in which he holds directorships and Independence.</p>	Complied																						

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
A.8 RE-ELECTION	Code A.8.1, Code A.8.2	All Directors and Chairman are re elected by shareholders at regular Intervals in the Annual General Meeting. No member of the Board including the Chairman gets an automatic re-appointment. All re-appointments are through vote at the AGM. Shareholders are provided with resume of such Directors submitted for election or re-election.	Complied
A.9 APPRAISAL OF BOARD PERFORMANCE	Code A.9.1	Board makes appraisal of its member performance against the overall corporate plan.	Complied
A.10 DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS	Code A.10.1	Relevant details of each Director are given under each member's profile in the Annual Report. The number of Board Meetings attended by each member of the Board is given in the Corporate Governance section of this annual report.	Complied
A.11 APPRAISAL OF CHIEF EXECUTIVE OFFICER	Code A.11	Performance is evaluated in line with the overall corporate plan.	Complied
B DIRECTORS' REMUNERATION	Code B.1.1,B.1.2, B.1.3	Company has established formal procedure to develop policies on remuneration of Directors. The Remuneration Committee consists of two Independent Non Executive Directors to provide astute recommendations on the subject area. Composition of the Remuneration Committee is described in the Annual Report in page 76.	Complied
B.2 THE LEVEL AND MAKE UP OF REMUNERATION	Code B.2	The level and make up of remuneration provides the basis to attract and retain the directors needed to run the company successfully. Remuneration is generally structured to identify individual and corporate performance.	Complied
B.3 DISCLOSURE OF REMUNERATION	Code B.3	The aggregated remuneration paid to Executive and non executive directors is set out in note no 9 in the financial statements	Complied
C RELATIONS WITH SHAREHOLDERS			
C.1. CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS	Code C.1	Annual General Meetings (AGM) is the key method of communicating with shareholders where relevant matters are raised for constructive discussions. Annual Report is released prior to the AGM for shareholder reference.	Complied

Corporate Governance

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
C.2 MAJOR TRANSACTIONS	Code C.2	No major transactions occurred during the financial year concerned.	Complied
D. ACCOUNTABILITY AND AUDIT			
D.1 FINANCIAL REPORTING	Code D.1	A balanced and understandable assessment of the company's financial position, performance and prospects are presented in the Annual report.	Complied
	Code D.1.1	Financial assessments are presented in accordance with the relevant Accounting Standards, Generally Accepted Accounting Principles and Laws & Regulations of the country.	Complied
	Code D.1.3	Statement of Directors' Responsibility is given in the page no 93 and it sets out the Directors' endeavours towards the continuous operational existence of the company.	Complied
	Code D.1.4	Management Discussion and Analysis highlights the operational and financial status of the company in the context of prevailing industry conditions. This report is given in the page no 28	Complied
D.2 INTERNAL CONTROLS	Code D.2	<p>The company institutes a sound internal control system to safeguard the shareholders wealth and company assets.</p> <p>Group Internal Audit department reviews the effectiveness of the customary controls and ensures to provide prudent comments where necessary.</p> <p>Operations are further subject to review by the Corporate Internal Audit division of Retail Holdings Ltd, the ultimate parent company in addition to subjecting the affairs of the company for two external audits per annum.</p>	Complied
D.3 AUDIT COMMITTEE	Code D.3	Audit Committee provides guidance and supervision on company's adherence to Accounting policies, Internal Control, Financial Reporting framework, compliance with the Laws and Regulations and maintains appropriate relationship with auditors of the company in order for auditors to discharge their duties effectively and Independently.	Complied

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
	Code D.3.1, D.3.3	<p>The Audit committee comprised of two Independent Non Executive Directors, One Non Executive Directors and the head of risk management functions as the secretary to the committee.</p> <p>Chairman of the Audit committee is an Independent non Executive Director.</p> <p>Finance Director, CEO, Finance Manager, Representatives of External Auditors and when necessary the Chairman and the Group CEO attend by invitation.</p> <p>Audit Committees' authority and duties are formalized through an Audit Committee Charter.</p> <p>The Audit Committee is responsible for following matters as they should conduct themselves in vigilant and effective manner.</p> <ul style="list-style-type: none"> · Review all company's' critical Accounting Policies, major changes to the accounting policies and decide the extent to which changes or improvements are reported. · Review financial reporting process and financial statement preparation and inquire in to the integrity of the procedure · Approve the appointment of External Auditors as per the consent of the Shareholders at the AGM, and consider and report to the Board with regard to the independence and performance of the External Auditor. · Review reports from management, Internal and External Auditors with regard to the reliability and effective operation of the company. · Review the mandate, budget, Plan, changes in plan, organization structure and qualifications of the internal Audit function. · Review the process for communicating the company's Code of Business Conduct 	Complied
	Code D.3.4	<p>Names of the Audit Committee members are disclosed under the subcommittee section of Corporate Governance in the Annual Report.</p> <p>Audit Committee report presented by the Chairman of the Committee is on page no 78.</p>	Complied
D.4 CODE OF BUSINESS CONDUCT & ETHICS	Code D.4	Company has adopted and taken steps to disclose the adherence to Code of Business Conduct and Ethics in the Annual Report under the Corporate Governance section.	Complied

Corporate Governance

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
D.5 CORPORATE GOVERNANCE DISCLOSURES	Code D.5	Corporate Governance section discloses the level of compliance and adoption status of the company to pursue a good corporate citizenship.	Complied
Section 1: SHAREHOLDERS			
E INSTITUTIONAL INVESTORS			
E.1 SHAREHOLDER VOTING	Code E.1.1	Annual General Meeting (AGM) plays a vital role in conducting a regular and structured dialogue with shareholders. Voting of the shareholders is critical when carrying a resolution at AGM.	Complied
E.2 EVALUATION OF GOVERNANCE DISCLOSURES	Code E.2	Institutional Investors have autonomy to give due weight on matters relating to the Board structure and composition.	Complied
F OTHER INVESTORS			
	Code F.1,F.2	Individual Investors are encouraged to carry out adequate analysis and to participate in General Meeting to exercise voting rights.	Complied

CORPORATE GOVERNANCE PRINCIPLES UNDER CBSL REGULATION

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
2. THE RESPONSIBILITIES OF THE BOARD	CBSL 2.1	<p>Approving and overseeing Strategic objectives and values are communicated throughout the company network</p> <p>Approving the overall business strategy of the company, including the risk policy to measure, monitor and control risks including strategic, market, operational and credit.</p> <p>Approving and adopting a policy of communicating with shareholders, depositors, creditors and borrowers.</p> <p>Reviewing the adequacy and the integrity of the company's Internal control systems and Management Information Systems</p> <p>Identifying and designating key management personnel, who are in a position to significantly influence policy; direct activities; and exercise control over business activities, operations and risk management;</p> <p>Defining the areas of authority and key responsibilities for the Board and for the key management personnel.</p> <p>Key management of the company has appropriate oversight on company affairs to ensure consistency with the company policy.</p> <p>Succession plans for key management are developed to ensure the maximum utilization of human capital.</p> <p>Meeting regularly with the key management personnel to review policies, establish lines of communication and monitor progress towards corporate objectives.</p> <p>While understanding the regulatory environment Company guarantees to exercise due diligence in hiring and oversight of external Auditors.</p>	Complied

Corporate Governance

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
3. MEETINGS OF THE BOARD	CBSL 2.3	Independent professional advice to be obtained according to a procedure agreed to by the Board of Directors at the Company's expenses.	Complied
	CBSL 2.4	A director shall abstain from voting on any Board resolution in relation to a matter in which he or any of his relatives or a concern, in which he has substantial interest, is interested, and he shall not be counted in the quorum for the relevant agenda item at the Board meeting.	Complied
	CBSL 2.5	The Board shall have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the finance company is firmly under its authority.	Complied
	CBSL 2.6	The Board shall, if it considers that the finance company is, or is likely to be, unable to meet its obligations or is about to become insolvent or is about to suspend payments due to depositors and other creditors, forthwith inform the Director of the Department of Supervision of Non-Bank Financial Institutions of the situation of the finance company prior to taking any decision or action.	Not Applicable
	CBSL 2.7	The Board shall include in the finance company's Annual Report, an annual corporate governance report setting out the compliance with this Direction.	Complied
	CBSL 2.8	The Board shall adopt a scheme of self-assessment to be undertaken by each director annually, and maintain records of such assessments.	Not Complied
	CBSL 3.1,3.2,3.3	Board meetings were held in monthly intervals. The Board met 10 times during the financial year concerned. Individual participation of each Director at Board meetings is exemplified in the chart given under The heading of "Board meetings". Schedule of Items and matters to be discussed in the Board meeting are included in the agenda. Sufficient notice is given for all Board members to attend the regular Board meetings.	Not Complied
	CBSL 3.4	A director who has not attended at least two-thirds of the meetings in the period of 12 months immediately preceding or has not attended the immediately preceding three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall, however, be acceptable as attendance.	Complied

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance																														
	CBSL 3.5,3.7,3.8,3.9	Company secretary handles secretarial service to the Board and shareholder meetings, and carry out other functions specified in the statutes and other regulations. Maintenance of minutes of the Board meetings by the Company Secretary and make such minutes available for inspection at any reasonable time, on reasonable notice by any Director. Recording of minutes of the Board in sufficient detail to gather from the minutes that the Board acted with due care and prudence in performing its duties.	Complied																														
	CBSL 3.6	If the chairman has delegated to the company secretary the function of preparing the agenda for a Board meeting, the company secretary shall be responsible for carrying out such function.	Complied																														
4. COMPOSITION OF THE BOARD	CBSL 4.1 , 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.10, 4.11,7.2	<p>A total of eight directors are in the Board.</p> <p>The composition of the present board is given below.</p> <table><tr><td>Dr. S. Kelegama</td><td>Chairman/ Non executive</td></tr><tr><td>Mrs. M. Tharmaratnam</td><td>Independent Non-executive-Senior Director</td></tr><tr><td>Mr. J. A. Setukavalar</td><td>Independent Non-executive</td></tr><tr><td>Mr. J. Hyun</td><td>Non Executive</td></tr><tr><td>Mr. G. J. Walker</td><td>Non-Executive</td></tr><tr><td>Mr. Y. C. Joe Kan</td><td>Non-Executive</td></tr><tr><td>Mr. P. Salgado</td><td>Non Executive</td></tr><tr><td></td><td>(appointed w.e.f.30th April 2013)</td></tr><tr><td>Mr. R. S. Wijeweera</td><td>Director/ CEO</td></tr><tr><td>Mr. S. Ramanathan</td><td>Alternate</td></tr><tr><td></td><td>(appointed w.e.f.30th April 2013)</td></tr><tr><td>Mr. J. Mendis</td><td>Alternate</td></tr><tr><td></td><td>(appointed w.e.f.30th April 2013)</td></tr><tr><td>Mr. P. J. P. De Silva</td><td>Alternate</td></tr><tr><td></td><td>(appointed w.e.f.30th April 2013)</td></tr></table> <p>Board has one executive Director which is less than one half of the number of Directors.</p> <p>Board comprises two independent non executive directors which is one fourth of the total number of Directors.</p> <p>All non executive directors have necessary skills and experience to give objective judgment towards the overall performance.</p>	Dr. S. Kelegama	Chairman/ Non executive	Mrs. M. Tharmaratnam	Independent Non-executive-Senior Director	Mr. J. A. Setukavalar	Independent Non-executive	Mr. J. Hyun	Non Executive	Mr. G. J. Walker	Non-Executive	Mr. Y. C. Joe Kan	Non-Executive	Mr. P. Salgado	Non Executive		(appointed w.e.f.30 th April 2013)	Mr. R. S. Wijeweera	Director/ CEO	Mr. S. Ramanathan	Alternate		(appointed w.e.f.30 th April 2013)	Mr. J. Mendis	Alternate		(appointed w.e.f.30 th April 2013)	Mr. P. J. P. De Silva	Alternate		(appointed w.e.f.30 th April 2013)	
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Corporate Governance

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
		Subject to the transitional provisions contained herein and subject to paragraph 5(1) of this Direction the total period of service of a director other than a director who holds the position of chief executive officer or executive director shall not exceed nine years. The total period in office of a non executive director shall be inclusive of the total period of service served by such director up to the date of this Direction.	
		<p>With effect from three years from the date of this Direction, a meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present, unless at least one half of the number of directors that constitute the quorum at such meeting are non-executive directors.</p> <p>All directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after their appointment</p>	Complied
		If a director resigns or is removed from office, the Board shall announce to the shareholders and notify the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka, regarding the resignation of the director or removal and the reasons for such resignation or removal, including but not limited to information relating to the relevant director's disagreement with the Board, if any.	Complied

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
5. CRITERIA TO ASSESS THE FITNESS AND PROPRIETY OF DIRECTORSHIP	CBSL 4.9	<p>There is a formal transparent procedure for the appointments of new Directors.</p> <p>New Chairman, Dr. S. Kelegama appointed to fill the vacancy created after the resignation of Mr. H. D. S. Amarasuriya due to serving the Board for the maximum period allowed (9 years) under Finance Companies Direction No 3 of 2008.</p> <p>Directors appointed will be forwarded to the shareholders for election in the Annual General meeting.</p>	Complied
	CBSL 5.1 , 5.2	<p>Subject to the transitional provisions contained herein, a person over the age of 70 years shall not serve as a director of a finance company.</p> <p>A director of a finance company shall not hold office as a director or any other equivalent position in more than 20 companies/ societies / bodies corporate, including associate companies and subsidiaries of the finance company. Provided that such director shall not hold office of a director or any other equivalent position in more than 10 companies that are classified as Specified Business Entities in terms of the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.</p>	Complied

Corporate Governance

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
6. MANAGEMENT FUNCTIONS DELEGATED BY THE BOARD	CBSL 6.1, 6.2	<p>The Board shall not delegate any matters to a board committee, chief executive officer, executive directors or key management personnel, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.</p> <p>The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the finance company.</p>	Complied
7. THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER	<p>CBSL 7.1, 7.2, 2.2, 7.9, 7.11</p> <p>CBSL 7.3, 7.4, 7.5, 7.6, 7.7, 7.8</p>	<p>The Chairman and CEO roles are not performed by one person.</p> <p>The Chairman is a non executive Director and two independent Non Executive directors are designated to the Board. Out of the two Independent Non Executive Directors one is a Senior Director.</p> <p>Subject to the transitional provisions, the Chairman shall not engage in activities involving direct supervision of Key Management personnel or any other executive duties what so ever.</p> <p>The Chief Executive Officer functions as the apex executive – in charge of the day-to day management of the finance company's operations and business.</p> <p>(Details of the Board of Directors are given under CBSL 4.1)</p> <p>There is no relationship between the Chairman and the Chief Executive Officer nor is there a relationship among Directors of the Board.</p> <p>The secretary draws up the agenda under the authority delegated by the Chairman.</p> <p>The Chairman is the leader of the Board who ensures the active contribution of each Director to the dealings of the company and ensures that the Board is informed adequately and in timely manner of the issues arising at each Board meeting and ensures constructive relationship between Executive and Non Executive Directors of the Board.</p>	Complied
	CBSL 7.10	Shareholder views are effectively communicated to the Board.	

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
8. BOARD APPOINTED COMMITTEES	CBSL 8.1, 8.2 (a) - 8.2 (q) 8.3 (a) – 8.3 (h)	Every Finance company shall have at least the two Board committees. Each committee shall appoint a Secretary to arrange its meetings, maintain minutes, records and carry out such other secretarial functions under the supervision of the Chairman of the committee. The Board shall present a report on the performance, duties and functions of each committee at the Annual General meeting of the company. Audit committee – Please refer page 78 for Audit committee Report. Integrated Risk Management Committee - Please refer page 80 for Integrated Risk Management Committee Report.	Complied
	8.3 (e)	The Integrated Committee met 3 times during the year	Not Complied
9. RELATED PARTY TRANSACTIONS	CBSL 9.1,9.2,9.3,9.4	Related party transactions are disclosed in Note 33 to the Financial statements of this Annual Report.	Complied
10. DISCLOSURES	CBSL 10.1	Annual audited financial statements are presented with the accepted formats by regulators and supervisory authorities. Such statements are published in the news papers in an abbreviated form in Sinhala, Tamil and English.	Complied
	CBSL 10.2.(a)	Statement of Directors' Responsibility is given in the page no..... and it sets out the Directors' endeavours towards the continuous operational existence of the company. It ensures the financial statements are in accordance with the Accounting Standards, Directions of the Central Bank, Rules of Colombo Stock Exchange and all statutory obligations.	Complied
	CBSL 10.2.(b)	The company institutes a sound internal control system to safeguard the shareholders wealth and company assets. Group Internal Audit department reviews the effectiveness of the customary controls and ensures to provide prudent comments where necessary. Operations are further subject to review by the Corporate Internal Audit division of Retail Holdings Ltd, the ultimate parent company in addition to subjecting the affairs of the company for two external audits per annum	Complied
	CBSL 10.2.(C)	External Audit certification on the system of company internal controls is obtained.	Complied
	CBSL 10.2.(e), 10.2.(g)	The aggregate values of the transactions with the key management personnel are set out as deposits kept by key management or close family members, short term employee benefits.	Complied

Corporate Governance

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 10.2.(d), 10.2.(f), 10.2.(h), 10.2.(i), 10.2.(j)	No material non-compliance with the Act, rules and regulations were communicated by the Director of the NBFI supervision.	Complied

CORPORATE GOVERNANCE PRINCIPLES UNDER LISTING RULES OF COLOMBO STOCK EXCHANGE

Rule no	Corporate governance rule	Details of compliance
7.10.5	Remuneration committee	
7.10.5 (a)	<p>Number of independent Non Executive Directors in the committee to be:</p> <p>A minimum of two (where a company has only two directors on the board) or, in all other instances majority of whom to be independent</p> <p>Separate committee to be formed for the company or the listed parent's Remuneration committee to be used.</p> <p>Chairman of the Committee to be a Non Executive Directors.</p>	<p>Both Directors are independent non executive directors</p> <p>A separate Remuneration committee was formed for the company.</p> <p>The Board of Directors has appointed a Non Executive Director as the Chairman of the committee.</p>
7.10.5 (b)	Function of the Committee	<p>The Remuneration committee Report sets out the</p> <p>Functions of the committee.</p>

Rule no	Corporate governance rule	Details of compliance
7.10.1, 7.10.2	The Board of Directors of Singer Finance PLC includes seven non executive Directors and Three independent Directors which are 1/3 of non executive Directors.	Complied
7.10.6	<p>Non executive Directors have submitted the signed declaration of their independence.</p> <p>The Audit committee comprised of two Non Executive Independent Directors and the head of risk management functions as the secretary to the committee.</p> <p>Finance Director, CEO, Finance Manager, and Representatives of External Auditors and when necessary the Chairman and the Group CEO attend by invitation.</p> <p>Audit Committees' authority and duties are formalized through an Audit Committee Charter.</p> <p>Audit Committee functions and oversees the related matters that may arise from time to time and proper disclosures are made as stipulated in the CSE Listing rule 7.10.6. The Audit Committee Report and the members of the Audit Committee are given in pages 75 and 78 of the Annual Report.</p>	Complied

Corporate Governance

Board meetings

Board holds regular monthly meetings in order to ensure the effective direction of the company objectives and identify possible existing gaps. During the financial year concerned, there were 10 Board meetings held at Singer Finance.

Key areas to be discussed are included for the reference of all Board members in the Board meeting files and Directors have the liberty to incorporate matters in accordance to the nature of importance and urgency.

Meetings held during the financial year concerned are summarized below along with the attendance of each Director.

Name of the Director	Status of the Directorship	No of meetings eligible	No of meetings attended
Mr. H. D. S. Amarasuriya *	Non executive	1	1
Dr. S. Kelegama	Non-executive	10	10
Mrs. M. Tharmaratnam	Independent Non executive	10	7
Mr. J. A. Setukavalar	Independent Non-executive	10	9
Mr. J. Hyun++	Non executive	10	10
Mr. Gavin Walker****	Non executive	10	10
Mr. H. A. Pieris *	Non-executive	1	1
Mr. Y. C. Joe Kan****/+++	Non-executive	10	9
Mr. R. S. Wijeweera	Executive	10	10
Mr. Priyath Salgado*****	Non-executive	10	9

Note:

* Resigned w.e.f 30th April 2013

**** Alternative directors – Mr. J. Mendis participated for 10 Meetings on behalf of Mr. Gavin Walker

***** Appointed w.e.f 30th April 2013

++ Alternative directors – Mr. S. Ramanathan participated for 3 Meetings on behalf of Mr. J. Hyun. Mr. J. Hyun participated via teleconferencing for 7 Meetings

+++ Alternative directors – Mr. P. J. P De Silva participated for 9 Meetings on behalf of Mr. J. Kan.

Board sub committees

The Board of the Company has the sole responsibility of managing the company with a proper monitoring procedure towards its performance ensuring compliance with laws and regulations and reviewing strategic directions.

Sub committees of the Board of Singer Finance are being delegated some responsibilities of the Board where each committee is headed by an Independent Non Executive Director. Effective control and appropriate adherence to the governance practices are ensured through sub committees towards the achievement of overall company objectives in the setting of sustainable corporate citizenship.

1 Audit Committee

The Audit Committee has the authority to conduct investigations apposite to fulfilling its responsibilities on ensuring the quality of financial reporting and related communication to the shareholders and the public.

The Audit Committee comprises two Independent Non Executive Directors of the Board and the Head of Risk Management of Singer Group as its Secretary namely,

Mr. J. A. Setukavalar - Chairman

Dr. S. Kelegama (resigned from the Audit Committee w.e.f 30th April 2013)

Mrs. M. Tharmaratnam

Mr. P. Meegoda (Secretary)

Audit Committee charter sets out the primary duties and responsibilities of the Audit Committee of Singer Finance Board which provides an unbiased review of the reports of internal and external Auditors and findings and recommendations stated therein.

The committee held nine meetings during the year under review and attendance of Directors are shown below.

Name of the Director	Status of the Directorship	No of meetings eligible	No of meetings attended
Mr. J. A. Setukavalar	Independent Non executive	9	9
Dr. S. Kelegama*	Non executive	-	-
Mrs. M. Tharmaratnam	Independent Non executive	9	7

*Resigned w.e.f 30th April 2013

2 Integrated Risk Management Committee (IRM)

The scope of the Authority of the committee highlights the following areas of responsibility.

- Review and oversight of the risk and compliance profile of the company within the context of the Board determined risk parameters
- Making recommendations to the Board concerning the company's risk parameters and particular risk or compliance management practices of concern to the committee
- Review and oversight of management's plans for mitigation of the material risks faced by the various business units of the company.
- Oversight of the implementation and review of risk management and regulatory compliance throughout the company.

Integrated Risk Management committee comprised of Two Non-Executive Directors, an Executive Director and four executives representing different risk areas of the company. The chief risk officer of the group acts as the secretary to the committee.

Terms of Reference (TOR) governs the operations of the IRM committee which elaborates the scope of the Authority, Membership, Meetings to be held, Duties and reporting responsibilities of the committee.

Corporate Governance

Number of meetings held and attendance of individual Directors of the Committee is stated below.

Name of the Director	Status of the Directorship	No of meetings eligible	No of meetings attended
Mrs. M. Tharmaratnam - Chairman	Non-Executive	3	3
Dr. S. Kelegama *	Non-Executive	-	-
Mr. J. A. Setukavalar	Non-Executive	3	3
Mr. M. P. A. Salgado	Non Executive	3	3
Mr. R. S. Wijeweera	Executive	3	3

*Retired w.e.f 30th April 2013

Remuneration Committee

The Committee mainly aims at remuneration and perks of the Chairman, the Chief Executive Officer, Independent Directors and Executive Director of the company. Independent Non Executive director chairs the committee and it comprised of two Independent Directors, Group Chief Executive officer and Non Executive Director.

Committee reviews the policies affecting remuneration of executives of the company.

No of meetings held and attendance of the each Director is given below.

Name of the Director	Status of the Directorship	No of meetings eligible	No of meetings attended
Dr. S. Kelegama - Chairman	Non- Executive	1	1
Mr. H. D. S. Amarasuriya*	Non- Executive	-	-
Mr. H. A. Pieris**	Non- Executive	1	1
Mrs. M. Tharmaratnam	Non- Executive	1	1
Mr. J. A. Setukavalar	Non- Executive	1	1
Mr. M. P. A. Salgado***	Non- Executive	1	1

*Retired w.e.f 30th April 2013

** Retired w.e.f 30th April 2013, however, attends to the meeting by Invitation

***Secretary to the Committee and attends to meeting by Invitation

Board Nomination Committee

The Committee mainly aims to proposing suitable charters for the appointment and re-appointment of directors to the Board and to act in accordance with such Charter in appointing Directors to the Board.

Non Executive director chairs the committee and comprises of two Non-Executive Directors, an Executive Director and Secretary to the Board acts as the Secretary of the Committee.

Committee reviews the Structure, Size, composition and competencies of the Board and makes recommendations to the Board where necessary.

No of meetings held and attendance of the each Director is given below.

Name of the Director	Status of the Directorship	No of meetings eligible	No of meetings attended
Mr. H. D. S. Amarasuriya - Chairman (Resigned w.e.f 30 th April 2013)	Non-Executive	1	1
Dr. S. Kelegama – (Chairman w.e.f 30 th April 2013)	Non-Executive	1	1
Mr. H. A. Pieris (Resigned w.e.f 30 th April 2013)	Non-Executive	1	1
Mrs. M. Tharmaratnam (Appointed w.e.f 30 th April 2013)	Non-Executive	1	1
Mr. M. P. A. Salgado (Appointed w.e.f 30 th April 2013)	Non - Executive	1	1
Mr. R. S. Wijeweera	Executive	1	1
Mr. K. K. L. P. Yatiwella	Secretary to the Board	1	1

Audit Committee Report

Preamble

The Committee is empowered to review and monitor the financial reporting process of Singer Finance (Lanka) PLC so as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective review. As such, the Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities on ensuring the quality of financial reporting and related communications to the shareholders and the public.

Composition of the Committee

The Board of Directors has established the audit committee in accordance with best practices on audit committees. As at year end, the Audit Committee comprised two Independent Non-Executive Directors of the Board namely Mr. J. A. Setukavalar, Mrs. M. Tharmaratnam. The Head of Risk Management functions as the Secretary to the Committee Non- Executive Director Mr. M. P. A. Salgado. The CEO, Finance Manager, Manager – Compliance and Reporting, Audit Staff, Representatives of External Auditors represents the Audit Committee. When necessary, the Chairman, Group CEO and relevant operational managers attend the meetings by invitation.

Responsibilities and Duties of the Committee

The Audit Committees authority, responsibilities and specific duties have been formalised through an Audit Committee Charter. By this, the Audit Committee is empowered among other things to examine any matters relating to the financial affairs of the Singer Finance (Lanka) PLC and to review the adequacy of the internal control procedures, coverage of internal and external audit programmes, disclosure of Accounting Policies and Compliance with Statutory and Corporate Governance requirements.

The Committee also provides a forum for the impartial review of the reports of internal and external auditors and to take into consideration findings and recommendations stated therein, related to significant business and internal control risks.

The Audit Committee reviews significant business and internal control risks and suggests, where necessary, appropriate remedial measures.

The Committee along with the Board, Internal Auditors and External Auditors review the Quarterly Financial Results to ensure compliance with mandatory, statutory and other regulatory requirements laid down by the authorities. The Audit Committee also reviews the Corporate Audit Report done by the Corporate Internal Auditors of Singer Asia Ltd, an audit is carried out at least once a year by Corporate auditors.

The Compliance Officer monitors the Singer Finance (Lanka) PLC compliance with the applicable laws and regulations, including any internal policy codes of conduct of its employees. Thus the committee ensures that a sound financial reporting framework, which is well monitored to give accurate, appropriate and timely information to the Board of Directors, Management, Regulatory Authorities and shareholders is in place.

Internal Audit

The internal audit function of the branches is outsourced to Messer's Ernst & Young and BDO Chartered Accountants. The Head office functions are audited by the Internal audit division of the parent company headed by the Head of Risk Management. The internal auditors are responsible to review and report on the efficacy of the internal control system and compliance with statutory and other regulations and the Company's accounting and operational policies.

Meetings of the Committee

During the year, nine Audit Committee meetings were held to discuss the reports of the Internal and External Auditors and quarterly Accounts. The final accounts were also discussed at the meeting held on 30th April 2014. The minutes of the meetings were tabled at the meeting of the Board of the Directors for information and necessary action.

The committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the financial position of the Company is well monitored.

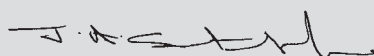
External Auditors

The committee reviewed the non-audit services provided by the auditors to ensure that the provision of these services do not impair their independence.

The Audit Committee recommended to the Board of Directors that Messrs KPMG Chartered Accountants be reappointed as the External Auditors for the year ending 31st March 2015, subject to the approval of the Shareholders at the Annual General Meeting.

Conclusion

Finally, I thank all the members who served on the audit committee during the year for their valuable contribution to the deliberations of the committee



J. A. Setukavalar
Chairman – Audit Committee

Colombo
29th May 2014

Board Nomination Committee Report

Role of the Committee

The main role and responsibilities of the Committee are to propose a suitable charter for the appointment and re-appointment of directors to the Board and to act in accordance with such Charter in proposing appointments and re-appointments. Such Charter shall cover areas such as qualifications, competencies, independence, relationships which have potential to give rise to conflict vis-a-vis the business of the company etc.

Further, the committee reviews the structure, size, composition and competencies (including the skills, knowledge and experience) of the Board and makes recommendations to the Board with regard to any changes if necessary.

Composition and Quorum

Two members of the Committee are a Non-Executive Directors together with the Chief Executive Officer of the company. The Chairman of the Committee is a Non-Executive Director appointed by the Board.

Secretary to Board functions as the Secretary to the Committee.

Meetings and Activities

The Committee met once during the year under review.

Conclusion

I wish to thank and place my record of appreciation to all the members who served in the committee during the year for their contribution to the deliberations of the committee.



Dr. S. Kelegama

Chairman – Board Nomination Committee

Colombo

29th May 2014

Integrated Risk Management Committee Report

Role of the Committee

The main role and responsibilities of the Committee are to assist the Board in fulfilling its oversight responsibilities for all aspects of risk management. In this connection the Committee focuses on, and reviews risks such as credit, market, liquidity, operational and strategic risks through appropriate risk indicators and management information.

In addition to the above, the Committee is responsible for reviewing and/or recommending the following which are identified in the Charter of the Integrated Risk Management Committee:

- Review and oversee the risk and compliance profile of the Company within the context of the Board determined risk parameters.
- Make recommendations to the Board concerning the Company's risk appetite and particular risk or compliance management practice of the Company.
- Review and oversee the management's plan for mitigating of the material risks faced by the various business units of the Company.
- Oversee and review the implementation of risk management and regulatory compliance throughout the Company.

Composition and Quorum

The following Directors serve as the members of the Committee during the year under review:

Mrs. Marina Tharmaratnam

Mr. Jayendran Setukavalar

Mr. Priyath Salgado

Mr. Shanthapriya Wijeweera and

four executives representing different risk areas of the Company. Group Head of Risk Management functions as the Secretary to the Committee.

The quorum of the Committee is two members.

The other members of the staff are invited to attend the meeting when the Committee requires their presence.

Meetings and Activities

The Committee met three (3) times during the year under review.

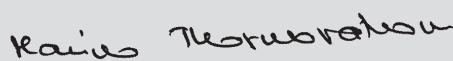
The Committee is conscious, when carrying out its responsibilities, that the Company is in the business of taking risk. The aim of the Company and the Committee is therefore not to minimise risks but to optimise it by ensuring that risks being taken are, properly identified and understood, appropriate, relative to the scale and type of business, affordable, properly controlled and managed and earning an appropriate return.

The Committee works closely with the Audit Committee and reviews the Whistle-Blower Policy of the Company.

The Committee reports to the Board by way of minutes giving the recommendations. All minutes of the Committee meetings are tabled and ratified at meetings of the Board and follow up action is taken on outstanding matters.

Conclusion

The Committee is of the view that the Company has made progress towards meeting the challenges of risk management and compliance, complying with International Standards. In view of accomplishing this task the above mentioned Risk Management Committee assesses the credit, market, liquidity, operational and strategic risks on regular basis through appropriate risk indicators and management information.



M. Tharmaratnam

Chairperson - Integrated Risk Management Committee

Colombo

29th May 2014

Credit Committee Report

Purpose

The Credit Committee (the 'Committee') of Singer Finance (Lanka) PLC (the 'Company') is responsible for exercising oversight of Senior Management's identification and management of the Company's credit exposures on an enterprise-wide basis and the Company's responses to trends affecting those exposures, and oversight of Management's actions to ensure the adequacy of the allowance for credit losses and the Company's credit-related policies.

Committee Authority and Responsibilities

In performing its oversight responsibilities as set forth above, the Committee shall oversee Management's establishment of policies and guidelines, to be adopted by the Board, articulating the Company's tolerances with respect to credit risk, and shall oversee management's administration of, and compliance with, these policies and guidelines. The Committee shall oversee Management's establishment of appropriate systems (including

Policies, procedures and management committees) that support measurement and control of credit risk, and shall periodically review management's strategies, policies and procedures for managing credit risk, including credit quality administration, and the establishment and testing of allowances for credit losses.

The Committee shall oversee Management's Administration of the Company's credit portfolio, including Management's responses to trends in credit risk, credit concentration and asset quality, and shall receive and review reports from Management regarding compliance with applicable credit risk related policies, procedures and tolerances.

The members of the Committee were:

Mr. Priyath Salgado - *Chairman*

Mr. Shanthapriya Wijeweera

Mr. Janaka Mendis

Mr. Thushan Amarasuriya

Mr. Ruwan Jayasuriya - *Secretary*

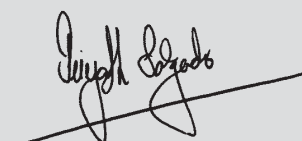
Mr. Iman Perera

Mr. Eraj Fernando

Conclusion

The Committee is of the view that the Company has made progress towards meeting the challenges of credit evaluation and the Management of the Company's credit exposures complying with best practices. Finally, I would like to thank all the members who served on the Credit Committee during the year for their valuable contribution to the deliberations of the Committee.

For and on behalf of the Credit Committee.



M. P. A. Salgado

Chairman - Credit Committee

Colombo

29th May 2014

Remuneration Committee Report

The Remuneration Committee consists of three Non-Executive Directors and a Non Executive Director functions as the Secretary to the Committee by invitation. Group Chief Executive Officer and Chief Executive Officer who is also the Executive Director attend the Committee by invitation. The Committee is chaired by a Non-Executive Director. The Group Chief Executive Officer and Chief Executive Officer assist the Committee by providing the relevant information and participating in its analysis and deliberations.

The scope of the Committee is to “look into fees, remuneration and perquisites of Chief Executive Officer, Independent Directors, and Non Executive Directors of the Board of the Company and approve recommendations made by the Group Chief Executive Officer and the Corporate Officer of Singer Asia Ltd.” Singer Asia Ltd is the intermediate Parent of Singer (Sri Lanka) PLC.

The Committee also reviews the policies pertaining to the remuneration and perquisites of the Executives of the Company.

A primary objective of the compensation packages is to attract and retain a highly qualified and experienced workforce and reward performances. These compensation packages should provide compensation to commensurate with each employee’s level of experience and contribution, bearing in mind the business performance and long-term shareholder returns.

The Committee meets from time to time and reviews the Company’s remuneration and fee structures to assure alignment with strategic priorities and with compensation offered by comparative companies. The Committee met once during the period.

I wish to thank Mrs. Marina Tharmaratnam, Mr. Jayendran Setukavalar of the committee, Mr. Asoka Pieris, Mr. Shanthapiriya Wijeweera and Mr. Priyath Salgado who attended by invitation for their valuable contributions to the deliberations of the Committee.



Dr. S. Kelegama

Chairman - Remuneration Committee

Colombo
29th May 2014

Directors' Statement on Internal Control

Responsibility

In line with the Finance Business Act No. 42 of 2011; Finance Companies (Corporate Governance) Direction No.03 of 2008; the Board of Directors presents this Report on Internal Control.

The Board of Directors (Board) is responsible for the adequacy and effectiveness of the Singer Finance (Lanka) PLC ('the Company') system of internal controls. However, such a system is designed to manage the Company's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives of the Company. Accordingly, the system of internal controls can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board and Board appointed sub committees accordance with the Guidance for Directors of Company on the Directors' Statement on Internal Control issued by The Institute of Chartered Accountants of Sri Lanka. The Board has assessed the internal control system taking into account principles for the assessment of internal control system as given in that guidance.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

The management assists the Board in the implementation of the policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Key Features of The Process Adopted in Applying And Reviewing the Design And Effectiveness Of Internal Control System on Financial Reporting

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting include the following:

- Various appointed committees are established by the Board to assist the Board in ensuring the effectiveness of Company's daily operations and that the Company's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.
- The Internal Audit Division of the Company checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non compliance. Audits are carried out on all units and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report. The annual audit plan is reviewed and approved by the Board Audit Committee. Findings of the internal audit are submitted to the Board Audit Committee for review at their periodic meetings.
- The Board Audit Committee of the Company reviews internal control issues identified by the Internal Audit Division, regulatory authorities and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The Minutes of the Board Audit Committee meetings are tabled at the meetings of the Board of Directors of the Company. Further, details of the activities undertaken by the Board Audit Committee of the Company are set out in the 'Board Audit Committee Report' which appears on page 78.
- The comments made by the External Auditors in connection with internal control system during the financial year 2013/2014 were taken into consideration and appropriate steps will be taken to incorporate them where appropriate during the ensuing year.
- In assessing the internal control system, identified officers of the Company continued to review and update all procedures and controls that are connected

with significant accounts and disclosures of the Financial Statements of the Company. The Internal Audit Department continued to verify the suitability of design and effectiveness of these procedures and controls on an ongoing basis.

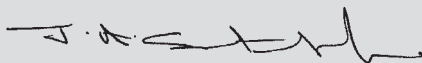
Confirmation

Based on the above processes, the Board of Directors confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka.

Review of The Statement By External Auditors

The External Auditors have reviewed the above Directors' Statement on Internal Controls included in the Annual Report of the Company for the year ended 31 March 2014 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design & effectiveness of the internal control system over financial reporting of the Company.

By order of the Board



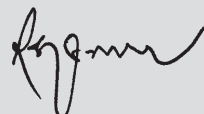
J. A. Setukavalar

Chairman – Audit Committee



Dr. S. Kelegama

Chairman



R. S. Wijeweera

Director/ CEO

Colombo
29th May 2014

Financial Reports

Good governance and accountability is the bedrock of our company. This foundation in turn, ensures financial stability in everything we do. Our financial management gives us the strength to support your further growth together with our own.



FINANCIAL REPORTS

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Financial Calendar - 2013/14

Annual Report 2012/13	30th May 2013
Sixth Annual General Meeting	27th June 2013
Final Dividend Payment	19th June 2013

Interim Financial Statements in terms of Listing Rule 8.3 of the Colombo Stock Exchange.

1st Quarter

For the three months ended 30th June 2012 (unaudited)	15th August 2013
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2nd Quarter

For the six months ended 30th September 2012 (unaudited)	28th October 2013
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3rd Quarter

For the nine months ended 31st December 2012 (unaudited)	30th January 2014
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4th Quarter

For the twelve months ended 31st March 2013 (unaudited)	29th May 2014
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Annual Report & Annual General Meeting

Annual Report 2013/14 Approved on	29th May 2014
Seventh Annual General Meeting	30th June 2014
Final Dividend Payment	19th June 2014

Proposed Financial Calendar - 2014/15

1st Quarter Results

For the three months period ending 30th June 2014 (unaudited)	15th August 2014
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2nd Quarter Results

For the six months period ending 30th September 2014 (unaudited)	15th November 2014
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3rd Quarter Results

For the nine months period ending 31st December 2014 (unaudited)	15th February 2015
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4th Quarter Results

For the twelve months period ending 31st March 2015 (unaudited)	31st May 2015
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Annual Report and Accounts for 2014/15 (audited)	June 2015
Eighth Annual General Meeting	June 2015

Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of Singer Finance (Lanka) PLC has pleasure in presenting their Report on the affairs of the Company together with the Audited Financial Statements of the Company for the year ended 31st March 2014.

Review of the Year

The Chairman's Letter (pages 6 to 9), the Group Chief Executive Officer's Review (pages 10 to 13), Chief Executive Officer's review (Pages 14 to 17) and Management Discussion & Analysis (pages 28 to 34), describe the Company's affairs and mention important events that occurred during the year, and up to the date of this Report. The financial review on pages 35 to 41 elaborates the financial results of the Company. These reports together with the Audited Financial Statements reflect the state of affairs of the Company.

Principal Activities

The principal activities of the Company consist of finance leasing, hire purchase financing, financing of consumer durables under loan scheme and granting loans including Micro Loans and mobilising fixed and saving deposits and Providing Foreign Exchange changing services. There have been no significant changes in the nature of the principal activities of the Company during the financial year under review.

Independent Auditor's Report

The independent Auditor's report on the financial statement is given on page 94 in this Annual Report.

Financial Statements

The Financial Statement for the year ended 31st March 2014 are prepared in accordance with Sri Lanka Accounting Standards, SLFRS/LKAS's, issued by The Institute of Chartered Accountants of Sri Lanka and the requirement of Section 151 of the Companies Act No.7 of 2007.

The Financial Statements duly signed by the Directors are provided on pages 95 to 134 in this Annual Report.

Accounting Policies

The accounting policies adopted in preparing the financial statements are provided in detail in the notes to the Financial Statements on pages 99 to 109. The accounting policies adopted are consistent with the previous financial year

Property, Plant & Equipment

During the year under review, the Company invested a sum of Rs. 29.1 million (2012/13, Rs. 37.9 million) in Property, Plant & Equipment. Rs. 15.5 million was

spent on renovating and upgrading leasehold premises. Further Rs. 5.7 million, Rs. 2.6 million, and Rs. 5.3 million were spent on purchasing of EDP Equipment, furniture & fittings, and office equipment respectively.

Details of Property, Plant and equipment and their movements are given in note 20 to the Financial Statements.

Intangible Assets

During the year under review, the Company acquired Rs. 11.1 million worth of software to develop the IT infrastructure of the Company. Total investment in software as at Balance Sheet date was Rs. 53.1 million. Details of intangible assets are given under Note 19 to the Financial Statements.

Investments

The Company has invested in 100 shares of par value of Rs. 413 each of Credit Information Bureau of Sri Lanka to be a member of the Bureau to obtain Credit information of its clients.

Directors' Responsibilities

The Statement of the Directors' Responsibility is given on page 93.

Corporate Governance

The Company has complied with Corporate Governances Rules laid down under the listing rules of Colombo Stock Exchanges and the Corporate Governance Direction No 3 of 2008 and Finance Companies (Corporate Governance Amendment) Direction No 4 of 2008 issued by the Central Bank of Sri Lanka. The corporate governance section on pages 56 to 77 describes the good corporate governance principles adopted by the Company.

Annual Report of the Board of Directors on the Affairs of the Company

Profit and Appropriations

	2014 Rs.	2013 Rs.
Company profit before tax for the year ended 31st March after deducting all expenses, known liabilities and depreciation amounts to	374,493,445	323,391,341
From this has to be deducted the provision for income tax cost	105,896,606	66,856,716
Making a profit after tax for the year of	268,596,839	256,534,625
To this has to be added a balance brought forward from the previous year	370,070,778	246,972,789
Final dividend of Rs. 0.65 per share (2013/14) - (Rs. 0.65 per share in 2012/13)	107,466,668	85,333,333
Direct cost on share issue	-	4,826,954
Leaving a total available for appropriation of	531,200,949	413,347,127
The following appropriations have been proposed:		
Transfer to Reserve fund	13,407,468	12,826,700
Transfer to investment fund	14,830,588	29,879,341
Transfer to NIT reserve	(570,302)	570,302
Final Dividend Proposed	107,466,468	85,333,333
Actuarial Loss on Retirement Benefit Obligation	447,471	-
Making a total appropriation of	135,581,893	128,609,676
Leaving a balance on Company basis to be carried forward of	503,085,724	370,070,784

Dividends

In terms of Article 7 of the Articles of Association of the Company, a final dividend of Rs. 0.65 per share has been approved by the Directors for the Financial Year ended 31st March 2014, for payment on 19th June 2014. The Board has reasonable grounds for believing that the Company would satisfy the Solvency Test immediately after the distribution is made and accordingly the Board of Directors has signed the Certificate of Solvency in accordance with Section 57 of the Companies Act No. 07 of 2007. The Board of Directors will obtain a Certificate of Solvency from the Auditors prior to the date of dispatch of the dividend payment.

Reserves

The Company's Reserves and Retained Equity as at 31st March 2014 amounted to Rs. 639.2 million compared to Rs. 478.5 million as at 31st March 2013. The break-up and movement are shown in the Statement of Changes in Equity in the Financial Statements.

Stated Capital

As per the terms of the Companies Act No. 07 of 2007, the stated capital of the Company was Rs. 1,445,333,342 as at 31st March 2014 and was unchanged during the year.

Details and movement of the stated capital are given in Note 26 to the Financial Statements on page 121.

Events after the Reporting Period

No circumstances have arisen since the reporting date, which would require adjustment or disclosure except for the following event:

- (a) The Board of Directors has approved the final Dividend of Rs. 0.65 per Ordinary Share for the year ended 31st March 2014, for payment on 19th June 2014.

Statutory Payments

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 93.

Directors Interests and Interest Register

Details of transactions with Director- related entities are disclosed in Note 33 to the Financial Statements on page 132 and have been declared at the Board Meetings, pursuant to the Section 192 (2) of the Companies Act No. 07 of 2007.

Interest in Shares

Share transactions by the Directors to disclose in terms of Section 200 of the companies Act., in respect of the company are as follows.

Name of the Director	Nature of share Dealings
Mr. P.J. P De Silva	Purchased 2000 shares on 17th April 2013 at Rs. 13.30 per share

Board Committees

Audit Committee

Following are the names of the Directors comprising the Audit Committee of the Board:

Mr. J. A. Setukavalur – Chairman

Mrs. M. Tharmaratnam

Dr. Saman Kelegama – (Resigned w.e.f 30th April 2013)

Mr. M. M. C Priyanjith - Secretary

By invitation

Mr. M. P. A. Salgado - (Appointed w.e.f. 30th April 2013)

The Report of the Audit Committee on page 78 sets out the manner of compliance by the Company in accordance with the requirements of Finance Companies (Corporate Governance) Direction No. 03 of 2008 and Finance Companies (Corporate Governance Amendment) Direction No. 04 of 2008 issued by The Central Bank of Sri Lanka and the Rule 7.10 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

Integrated Risk Management Committee

Following are the names of the Directors and Executives comprising the Integrated Risk Management Committee of the Board:

Dr. S. Kelegama – Chairman (Resigned on 30th April 2013)

Mrs. M. Tharmaratnam – Chairperson (Appointed on 30th April 2013)

Mr. J. A. Setukavalur – (Appointed on 30th April 2013)

Mr. M. P. A. Salgado

Mr. R. S. Wijeweera

By invitation

Mr. M. M. C. Priyanjith - Secretary

Mr. T. A. Amarasuriya - Chief Financial Officer

Mr. R.I. Jayasuriya - Credit & Recovery Manager

Mr. I. Perera – Business Development Manager

Mr. E. T. Fernando - Manager Compliance & Reporting

The Report of the Integrated Risk Management Committee on page 80 sets out the manner of compliance by the Company in accordance with the requirements of the Finance Companies (Corporate Governance) Direction No. 03 of 2008 and Finance Companies (Corporate Governance Amendment) Direction No. 04 of 2008 issued by the Central Bank of Sri Lanka.

Remuneration Committee

Following are the names of the Directors comprising the Remuneration Committee of the Board:

Mr. H. D. S. Amarasuriya – (Resigned w.e.f 30th April 2013)

Dr. Saman Kelegama – Chairman (Appointed w.e.f 30th April 2013)

Mrs. M. Tharmaratnam – (Appointed on 30th April 2013)

Mr. J. A. Setukavalur – (Appointed on 30th April 2013)

By invitation

Mr. H. A. Pieris

Mr. M. P. A. Salgado - Secretary

The Report of the Remuneration Committee on page 82 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the Financial Year are given in Notes 9 and 34 to the Financial Statements on pages 111 and 134.

Board Nomination Committee

Following are the names of the Directors comprising the Nomination Committee of the Board:

Mr. H. D. S. Amarasuriya – Chairman – (Resigned w.e.f. 30th April 2013)

Annual Report of the Board of Directors on the Affairs of the Company

Dr. S. Kelegama - Chairman (Appointed w.e.f 30th April 2013)

Mr. H. A. Pieris – (resigned w.e.f. 30th April 2013)

Mrs. M. Tharmaratnam – (Appointed on 30th April 2013)

Mr. M. P. A. Salgado - (Appointed on 30th April 2013)

Mr. R. S. Wijeweera

Mr. M. P. S. Salgado (Appointed w.e.f 30th April 2013)

The Report of the Board Nomination Committee on page 79 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and The Securities and Exchange Commission of Sri Lanka.

Directors' Indemnity and Insurance

The Directors and Officers of the Company are covered in respect of the Directors' and officers' liability by the Insurance Policy obtained by the ultimate Parent Company as per the provisions in Article 44.

Share Information and Substantial Shareholdings

The distribution of shareholding, Public holding percentage, market value of shares, twenty largest Shareholders and record of scrip issues are given on pages 139 and 140 in this Annual Report.

Earnings per share, dividend per share, dividend payout and net assets value per share are given in the Financial Highlights of this Annual Report.

Directorate and Shareholdings

The names of Directors of the Company as at 31st March 2014 and their brief profiles are shown on pages 18 to 21 and Inner Back Cover.

In order to comply with the Finance Companies (Corporate Governance) Direction No .3 of 2008 and Finance Companies (Corporate Governance Amendment) Direction No .4 of 2008 issued by the Central Bank of Sri Lanka, Mr. H. D. S. Amarasuriya completed maximum eligible period serving as Chairman and Director of the Company and resigned from the Board with effect from 30th April 2013. Directors place on record their appreciation for the invaluable service rendered by Mr. H. D. S Amarasuriya during his tenure as the Chairman and Director of the Company.

In order to comply with the Finance Companies (Corporate Governance) Direction No .3 of 2008 and Finance Companies (Corporate Governance Amendment) Direction No .4 of 2008 issued by the Central Bank of Sri Lanka, Mr. H. A. Pieris completed maximum eligible period serving as a Director of the Company and resigned from the Board with effect from 30th April 2013. Directors place on record their appreciation for the invaluable service rendered by Mr. H. A. Pieris during his tenure as a Director of the Company.

In terms of Article 24(4) of the Articles of Association of the company Mr. J. A. Setukavalar and Mr. J. Kan who retire by rotation and being eligible, is recommended for re-election.

Shareholding of Directors and Chief Executive Officer at the beginning of the year and as at the end of the year are as follows:

Name of the Director	Shareholding 31.03.2014 No of shares	Shareholding 01.04.2013 No of shares
Dr. S. Kelegama	-	-
Mr. H. D. S Amarasuriya (Resigned w.e.f 30th April 2013)	Not Applicable	10,009
Mrs. M. Tharmaratnam	-	-
Mr. J. A. Setukavalar	-	-
Mr. J. Hyun	-	-
Mr. G. J. Walker	-	-
Mr. H. A. Pieris (Resigned w.e.f 30th April 2013)	Not Applicable	51,002
Mr. Y. C. J. Kan	-	-
Mr. M. P. A. Salgado	68,442	68,442
Mr. R. S. Wijeweera	31,003	31,003
Mr. S. Ramanathan	-	-
Mr. J. Mendis	42,000	42,000
Mr. P. J. P. De Silva	47,000	45,000

Employment

The number of persons employed by the company as at 31st March 2014 was 245 (2013 – 200).

Details of human resource initiatives are detailed in the employees' section of the sustainability report.

Independence of Directors

In accordance with the Finance Companies (Corporate Governance) Direction No. 3 of 2008, Finance Companies (Corporate Governance Amendment) Direction No. 4 of 2008, Section A 5.4 of Code of Best Practice on Corporate Governance and Rule 7.10.2(b) of the Colombo Stock Exchange (CSE) Listing Rules, Dr. Saman Kelegama, Mrs. M. Tharmaratnam and Mr. J. A. Setukavalar who are Non-Executive Directors of the Company, have submitted a signed and dated declaration as per the specimen given in appendix 7A of continuing listing requirement of CSE.

Although Dr. Saman Kelegama has not met the criteria mentioned in the Finance Companies (Corporate Governance) Direction No. 3 of 2008 section 4.4 (e), Finance Companies (Corporate Governance Amendment) Direction No. 4 of 2008, Section A 5.5 of Code of Best Practice on Corporate Governance and Item (g) of Rule 7.10.4 of the CSE Rules, the Board of Directors of the Company is of the opinion that Dr. Saman Kelegama is nevertheless independent on the following basis.

- (a) His high standing in society and business sector
 - (b) His experience and knowledge particularly in the field of Economics will continue to be an asset to the Company
 - (c) His continued valuable services to the Company in various ways and in particular as the Chairman of the Board Remuneration Committee and Board Nomination Committee of the Company.
 - (d) He does not participate in executive decision making.
- (Dr. Saman Kelegama did not participate in these deliberations and decisions taken pursuant thereto as referred to above to avoid conflict of interest)

Corporate Governance

Director's Declaration

The directors declare that having considered having all information and explanations made available to them that:

- (a) The company complied with all applicable laws and regulations in conducting its business
- (b) The Directors have declared all material Interest in contracts involving the company and refrained from voting on matters in which they were materially interested

- (c) The company has made all endeavour to ensure the equitable treatment of shareholders
- (d) The business is a going concern with supporting assumptions or qualifications as necessary ,and
- (e) Have conducted a review of internal controls covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.

The Corporate Governance report is given under the governance section of the Annual Report.

Donations

During the year, the Company has not made any donations.

Auditors

The Financial Statements for the period under review were audited by Messrs KPMG, Chartered Accountants who offer themselves for re-appointment for the ensuing year. The Directors propose the re-appointment of Messrs KPMG, Chartered Accountant as Auditors of the Company for the year 2014/15.

The audit and non-audit fees paid to the Auditors by the Company is disclosed in Note 9 on page 111 in this Annual Report.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company.

The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditors. Details on the work of the Audit Committee are set out in the Audit Committee Report.

Annual Report of the Board of Directors on the Affairs of the Company

Notice of Meeting

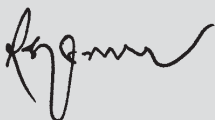
The 7th Annual General Meeting will be held at The Sri Lanka Foundation Institute, No. 100, Independence Square, Colombo 7, on Monday, 30th June 2014 at 11.00 a.m.

The Notice of the Annual General Meeting of the shareholders are given on page 143.

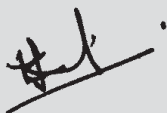
For and on behalf of the Board,



Dr. S. Kelegama
Chairman



R. S. Wijeweera
Director/CEO



K. K. L. P. Yatiwella (ACA)
Company Secretary
Singer Finance (Lanka) PLC

Colombo
29th May 2014

Statement of Directors' Responsibility

The Companies Act No. 07 of 2007 requires Directors to ensure that the Company keeps accounting records, which correctly record and explain the Company's transactions and prepare Financial Statements that give a true and fair view of the state of the Company's affairs as at the Reporting Date and of the profit for the year.

The Directors are also required to ensure that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards SLFRS/LKAS, the Directions issued by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011 and the Rules of the Colombo Stock Exchange. They are also responsible for taking reasonable measures to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of Internal Controls with a view to the prevention and detection of fraud and other irregularities.

The Directors are of the view that these Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards SLFRS/LKAS as laid down by The Institute of Chartered Accountants of Sri Lanka.

The Directors endeavour to ensure that the Company maintains sufficient records to be able to disclose, with reasonable accuracy, the financial position of the Company and to be able to ensure that the Financial Statements of the Company meet with the requirements of the Companies Act, Sri Lanka Accounting Standards SLFRS/LKAS, the Directions issued by the Monetary Board of the Central Bank of Sri Lanka, Finance Business Act No. 42 of 2011 and the Rules of the Colombo Stock Exchange.

The Directors have a reasonable expectation, that the Company has adequate resources to continue in operational existence for the foreseeable future, and therefore, have continued to adopt the going concern basis in preparing the accounts.

As required by Section 56(2) of the Companies Act No. 07 of 2007, Central Bank guideline No. 01 of 2013 and in terms of Article 7 (2) of the Articles of Association of the Company, the Board of Directors have authorized the payment of dividends, being satisfied based on information available to it that the Company would satisfy the Solvency Test after such distributions in accordance with section 57 of the Companies Act No. 07 of 2007. Accordingly, the Board of Directors has signed the Certificate of Solvency.

Board of Directors has obtained the Certificate of Solvency from the Auditors in respect of the dividends paid. In respect of the authorised final dividend, the company shall forward to CSE, prior to the date of dispatch of the dividend payment, a certificate by the Auditors to the effect that the Company is able to satisfy the Solvency Test immediately after the distribution.

Messrs KPMG, Chartered Accountants, the Auditors of the Company, have examined the Financial Statements made available by the Board of Directors together with all relevant financial records, related data, minutes of Shareholders' and Directors' meetings and express their opinion in their Report on page 94 of the Annual Report.

Compliance Report

Based on the Report of the Compliance Officer, the Directors confirm that to the best of their knowledge and belief, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid, or were provided.

By Order of the Board



K. K. L. P. Yatiwella (ACA)

Company Secretary

Singer Finance (Lanka) PLC

Colombo

29th May 2014

Independent Auditors' Report



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300,
Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
+94 - 11 254 1249
+94 - 11 230 7345
Internet : www.lk.kpmg.com

Report on the Financial Statements

We have audited the accompanying financial statements of Singer Finance (Lanka) PLC (the "Company"), which comprise the Statement of Financial Position as at March 31, 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 95 to 134 of the Annual Report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

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 plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2014 and the financial statements give a true and fair view of the financial position of the Company as at March 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS

Colombo

29th May 2014

KPMG, a Sri Lankan Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyrathne ACA	S.T.D.L. Perera FCA
G.A.U. Karunaratne ACA	R.M.D.B. Rajapakse ACA	Ms. B.K.D.T.N. Rodrigo ACA

Principals - S.R.I. Perera ACMA, LLB, Attorney-at-Law, H.S. Goonewardene ACA

Statement of Comprehensive Income

Year ended 31st March	Note	2014 Rs.	2013 Rs.
Gross Income	3	1,879,252,407	1,755,600,584
Interest Income	4	1,799,636,652	1,695,033,971
Less : Interest Expense	5	743,939,842	742,013,437
Net Interest Income		1,055,696,810	953,020,534
Net Fee and Commission Income	6	50,300,754	40,499,501
Net Trading Income	7	50,868	-
Other Operating Income	8	29,264,133	20,067,112
Total Operating Income		1,135,312,565	1,013,587,147
Less: Allowances for Impairment charges for Loan and Other Losses	9.1	213,664,942	64,641,197
Net Operating Income		921,647,623	948,945,950
Less : Expenses			
Personnel Cost	9.2	175,755,307	153,413,298
Administration & Selling Expenses		342,971,092	451,233,132
Operating Profit Before Value Added Tax	9	402,921,224	344,299,520
Less : Value Added Tax on Financial Services		28,427,779	20,908,179
Profit Before Tax		374,493,445	323,391,341
Less : Income Tax Expense	10	105,896,606	66,856,716
Profit for the Year		268,596,839	256,534,625
Other Comprehensive Income			
Less: Re-measurements of Defined Benefit Liability		447,471	-
Other Comprehensive Expenses for the Year, Net of Taxes		447,471	-
Total Comprehensive Income for the Year		268,149,368	256,534,625
Basic Earnings per Share	11	1.62	1.76
Dividend per Share	12	0.65	0.65

The Notes on pages 99 through 134 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31st March	Note	2014 Rs.	2013 Rs.
ASSETS			
Cash and Cash Equivalents	13.1	245,754,174	14,630,366
Placement with Banks		115,883,665	50,267,123
Hire Purchase Receivables	14.1	2,441,032,694	2,196,751,381
Lease Rental Receivables	14.2	3,626,153,877	3,476,657,216
Loans and Advances	14.3	980,276,139	917,313,344
Financial Instruments - Available-for-Sale	15	41,300	41,300
Financial Instruments - Held-to-Maturity	16	453,904,170	338,075,152
Other Debtors and Prepayments	17	116,218,736	151,236,234
Deferred Tax Assets	18.1	66,838,277	33,779,901
Intangible Assets	19	32,383,345	25,262,484
Property, Plant and Equipment	20	72,710,756	53,460,525
Total Assets		8,151,197,133	7,257,475,026
LIABILITIES & EQUITY			
Liabilities			
Other Financial Liabilities Due to Customers	21	4,277,335,172	3,318,927,336
Interest Bearing Loans and Borrowings	22	1,279,544,721	778,501,098
Trade and Other Payables	23	298,441,443	293,728,023
Due to Related Companies	24	28,678,572	661,650,852
Bank Overdraft	13.2	45,686,107	230,774,464
Current Tax Liabilities		40,658,784	3,775,505
Deferred Tax Liabilities	18.2	81,381,480	34,755,331
Retirement Benefit Obligations	25	14,946,568	11,520,831
Total Liabilities		6,066,672,847	5,333,633,440
Equity			
Stated Capital	26	1,445,333,342	1,445,333,342
Statutory Reserves	27	136,127,588	108,437,460
Retained Earnings		503,063,356	370,070,784
Total Equity		2,084,524,286	1,923,841,586
Total Liabilities & Equity		8,151,197,133	7,257,475,026

The Notes on pages 99 through 134 form an integral part of these Financial Statements.

I certify that the Financial Statements of the Company comply with the requirements of the Companies Act 07 of 2007



T. A. Amarasuriya

Chief Financial Officer

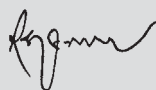
The Board of Directors is responsible for the preparation of these Financial Statements.

Signed for on behalf of the Board,



Dr. S. Kelegama

Director



R. S. Wijeweera

Director/ Chief Executive Officer

Colombo.

29th May 2014

Statement of Changes in Equity

Year ended 31st March

	Attributable to Equity Holders of the Company					Total
	Stated	Reserve	Investment	NIT Reserve	Retained	
	Capital	Fund	Fund	Fund	Earnings	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2012	800,000,005	27,628,118	37,532,999	-	246,972,789	1,112,133,911
Transferred to/(from) during the year	-	12,826,700	29,879,341	570,302	(43,276,343)	-
Total Comprehensive Income						
Profit for the Year	-	-	-	-	256,534,625	256,534,625
Total Other Comprehensive Income for the year	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	256,534,625	256,534,625
Transactions with Owners, Recorded Directly in Equity						
Issue of Shares	645,333,337	-	-	-	-	645,333,337
Direct Cost on Right Issue	-	-	-	-	(4,826,954)	(4,826,954)
Dividends	-	-	-	-	(85,333,333)	(85,333,333)
Total Transactions with Equity Owners	645,333,337	-	-	-	(90,160,287)	555,173,050
Balance as at 31st March 2013	1,445,333,342	40,454,818	67,412,340	570,302	370,070,784	1,923,841,586
Transferred to/(from) during the year	-	13,429,842	14,830,588	(570,302)	(27,690,128)	-
Total Comprehensive Income for the year						
Profit for the Year	-	-	-	-	268,596,839	268,596,839
Other Comprehensive Income						
Re-measurements of Defined Benefit Liability	-	-	-	-	(447,471)	(447,471)
Total Other Comprehensive Income for the year	-	-	-	-	(447,471)	(447,471)
Total Comprehensive Income for the year	-	-	-	-	268,149,368	268,149,368
Transactions with Owners, Recorded Directly in Equity						
Dividends	-	-	-	-	(107,466,668)	(107,466,668)
Total Transactions with Equity Owners	-	-	-	-	(107,466,668)	(107,466,668)
Balance as at 31st March 2014	1,445,333,342	53,884,660	82,242,928	-	503,063,356	2,084,524,286

The Notes on pages 99 through 134 form an integral part of these Financial Statements.

Statement of Cash Flows

Year ended 31st March	Note	2014 Rs.	2013 Rs.
Cash Flows From/ (Used in) Operating Activities			
Interest Received		1,307,011,052	1,123,209,372
Interest Payments		(350,587,467)	(418,986,920)
Recoveries on Loans Previously Written Off		7,070,075	7,212,842
Receipts from Other Operating Activities		299,575,168	198,816,452
Cash Payments to Employees and suppliers		(623,015,503)	(543,244,101)
Operating Profit before changes in Operating Assets and Liabilities	A	640,053,325	367,007,645
(Increase)/Decrease in Operating Assets and Liabilities			
Financial Instruments - Held-to-Maturity		(115,829,018)	(74,190,760)
Placements with Banks		(65,616,542)	492,329
Funds Advanced to Customers		(670,405,712)	(472,589,676)
Deposits From Customers		958,407,836	577,929,243
Amounts due to Related Companies		28,678,572	(809,855,825)
		135,235,136	(778,214,689)
Cash Generated from/(used in) Operations			
Retiring Gratuity Paid		(229,620)	(890,000)
Economic Service charges Paid		(937,340)	(3,508,758)
Income Tax Paid		(51,093,835)	(45,838,953)
		(52,260,795)	(50,237,711)
Net Cash Generated used in Operating Activities		723,027,666	(461,444,755)
Cash Flows from/(used in) Investing Activities			
Acquisition of Property Plant and Equipment		(29,160,758)	(37,959,316)
Proceeds from Disposal of Property, Plant and Equipment		-	3,465,437
Incurred on Software Development		(11,140,498)	(14,202,163)
Net Cash Flows used in Investing Activities		(40,301,256)	(48,696,042)
Cash Flows from/(used in) Financing activities			
Proceeds from Issuance of Rights		-	645,333,337
Cash Inflows from Interest Bearing Loans and Borrowings		1,809,298,943	172,100,000
Cash Inflows from Interest Bearing Loans - Related party		575,000,000	1,423,000,000
Direct Cost on Right Issue		-	(4,826,954)
Re-payment of Interest Bearing Loans and Borrowings		(1,308,255,320)	(323,596,379)
Re-payment of Interest Bearing Loans - Related party		(1,236,650,852)	(1,251,349,148)
Dividends Paid		(105,907,016)	(84,523,953)
Net Cash Flows from/(used in) Financing activities		(266,514,245)	576,136,903
Net increase in Cash and Cash Equivalents		416,212,165	65,996,106
Cash and Cash Equivalents at the beginning of the year		(216,144,098)	(282,140,204)
Cash and Cash Equivalents at the end of the year	13	200,068,067	(216,144,098)
A. Reconciliation of Profit Before Tax with Cash Inflow from Operating Activities			
Profit before Income Tax		374,493,445	323,391,341
Depreciation/Amortisation		13,930,165	14,064,084
Provision for Define Benefit Plans - Gratuity		3,207,886	4,932,062
(Profit)/Loss on sale of Property, Plant and Equipment		-	(886,347)
Allowances for Impairment Charges for Loan and Other Losses		213,664,942	64,641,197
(Increase) / Decrease in Inventory		-	12,433,201
(Increase) / Decrease in Other Receivables		31,603,119	14,806,100
Increase / (Decrease) in Other Payables		3,153,768	(66,373,993)
		640,053,325	367,007,645

The Notes on pages 99 through 134 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. Corporate Information

1.1 Reporting Entity

1.1.1 General

Singer Finance (Lanka) PLC is a limited liability company incorporated and domiciled in Sri Lanka. The Registered Office of the Company is located at No. 80, Nawam Mawatha, Colombo 2, and the principal place of business is situated at the above address.

1.1.2 Principal Activities and Nature of Operations

The principal activities of the Company consist of Finance Leasing, Hire Purchase Financing, Financing of Consumer Durables under loan scheme and granting loans and mobilising Fixed Deposits and Savings.

1.1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Singer (Sri Lanka) PLC.

The Company's ultimate parent undertaking and controlling party is Retail Holdings NV, which is incorporated in the Netherlands, Antilles.

1.1.4 Number of Employees

The number of employees of the Company as at the end of the year was 245 (2012/13 – 200).

1.2 Basis of Preparation

1.2.1 Statement of Compliance

The Financial Statements of the Company comprising the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with Notes ("the Financial Statements") are prepared and presented in accordance with Sri Lanka Accounting Standards (LKASs/SLFRSs) laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The presentation of the Financial Statements is also in compliance with the requirements of the Companies Act No. 07 of 2007 and Finance Business Act No. 42 of 2011.

The Financial Statements for the year ended 31st March 2014 were authorised for issue by the Board of Directors on 29th May 2014.

1.2.2 Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007 and Finance Business Act No. 42 of 2011. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and

making accounting estimates that are reasonable in the circumstances.

The Board of Directors acknowledges their responsibility as set out in the "Annual Report of the Board of Directors".

1.2.3 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the following items in the Statement of Financial Position;

- Liability for Defined Benefit Obligations is measured at the projected unit credit method of the defined benefit obligations.
- Available-for-sale financial assets are measured at fair value.

1.2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Rupees has been rounded to the nearest thousand unless indicated otherwise. The functional currency is the currency of the primary economic environment in which the Company operates.

1.2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

1.2.6 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with LKAS/SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Notes to the Financial Statements

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect on amounts recognised in the Financial Statements of the Company are as follows:

Fair Value of Financial Instruments
Note 2.2.5

Impairment Losses on Financial Assets
Note 2.2.8

Defined Benefit Obligation
Note 2.4.3

Commitments and Contingencies
Note 2.4.5

1.3 Comparative Information

The presentation and classification of the Financial Statements of the previous year have been amended, where relevant for better presentation and to be comparable with those of the current year.

2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

2.1 Foreign Currency Transactions

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees at the

foreign exchange rate ruling as at the Reporting Date. Foreign exchange differences arising on the settlement or reporting of the Company's monetary items at rates different from those which were initially recorded are dealt with in the Statement of Comprehensive Income.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost at the Reporting Date are translated to Sri Lankan Rupees at the foreign exchange rate ruling at the date of initial transaction.

Non monetary assets and liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate ruling at the dates that the value were determined.

Foreign exchange differences arising on translation are recognized in the Statement of Comprehensive Income.

2.2 Financial Instruments

Initial Recognition, Classification and Subsequent Measurement

2.2.1 Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

Financial assets and liabilities are initially measured at their fair value plus transaction costs, except in the case of financial assets and liabilities recorded at fair value through profit or loss.

Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with through the Statement of Comprehensive Income.

2.2.2 Classification and Subsequent Measurement of Financial Assets

At inception financial assets are classified into one of the following categories:

- Designated at fair value through profit or loss.
- Loans and receivables.
- Held-to-maturity.
- Available for Sale.

The subsequent measurement of the financial assets depends on their classification.

Financial Assets held by the Company are categorised as held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

2.2.2.1 Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

'Loans and receivables' include Cash and Cash Equivalents, Loans and advances to customers and Other assets.

2.2.2.2 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand and cash at bank and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.2.2.3 Held to Maturity financial Investments

Held to Maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Company has the intention and ability to hold to maturity. After initial measurement, held to maturity financial investments are subsequently measured at amortised cost using the Effective Interest Rate (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortisation is included in 'Interest Income' in the Statement of Comprehensive Income. The losses arising from impairment of such investments are recognised in the Statement of Comprehensive Income in 'impairment charges for loans and other losses'.

Held-to-maturity financial assets comprise of Treasury Bills and Bonds

2.2.2.4 Available for Sale Investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

2.2.3 Non-Derivative Financial Liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Non – derivative financial liabilities comprise loans and borrowings, debt securities issued, other financial liabilities due to customers, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

2.2.4 Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount

Notes to the Financial Statements

recognised and the maturity amount, minus any reduction for impairment.

2.2.5 Fair Value Measurement Hierarchy

Level 1

When Available, the Company measures the fair value of an instrument using active quoted prices or dealer price quotation (assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price), without any key deduction for transaction costs. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

If a market for a financial instrument is not active, then the company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available) reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis, credit models, option pricing models and other relevant valuation models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the company, incorporate all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk return factors inherent in the financial instrument. The company calibrates valuation techniques and tests them for validity using prices from observable current market transaction in the same instruments or based on other available observable market data.

Level 3

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined by using valuation models that have been tested against prices or inputs to actual market transactions and also using the estimate of the most appropriate model assumptions. Models are adjusted to reflect the spreads for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the model. Also, profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognized only when the inputs become observable or on recognition of the instrument.

An analysis of fair value of financial instruments and further details as to how they are measured are provided in Note 2.2.1. (Financial Instrument Initial Recognition.) page 100.

2.2.6 Derecognition

The Company derecognises financial asset when the contractual rights to the cash flows from the financial asset expires, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability in the Consolidated Statement of Financial Position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

2.2.7 Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under LKASs/ SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

2.2.8 Identification, measurement and assessment of impairment

At each reporting date the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for loans and advances at both a specific asset and collective level. All individually significant loans and advances are assessed for specific impairment. All individually significant loans and advances found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

In assessing collective impairment the Company uses of historical trends of the probability of default, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical data.

The Company excludes re-possessed assets when assessing the collective impairment. Impairment of the re-possessed assets is ascertained as the difference between Capital Outstanding value of the Re-possessed Assets against 80% of the Valuation of such asset and is provided if necessary.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

The Company writes off certain loans and advances and investment securities when they are determined to be uncollectible.

2.3 Non Financial Assets and Basis of Measurement

2.3.1 Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

2.3.1.1 Basis of Recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the

Notes to the Financial Statements

assets will flow to the Company and cost of the asset can be reliably measured.

2.3.1.2 Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment.

2.3.1.3 Cost Model

The Company applies cost model to property, plant and equipment except for freehold land and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

2.3.1.4 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are charged to the income statement as incurred.

2.3.1.5 Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are

assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

The Company provides depreciation from the date the assets are available for use up to the date of disposal. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives are as follows:

Motor Vehicles	Over 07 Years (2012/13 – Over 5 Years)
Furniture, Fittings & Equipment	Over 10 Years
EDP Equipment	Over 05 Years
EDP Server	Over 07 Years
Improvements on Leasehold Premises	
- Head Office	Over 05 Years
- Branches	Over 07 Years (2012/13 – Over 5 Years)

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal Company that is classified as held for sale) and the date that the asset is derecognized.

2.3.1.6 Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in income statement when the item is derecognized.

When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost is derecognized.

2.3.2 Intangible Assets

An intangible asset is an identifiable non monetary asset without physical substance held for use in the production or supply of goods or services, for rent to others or for administrative purposes.

2.3.2.1 Basis of Recognition

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably. An intangible asset is initially measured at cost.

2.3.2.2 Software

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category intangible assets and carried at cost less accumulated amortisation and any accumulated impairment losses.

2.3.2.3 Subsequent Expenditure

Expenditure incurred on software is capitalised only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

2.3.2.4 Amortization

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each Reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. Amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives, from the date they are available for use.

The estimated useful lives of intangible assets with finite lives are as follows:

The Class of Intangible Assets	Useful Life
Computer Software	10 years

2.3.2.5 Derecognition

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal.

2.3.3 Inventories

Inventories are measured at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net

realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

2.3.4 Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial Assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related Cash-Generating unit (CGU) exceeds its estimated recoverable amount.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount

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does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2.4 Non Financial Liabilities and Provisions

2.4.1 Other Liabilities

Other Liabilities includes fees, expenses, amounts payables, lease creditors and hire purchase creditors. These liabilities are recorded at amounts expected to be payable at the reporting date.

2.4.2 Provisions

A provision is recognised in the Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with LKAS 37 - 'Provisions, Contingent Liabilities and Contingent Assets'. The amount recognized is the best estimate of the consideration required to settle the present obligation at the Reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

2.4.3 Employee Benefits

2.4.3.1 Defined Benefit Plan - Retirement Benefit Obligations

A defined benefit plan is post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated

by a Qualified Actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - Employee Benefits.

The actuarial valuation involves making assumptions about discount rates, salary increment rate, mortality rate and retirement age. Due to the long-term nature of his plans such estimates are subject to significant uncertainty.

The liability is not externally funded.

All actuarial gains or losses arising from defined benefit plans are recognised in other comprehensive income statement.

2.4.3.2 Defined Contribution Plans - Employees' Provident Fund/ Mercantile Services Provident Society and Employees' Trust Fund

A Defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2.4.3.2.1 Mercantile Services Provident Society (MSPS)

The Company and employees contribute 12% each on the salary of each employee to the Mercantile Services Provident Society.

2.4.3.2.2 Employees' Trust Fund (ETF)

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

2.4.4 Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.

2.4.5 Capital Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote.

2.5 Statement of Comprehensive Income

2.5.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and turnover taxes. The following specific criteria are used for the purpose of recognition of revenue:

2.5.1.1 Hire Purchase, Lease and Loans and Advances

The excess of aggregated contract receivables over the cost of the hired assets constitutes the total unearned income at the commencement of a contract. The unearned income is recognised as revenue as it is earned, using the effective interest rate method.

(a) Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the Statement of Comprehensive Income includes:

- Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis
- Interest on available-for-sale financial instruments calculated on an effective interest basis

(b) Fees and Commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, are recognised as the related services are performed. Other fees and commission expense relate mainly to transactions and service fees, which are expensed as the services are received.

(c) Others

Other income is recognised on an accrual basis.

2.5.2 Expenditure Recognition

Expenses are recognised in profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to comprehensive income in arriving at the profit for the year.

For the purpose of presentation of the Statement of Comprehensive Income, the Directors are of the opinion that 'function of expenses method' presents fairly the elements of the Company's performance and hence such presentation method is adopted.

Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

2.5.2.1 Borrowing Costs

As per the Sri Lanka Accounting Standard – LKAS 20 on 'Borrowing Cost', the Company capitalizes borrowing costs that are directly attributable to the acquisition construction or production of a qualifying asset as part of the cost of the asset. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognized in the profit or loss in the period which they occur.

2.5.2.2 Income Tax Expense

Income tax expense comprise of current and deferred tax. Income tax expense recognized in profit or loss except

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to the extent that it relates to items recognized directly in equity in which case it is recognized in equity.

2.6 Current Taxation

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the taxation authorities in respect of the current as well as prior years. The tax rates and tax laws used to compute the amounts are those that are enacted or substantially enacted by the Reporting date.

Accordingly, provision for taxation is made on the basis of the accounting profit for the year as adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and the amendments thereto. Notes to Financial Statements include the major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense as required by the Sri Lanka Accounting Standard - LKAS 12 on 'Income Taxes'.

2.7 Deferred Taxation

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable

that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.8 Value Added Tax on Financial Services

VAT on Financial Services is calculated in accordance with the amended VAT Act No. 7 of 2003. The base for the computation of Value Added Tax on Financial Services is the accounting profit before income tax adjusted for the economic depreciation and emoluments of employees computed on prescribed rate.

2.9 Basic Earning per Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

2.10 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating results are reviewed regularly by the Chief Executive Officer (CEO) to make decisions regarding resources to be allocated to the segments and to assess its performance and for which discrete finance information is available. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire Property, Plant and Equipment and intangible assets other than goodwill. Segment information is presented in the respective Note 28 to the Financial Statements.

2.11 Cash Flow Statement

The Cash Flow Statement has been prepared using the "Direct Method" of preparing Cash Flows in accordance with the LKAS 07 - "Cash Flow Statements". Cash and cash equivalents short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand and favourable balances with banks.

2.12 Regulatory provisions

2.12.1 Investment Fund Account

As proposed in the Budget 2011, an investment fund has been established and operated in the manner described below. As and when taxes are paid after 1 January 2011, following funds are transferred to the Investment Fund Account and build a permanent fund in the Company.

- 8% of the profits calculated for the payment of Value Added Tax (VAT) on financial services on the dates as specified in the VAT Act for the payment of VAT.
- 5% of the profits before tax calculated for payment of income tax purposes on dates specified in Section 113 of the Inland Revenue Act for the self assessment payments of tax.

The Company shall utilize the funds in the Investment Fund Account as specified by the direction.

2.12.2 Deposit Insurance Scheme

In terms of the Finance Companies Direction No 2 of 2010 "Insurance of Deposit Liabilities" issued on 27th September 2010 all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No 1 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 1st October 2010.

Deposits to be insured include demand, time and savings deposit liabilities and exclude the following.

- Deposit liabilities to member institutions
- Deposit liabilities to Government of Sri Lanka
- Deposit liabilities to directors, key management personnel and other related parties as defined in Finance Companies Act Direction No 03 of 2008 on Corporate Governance of Registered Finance Companies
- Deposit liabilities held as collateral against any accommodation granted
- Deposit liabilities falling within the meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to Central Bank of Sri Lanka

Registered Finance Companies are required to pay a premium of 0.15% on eligible deposit liabilities as at end of the month to be payable within a period of 15 days from the end of the respective month.

2.12.3 Reserve Fund

The Company is maintaining a reserve fund in compliance with direction No 1 of 2003 Central Bank (Capital Funds) issued to Finance Companies and it will be used only for the purpose specified in the said direction above. The details of the reserve fund is disclosed in Note 27 (a).

2.13 New Accounting Standards not effective at the reporting date

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 1st January 2014/2015.

Accordingly, these Standards have not been applied in preparing these financial statements.

Sri Lanka Accounting Standard - SLFRS 13, "Fair Value Measurement"

This SLFRS defines fair value, sets out in a single SLFRS a framework for measuring fair value; and requires disclosures about fair value measurements.

This SLFRS will become effective for the Company from 1 April 2014. Earlier application is permitted.

This SLFRS shall be applied prospectively as of the beginning of the annual period in which it is initially applied. The disclosure requirements of this SLFRS need not be applied in comparative information provided for periods before initial application of this SLFRS.

Sri Lanka Accounting Standard – SLFRS 9 "Financial Instruments"

The objective of this SLFRS is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

An entity shall apply this SLFRS to all items within the scope of LKAS 39 Financial Instruments: Recognition and Measurement.

The effective date of this standard has been deferred.

Notes to the Financial Statements

Year ended 31st March	2014 Rs.	2013 Rs.
3 Gross Income		
3.1 Summary		
Gross Income	1,879,252,407	1,755,600,584
3.2 Analysis of Gross Income		
Interest Income (Note 4)	1,799,636,652	1,695,033,971
Fee and Commission Income (Note 6)	50,300,754	40,499,501
Trading Income (Note 7)	50,868	-
Others Income (Note 8)	29,264,133	20,067,112
	1,879,252,407	1,755,600,584
4 Interest Income		
Interest Income on Hire Purchase	499,845,721	476,583,852
Interest Income on Lease	819,805,935	660,319,243
Interest Income on Loans	304,915,312	434,463,281
Income on Financial Instruments - Held-to-Maturity	43,302,103	35,955,854
Interest Income on Placements with Banks	11,285,389	7,166,570
Over Due Interest	120,482,192	80,545,171
	1,799,636,652	1,695,033,971
5 Interest Expense		
Interest on Other Financial Liabilities Due to Customers	529,884,886	415,415,804
Interest on Bank Loans	58,459,130	134,584,809
Interest on Commercial Papers	1,218,743	17,377,277
Interest on Inter Company Payable	44,273,963	157,255,467
Interest on Debenture	98,957,537	-
Interest on Bank Overdrafts	11,145,583	17,380,080
	743,939,842	742,013,437
6 Net Fee and Commission Income		
Service Charge	29,663,765	23,485,606
Commission Income	4,397,047	3,298,991
Insurance Commission	16,239,942	13,714,904
	50,300,754	40,499,501
7 Net Trading Income		
Foreign Exchange from Others Customers	50,868	-
	50,868	-
8 Other Operating Income		
Gain on Translation of Foreign Currency	60,955	-
Gain on disposal of Property, Plant and Equipment	-	886,347
Unwinding Interest Income on Employee Loans	5,202,073	6,198,552
Loan Loss Recoveries	7,070,075	7,212,842
Other Income	16,931,030	5,769,371
	29,264,133	20,067,112

Year ended 31st March	2014 Rs.	2013 Rs.
9 Profit from ordinary activities before VAT on Financial Services and Tax Stated after charging all expenses including the following:		
Directors' Emoluments	12,898,570	10,740,895
Auditors' Remuneration - Statutory Audit	575,000	525,000
- Audit Related Services	630,000	580,000
- Non-Audit Services	310,000	475,000
Amortisation of Intangible Assets	4,019,637	2,590,159
Depreciation on Property Plant and Equipment	9,910,527	11,473,925
Legal Expense	5,704,872	2,609,779
Personnel Cost (Note 9.2)	175,755,307	153,413,298
Operating Lease Rentals	26,123,807	22,662,350
9.1 Impairment Charge for Loan and Other Losses		
Impairment Charge on Hire Purchase Receivable (Note 14.1.4)	55,393,654	16,732,296
Impairment Charge on Lease Receivable (Note 14.2.4)	143,374,175	34,636,272
Impairment Charge on Loans and Advances (Note 14.3.4)	14,897,113	13,272,629
	213,664,942	64,641,197
9.2 Personnel Cost		
Staff Cost	157,563,631	136,751,326
Defined Benefit Plan Costs -Retiring gratuity	3,207,886	4,932,062
Defined Contribution Plan Costs - MSPS and ETF	14,983,790	11,729,910
	175,755,307	153,413,298
10 Income Tax Expense		
Current Year Income Tax Expense		
Current Year Income Tax Expense on Ordinary Activities - (Note 10.1)	90,689,087	58,905,742
(Over)/Under Provision of Taxes in respect of previous year	1,639,746	(3,418)
	92,328,833	58,902,324
Deferred Tax Expense (Note 10.2)	13,567,773	7,954,392
	105,896,606	66,856,716
10.1 Reconciliation Between Current Tax Expense and the Product of Accounting Profit		
Multiplied by the Statutory Tax Rate is as Follows:		
Accounting Profit Before Income Tax	374,493,445	323,391,341
Aggregate Disallowable Expenses	1,360,139,776	954,770,329
Aggregate Tax Deductible Expenses	(1,410,743,624)	(1,067,784,019)
Taxable Profit	323,889,597	210,377,651
Income Tax at 28 %	90,689,087	58,905,742
Current Income Tax Expense	90,689,087	58,905,742

Notes to the Financial Statements

Year ended 31st March	2014 Rs.	2013 Rs.
10 Income Tax Expense (Contd...)		
10.2 Deferred Tax Expense		
Deferred Tax Expense arising due to Origination of Temporary Differences (Note 18.1 and 18.2)	13,567,773	7,954,392
	13,567,773	7,954,392
10.3 Deferred tax has been computed using the enacted tax rate of 28%		
11 Earning Per Share		
Basic Earnings per Share is calculated by dividing the net profit for the year attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.		
Amount Used as the Numerator		
Net Profit Attributable to Equity Holders of the Company	268,596,839	256,534,625
Number of Ordinary Shares Used as the Denominator		
Weighted Average number of Ordinary Shares in issue (Note 11.1)	165,333,334	146,115,915
Basic Earnings per Share	1.62	1.76
11.1 Weighted Average number of Ordinary Shares		
Issued Ordinary Shares at the beginning of the Year	165,333,334	106,666,667
Effect of Rights issued in August 2012	-	39,449,248
Number of Ordinary Shares at the end of the Year	165,333,334	146,115,915
Weighted Average number of Ordinary Shares at the end of the Year	165,333,334	146,115,915
12 Dividends		
Ordinary Shares		
Proposed Final Dividend 2013/14 - Rs. 0.65 (2012/13 - Rs. 0.65)	107,466,668	107,466,668
As at 31st March	2014 Rs.	2013 Rs.
13 Cash and Cash Equivalents		
Components of Cash and Cash Equivalents		
13.1 Favourable Cash and Cash Equivalent Balances		
Cash in hand	3,362,572	1,232,117
Balances with Banks	242,391,602	13,398,249
	245,754,174	14,630,366
13.2 Unfavourable Cash and Cash Equivalent Balances		
Bank Overdrafts	(45,686,107)	(230,774,464)
Total Cash and Cash Equivalents for the purpose of Cash Flow Statement	200,068,067	(216,144,098)

As at 31st March	2014 Rs.	2013 Rs.
14 Loans and Receivables from Customers		
14.1 Hire Purchase Receivables		
Rentals Receivable	3,325,153,350	2,954,634,975
Unearned Interest Income	(844,433,276)	(745,707,684)
	2,480,720,074	2,208,927,291
Collective Allowance for Impairment on Hire Purchase Receivables (Note 14.1.4)	(39,687,380)	(12,175,910)
Net Receivables	2,441,032,694	2,196,751,381
14.1.1 Hire Purchase Rentals Receivable within One Year from Reporting Date		
Rentals Receivable within One Year	1,389,808,325	1,255,900,241
Unearned Interest Income	(435,763,715)	(396,096,956)
Net Receivables within One Year	954,044,610	859,803,285
14.1.2 Hire Purchase Rentals Receivable after One Year but before Five Years from Reporting Date		
Rentals Receivable after One Year but before Five Years	1,935,345,025	1,698,631,311
Unearned Interest Income	(408,669,561)	(349,608,583)
Net Receivables after One Year but before Five Years	1,526,675,464	1,349,022,728
14.1.3 Hire Purchase Rentals Receivable after Five Years from Reporting Date		
Rentals Receivable after Five Years	-	103,423
Unearned Interest Income	-	(2,145)
Net Receivables after Five Years	-	101,278
14.1.4 Movement in Collective Allowance for Impairment on Hire Purchase Receivables		
Balance as at 1st April	12,175,910	4,301,815
Charge for the year	55,393,654	16,732,296
Written off during the year	(27,882,184)	(8,858,201)
Balance as at 31st March	39,687,380	12,175,910
14.2 Lease Rentals Receivable		
Rentals Receivable	5,034,809,679	4,851,634,232
Unearned Lease Interest Income	(1,297,930,857)	(1,345,655,905)
	3,736,878,822	3,505,978,327
Collective Allowance for Impairment on Lease Rentals Receivables (Note 14.2.4)	(110,724,945)	(29,321,111)
Net Receivables	3,626,153,877	3,476,657,216
14.2.1 Lease Rentals Receivable within One Year from Reporting Date		
Rentals Receivable within One Year	2,168,657,569	1,828,340,194
Unearned Interest Income	(702,695,133)	(675,014,908)
Net Receivables within One Year	1,465,962,436	1,153,325,286
14.2.2 Lease Rentals Receivable after One Year but before Five Years from Reporting Date		
Rentals Receivable after One Year but before Five Years	2,865,645,980	3,022,488,374
Unearned Interest Income	(595,036,522)	(670,615,932)
Net Receivables after One Year but before Five Years	2,270,609,458	2,351,872,442

Notes to the Financial Statements

As at 31st March	2014 Rs.	2013 Rs.
14 Loans and Receivables from Customers (Contd...)		
<i>14.2.3 Lease Rentals Receivable after Five Years from Reporting Date</i>		
Rentals Receivable after Five Years	506,131	805,664
Unearned Interest Income	(199,203)	(25,065)
Net Receivables after Five Years	306,928	780,599
<i>14.2.4 Movement in Collective Allowance for Impairment on Lease Rentals Receivables</i>		
Balance as at 1st April	29,321,111	3,800,410
Charge for the year	143,374,175	34,636,272
Written off during the year	(61,970,341)	(9,115,571)
Balance as at 31st March	110,724,945	29,321,111
14.3 Loans and Advances		
Loans and Advances Receivable	1,176,192,919	1,050,106,553
Unearned Loan Interest Income	(234,206,955)	(187,481,330)
Receivables on Loans against Fixed Deposits	68,119,957	75,816,594
Net Receivable	1,010,105,921	938,441,817
Collective Allowance for Impairment on Loans and Advances (Note 14.3.4)	(29,829,782)	(21,128,473)
Net Receivables	980,276,139	917,313,344
<i>14.3.1 Loans and Advances Receivable within One Year from Reporting Date</i>		
Loans and Advances Receivable within One Year	872,767,567	902,228,127
Receivables on Loans against Fixed Deposits	68,119,957	75,816,594
Unearned Interest Income	(184,515,544)	(160,039,465)
Net Receivables	756,371,980	818,005,256
<i>14.3.2 Loans and Advances Receivable after One Year but before Five Years from Reporting Date</i>		
Loans and Advances Receivable after One Year but before Five Years	303,022,903	146,522,880
Unearned Interest Income	(49,548,824)	(27,376,879)
Net Receivables after One Year but before Five Years	253,474,079	119,146,001
<i>14.3.3 Loans and Advances Receivable after Five Years from Reporting Date</i>		
Loans and Advances Receivable after Five Years	402,449	1,355,546
Unearned Interest Income	(142,587)	(64,986)
Net Receivables after Five Years	259,863	1,290,560
<i>14.3.4 Movement in Collective Allowance for Impairment on Loans & Advances</i>		
Balance as at 1st April	21,128,473	12,067,348
Charge for the year	14,897,113	13,272,629
Written off during the year	(6,195,804)	(4,211,504)
Balance as at 31st March	29,829,782	21,128,473

As at 31st March	2014 Rs.	2013 Rs.
14.4 Allowance for Impairment		
<i>14.4.1 Movement in Collective Allowance for Impairment</i>		
Balance as at 1st April	62,625,494	20,169,573
Charge for the year	213,664,942	64,641,197
Written off during the year	(96,048,329)	(22,185,276)
Balance as at 31st March	180,242,107	62,625,494
<i>14.4.2 Allowance for Impairment consist of Provisioning Against</i>		
Hire Purchase Receivables (Note 14.1.4)	39,687,380	12,175,910
Lease Receivable (Note 14.2.4)	110,724,945	29,321,111
Loans and Advances (Note 14.3.4)	29,829,782	21,128,473
	180,242,107	62,625,494

14.5 Analysis by Industry

Industry wise analysis of Company's Hire Purchase, Lease Receivable and Loan Portfolio's reflecting the exposure to credit risk in the various sectors of the economy is depicted below:

As at 31st March	2014		2013	
	Rs.'000	%	Rs.'000	%
Agriculture	1,385,751	19.7	1,131,937	17.2
Tourism	25,647	0.4	33,648	0.5
Transport	1,445,526	20.5	1,073,547	16.3
Construction	30,660	0.4	41,053	0.6
Services	1,391,664	19.7	1,081,009	16.4
Individual	2,768,215	39.3	3,229,528	49.0
	7,047,463	100.0	6,590,722	100.0

15 Financial Instruments - Available-for-Sale

	2014 No. of Ordinary Shares	2014 Cost of Investment Rs.	2013 No. of Ordinary Shares	2013 Cost of Investment Rs.
Unquoted Shares				
Credit Information Bureau of Sri Lanka	100	41,300	100	41,300

As at 31st March	2014 Rs.	2013 Rs.
16 Financial Instruments - Held-to-Maturity		
Investment in Treasury Bills	370,225,568	268,956,312
Investment in Treasury Bonds	83,678,602	69,118,840
	453,904,170	338,075,152

Notes to the Financial Statements

As at 31st March	2014 Rs.	2013 Rs.
17 Other Debtors and Prepayments		
Loans to Employees (Note 17.1)	45,631,437	31,774,572
VAT Receivables	5,778,686	58,120,565
Notional Tax Receivable	4,207,583	3,585,829
Economic Service Charge Receivable	937,340	-
Prepayments	45,175,015	53,476,607
Advance and Other Receivables	14,488,675	4,278,661
	116,218,736	151,236,234
17.1 Loans to Employees		
Balance at the beginning of the year	31,774,572	28,800,765
Loans granted during the year	27,327,140	16,638,000
Loan recoveries during the Year	(13,470,275)	(13,664,193)
Balance at the end of the Year	45,631,437	31,774,572
Due within one Year	12,329,529	5,695,354
Due after one Year	33,301,908	26,079,218
	45,631,437	31,774,572
18 Deferred Tax Assets and Liabilities		
18.1 Deferred Tax Assets		
Balance as at the beginning of the year	33,779,901	11,858,450
Origination During the Year	33,058,376	21,921,451
Balance as at the end of the Year	66,838,277	33,779,901
18.2 Deferred Tax Liability		
Balance as at the beginning of the year	34,755,331	4,879,488
Origination During the Year	46,626,149	29,875,843
Balance as at the end of the Year	81,381,480	34,755,331

18.3 Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against tax liabilities and when the deferred tax relate to the same fiscal authority.

18.4 Composition of Deferred Tax Assets and Liabilities

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows

As at 31st March	2014		2013	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
Property, Plant and Equipment	-	7,129,635	-	2,845,694
Intangible Assets	-	6,184,202	-	5,434,666
Allowance for Impairment	39,630,187	-	-	-
Retirement Benefit Obligation	4,185,039	-	3,225,833	-
Brought Forward Losses from Leasing Business	23,023,051	-	30,554,068	-
Lease Rental Receivables	-	68,067,643	-	26,474,971
	66,838,277	81,381,480	33,779,901	34,755,331
Net Deferred Tax		14,543,203		975,430

19 Intangible Assets

19.1 Gross Carrying Amount

At Cost	Balance as at 01-Apr-2013 Rs.	Additions/ Transfers/ Acquisitions Rs.	Balance as at 31-Mar-2014 Rs.
EDP Software	41,952,782	11,140,498	53,093,280
	41,952,782	11,140,498	53,093,280
19.2 Accumulated Amortisation			
EDP Software	(16,690,298)	(4,019,637)	(20,709,935)
	(16,690,298)	(4,019,637)	(20,709,935)

As at 31st March	2014 Rs.	2013 Rs.
19.3 Carrying Amount		
At Cost	32,383,345	25,262,484
Total Carrying Amount of EDP Software	32,383,345	25,262,484

19.4 During the financial year, the company acquired Software to the aggregated value of Rs. 11,140,498 (2012/13 - Rs. 14,202,163).

19.5 There are no fully amortised assets in gross carrying amount in 2013/14 (2012/13 - Nil).

20 Property, Plant and Equipment

20.1 Gross Carrying Amounts

At Cost	Balance as at 01-Apr-2013 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposal/ Transfers Rs.	Balance as at 31-Mar-2014 Rs.
Improvement on Leasehold Premises	47,026,540	15,453,569	-	62,480,109
Equipment	10,591,523	5,344,554	-	15,936,077
EDP Equipment	17,976,743	5,728,715	-	23,705,458
Motor Vehicles	6,980,000	-	-	6,980,000
Furniture and Fittings	13,328,888	2,633,920	-	15,962,808
Total Gross Carrying Amount	95,903,694	29,160,758	-	125,064,452
20.2 Accumulated Depreciation				
Improvement on Leasehold Premises	(23,847,383)	(3,696,551)	-	(27,543,934)
Equipment	(3,119,114)	(1,409,632)	-	(4,528,746)
EDP Equipment	(10,443,203)	(2,919,906)	-	(13,363,109)
Motor Vehicles	(729,667)	(360,095)	-	(1,089,762)
Furniture and Fittings	(4,303,802)	(1,524,343)	-	(5,828,145)
Total Depreciation and Impairment Losses	(42,443,169)	(9,910,527)	-	(52,353,696)

Notes to the Financial Statements

As at 31st March	2014 Rs.	2013 Rs.
20 Property, Plant and Equipment (Contd...)		
20.3 Carrying Amounts		
Improvement on Leasehold Premises	34,936,175	23,179,157
Equipment	11,407,331	7,472,409
EDP Equipment	10,342,349	7,533,540
Motor Vehicles	5,890,238	6,250,333
Furniture and Fittings	10,134,663	9,025,086
Total Carrying Amount of Property, Plant and Equipment	72,710,756	53,460,525

20.4 During the financial year, the company acquired Property, Plant and Equipment to the aggregated value of Rs. 29,160,758 (2012/13 - Rs. 37,959,316) on cash basis .

20.5 Property, Plant & Equipment included fully-depreciated assets having a gross carrying amount of Rs. 17,232,929 (2012/13 - Rs. 16,081,509).

20.6 During the year under review, the company conducted an optional review of Equipment and Motor Vehicles, which resulted in changes in the expected usage of certain items of Property, Plant and Equipment. As a result, the estimate related to useful lives of these assets were revised. The revised useful lives are disclosed under Accounting Policy No. 2.3.1.5. The change in estimate for the Company amounted to Rs. 5,140,961. Depreciation charge for the year of Rs. 9,910,527 (2012/13 - Rs. 11,473,925) is included in Administration and Selling Expenses of the Income Statement.

As at 31st March	2014 Rs.	2013 Rs.
21 Other Financial Liabilities Due to Customers		
Fixed Deposits at Amortised Cost	4,267,327,664	3,318,153,184
Savings	10,007,508	774,152
	4,277,335,172	3,318,927,336

22 Interest-Bearing Loans and Borrowings

	2014 Amount Repayable Within 1 Year Rs.	2014 Amount Repayable After 1 Year Rs.	2014 Total Rs.	2013 Amount Repayable Within 1 Year Rs.	2013 Amount Repayable After 1 Year Rs.	2013 Total Rs.
Debenture (Note 22.1)	-	1,229,298,943	1,229,298,943	-	-	-
Bank Loans (Note 22.2)	50,245,778	-	50,245,778	526,792,285	200,020,000	726,812,285
Commercial Papers (Note 22.3)	-	-	-	51,688,813	-	51,688,813
	50,245,778	1,229,298,943	1,279,544,721	578,481,098	200,020,000	778,501,098

22.1 Debenture

	Face Value Rs.	Interest Rate	Issued Date	Maturity Date	2014 Rs.	2013 Rs.
36 Months Unsecured redeemable Debentures	416,666,667	14.00%	10-Sep-2013	10-Sep-2016	410,088,442	-
48 Months Unsecured redeemable Debentures	416,666,667	14.25%	10-Sep-2013	10-Sep-2017	409,716,611	-
60 Months Unsecured redeemable Debentures	416,666,666	14.50%	10-Sep-2013	10-Sep-2018	409,493,890	-
	1,250,000,000				1,229,298,943	-

22.2 Bank Loans

	As at 01-Apr-2013 Rs.	Loans Obtained Rs.	Repayments Rs.	As at 31-Mar-2014 Rs.
(a) Movement of Bank Loans				
Sampath Bank	526,223,518	580,000,000	(1,106,223,518)	-
Commercial Bank	200,588,767	-	(150,342,989)	50,245,778
	726,812,285	580,000,000	(1,256,566,507)	50,245,778

(b) Bank Loan Repayable after One Year

Bank	Rate of Interest (p.a.)	Repayment Terms	2014 Rs.	2013 Rs.
Sampath Bank	AWPLR +2.0% Rate Reviewed Monthly	Monthly Payment	-	75,020,000
Commercial Bank	AWPLR +1.0% Rate Reviewed Monthly	Monthly Payment	-	125,000,000
			-	200,020,000

22.3 Commercial Papers

	As at 01-Apr-2013 Rs.	New Issues Rs.	Redemption Rs.	As at 31-Mar-2014 Rs.
Commercial Papers	51,688,813	-	(51,688,813)	-
	51,688,813	-	(51,688,813)	-

As at 31st March

	2014 Rs.	2013 Rs.
23 Trade and Other Payables		
Trade Payables	144,694,686	167,409,418
VAT on Financial Services	3,328,062	118,409
Accrued Expenses	41,601,854	43,673,399
Insurance Payable	35,556,007	34,453,122
Dividend Payable	1,559,652	809,380
Other Payables	71,701,182	47,264,295
	298,441,443	293,728,023

24 Amount due to Related Companies

Relationship

24.1 Non-Trade

Singer (Sri Lanka) PLC Parent Company

28,678,572 -

24.2 Loan from Related Party

Singer (Sri Lanka) PLC Parent Company

- 661,650,852

28,678,572 661,650,852

Notes to the Financial Statements

24 Amount due to Related Companies (Contd...)

24.2.1 Movement of Loan from Related Party

	As at 01-Apr-2013 Rs.	Loans Obtained Rs.	Repayments/ Transfer Rs.	As at 31-Mar-2014 Rs.
Singer (Sri Lanka) PLC	661,650,852	575,000,000	(1,236,650,852)	-
	661,650,852	575,000,000	(1,236,650,852)	-

	2014 Rs.	2013 Rs.
25 Retirement Benefit Obligations		
Present Value of Unfunded Gratuity	14,946,568	11,520,831
	14,946,568	11,520,831
Provision for Retiring Gratuity		
At the Beginning of the Year	11,520,831	7,478,769
Actuarial Loss on Obligation	447,471	-
Current Service Cost	1,937,333	2,099,740
Interest Cost	1,270,553	2,832,322
	15,176,188	12,410,831
Benefits Paid during the Year	(229,620)	(890,000)
At the end of the Year	14,946,568	11,520,831

The Company maintains a non-contributory defined benefit plan providing for gratuity benefits payable to employees expressed in term of final monthly salary and service. The gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by a professionally qualified actuary firm Messers Actuarial & Management Consultants (Private) Ltd.

The required accounting provision of the company, has been determined based on the recommendation on their report.

Following key assumptions were made in arriving at the above figures

- (a) Rate of Discount 10.5% p.a. (net of tax)
- (b) Salary Increment Rate 9%
- (c) Retirement Age
 - Males 60 years
 - Females 60 years
- (d) Assumptions regarding future mortality are based on A67/70 Mortality Table, issued by the Institute of Actuaries, London.
The demographic assumptions underline the valuation are with respect to retirement age, early withdrawal from service and Retirement on medical grounds.

As at 31st March		2014 Rs.	2013 Rs.
(e)	Included in Profit or Loss		
	Current Service Cost	1,937,333	2,099,740
	Interest Cost	1,270,553	2,832,322
		3,207,886	4,932,062
	Included in Other Comprehensive Income Re-measurement Loss		
	Re-measurements of Defined Benefit Liability	447,471	-

26 Stated Capital

26.1 Issued and Fully Paid

	At the beginning of the Year 01-Apr-2013 Number	Issued for Cash during the Year Number	Issued for Non-Cash Consideration Number	At the end of the Year 31-Mar-2014 Number
Number of Shares - Ordinary Shares	165,333,334	-	-	165,333,334
	165,333,334	-	-	165,333,334
	Rs.	Rs.	Rs.	Rs.
Rupees - Ordinary Shares	1,445,333,342	-	-	1,445,333,342
	1,445,333,342	-	-	1,445,333,342

As at 31st March		2014 Rs.	2013 Rs.
27	Statutory Reserves		
	Reserve Fund	53,884,660	40,454,818
	Investment Fund	82,242,928	67,412,340
	National Insurance Fund	-	570,302
		136,127,588	108,437,460
a)	Reserve Fund		
	Reserve Fund (Note 27.1)	53,884,660	40,454,818
		53,884,660	40,454,818

The balance in the reserve fund will be used only for the purpose specified in the Central Bank Direction No. 1 of 2003.

The Reserve Fund is maintained in compliance with direction No 1 of 2003 Central Bank of Sri Lanka (Capital Funds) issued to Finance Companies.

As per the said Direction, "Every Licensed Finance Company shall maintain a Reserve Fund and transfer to such reserve fund out of the net profits of the each year after due provisions has been made for taxation and bad and doubtful debts on following basis."

Capital Funds to Deposit Liabilities	% of transfer to Reserve Fund
Not less than 25%	5%
Less than 25% and not less than 10%	20%
Less than 10%	50%

Notes to the Financial Statements

27 Statutory Reserves (Contd...)

Accordingly, Company has transferred 5% of its net profit after taxation to the Reserve Fund as Company's Capital Funds to Deposit Liabilities, belongs to not less than 25% .

As at 31st March	2014 Rs.	2013 Rs.
b) Investment Fund		
Investment Fund (Note 27.2)	82,242,928	67,412,340
	82,242,928	67,412,340

The Company was required to establish and operate an Investment Fund Account as per the Central Bank guidelines. The Company was required to deposit an amount equal to 8% of the value addition (profits) computed for financial VAT purposes on the same date of each month that VAT on financial services is paid and the 5% of the income tax liability on quarter tax payment. This requirement was effective from 1st January 2011.

However, from 1st January 2014 the company does not liable to contribute to the Investment Fund account as per the Budget proposal passed on 29th November 2013 at the parliament.

As at 31st March	2014 Rs.	2013 Rs.
c) National Insurance Fund		
National Insurance Fund (Note 27.3)	-	570,302
	-	570,302

As stipulated in the National Budget of 2013, a special levy of 1% on profit, transferred to the National Insurance Trust Fund in order to establish an in insurance scheme for farmers.

As per the instruction of the parliament under gazette notification No.1824/23 dated August 23, 2013 SFLP paid the balance in the NIT as at 31st March 2014 amounting to Rs. 1,924,011 to the National Insurance Trust Fund and the subsequent levies were paid to the after said account and charged to the statement of comprehensive income.

As at 31st March	2014 Rs.	2013 Rs.
27.1 Reserve Fund		
Balance at the beginning of the year	40,454,818	27,628,118
Amount Transfer during the year	13,429,842	12,826,700
Balance at the end of the year	53,884,660	40,454,818
27.2 Investment Fund		
Balance at the beginning of the year	67,412,340	37,532,999
Amount Transfer during the year	14,830,588	29,879,341
Balance at the end of the year	82,242,928	67,412,340
27.3 National Insurance Fund		
Balance at the beginning of the year	570,302	-
Amount Transfer during the year	(570,302)	570,302
Balance at the end of the year	-	570,302

28 Financial Reporting By Segments As Per Provision Of The Sri Lanka Accounting Standard LKAS-28

Reporting format is determined to be business segment as nature of the products and services provided, with each segment representing a strategic business unit that offers different product and serves different markets

The following table presents financial information regarding business segments:

28.1 Business Segments

Year ended 31st March	Finance Lease		Hire Purchase		Loan & Advances		Other		Total	
	2014 (Rs.'000)	2013 (Rs.'000)	2014 (Rs.'000)	2013 (Rs.'000)	2014 (Rs.'000)	2013 (Rs.'000)	2014 (Rs.'000)	2013 (Rs.'000)	2014 (Rs.'000)	2013 (Rs.'000)
Interest	895,154	703,397	542,301	512,453	307,594	436,061	54,587	43,122	1,799,637	1,695,034
Net Fee and Commission Income	16,500	16,527	9,906	5,010	7,655	5,247	16,240	13,715	50,301	40,500
Net Trading Income	-	-	-	-	-	-	51	-	51	-
Other Operating Income	1,990	630	2,765	3,287	2,262	3,253	22,247	12,897	29,264	20,067
Total Revenue	913,644	720,555	554,971	520,750	317,512	444,561	93,125	69,735	1,879,252	1,755,601
Profit Before Tax	137,974	124,266	82,685	82,834	95,716	86,016	58,119	30,275	374,493	323,391
Taxation									(105,897)	(66,857)
Profit After Tax									268,597	256,535
Segment Assets	3,626,154	3,476,657	2,441,033	2,196,752	980,276	917,313	1,103,734	666,752	8,151,197	7,257,475
Segment Liabilities	3,047,071	2,963,293	2,008,426	1,809,433	687,600	368,829	323,576	192,078	6,066,673	5,333,633

Notes to the Financial Statements

29 Maturity Analysis of Assets and Liabilities

An analysis of the interest bearing assets and liabilities employed by the Company as at 31st March 2014, based on the remaining period at the balance sheet date to the respective contractual maturity date is given below.

Interest Earning Assets	Less than 3 months	3-12 months	1-3 years	3-5 years	over 5 years	2014 Total
Cash and Cash Equivalents	245,754,174	-	-	-	-	245,754,174
Placement with Banks	50,133,652	65,750,013	-	-	-	115,883,665
Hire Purchase Receivables	321,297,228	593,060,002	1,202,261,193	324,414,271	-	2,441,032,694
Lease Rental Receivables	537,543,404	817,694,087	1,926,579,220	344,030,238	306,928	3,626,153,877
Loans and Advances	249,230,786	477,311,412	223,734,897	29,739,182	259,862	980,276,139
Financial Instruments - Held-to-Maturity	127,169,241	244,492,001	-	-	82,242,928	453,904,170
Total Interest Earning Assets	1,531,128,485	2,198,307,515	3,352,575,310	698,183,691	82,809,718	7,863,004,719
Percentage(%)	19.5	28.0	42.6	8.9	1.1	100.0
Interest Bearing Liabilities						
Other Financial Liabilities Due to Customers	1,281,658,100	2,155,553,865	577,847,552	257,654,757	4,620,898	4,277,335,172
Interest Bearing Loans and Borrowings	18,995,778	31,250,000	-	1,229,298,943	-	1,279,544,721
Due to Related Companies	28,678,572	-	-	-	-	28,678,572
Bank Overdraft	45,686,107	-	-	-	-	45,686,107
Total Interest Bearing Liabilities	1,375,018,557	2,186,803,865	577,847,552	1,486,953,700	4,620,898	5,631,244,572
Percentage(%)	24.4	38.8	10.3	26.4	0.1	100.0

30 Financial Instruments

30.1 Financial Risk Management

(a) Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these Financial Statements.

(b) Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Directors are assisted in their oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company's Directors.

30.1.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivables.

(a) Treasury Bills

The Company invests not less than 7.5% of the public deposits in Treasury Bills to comply with the Central Bank of Sri Lanka Direction No. 1 of 2009.

(b) Loans and Advances to Customers

The Company's exposure to credit risk relates to sale of products on installment credit/hire purchase which is an integral part of the business of the Company.

The Company's exposure to credit risk on installment credit/hire purchase contracts is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base has a lesser influence on credit risk. Geographically, there is no concentration of credit risk. Goods are sold, subject to collateral undertakings so that in the event of non-payment, the Company can have a secured claim.

The company assesses the impairment for Loans and Advances to customers on collective basis. In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of losses incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical data. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Notes to the Financial Statements

30 Financial Instruments (Contd...)

(c) Exposure to credit risk

Caring amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was.

As at 31st March	Carrying Amount (Net of Impairment)	
	2014 Rs.	2013 Rs.
Loans and receivables to Customers	7,163,681,446	6,741,958,175
	7,163,681,446	6,741,958,175
The maximum to credit risk for receivables at the reporting date by type of Counter party was		
Individual Customers	7,116,229,780	6,694,916,741
Corporate Customers	47,451,666	47,041,434
Total	7,163,681,446	6,741,958,175

(d) Impairment Losses

The aging of receivables at the reporting date was

As at 31st March	Gross 2014 Rs.	Impairment 2014 Rs.	Gross 2013 Rs.	Impairment 2013 Rs.
Not past due	3,907,960,253	11,677,495	3,700,274,155	2,304,104
Past due 0-30 days	1,254,127,465	2,027,009	1,334,317,631	3,243,242
Past due 31-120 days	1,589,629,405	7,135,072	1,567,019,622	8,127,397
Past due 120-180 days	293,520,141	19,783,249	74,265,765	5,434,045
Past due 180-360 days	173,883,428	52,631,802	96,061,879	10,872,089
Past due more than 360 days	124,802,862	86,987,481	32,644,617	32,644,617
	7,343,923,554	180,242,108	6,804,583,669	62,625,494

30.1.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements

31st March 2014	Caring Amount	Contractual Cash flows	6 months or less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
Non Derivative Financial Liabilities	Rs.	Rs.	R.	Rs.	Rs.	Rs.	Rs.
Secured Bank Loans	50,245,778	55,456,265	41,653,643	13,802,622	-	-	-
Unsecured bond issues	1,229,298,943	1,844,974,082	89,340,839	88,846,983	178,570,430	1,488,215,829	-
Trade Other payables	298,441,449	298,441,449	298,441,449	-	-	-	-
Other Financial Liabilities							
Due to Customers	4,277,335,172	4,446,649,108	2,377,371,829	1,183,536,701	495,790,305	385,329,375	4,620,898
Bank Overdrafts	45,686,107	45,686,107	45,686,107	-	-	-	-
	5,901,007,449	6,691,207,011	2,852,493,868	1,286,186,306	674,360,735	1,873,545,204	4,620,898

31st March 2013	Caring Amount	Contractual Cash flows	6 months or less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
Non Derivative Financial Liabilities	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Secured Bank Loans	726,812,285	794,563,301	486,946,593	81,093,538	147,422,432	79,100,738	-
Unsecured Bank Loans	51,688,813	52,764,952	52,764,952	-	-	-	-
Trade Other payables	293,728,023	293,728,023	293,728,023	-	-	-	-
Other Financial Liabilities							
Due to Customers	3,318,927,336	3,736,864,123	1,912,354,221	929,076,926	382,884,006	512,548,969	-
Bank Overdrafts	230,774,464	230,774,464	230,774,464	-	-	-	-
	4,621,930,921	5,108,694,863	2,976,568,253	1,010,170,464	530,306,438	591,649,707	-

30.1.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, Government duties and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Interest Rate Risk

Interest Rate Risk is the risk to which the Company is exposed to due to uncertain and adverse movements in future interest rates. Interest rate risk is monitored through regular review of net interest yields by product to ensure interest rate margins and spreads are maintained and revisiting asset and liability pricing in line with the expectations on the interest yield curve. Further, Company manages the interest rate risk on borrowings by using a combination of fixed and floating rates.

Profile

At the reporting date, the interest rate profile of the company interest bearing financial instruments was

As at 31st March	2014 Rs.	2013 Rs.
Fixed Rate Instruments		
Financial Assets	7,863,004,719	6,993,694,582
Financial Liabilities	4,277,335,172	3,771,827,667
	12,140,339,891	10,765,522,249
Variable Rate Instruments		
Financial Assets	-	-
Financial Liabilities	1,353,909,400	1,218,026,083
	1,353,909,400	1,218,026,083

(b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company, as at the reporting date, do not hold 'Financial instruments' denominated in currencies other than its functional / reporting currency, hence do not get exposed to currency risk arising from translation of such balances in to the functional / reporting currency, which is Sri Lankan Rupees.

The only currency risk faced by Singer Finance (Lanka) PLC is from the foreign currency held by the company from its Foreign Exchange Operation.

The Company monitors exchange rates daily and take necessary steps to mitigate the Currency Risk by adjusting its Foreign Currency Exchange rates accordingly

Therefore, currency risk to the Company is minimal.

Notes to the Financial Statements

30 Financial Instruments (Contd...)

30.1.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from operations of the Company.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management of the Company. This responsibility is supported by the development of Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

Compliance with Company standards is supported by a program of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, senior management of the Company and the Board of Directors.

30.2 Classification of Financial Assets and Financial Liabilities

The table below provide a reconciliation between line items in the Statement of Financial Position and categories of financial assets and financial liabilities of the Company.

31st March 2014	Note	Loans and other Receivables Rs:'000	Held-to -maturity Rs:'000	Available -for-sale Rs:'000	Other Financial Liabilities Rs:'000	Total Rs:'000
Financial Assets						
Cash and Cash Equivalents	13.1	245,754	-	-	-	245,754
Placement with Banks		115,884	-	-	-	115,884
Hire Purchase Receivables	14.1	2,441,033	-	-	-	2,441,033
Lease Rental Receivables	14.2	3,626,154	-	-	-	3,626,154
Loans and Advances	14.3	980,276	-	-	-	980,276
Financial Instruments - Available-for-Sale	15	-	-	41	-	41
Financial Instruments - Held-to-Maturity	16	-	453,904	-	-	453,904
Total Financial Assets		7,409,101	453,904	41	-	7,863,046
Financial Liabilities						
Other Financial Liabilities Due to Customers	21	-	-	-	4,277,335	4,277,335
Interest Bearing Loans and Borrowings	22	-	-	-	1,279,545	1,279,545
Due to Related Companies	24	-	-	-	28,679	28,679
Bank Overdraft	13.2	-	-	-	45,686	45,686
Total Financial Liabilities		-	-	-	5,631,245	5,631,245
31st March 2013	Note	Loans and other Receivables Rs:'000	Held-to -maturity Rs:'000	Available -for-sale Rs:'000	Other Financial Liabilities Rs:'000	Total Rs:'000
Financial Assets						
Cash and Cash Equivalents	13.1	14,630	-	-	-	14,630
Placement with Banks		50,267	-	-	-	50,267
Hire Purchase Receivables	14.1	2,196,751	-	-	-	2,196,751
Lease Rental Receivables	14.2	3,476,657	-	-	-	3,476,657
Loans and Advances	14.3	917,313	-	-	-	917,313
Financial Instruments - Available-for-Sale	15	-	-	41	-	41
Financial Instruments - Held-to-Maturity	16	-	338,075	-	-	338,075
Total Financial Assets		6,655,618	338,075	41	-	6,993,734
Financial Liabilities						
Other Financial Liabilities Due to Customers	21	-	-	-	3,318,927	3,318,927
Interest Bearing Loans and Borrowings	22	-	-	-	778,501	778,501
Due to Related Companies	24	-	-	-	661,651	661,651
Bank Overdraft	13.2	-	-	-	230,774	230,774
Total Financial Liabilities		-	-	-	4,989,853	4,989,853

Notes to the Financial Statements

30 Financial Instruments (Contd...)

30.3 Fair Values of Financial Instruments

30.3.1 Financial Instruments Measured at Fair Value - Fair Value Hierarchy

The table below analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Statement of Financial Position.

The hierarchy for determining and disclosing the fair value of financial instruments are given in Note 2.2.5.

The following shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

31st March 2014	Note	Level 1 Rs:'000	Level 2 Rs:'000	Level 3 Rs:'000	Total Rs:'000
Financial Instruments - Held-to-Maturity	16	-	453,904	-	453,904
		-	453,904	-	453,904

The following shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

31st March 2013	Note	Level 1 Rs:'000	Level 2 Rs:'000	Level 3 Rs:'000	Total Rs:'000
Financial Instruments - Held-to-Maturity	16	-	338,075	-	338,075
		-	338,075	-	338,075

30.3.2 Fair Value of Financial Assets Not Carried at Fair Value

Financial assets not carried at fair value are disclosed under the category Amortised Cost. The values reported under Amortised Cost category are comparable to their fair value.

31st March 2014	Carrying Value Rs:'000	Fair Value Rs:'000
Cash and Cash Equivalents	245,754	245,754
Placement with Banks	115,884	115,884
Hire Purchase Receivables	2,441,033	2,441,033
Lease Rental Receivables	3,626,154	3,626,154
Loans and Advances	980,276	980,276
Financial Instruments - Available-for-Sale	41	41
	7,409,142	7,409,142
31st March 2013	Carrying Value Rs:'000	Fair Value Rs:'000
Cash and Cash Equivalents	14,630	14,630
Placement with Banks	50,267	50,267
Hire Purchase Receivables	2,196,751	2,196,751
Lease Rental Receivables	3,476,657	3,476,657
Loans and Advances	917,313	917,313
Financial Instruments - Available-for-Sale	41	41
	6,655,659	6,655,659

30.4 Capital Management

The Board's policy is to maintain a strong capital base to maintain confidence of the investors, creditors and the market while sustaining future development of the business capital consists to total equity. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between higher returns facilitated through a higher level of borrowings and the benefits and security afforded by a sound capital position.

The capital structure of the Group consists of debt and equity of the Group. The capital structure of the Group is reviewed by the Board of Directors.

31 Commitments and Contingencies

31.1 Capital Commitments

There were no significant capital commitments which have been approved or contracted for by the Company as at the Balance Sheet date except for the following.

Operating Lease commitments as at 31st March 2014, is as follows:

Within one year	Rs. 13.8 million
Between one to five years	Rs. 45.8 million
Over five years	Rs. 22.4 million

31.2 Contingencies

As at 31st March 2014, the Company has provided letters of guarantee totalling to Rs. 1,150,000/- against Fixed Deposits of Rs. 1,942,124/-

31.3 Assets Pledged

Company has given a negative pledge over the Company's Lease receivable and Hire Purchase receivable, for the following banks over the Loans and Overdrafts having a carrying value of Rs. 900 million against loan obtained to the value of Rs. 650 million as at the year end:

- Sampath Bank
- Commercial Bank
- Seylan Bank

Notes to the Financial Statements

32 Events after the Reporting Period

There have been no material events occurring after the Reporting date which require adjustments to or disclosure in the financial statements except the following:

(i) Final Dividend 2013/14

On the 29th May 2014, the Board of Directors approved a Final Dividend of Rs. 0.65 per share amounting to Rs. 107.5 million for the year ended 31st March 2014.

This dividend will be paid on 19th June 2014.

33 Related Party Transactions

33.1 Identity of Related Parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24) - "Related Party Disclosure", the details of which are reported below.

Ultimate Controlling Party

The Ultimate Parent of the Company is Retail Holdings N.V.

Intermediate Controlling Party

Intermediate Parent Companies of the Company are as follows,

Singer (Sri Lanka) PLC
Singer (Sri Lanka) B.V.
Singer Asia Holdings N.V.
Singer Asia Ltd.

Affiliate Companies

Affiliate Companies of the Company are as follows,

Singer Industries (Ceylon) PLC
Regnis Lanka PLC
Reality Lanka Ltd.
Sewko Asean Trading Ltd.
Regnis Appliance (Pvt) Ltd.

33.2 Transactions with Parent Company and Affiliate Companies

A number of key management personnel or their related parties, hold position in other entities that result in them having control or significant influence over the financial or operating policies of these entities. These transactions are given below:

Name of the Company and Relationship	Name of Director	Nature of Transaction	2014 Rs. Mn	2013 Rs. Mn
Singer (Sri Lanka) PLC (Parent Company)	Mr. H. D. S.. Amarasuriya [Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th April 2013]	Withdrawals of Rental Collections From Singer (Sri Lanka) PLC	1,679.8	836.4
		Sales Financed to purchase goods from Singer (Sri Lanka) PLC	208.2	835.9
		Administrative Fees Paid	8.6	67.4
	Mr. H. A.. Pieris [Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th April 2013]	Loans Obtained During The Year	575.0	1,423.0
		Loans Settled During The Year	1,648.0	1,251.0
		Purchase of Assets	0.5	1.5
	Dr. S. Kelegama	Dividend Paid (Gross)	86.4	64.0
		Interest Expense	49.3	157.3
	Mr. M. P. A.. Salgado (Appointed w.e.f. 30th April 2013)	Rental Collections through Singer (Sri Lanka) PLC	1,752.7	2,647.0
		Collection Commission Paid	18.6	17.8
	Mr. G. J.. Walker Mr. J. Hyun	Royalty Paid Through Singer (Sri Lanka) PLC	18.7	17.8
		Rent Reimbursed	11.8	12.6
		Expenses Paid Through Singer (Sri Lanka) PLC	197.2	159.2
		Investment in Debenture	149.3	-
		Balance Payable	28.7	661.7
Singer Industries (Ceylon) PLC (Affiliate Company)	Mr. H. D. S.. Amarasuriya [Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th April 2013]	Invested in Fixed Deposits	73.0	3.4
		Deposits Capital Repayment	21.2	54.4
		Deposits Interest Payment (Gross)	10.7	10.2
	Mr. H. A.. Pieris [Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th April 2013]			
	Mr. G. J.. Walker			

33.3 The amount due to Singer(Sri Lanka) PLC as at 31st March 2014, are disclosed in Note 24 of the Financial Statements.

Notes to the Financial Statements

34 Transactions with Key Management Personnel

(a) According to Sri Lanka Accounting Standard 24 - "Related Party Disclosure", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors of the Company and its parent company (Including Executive and Non Executive Directors) and their immediate family members have been classified as Key Management Personnel of the Company.

	2014 Rs. Mn	2013 Rs. Mn
(i) Transactions Key Management Personnel or close Family Members		
Deposit kept by Key Management Personnel or their close family members	78.4	49.0
(ii) Compensation of Key Management Personnel		
Short-Term Employee Benefits	12.9	10.7

In addition to their salaries the Company provides non-cash benefits to the Key Management Personnel and contributes to a past employment defined benefit plan on their behalf. Directors emoluments are disclosed in Note 9 to the Financial Statements.

(iii) No transaction had been taken place during the year with the parties/entities in which Key Management Personnel or their close family members have control, joint control or significant influence other than disclosed above.

(b) The amounts due to above related parties as at 31st March 2014, are disclosed in Note 24 of the Financial Statements

35 Directors' Responsibility

Directors of the company are responsible for the preparation and presentation of these Financial Statements.

Ten Year Summary

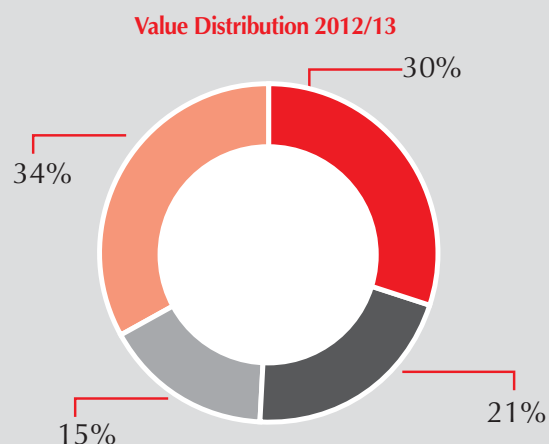
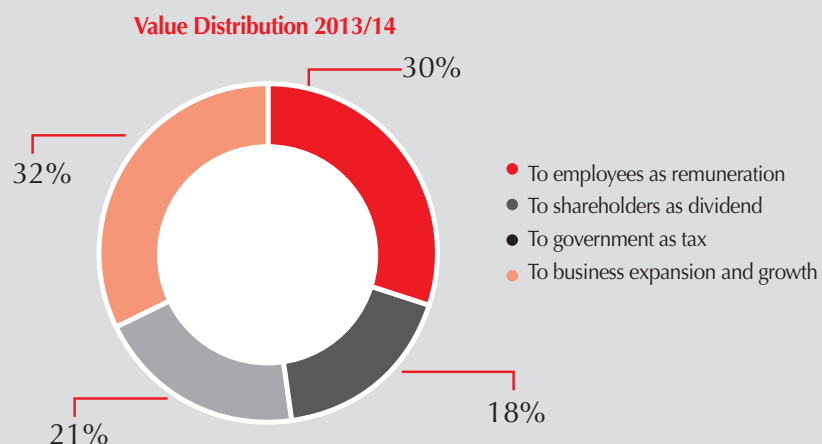
Year ended 31st March	2014 Rs.'000	2013 Rs.'000	2012 Rs.'000	2011 Rs.'000	2010 Rs.'000	2009 Rs.'000	2008 Rs.'000	2007 Rs.'000	2006 Rs.'000	2005 Rs.'000
Operating Results										
Income	1,879,252	1,755,601	1,277,360	1,002,382	705,115	460,394	257,791	164,981	70,806	13,338
Interest Expense	743,940	742,013	407,774	283,008	316,422	283,228	146,620	64,704	22,390	3
Non-Interest Expense	760,818	690,196	583,847	494,547	301,674	160,744	99,553	79,661	43,305	10,074
Profit Before Tax	374,493	323,391	285,739	224,826	87,019	16,422	40,399	20,617	5,112	3,261
Provision for Taxation	105,897	66,857	70,058	105,371	32,900	3,691	(2,281)	9,521	1,188	750
Profit After Tax	268,597	256,535	215,681	119,456	54,119	12,731	13,899	11,095	3,923	2,511
Total Comprehensive										
Income for the Year	268,149	256,535	215,681	119,456	54,119	12,731	36,419	11,095	3,923	2,511
Dividends	107,467	107,467	85,333	42,667	20,000	10,000	15,000	7,500	-	-
As at 31st March	2014 Rs.'000	2013 Rs.'000	2012 Rs.'000	2011 Rs.'000	2010 Rs.'000	2009 Rs.'000	2008 Rs.'000	2007 Rs.'000	2006 Rs.'000	2005 Rs.'000
Assets										
Liquid assets	815,542	402,973	325,844	211,141	174,094	171,710	100,115	47,824	33,104	5,056
Investments	41	41	41	41	41	41	41	41	41	41
Advances	7,047,463	6,590,722	6,182,774	4,007,415	2,981,079	1,791,804	1,186,006	741,627	454,124	96,302
Other Assets	116,219	151,236	174,967	124,203	61,954	81,397	69,527	53,471	26,208	7,907
Property, Plant and Equipment	72,711	53,461	29,554	27,993	22,928	24,566	18,142	7,437	8,784	14,906
Intangible Assets	32,383	25,262	13,650	12,346	7,314	8,978	10,749	7,525	5,283	-
Deferred Tax Assets	66,838	33,780	11,858	13,420	8,581	-	-	-	-	-
Income Tax Receivable	-	-	9,288	-	-	-	-	-	-	-
Total Assets	8,151,197	7,257,475	6,747,976	4,396,559	3,255,991	2,078,496	1,384,580	857,925	527,544	124,212
Liabilities										
Interest-Bearing Loans and Borrowings	1,325,231	1,009,276	1,223,338	81,968	40,017	362,126	386,585	212,186	231,824	4,130
Deposit from customers	4,277,335	3,318,927	2,740,998	1,882,620	1,518,043	1,097,979	642,198	288,565	126,825	-
Amount due to Related companies	28,679	661,651	1,299,856	1,187,515	997,250	223,781	4,879	75,613	23,281	6,233
Retirement Benefit Obligations	14,947	11,521	7,479	5,572	3,751	2,843	1,643	921	909	487
Deferred Tax Liability	81,381	34,755	4,879	3,986	2,904	8,654	9,179	11,460	1,939	750
Other Liabilities	339,100	297,504	359,292	295,779	228,247	161,453	116,166	51,650	36,331	10,101
Total Liabilities	6,066,673	5,333,634	5,635,842	3,457,440	2,790,212	1,856,836	1,160,650	640,395	421,109	21,701
Equity										
Stated Capital	1,445,333	1,445,333	800,000	800,000	400,000	200,000	200,000	200,000	100,000	100,000
Statutory Reserves	136,128	108,437	65,161	20,990	10,748	8,042	3,013	1,192	322	126
Retained Earnings	503,063	370,071	246,973	118,129	55,031	13,618	20,917	16,338	6,113	2,385
Total Equity	2,084,524	1,923,841	1,112,134	939,119	465,779	221,660	223,930	217,530	106,435	102,511
Total Liabilities and Equity	8,151,197	7,257,475	6,747,976	4,396,559	3,255,991	2,078,496	1,384,580	857,925	527,544	124,212

Ten Year Summary

Year ended 31st March	2014 Rs.'000	2013 Rs.'000	2012 Rs.'000	2011 Rs.'000	2010 Rs.'000	2009 Rs.'000	2008 Rs.'000	2007 Rs.'000	2006 Rs.'000	2005 Rs.'000
Investor Information										
Gross Dividend (Rs.)	107,467	107,467	85,333	42,667	20,000	10,000	15,000	7,500	-	-
Dividend per share (Rs.)	0.65	0.65	0.79	0.40	0.25	0.25	0.38	0.19	-	-
Dividend Cover (Times)	2.50	2.39	2.53	2.80	2.71	1.27	2.43	1.48	-	-
Net Assets Per Share (Rs.)	12.61	13.17	10.33	14.83	8.22	11.08	11.20	10.88	10.64	10.25
Market Price Per Share (Rs.) -Maximum	15.70	18.50	44.20	55.70	-	-	-	-	-	-
Market Price Per Share (Rs.) -Minimum	10.50	10.90	15.20	35.00	-	-	-	-	-	-
Price as at Year End (Rs.)	12.10	12.60	16.20	36.50	-	-	-	-	-	-
Price Earning Ratio (Times)	7.45	7.18	8.09	19.35	-	-	-	-	-	-
Earnings Per Share (After Tax)	1.62	1.76	2.00	1.89	0.96	0.64	1.82	0.55	0.39	0.25
Ratios										
Annual Income Growth (%)	7.04	37.44	27.43	42.16	53.15	78.59	56.25	133.00	430.86	-
Growth In Interest Expenses (%)	0.26	81.97	44.09	(10.56)	11.72	93.17	126.60	188.99	7,462.33	-
Growth In Non Interest Expenses (%)	10.23	18.22	18.06	63.93	87.67	61.47	24.97	83.95	329.87	-
Growth In Profit after tax (%)	4.53	18.94	80.55	120.73	325.09	(65.04)	228.25	182.82	56.23	-
Growth In Advances (%)	6.93	6.60	54.28	34.43	66.37	51.08	59.92	63.31	371.56	-
Growth In Deposits (%)	28.88	21.08	45.59	24.02	38.26	70.97	122.55	127.53	-	-
Growth In Shareholder's Fund (%)	8.35	72.99	18.42	101.62	110.13	(1.01)	2.94	104.38	3.83	-
Equity: Assets (%)	25.57	26.51	16.48	21.36	14.31	10.66	16.17	25.36	20.18	82.53
Debt: Equity (Times)	2.70	2.59	4.73	3.36	5.49	7.60	4.62	2.65	3.59	0.10

Value Added Statement

Year ended 31st March	2013/14 Rs.		2012/13 Rs.	
Income earned by providing financial services	1,799,636,652		1,695,033,971	
Cost of Services	(1,072,980,769)		(1,179,182,491)	
Value added by financial services	726,655,883		515,851,480	
Non-financial income	79,615,755		60,566,613	
Provision for Impairment Losses	(213,664,942)		(64,641,197)	
	592,606,696		511,776,896	
Value Allocated				
To employees as remuneration	175,755,307	30%	153,413,300	30%
To shareholders as dividend	107,466,667	18%	107,466,667	21%
To government as tax				
- Income Tax	92,328,834	16%	58,902,324	11%
- FS VAT	28,427,779	5%	20,908,179	4%
To business expansion and growth				
- as Depreciation	13,930,165	2%	14,064,084	3%
- as Retained earnings	161,130,172	27%	149,067,952	29%
- as Deferred Taxation	13,567,772	2%	7,954,392	2%
	592,606,696	100%	511,776,898	100%



Share Information

1. Stated Capital

	31st March 2014	31st March 2013
Issued and Fully-paid Capital (Rs.)	1,445,333,342	1,445,333,342
No. of Shares- Ordinary Shares	165,333,334	165,333,334
Class of shares	Ordinary Shares	
Voting Rights	One Vote per Ordinary Share	

2. Stock Exchange Listing

The issued Ordinary Shares of Singer Finance (Lanka) PLC are listed with the Colombo Stock Exchange of Sri Lanka.

3. Directors' Shareholdings

Name of the Director	31st March 2014 No of Shares	31st March 2013 No of Shares
Mr. H. D. S. Amarasuriya (Resigned w.e.f. 30th April 2013)	10,009	10,009
Dr. S. Kelegama	-	-
Mrs. M. A. Tharmaratnam (Appointed w.e.f. 7th August 2012)	-	-
Mr. J. A. Setukavalar	-	-
Mr. J. Hyun	-	-
Mr. G. J. Walker	-	-
Mr. H. A. Pieris (Group Chief Executive Officer) - (Resigned w.e.f. 30th April 2013)	51,002	51,002
Mr. J. Kan (Appointed w.e.f. 30th April 2013)	-	-
Mr. R. S. Wijeweera (Chief Executive Officer)	31,003	31,003
Mr. M. P. A. Salgado (Appointed w.e.f. 30th April 2013)	68,442	68,442
Mr. S. Ramanathan (Alternate Director to Mr. J. J. Hyun) (Appointed w.e.f. 30th April 2013)	-	-
Mr. J. Mendis (Alternate Director to Mr. G. J. Walker) (Appointed w.e.f. 30th April 2013)	42,000	42,000
Mr. P. J. P. De Silva (Alternate Director to Mr. Y. C. J. Kan) (Appointed w.e.f. 30th April 2013)	47,000	45,000

4. Analysis of Shareholders According to the Number of Shares as at 31st March 2014

No. of Shareholders: 31st March 2014 - 8,699 (31st March 2013 - 9,536)

	Resident Shareholders			Non Resident Shareholders			Total Shareholders		
	No. of Holders	Total Holdings	%	No. of Holders	Total Holdings	%	No. of Holders	Total Holdings	%
1 - 1,000 Shares	6,209	2,891,557	1.75	18	12,050	0.01	6,227	2,903,607	1.76
1,001 - 10,000 Shares	2,036	7,103,121	4.30	16	75,622	0.05	2,052	7,178,743	4.34
10,001 - 100,000 Shares	376	10,671,723	6.45	3	70,000	0.04	379	10,741,723	6.50
100,001 - 1,000,000 Shares	38	9,018,203	5.45	0	-	0.00	38	9,018,203	5.45
Over 1,000,000 Shares	3	135,491,058	81.95	-	-	0.00	3	135,491,058	81.95
Total	8,662	165,175,662	99.90	37	157,672	0.10	8,699	165,333,334	100.00

5. Analysis of Shares

Categories of Shares	31st March 2014		31st March 2013	
	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares
Individuals	8,511	22,364,234	9,327	24,073,864
Institutions	188	142,969,100	209	141,259,470
Total	8,699	165,333,334	9,536	165,333,334

6. Market Value Per Share for the period ended 31st March

Year ended 31st March	2014		2013	
	Rs.	Date	Rs.	Date
Highest Value per share during the Year	15.70	10th May 2013	18.50	02nd April 2012
Lowest Value per share during the Year	10.50	10th Nov 2013	10.90	25th July 2012
Closing Price	12.10	31st March 2014	12.60	28th March 2013

7. Dividends

Interim Dividend 2013/14 - Nil (2012/13 - Nil)

Final Dividend 2013/14 - Rs. 0.65 (2012/13 - Rs.0.65)

8. Twenty Largest Shareholders as at 31st March

Name	2014	
	No of Shares	%
1 Singer (Sri Lanka) PLC	132,931,054	80.40
2 Associated Electrical Corporation Ltd	1,560,000	0.94
3 NDB Aviva Wealth Management Ltd S/A Hatton National Bank	1,000,004	0.60
4 Nageah (Pvt) Limited	458,589	0.28
5 DPMC Assetline Holdings (Pvt) Ltd.	447,836	0.27
7 National Development Bank of Sri Lanka Limited	417,757	0.25
6 Mr. Shakir Asgerally Lukmanjee	401,000	0.24
8 Mercantile Investments And Finance PLC	400,000	0.24
9 A E C Properties (Pvt) Ltd.	360,000	0.22
10 Pan Asia Banking Corporations PLC. / Nuwara Eliya Property Developers (Pvt) Ltd.	353,300	0.21
11 Mr. Weerathunga Arachchige sampath Palitha De Saram	346,980	0.21
12 Seylan Bank Limited/Ruwan Prasanna Sugathadasa	319,000	0.19
13 Seylan Bank PLC/ Mr. Duleep Nissanka Daluwatte	301,800	0.18
14 Dr. Thirugnanasambandar Senthilvel	282,931	0.17
15 Mrs. Shivanthi Sandamalee De Fonseka	270,000	0.16
16 Mr. Loku Narangodage Sarath Kumara Samarasinghe	265,000	0.16
17 Green Olive Investment Private Limited	253,701	0.15
18 Acuity Partners (Pvt) Ltd./ Mr. S. Paramanathan	252,000	0.15
19 Navara Capital Limited.	250,000	0.15
20 Elgin Investment Limited	250,000	0.15
Others	141,120,952	85.36
Total	24,212,382	14.64
	165,333,334	100.00

Share Information

Name	2013	
	No of Shares	%
1 Singer (Sri Lanka) PLC	132,931,054	80.40
2 Associated Electrical Corporation Ltd	1,550,000	0.94
3 Mr. Shakir Asgerally Lukmanjee	565,000	0.34
4 NDB Aviva Wealth Management Ltd S/A Hatton National Bank	476,704	0.29
5 Naqeah (Pvt) Limited	443,589	0.27
6 DPMC Assetline Holdings (Pvt) Ltd. Account No. 02	409,600	0.25
7 Mercantile Investments And Finance PLC	400,000	0.24
8 A E C Properties (Pvt) Ltd.	360,000	0.22
9 Mrs. Shivanthi Sandamalee De Fonseka	359,400	0.22
10 Pan Asia Banking Corporations PLC. / Nuwara Eliya Property Developers (Pvt) Ltd.	353,300	0.21
11 Seylan Bank Limited/Ruwan Prasanna Sugathadasa	325,656	0.20
12 National Development Bank of Sri Lanka Limited	319,950	0.19
13 Seylan Bank PLC/ Mr. Duleep Nissanka Daluwatte	301,800	0.18
14 Mrs. Wisnaka Mohotti Mudiyansele Anulawathi	295,000	0.18
15 Navara Capital Limited.	250,000	0.15
16 Acuity Partners (Pvt) Ltd./ Mr. S .Paramanathan	215,300	0.13
17 Richard Pieris Financial Services (Pvt) Ltd/Fortune One (Pvt) Ltd	214,300	0.13
18 Miss. Galahiti Mudiyansele Buddhika Damayanthi	212,898	0.13
19 Mr. Periyasaami Pillai Thevarajah	208,680	0.13
20 Mr. Seyed Hamid Akram Ahamed	200,673	0.12
	140,392,904	84.92
Others	24,940,430	15.08
Total	165,333,334	100.00

9. Public Holdings

Public holding as at 31st March 2014 is 19.48% (As at 31st March 2013 - 19.50%).

10. Share Trading

Year ended 31st March	2014	2013
Number of Transactions	8,893	13,250
Number of Shares Traded	16,853,537	27,508,391
Value of Shares Traded (Rs.)	219,420,754	398,689,197

11. Record of Scrip Issues

Year ended 31st March	Issue	Basis	No. of Shares	Stated Capital Rs. '000
2011	Prior to Public Issue	-	80,000,000	400,000
2011	Initial Public Issue	-	106,666,667	800,000
2012	Rights Issue (at Rs. 11.20)	1 : 0.55	165,333,334	1,445,333
Total No. of Shares			165,333,334	1,445,333

Glossary of Financial Terms

Accounting Policies

Specifies principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

Accrual Basis

Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Amortization

The expense of writing off over a fixed period, the initial value of Intangible assets such as goodwill, patents etc.

Available For Sale - Financial Instruments

All assets not in any of the three categories namely held to maturity, fair value through profit or loss and loan and receivables. It is a residual category does not mean that the entity stand ready to sell these all the time.

Borrowings

All interest bearing liabilities

Capital Adequacy Ratio

The relationship between capital and the risk weighted assets as prescribed by the central bank of Sri Lanka developed by modifying international best practices on maintenance of capital for financial Institutions, to suit the local requirements.

Capital Employed

Total assets less interest free liabilities, deferred income and provisions.

Cash Equivalents

Liquid investments with original maturity periods of three month or less.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Collectively Assessed Impairment

Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses which have been incurred but have not yet been identified on loans subject to individual assessment.

Contingent Liabilities

Conditions or situations at the reporting date the financial effect of which are to be determined by future events which may or may not occur.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and other.

Credit Rating

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

Debt

Total liabilities, excluding deferred income.

Deferred Taxation

The net tax effect on items which have been included in the income statement, which would only qualify for inclusion on a tax return at a future date.

Dividend Cover

Profit attributable to ordinary shareholders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

Earnings per share(EPS)

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

Equity

Shareholders fund.

Fair Value

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transactions.

Glossary of Financial Terms

Gross Dividend

Portion of profits inclusive of tax withheld, distributed to shareholders.

Gross Non Performing Advances (As per CBSL)

A loan placed on a cash basis (i.e, Interest Income is only recognized when cash is actually collected) after when six installments or more are overdue, as there is reasonable doubt regarding the collectability of its installments of capital and interest.

Held To Maturity Investments (HTM)

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that an entity has the positive intention and ability to hold to maturity.

Interest Cover

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

Liquid Assets Ratio

Assets that are held in cash or in a form that can be converted to cash readily (as prescribed by the central bank of Sri Lanka) divided by the total deposits.

Net Assets Per Share

Shareholders fund divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

Parent

A parent is an entity which has one or more subsidiaries.

Price Earnings Ratio

Market price of share divided by earnings per share as reported at that date

Related Parties

Parties who could control or significantly influence the financial and operating policies of the business.

Return on Average Shareholders' Funds

Attributable profits divided by average shareholders' funds.

Revenue Reserves

Reserves considered as being available for distributions and investments.

Segment

Constituent business units grouped in terms of similarity of operations and location.

Supplementary Capital

Supplementary capital that consist of revaluation reserves, general provisions and debt instruments such as subordinated term debts and other hybrid capital instruments that combine characteristics of equity and debt.

Working Capital

Capital required to finance the day to day operations computed as the excess of current assets over current liabilities.

Notice of Annual General Meeting

SINGER FINANCE (LANKA) PLC

[Company Registration No. PB 813 PQ]

NOTICE is hereby given that the Seventh Annual General Meeting of Singer Finance (Lanka) PLC will be held on Monday, 30th June 2014, at the Sri Lanka Foundation Institute, No. 100, Independence Square, Colombo 07, at 11.00 a.m. for the purpose,

1. To receive, consider and adopt the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2014 with the Report of the Auditors thereon.
2. To re-elect Mr. J. A Setukavalar who retires by rotation and who being eligible is being recommended for re-election.
3. To re-elect Mr. J. Kan who retires by rotation and who being eligible is being recommended for re-election.
4. To Authorise Directors to determine contribution to charities.
5. To reappoint Messrs KPMG as the Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.

By Order of the Board

(Sgd.)

K. K. L. P. Yatiwella (ACA)

Secretary

Singer Finance (Lanka) PLC

Colombo

29th May 2014

Note

1. The Transfer Books of the Company will be kept open.
2. For the convenience of shareholders who are unable to attend the meeting a Form of Proxy is attached hereto which should be completed and returned to the registered office of the Company at No. 80, Nawam Mawahta, Colombo 02 not later than 48 hours before the time appointed for holding of the Meeting.
3. A shareholder entitled to attend and vote is entitled to appoint another person (whether a shareholder or not) as his Proxy to attend and vote instead of him/her.

Notes

[illegible]

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Form of Proxy

Annual General Meeting

SINGER FINANCE (LANKA) PLC

[Company Registration No. PB 813 PQ]

I / We
..... of
..... being a Member/Members of the above-named Company, hereby appoint
..... of
..... or failing him/her

- | | | |
|----|--------------------------------------|----------------|
| 1. | Dr. Saman Bandara Kelegama | or failing him |
| 2. | Mr. Jayendran Arulraj Setukavalalar | or failing him |
| 3. | Mrs. Marina Anneliese Tharmaratnam | or failing her |
| 4. | Mr. Gavin John Walker | or failing him |
| 5. | Mr. John J. Hyun | or failing him |
| 6. | Mr. Robert Shanthapriya Wijeweera | or failing him |
| 7. | Mr. Merennege Priyath Ananda Salgado | |

As my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, 30th June 2014, at the Sri Lanka Foundation Institute, No. 100, Independence Square, Colombo 07, at 11.00 a.m. and at any adjournment thereof.

	For	Against
1. To receive, consider and adopt the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2014 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. J. A Setukavalalar as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. J. Kan who retires by rotation.	<input type="checkbox"/>	<input type="checkbox"/>
4. To Authorise Directors to determine contribution to charities.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2014

.....
Signature(s) of Shareholder(s)

Instructions for Completion of Form of Proxy

- *If a Proxy other than the names mentioned overleaf is preferred, delete the names printed and add the name of the Proxy preferred and initial the alteration.*
- *Please indicate how your Proxy should vote by marking "X" in the cage provided for each resolution. If no indication is given, or if there is, in the view of the Proxy Holder, any doubt (by reason of the manner in which the instruction contained in the Proxy have been completed) as to the way in which the Proxy Holder should vote, the Proxy Holder in his/her discretion may vote as he/she thinks fit.*
- *A Company/Corporation should execute the Proxy under its seal in the manner authorised by its Articles of Association or Statute creating it or under the hand of an Officer or Attorney duly authorised.*
- *If the Form of Proxy is signed by an attorney, a certified copy (certified by Notary Public) of the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company and the original of the Power of Attorney should be produced for inspection at the meeting if required.*
- *Unless the completed Form of Proxy is deposited at the Registered Office of the Company at No. 80, Nawam Mawatha, Colombo 02, Sri Lanka, not less than 48 hours before the time of the meeting, the same will not be valid.*

Corporate Information

Name of the Company

Singer Finance (Lanka) PLC

Legal Form

A public limited liability company incorporated in Sri Lanka on 19th April 2004 under the Companies Act No. 17 of 1982 and Re-registered under the Companies Act No. 07 of 2007 on 16th December 2008. Shares of the Company are listed on the main board of Colombo Stock Exchange on 17th January 2011.

Approved Credit Agency

Under Mortgage Act No. 6 of 1949 and Trust Receipt Ordinance No. 12 of 1947.

Accounting Year

31st March

Registered Office

80, Nawam Mawatha,
Colombo 02.

Tel : 2303717

Fax : 2303715

Company Registration No.

Old -N (PBS) 1171

New- PB 813 PQ

Tax Payer Identification Number

134011718-0000

Bankers

Commercial Bank of Ceylon PLC

Deutsche Bank AG

Sampath Bank PLC

Bank of Ceylon

Hatton National Bank PLC

Nations Trust Bank PLC

National Development Bank PLC

Seylan Bank PLC

Auditors

KPMG

(Chartered Accountants)

32A, Sir Mohamed Macan Markar Mawatha, P.O. Box 186,

Colombo 03.

Registrars

Business Intelligence Ltd.

No. 8, Tickell Road,

Colombo 08.

Secretary

K. K. L. P. Yatiwella

Lawyers

Neelakandan & Neelakandan

Attorneys-at-Law

No. 2, Deal Place,

Colombo 03.

Directorate

Dr. S. Kelegama-Chairman

Mrs. M. Tharmaratnam

Mr. J. A. Setukavalar

Mr. J. J. Hyun

Mr. G. J. Walker

Mr. J. Kan

Mr. M. P. A. Salgado

Mr. R. S. Wijeweera-Chief Executive Officer

Mr. J. Mendis-Alternative Director to

Mr. Gavin J. Walker

Mr. S. Ramanathan-Alternative Director to

Mr. J. Hyun

Mr. Premalal De Silva-Alternative Director to

Mr. J. Kan

Senior Management

Mr. R. S. Wijeweera - Director/ Chief Executive Officer

Mr. T. A. Amarasuriya-Finance Manager

Mr. A. G. I. H. Perera-Manager Business Development

Mr. R. I. Jayasuriya-Manager - Credit & Recoveries

Mr. B. C. Gomis-Senior Manager

Mr. J. Wijeyagoonewardene-Head of Deposits



Singer Finance (Lanka) PLC
No.80, Nawam Mawatha, Colombo 02, Sri Lanka.
Tele : +94 112 316416, Fax : +94 112303715