

Rising above the crowd

Singer Finance (Lanka) PLC | Annual Report 2014/15





Rising above the Crowd

As the finance arm of the diversified and dynamic Singer (Sri Lanka) PLC, we at Singer Finance are driven by the spirit of achievement and adventure. In 2014, we set the stage to unleash the synergies that will define and differentiate us, from the crowd. With our strategic expansion within reach, we are poised to emerge as a force to be reckoned within Sri Lanka's financial landscape. Join us to be a part of this growth and to rise above the crowd.



**SINGER
FINANCE**

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

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Financial Highlights

	2014/15	2013/14	Change
Financial Performance (Rs.'000)			
Gross Income	1,986,040	1,894,761	4.8%
Interest Income	1,858,939	1,799,637	3.3%
Interest Expense	669,413	759,449	(11.9%)
Profit Before Tax	566,135	374,493	51.2%
Income Tax Expense	177,469	105,897	67.6%
Profit After Tax	388,666	268,597	44.7%
Revenue to the government	198,198	120,757	64.1%
Gross Dividends	206,667	107,467	92.3%
Financial Position at the year end (Rs.'000)			
Total Equity	2,364,160	2,084,524	13.4%
Public Deposit	4,150,193	4,277,335	(3.0%)
Hire Purchase, Lease, Loans & Advances	7,841,540	7,047,463	11.3%
Total Assets	8,846,956	8,084,359	9.4%
Investor Information			
Earnings Per Share (Rs.)	2.35	1.62	44.7%
Dividends Per Share (Rs.)	1.25	0.65	92.3%
Net Assets Per Share (Rs.)	14.30	12.61	13.4%
Price Earning Ratio (Times)	7.78	7.45	4.5%
Dividend Payout Ratio (Times)	53.39	40.08	33.2%
Dividend Cover (Times)	1.88	2.50	(24.8%)
Ratios			
Gross Non-Performing Advance Ratio (%)	3.37	3.55	
Net Non-Performing Advance Ratio (%)	0.74	1.06	
Non-Interest Expense to Gross Income (%)	37.79	40.15	
Gross Interest Margin (%)	63.99	57.8	
Net Interest Margin (NIM) (%)	14.83	14.38	
Return on Assets (Before Tax) (%)	6.69	4.88	
Return on Average Shareholders' Funds (%)	17.47	13.4	
Interest Cover (Times)	1.85	1.49	
Equity : Interest Bearing Liabilities (Times)	0.41	0.37	
Debt Equity Ratio (Times)	2.43	2.69	
Quick Assets Ratio (%)	1.75	1.94	
Statutory Ratios			
Liquid Assets (%)	12.69	15.31	
Core Capital Ratio (%) (Minimum requirement 5%)	24.96	23.53	
Regulatory Capital to Risk-Weighted Assets (%) (Minimum requirement 10%)	24.96	23.53	
Shareholders' Funds:Public Deposits (%) (Minimum of 10%)	56.97	48.73	

Profit After Tax

45%

2013/14-5%[↑]

Total Assets (Rs.)

8.8 Bn

2013/14 - 8.1 Bn

Earning Per Share (Rs.)

2.35

2013/14 - 1.62

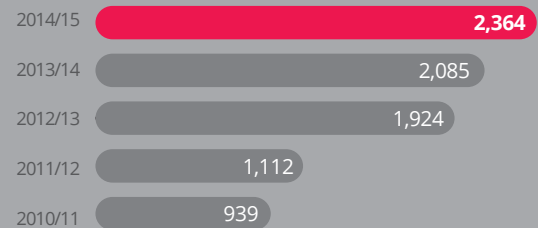
Shareholders' Funds:Public Deposits %
(Minimum of 10%)

56.97

2013/14 - 48.73

**Company achieved
and exponential
growth of 45%
in profit after tax
withstanding a
challenging year.**

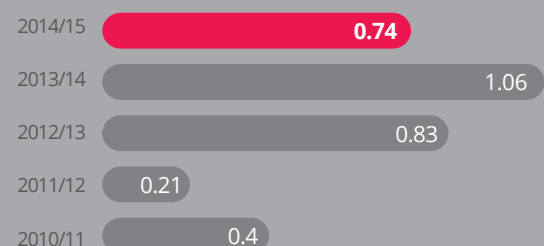
Total Equity (Million)



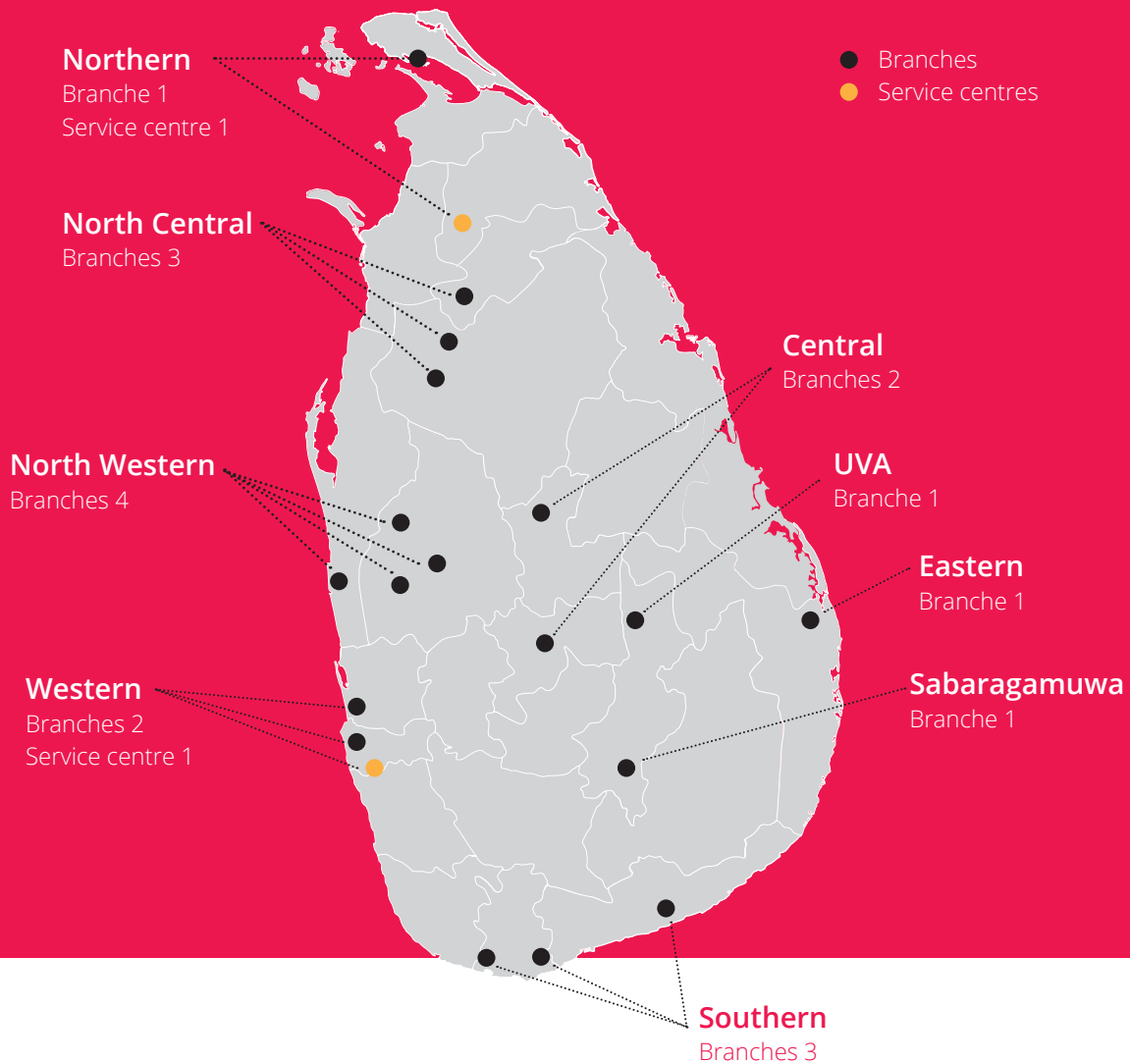
Dividend Per Share (Rs.)



Net non -Performing Advance Ratio CBSL (%)



Where We Operate



Our presence beyond the western province enabled financial inclusion of the rural sector.



18

Branches
Islandwide



02

Service
Centres



256

Employees





Management Information

Letter from the Chairman

“ Valued shareholder, you will be delighted to learn that the Board deliberated for days in consultation with the senior management team of Your company and took a strategic decision to launch the first credit card by a NBFI ”

Macroeconomic Conditions in FY2014/15

The Sri Lankan economy sustained its growth momentum from the previous year when it achieved a growth of 7.2%. In the period under review, the GDP growth rate advanced slightly to 7.4%, largely led by a strong performance by the nation's industry and services sectors, which grew by 11.4% and 6.4% respectively. Notable contribution from wholesale and retail trade, transport and communication, and banking, insurance and real estate sub sectors facilitated further growth. Unfortunately, the adverse weather conditions that prevailed during the year deterred the agriculture sector, which struggled to increase growth. Overall, increased consumption patterns, low interest and inflation rates and higher disposable incomes worked in favour of the economy.

Sri Lanka's financial sector remained stable in 2014, recording marginal growth over 2013. Performance of the financial sector was primarily led by the continuation of relaxed monetary policy and improved macroeconomic performance. While the performance of the banking sector improved across various operational indicators, finance companies and specialized leasing companies sector also demonstrated heightened performance through the year. The credit market remained highly liquid in view of the falling interest rates. All in all, the banking sector continued to expand its asset base during FY2014.

Furthermore, the Sri Lankan economy displayed elements of recovery during the second half of the 2014 financial year. The lowering of interest rates further facilitated the industry to record reasonable growth levels. Post the change in government, the January 2015 budget created a consumption stimulus by boosting wages of public servants; reducing prices of a commodity basket; reduction of taxes for small vehicles, and lowering petrol, diesel and kerosene prices, all of which served to boost purchasing power. The months of February and March 2015 witnessed a strong pickup in consumption patterns, which augurs well for the financial sector overall.

Company Performance

Your Company recorded higher profitability in 2014/15 as compared to the previous year. Non Performing Loans, derived mainly from the agriculture sector which suffered drought conditions during 2013, and therefore could not be expected to repay loans in that year, finally came through during the period under review, adding to our revenue earnings. In my last Annual Report Review, I had made mention of the fact that the company was adopting strong provisioning measures to recover NPLs in the 2014/15 year. Our strong financial results for the period under consideration reflect the fact that my confidence was well-placed.



Letter from the Chairman

“ The company continues to be led by good governance in all aspects of its operations. Defending human rights of people within the organization and amongst other stakeholders is our key endeavour ”

Meanwhile, the stagnant nature of the vehicle market during the period under review was of particular concern for the company, as leasing forms a major portion of our business. However, the subsequent lowered duty structure on cars served to accelerate revenue for the company. The new financial year will witness Your Company embarking on a campaign of branch network expansion.

During the year, Singer Finance complied with the Central Bank's financial consolidation policy by entering negotiations with four to five 'B' Grade financial companies to workout a merger. As an 'A' grade company seeking mergers, we discovered market conditions were not favorable to effect mergers as it was more of a seller's market. However, the new government has indicated that the financial consolidation programme is now a voluntary exercise and not a forced marriage. I personally welcome this move, as I believe forced unions of this nature will not work given the economic compulsions of a developing economy.

Valued shareholder, you will be delighted to learn that the Board deliberated for days in consultation with the senior management team of Your Company and took a strategic decision to launch the first credit card by a Non-Banking Financial Institution (NBFI) in Sri Lanka. We are confident that this historic launch of a credit card by a NBFI will not only set new

benchmarks for the industry, but will usher in unimaginable benefits for our customers. Moreover, our first-mover advantage in this realm is automatically boosted by the 410-strong branch network and large customer base of our parent company, Singer Sri Lanka, which we will no doubt astutely leverage on. The extensive groundwork carried out by the CEO and his team during the year on this project will reach fruition by August 2015, when we unveil first-ever credit card by a NBFI to the Sri Lankan market.

The company continues to be led by good governance in all aspects of its operations. Defending human rights of people within the organization and amongst other stakeholders is our key endeavour. Issues such as maintaining gender balance and pursuing an inclusive human resource policy are priorities. During the year, we recruited a visually disabled youth at our Medawachchiya branch. His appointment is particularly meaningful for us because it demonstrates our willingness to put our social responsibility philosophy into action.

Going ahead, I am confident that Your Company will tread a path of expansion and growth, deriving its strength from its parent company, Singer Sri Lanka. As a greater proportion of Sri Lanka's population ages, they will seek a safe repository for their life savings.

Singer Finance is a name that will come to mind because of the solid backing of Singer Sri Lanka, which has already captured the hearts and minds of the nation. Singer Sri Lanka won the SLIM Nielsen People's Award for Brand of the year in 2014 yet again for the 9th consecutive year.

Acknowledgements

I would like to place on record my gratitude to my fellow director Priyath Salgado who retired with effect from 30th June 2014. His mantle will be taken over by Mr. Lalith Yatiwella. I welcome the new appointment and salute the contribution made by Priyath Salgado. I also welcome Thushan Amarasuriya as the new Secretary to the Board replacing Mr. Yatiwella. I would also like to thank the Audit Committee, the integrated Risk Committee and various other committees who worked tirelessly to minimize risk to ensure the smooth functioning of Your Company. Our shareholders are our strength and I assure them that safeguarding the interest of depositors is our ongoing priority.



Dr. Saman Kelegama

Chairman

1st June 2015

Group Chief Executive Officer's Review

“ The Company continued to capitalize on the strengths of its parent company, Singer (Sri Lanka) PLC and to maximize Synergies between the two Companies ”

Dear Shareholders,

The Environment

Over the financial year 2014/15, we witnessed an improvement in the business environment over that of the prior year. At the start of the year credit growth to the private sector remained low and weather conditions were unfavourable in the Agricultural areas, thereby impacting the markets negatively. Nevertheless, the continuous low interest regime; the electricity tariff reductions and gas price reductions in September; fuel price reductions in January and the increase in public sector salaries improved the consumer spending in the second half.

It was also an active year for politics and change – with provincial council elections in September and the Presidential elections in January resulting in a change of regime. In the middle of 2014, the Country was rocked by religious unrest, causing deaths from riots after a lapse of 30 years.

Our Strategies and Actions

Our Strategies and Actions during the year were as follows:

- a) At the start of the year, we took defensive measures to counter the adverse business environment at that time.
- b) In the second half, with the improvement in business conditions, we initiated actions to

grow the business volumes and revenues.

- c) We continued to improve our product offerings, branch network and infrastructure.
- d) The company continued to capitalize on the strength of its parent company, Singer (Sri Lanka) PLC and to improve synergies.
- e) The company took a strategic long term initiative to expand the consumer finance business through introduction of credit cards.

Financial Results for the Year

Singer Finance gross income grew only by 5%, as increase in business volumes were offset by decline in lending rates. However, net interest income grew by 14.3% as borrowing rates also came down. Fees increased by 38% and other income increased by 27%. As a result, total operating income increased by 16% to Rs. 1,317 Million.

Allowances for impairment charges for loans and other losses decreased from Rs. 214 Million in prior year to Rs. 164 Million in current year. Although personnel costs increased by 30%, administration and selling expenses reduced by 7% and enabled the operating profit before VAT on financial services and taxes to increase by 50%.



Group Chief Executive Officer's Review

Net profit after all taxes increased to Rs. 388.7 Million from Rs. 268.6 Million in the prior year. This is a growth of 45% and is an excellent achievement.

Central Bank Financial Consolidation Plan

In late 2013, the Central Bank embarked on a program of consolidating the financial sector. We are happy to inform the shareholders that for the consolidation process, Singer Finance was categorized as an "A" category company. The company had several discussions with prospective financial sector companies for acquisitions, but did not finalize any acquisition.

Funding

Singer Finance has never had an issue with funding due to its high level of equity and long term Debentures.

As a result of periodic lowering of interest rates during the year, the fixed public deposits decreased marginally by 4.5% to Rs. 4,076 Million. However, the savings deposits increased from Rs. 10 Million to Rs. 74 Million.

New Branches

During the year under review, the company converted service centres in Galle and Mahiyangana to branches. The company plans to open two new branches over the next few months at Kaduwela and Negombo.

Capitalization on Strengths of Parent Company

The company continued to capitalize on the strengths of its parent company, Singer (Sri Lanka) PLC and to maximize Synergies between the two companies. Singer Finance completed the project to take over the hire purchase lending operations at the Singer Mega showrooms and business volumes increased 50% over the prior year. Singer Finance continued to increase its financing of group sales for the consumer durable sector and the business volumes increased by 17%.

The Company also commenced Factoring / Bill discounting for SME suppliers of the parent company and with the success of this project, will expand to full factoring operations in the ensuing year.

Risk and Controls

Singer Finance continues to focus on safeguarding the shareholders and deposit holders through prudent lending, effective systems and controls, good follow up on recoveries and adequate funding. During the year, follow up on recoveries was further strengthened by setting up a Call Centre for follow up of arrears.

The non performing loan ratio decreased from 3.5% as at 31st March 2014 to 3.4% as at 31st March 2015. The non performing loan ratio remains among the lowest in the industry. Singer Finance non performing loans were mainly on

lending to the agricultural sector and construction sector. Over the last two years, the company lowered the exposure to these sectors. The company had zero exposure to the pawning and gold loan sector.

The shareholder funds to deposit ratio at 57% as well as the core capital ratio of 25% are one of the best in the industry and very much more than the stipulated levels.

Credit Cards

Singer Finance examined the feasibility of launching a credit card over the last few years and made basic preparations. In the financial year 2014/15, the company applied to the Central Bank of Sri Lanka for a license to introduce a credit card and received approval for same. Singer Finance will be the first Finance Company to launch a credit card.

Acknowledgements

I wish to place on record my appreciation of Mr. Shantha Wijeweera, Chief Executive Officer and all our staff for their contribution and commitment, which has brought about these excellent results.

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

I thank the past Governor and present 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,

A handwritten signature in black ink, appearing to be 'Asoka Pieris', with a stylized flourish at the end.

Asoka Pieris

Chief Executive Officer – Singer Group
of Companies

1st June 2015

Chief Executive Officer's Review

“ Certain fiscal adjustments announced at the national level during the year required the company to react with agility in order to sustain and grow profit margins, a challenge that the company managed remarkably. ”

I am pleased to state that the company experienced exponential growth during FY2014/15 as a result of its strong performance across all our product categories. The aggressive expansion undertaken by the company over the past few years is now bearing fruit, as is evident from the robust financial results posted by the company in the period under consideration. The favourable macro conditions prevailing during the period under review further enabled us to leverage on emerging business opportunities, as did the sector in which Singer Finance operates.

Industry Perspective

The Licensed Finance Companies (LFC)s and Specialised Leasing Companies (SLC)s sector occupies a prime position in Sri Lanka's economic landscape, constituting 7% of the financial system. As at end 2014, the sector comprised of 48 LFCs and 8 SLCs, which reflected an increase in profitability due to improved net interest income despite increased operational costs and provisioning requirements. The sector posted a Profit after tax of Rs. 13.9 bn for 2014 compared to a profit of Rs. 7.7 bn in 2013/14. Growth in accommodations portfolio and liquid assets nudged the asset base of the sector upwards while deposits grew by 22.7% to Rs. 414 bn as at the end of 2014, compared to a 32.7% growth in 2013. This was mainly on account of relatively higher deposit rates offered by LFCs compared to banks in the current lower interest rate regime, with

time deposits accounting for 96% of the sector's deposit mobilization. The total borrowings in the sector reached Rs. 217 bn, an increase of 12.9% as at end 2014 compared to the growth rate of 9.3% recorded in 2013. The net interest income of the sector increased by 40.9% to Rs. 62.2 bn during 2014, from Rs. 44.1 bn recorded in the previous year.

Public confidence in the sector was reinforced with the adoption of risk management and capacity building to facilitate better absorption of risks. The capital adequacy ratios of the sector remained above the required minimum levels although it decreased due to growth in the risk weighted assets. In other developments, the Department of Supervision of Non-Bank Financial Institutions (SNBFI) of the Central Bank carried out investigations on institutions allegedly engaged in finance business without authorization. During 2014, awareness campaigns were conducted to educate the public on the risk of investing in unauthorized finance institutions by way of country-wide seminars/workshops, a move we whole-heartedly support as we believe it will have a beneficial impact on the sustainability of the sector in the long term.

Optimal Performance

Singer Finance recorded Profit after tax of Rs. 388.7 mn, marking a growth of 44.7% over Rs. 268.5 mn recorded in 2013/14. Meanwhile, our fixed deposit base reduced by 4.5%.



Chief Executive Officer's Review

The income of the Company amounted to Rs. 1,986 mn, up by Rs. 91 mn over the previous year, reflecting an increase of 4.8% despite operating in a low interest regime. The Revenue per employee increased from 7.73 mn last year to Rs. 7.75 mn currently. Our Total Assets grew by 9.4% during the year. The loan book expanded by as much as 11.27% to reach Rs. 7,841 mn in comparison to Rs. 7,047 mn in the previous year.

Certain fiscal adjustments announced at the national level during the year required the company to react with agility in order to sustain and grow profit margins, a challenge that the company managed remarkably. During the year, the government revised the duty structure on imported vehicles upwards, which threatened the financial viability of our unregistered vehicle leasing business. However, the company seized the opportunity to shift its focus to the registered car market, thereby driving the profitability of our Hire Purchase product category. The company's lightning response to the regulatory challenge protected it from any losses that would have accrued as a result of this duty increase. The total combined Leasing and Hire Purchase portfolio grew by 9.71% to reach Rs. 6,656 mn as compared to Rs. 6,067 mn in the previous year.

In addition, the government eliminated the Value Added Tax (VAT) which had a positive impact on the leasing business, causing customers to opt for leasing products instead. Singer Finance approached this challenge as an opportunity and capitalized on the development by marketing its

Leasing products to customers, successfully bringing over its Hire Purchase customer base into the Leasing segment.

The company also focused strongly on recoveries and collection during the year, dispatching mobile teams to reach customers to recover longstanding and overdue loans. This strategy to visit the customers' doorstep and engage in a one-to-one interaction helped drive our Non-Performing Loans (NPL) levels downwards. The Central Bank recently released a survey about the status of industry-wide NPLs and based on the data therein, Singer Finance demonstrates a much lower NPL ratio as compared to the financial sector as a whole.

The company also achieved a significant reduction in borrowing costs as a direct impact of the low interest regime. The company has astutely derived the maximum benefits from this status quo. Long-term loans were raised from the Debt market through debenture instruments at comparatively low rates against our fixed deposit base. As a result, our interest expenses declined drastically. Not only had this led to a beneficial impact on our overall profitability, but also to a better alignment of the asset-liability tenures.

Financial inclusion remains a top priority in Singer Finance's sustainability agenda, because of which the rural based population forms our key customer base. Our strategically located network has now reached 18 branches and 2 service centres and this enables our

customers located in remote areas to access formal financial services provided by the company.

Status of Central Bank's Financial Consolidation Plan

Singer Finance actively engaged in the consolidation process initiated by the Central Bank of Sri Lanka in the year under review and held several discussions with prospective entities with the aim of acquiring an entity. With the Central Bank now having taken measures to review the entire consolidation process, the urgency that prevailed regarding this process has eased. Although Singer Finance is, in principle, in agreement and supportive of the consolidation process to rationalize and improve the sustainability of the sector, it is not in favour of a time-strapped hurried consolidation process. However, historical records of the sector indicates that organic growth is a more suitable alternative from a shareholder's and wider stakeholder's point of view. The Board of Directors has taken a decision to re-evaluate the consolidation process if and when the Central Bank advises to do so.

Future Outlook

Our future focus in FY 2015/16 will be on the successful launch and growth of our new credit card product. As the first financial company to launch a credit card, we have devised an innovative and aggressive marketing strategy and are fully geared to implement this in the forthcoming weeks and months. Singer Finance has a captive customer base for the proliferation

of the Singer credit card, keeping in mind the massive customer base of Singer Sri Lanka. The technology-backed credit card product will be honed and consolidated in the months ahead. The Singer brand has built up a reputation for reliable technology and we will uphold this by offering our customers technology-backed solutions that meet their highest expectations.

We will also exert greater attention on taking our new product of Factoring to the market. The infrastructure for this new line of business is already in place and to start off we will focus on leveraging on group synergies. We expect brisk group business for our factoring business and intend to, over time, branch out further to canvas for business from the corporate sector. An 'A' category finance company, Singer Finance is demonstrating its growth potential by moving from achieving one milestone after another. We boast of a strong balance sheet today and will continue to harness emerging business opportunities to improve our market presence and enhance profitability.

Our prosperity is inextricably linked to the growth of parent company Singer Sri Lanka. As the sole financier for Singer Mega customers, we are confident of benefiting from the parent company's steady year on year expansion for the past 160 years. By leveraging on the Singer retail network, Singer Finance can


expand its customer reach in a way few other competitors can match, thereby placing us in an enviable market position. The company has been consistent in performance delivery.

Appreciations

I take this opportunity to thank The Chairman and Board of Directors for their invaluable advice at all times. Their continued support rendered my role as CEO an easy one. While thanking the entire board for their valuable contribution made throughout the year, I would like to express my gratitude to the Chairman for his visionary direction. His deep expertise of macro economic issues helped steer the company strategy in the right direction in the face of the unique challenges faced by the economy during the year under consideration.

I would also like to thank the Chairman and Chief Executive Officer of Singer Asia and the Group Chief Executive Officer of Singer Group for their valuable support and guidance. At Singer Finance, we are confident of realizing our ambitious goals because of the competent professional team deployed in all areas of our business. Their commitment and willingness to exceed expectations drives our aspirations as we look forward to a dynamic year ahead.

In conclusion, I would like to thank the Governor of the Central Bank, the Director and officials of Non-Bank Supervision and the Controller of Exchange for their guidance at all times. I thank the General Manager and staff of the Credit Information Bureau, for their expertise towards maintaining our asset quality.



R S Wijeweera

Chief Executive Officer

1st June 2015

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 National Enterprise Development Authority.

He is the Executive Director, Institute of Policy Studies of 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. Marina A Tharmaratnam

Senior Independent Director

Mrs. 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 Setukavalur

Non-Executive Independent Director

Mr. Setukavalur 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., Baur Air Services Ltd., A. Baur & Company (Travel) Ltd., A. Baur Trading (Pvt) Ltd., Baur Agri Exports (Pvt) Ltd., Swiss Trading Group (Pvt) Ltd., Swiss Hotel Management Academy (Pvt) Ltd., Mr. Setukavalur 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. Setukavalur has over 40 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. Setukavalur 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. 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 20 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, BE Far East, Erivale LLC, Singer (Sri Lanka) PLC and several non-profit organisations active in Asia.

He is an alumnus of the University of Chicago.

Board of Directors



Mr. Gavin J Walker

Non-Executive Director

Mr. 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, Brand Trading (Cambodia) LTD, Singer Asia Holdings NV and Singer Corporation Limited.



Mr. R S Wijeweera

Executive Director/ Chief Executive Officer

Mr. 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 36 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 Jayewardenepura 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. Janaka Mendis

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.

Board of Directors



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. Lalith Yatiwella

Alternate Director

Mr. Yatiwella is the Finance Director of Singer (Sri Lanka) PLC. He is also the Secretary to the Board of Reality Lanka Ltd. and former Secretary to the Board of SFLP. 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.



Mr. Premalal 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. Thushan Amarasuriya

Secretary to the Board

Mr. Amarasuriya is the Finance Manager of the Company. He 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).

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 11 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 21 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 19 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. Chamara Gomis

Senior Manager- Credit Card Operation

Chamara has over 19 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.



Mr. Eraj Fernando

Senior Manager - Compliance & Reporting

Eraj has over 15 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. Joe Wijeyagoonewardene

Head of Deposits

Joe has considerable years of working experience both in the public and private sectors holding several positions of which over 33 years have been spent in the Finance Industry heading deposit departments. He is a Justice of Peace (All Island).

Middle Management



Mr. Jeevaka Jayawardena

Manager - Financial Reporting

Jeevaka holds over 16 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

Senior Operations Manager

Has over 11 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. Madhawa Thilakaratne

Senior Deposits Manager

Has over 11 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. Rajindra Gamage

Senior Regional Manager - Kurunegala

Has over 12 years experience in retail banking and over 8 years experience in Financing and Leasing.



Mr. Niranjan Sethunga

Senior Recoveries Manager

Niranjan 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 9 years management experience in Marketing, Credit & Recovery.



Mr. Pradeep Boange

Regional Manager - Kandy

Pradeep has over 20 years experience in the field of Financing and Leasing. Pradeep has a MBA from the University of Wales Institute - Cardiff.

Middle Management



Mr. Nishantha De Silva

Regional Manager - Matara

Has over 25 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.



Mr. Roshan Ruwanpura

Manager - Group Sales

Roshan is presently heading the Group Sales Division of Singer Finance, his overall experience of 18 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.

Junior Management



Ms. Geeshani Sasheeka
Senior Assistant Accountant



Ms. Ruchira Mendis
Confidential Secretary



Mr. Muditha Gunawardena
Senior Branch Manager - Wennappuwa



Mr. Nadeesha Liyanagamage
Senior Branch Manager - Union Place



Mr. D Samaranayake
Senior Branch Manager - Kandy



Mr. S B N De Silva
Senior Branch Manager - Galle



Mr. A G Warna
Branch Manager - Embilipitiya



Mr. H Premakumara
Assistant Manager - Credit & Collections



Mr. Supun De Costa
Assistant Manager - Deposit

Junior Management



Mr. P T S Fernando
Assistant Manager - Recovery



Mr. V P Wijeyesinghe
Branch Manager - Anuradhapura



Mr. G R N Rathnasiri
Assistant Branch Manager - Giriulla



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



Mr. W M M Wasala
Assistant Branch Manager - Thambuttegama



Mr. L K T L Perera
Branch Manager - Wattala



Mr. W A D Shaminda
*Assistant Branch Manager -
Tissamaharama*



Mr. H M S Herath
*Assistant Branch Manager -
Medawachchiya*



Mr. H C K Peiris
*Assistant Branch Manager -
Ampara*



Mr. C Thanushan

*Assistant Branch Manager -
Jaffna*



Mr. D Wijesinghe

*Assistant Branch Manager -
Dambulla*

Management Discussion and Analysis

Economic Overview of FY 2014/15

Sri Lanka's GDP grew by 7.4% during 2014, up slightly from 7.2% in the previous year. A strong forward momentum in the industry sector sustained growth to offset weaker growth in agriculture. The Industry sector grew by 11.4%, up from 9.9% a year earlier, reflecting rapid growth in construction and a pickup in manufacturing apparel for export. Growth in agriculture contracted to 0.2% in the first quarter as drought prevailed through most of the country, but rebounded in the latter part of the year largely due to improved weather in tea-growing areas. Services grew by 6.5% in the first quarter but slowed slightly in the latter half. Exports grew by 16.8% as imports fell by 1.2%, generating a 20.1% reduction in the trade deficit to US\$ 3.5 billion. All major exports - garments, other manufactures, tea, and other agricultural products recorded double-digit growth. Meanwhile, tourism surged by 33.8% to US\$ 1.1 billion and workers' remittances rose by 10.6% to US\$ 3.4 billion. Foreign direct investment doubled to reach US\$ 442.3 million. Higher growth in credit to the private sector and investment in the second half of the year was key to achieving sustained economic expansion.

Growth in 2015 will be affected by the policies of the new government as political uncertainty will put the brakes on FDIs. Construction is expected to slow down after leading growth in recent years. Although investment is forecast to lose momentum in 2015, consumption is expected to pick up as price reductions for food and fuel encourage private consumption. Finally, faster growth in advanced

economies will benefit export industries such as apparel and tourism. Against this backdrop, growth is projected to ease to around 7.0% in 2015.

Non-Bank Financial Institutions (NBFI) Sector

The financial sector performance in 2014 reflected higher growth levels as compared to the previous year. The LFC and SLC sectors, which constitute 7% of Sri Lanka's financial system, comprised of 48 LFCs and 8 SLCs by end 2014. During the year, the LFC and SLC sector branch network expanded by 72 to 1,132, out of which, 47 were opened outside the Western Province. Lower demand for credit moderated LFC and SLC sector asset growth although demand for credit picked up during the second half of 2014. The lower interest rate regime helped to drive credit demand and to maintain the rising non-performing loans at a manageable level. The sector was further strengthened with mergers and acquisitions that took place during the year. Further steps were adopted to strengthen risk management and enhance the capacity of the LFC and SLC sector to facilitate better absorption of risks.

The total asset base of the LFC and SLC sector grew by 18.9% in 2014 to Rs. 853 billion compared to a growth of 20.3% in 2013, driven largely by growth in the accommodations portfolio and liquid assets. The share of deposits among the funding sources of the sector increased to 48.5% in 2014 from 47% recorded in 2013, while the share of borrowings decreased to 25.4% in 2014 from 26.8% in 2013 indicating the shift towards lower cost of short term

deposits from borrowings. Deposits grew by 22.7% to Rs. 414 billion as at the end of 2014, compared to a 32.7% growth in 2013. On this count, banks were able to offer lower deposit rates as compared to LFCs. The total borrowings in the sector reached Rs. 217 billion, an increase of 12.9% as at end 2014 compared to the growth rate of 9.3% recorded in 2013. During 2014, the sector profits climbed upwards due to increased net interest income. The sector posted a profit after tax of Rs. 13.9 billion for 2014 compared to a profit of Rs. 7.7 billion during 2013. Overall, industry conditions for the year 2014 were favourable for the sector.

Our Strategic Assets

- Financial Rating of BBB (Ika) Stable by Fitch Ratings Lanka Ltd
- Ability to raise capital and access to funding at competitive rates
- Capacity to expand island-wide
- Facility for customers to settle payments at 400 plus locations of parent company Singer Sri Lanka
- Skilled and experienced human resources pool
- Technological state of the art software capabilities
- Advanced IT systems
- Backed by 160-year-old Singer, a heritage brand name
- Eminent Board of Directors
- Singer introduced Hire Purchase to the world back in 1851. Our ability to introduce innovative financial products is a core competency of the Singer Group

Our History

Singer Finance is engaged in accepting deposit and extending leases, hire purchase facilities and consumer loans to its customers. The company has 18 regional branches and 2 service centres. In addition, SFLP finances all hire purchase accounts of 15 Singer Mega branches, which is the modern trade channel of the parent company. Initially established as a medium-sized Finance and Leasing Company, it has gained an “A” category finance company rating. SFLP is a profitable operation that is building its own brand identity on the strength of its robust balance sheet and governance controls, although it draws its recognition from the group brand.

Corporate Information

Singer Finance, 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. 8.8 billion. SFLP was listed on main board of Colombo Stock Exchange in December 2010 and currently 19.60% of its shares are held by the public.

Performance Review

The period under review was marked by a focused strategy of consolidation in order to sustain profitability in a difficult year. The low interest regime helped the organization to control borrowing costs. SLFP remained focused on cleaning up its balance sheet for the better. Improved cost management and tactical leverage on group synergies helped the Company deliver a 45% growth in profits, posting a profit of Rs. 388.7 million in the 2014/15 financial year, remarkable compared to the 4.5% growth in 2013/14. This performance surpasses that of the industry, which reported a 93% negative growth as per the Central Bank of Sri Lanka's annual report.

Income from Leasing declined marginally during the year due to low interest rates for lending while improvements were seen in loan recoveries. Interest Income from Hire Purchase grew by 1.8% to Rs 509.1 million over the previous financial year, while Interest income on loans increased by 21.1% to Rs 369.2 million compared to the prior year. The other positive income source was the income from financial instruments. During the year under review, the Company provided Rs. 164.3 million for bad and doubtful debts, which marks a reduction of Rs 49.3 million over the prior year, due partly to resale of repossessed vehicles during the year. As a result of underperformance by agriculture, transportation and construction sectors, the Company's NPLs grew. SFLP successfully maintained a capital adequacy which is well in advance of the minimum requirement of 10%. A detailed analysis of SFLP's financial

performance is discussed in the Financial Review illustrated in page number 42 to 47.

Our Products

Singer Finance offers an array of financial solutions that encompasses leasing and hire purchase financing, financing purchase of consumer products, and personal loans and business loans.

Leasing

Our Leasing portfolio performed exceedingly well during the year, recording a growth of 27%. Further, the provisioning amount reduced due to an improved economic scenario. Although the first half of the 2014/15 year was sluggish, the latter half experienced an uptick in business volumes due to a reduction in vehicle taxes, particularly for Indian cars, demand for which rose significantly. Singer Finance provides leasing facilities for brand new vehicles.

Hire Purchase

Although Hire purchase gained popularity due to VAT concessions given when financing used vehicles in the previous year, the receivable balance declined. The reason for this was the fact that we took a conscious decision to shift from Hire Purchase to Leasing mode of financing vehicles due to VAT being exempted from Hire Purchase due to a new ruling brought in by the regulator. Most new contracts during the year were shifted to leasing. Singer Finance provides Hire Purchase facilities for used vehicles and agricultural equipment.

Management Discussion and Analysis

Group Sales

The most profitable segment in our portfolio, Group Sales has been posting a remarkable performance year on year. This segment contributes almost 21% of our revenues. The business grew from Rs. 1 mn to Rs. 1.85 mn in the year under review. Leveraging on the group synergies of the Singer brand, Singer Finance offers employees of public and private sector companies the facility to select any Singer consumer product and pay for it in monthly installments, which are then deducted from their respective salaries and remitted to us by the employers. Many organizations are looking on this facility favourably as a means of extending extra benefits to their employees through our financing service. Leading garment factories, government school teachers and armed forces personnel constitute the key customer base in this segment. Customers enjoy the benefits of the product from the very first day without being obliged to pay the entire sum upfront. In order to leverage on group synergies further, a dedicated unit has been set up to handle Group Sales to ensure superior customer service. Although competitors have tried to make headway in this segment, our decades-old experience and group best practices makes us the market leader in driving group sales.

Deposits

During the year under review we were forced to reduce the interest rates on deposits even further as the Company was able to raise debt through alternative sources at low borrowing rates. This caused a marginal decline in our deposits portfolio as a certain segment of

customers seeking short term high rates withdrew their deposits. However, we are happy that the majority of our customers who realize our long term financial security goals, continued as loyal customers. Further, the offer from government banks of high rates of interest for deposits from senior citizens also caused a dip in the business for non state owned banks and financial institutions. The low interest regime holds the potential to drive away deposits to more lucrative investment vehicles and we remain mindful of tackling this challenge. Despite the challenges, the Company has preferred to opt out of rate competition which has caused financial irregularities in the industry in the past, preferring to offer a steady rate on interest on deposit while offering a secure and reliable institution. 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.

'Singer Muthu' Savings Accounts

Singer Finance is steadily establishing a strong reputation as a Company that offers a secure option for opening children's savings accounts with, which will offer security of deposits and long term benefits for the child until he or she becomes older. The 160 year old Singer brand is a trusted household brand and we leverage on this brand loyalty by offering value added services to our customers. In the year under review, we experienced sevenfold growth over the previous year. During the year, we expanded our

network to reach 20 locations and undertook an aggressive drive to promote savings. We are confident that a combination of these efforts will help to drive this segment in the upcoming financial year. Our staff is trained to understand the need for personalizing customer care and for customizing our services to the greatest extent possible, so that a personal rapport is built up between customer and the Singer Finance brand.

Singer Mega

In the year under review, Singer Finance remained focused on servicing Singer Mega customers with hire purchase facilities apart from catering to non Singer business.

Money Exchange

The year under review posed a challenge to this segment of our business due to the strengthening of the rupee against the US dollar and other currencies, thereby not allowing us to reach our forecasted growth.

The money exchange service has been extended across our branch network. We retain an edge in this segment by offering competitive market rates.

Key Challenges & Our Response

Key Challenges	Singer Finance (Lanka) PLC Response
<p>Challenges in Sustaining Optimal Spread</p> <p>It is of paramount importance that the Company sustains its spread in order to increase shareholder wealth in the long run. The volatility experienced in interest rates from time to time due to local and international economic factors makes it difficult to sustain optimal spread.</p>	<p>SFLP reviews its Interest rate spread against its plan and compares it to the previous year on a monthly basis and takes corrective action where necessary.</p> <p>The company has increased financing consumer durable items as this product provides high yield and also has low risk due to these products being small ticket items. In addition to above, these products are relatively short term. Hence, the Company has flexibility to adjust its lending rate based on the borrowing rate, keeping its Interest rate spread at optimal level, thus achieving the objective of growing shareholder wealth.</p> <p>The Company has also taken steps to introduce products with relatively short repayment periods. This will provide flexibility to adjust the lending rate when required as the tenure of these products is short.</p>
<p>Challenges faced in Information Technology (IT)</p> <p>The industry as a whole faces the challenge of harnessing IT systems to provide necessary information required by ever evolving requirements of regulators and other bodies. In addition, the challenge of maintaining the IT system at the optimum operating level is a requirement for the Company to succeed in its operations.</p>	<p>IT processes are reviewed by a special team of internal auditors who are equipped with the necessary skill and knowledge. Further, IT staff is trained to upgrade their knowledge on latest technology and developments. SFLP is following data security standards and has very strict control mechanisms.</p> <p>SFLP invests in required changes to the system in order to support the smooth functioning of the operation and to keep the system abreast of the industry.</p> <p>The modern and highly effective ERP of the parent company Singer (Sri Lanka) PLC enables synergies, whereby SFLP customers can make their payments through any of the branches of the parent company spread across the country</p>
<p>Challenge in finding individuals with necessary skill and knowledge from the market to fill vacancies</p> <p>Singer Finance always emphasises its recruitment process. We experience a shortage of qualified individuals in certain positions</p>	<p>Singer Finance follows a proper recruitment process and acquires individuals with necessary skill and knowledge to fill every vacancy that arises. The Company trains recruited individuals through various training programs conducted internally as well as externally.</p>
<p>Challenge due to volatility in market values of the vehicles leased</p> <p>Downward revision in duty structure will result in reduction of market values.</p>	<p>SFLP has strict credit evaluation criteria and will approve a facility only if the credit evaluation criteria are met. The Company gets appropriate collateral when approving a facility.</p> <p>Credit Committee overlooks the Credit Criteria and, in addition, the Integrated Risk Management Committee will also report on the same to the Board.</p>

Management Discussion and Analysis

Opportunities & Our Strategies

Opportunities	Singer Finance (Lanka) PLC's Future Strategy
Market and product development SFLP has the opportunity to move into new markets and products	SFLP is always looking to explore new products and markets. The Credit card and Factoring businesses are testimony to the commitment of the Company to explore new products. Also, the Company will develop its market presence steadily by increasing the number of outlets.
Prevailing Low borrowing rate regime Borrowing rates came down steadily during the 2014/2015 financial year	Singer Finance has taken steps to issue a debenture to lock funds for a longer period at a lower cost. This will enable the Company to enjoy higher spreads in the mid to long term.
Increasing Credit growth in the economy Upward march in Credit growth will increase the money circulation in the country as a whole	<p>With increased Credit growth, the Company is flushing out its repossessed vehicles, thus realizing assets that does not yield a return</p> <p>At the same time Company is being more aggressive in their business lending in order to take advantage of the credit growth.</p>

Threats & Our Response

Threats	How Singer Finance (Lanka) PLC Response
Banks entering into Leasing Segment Leasing is considered to be a product for Finance Companies. However, in recent times, banks have entered the Leasing industry and with their low cost of funds are posting a challenge to the finance companies	<p>Singer Finance provides a very efficient service with minimum hassle and documentation. Also, Singer Finance recognizes its business partners and rewards them accordingly.</p> <p>In addition to above, the Company has spread its business risk by entering into new businesses such as Factoring and Credit Cards in addition to financing consumer durables.</p> <p>Thus, the challenge posed by banks by entering into leasing industry has been mitigated.</p>
Competition in the industry The Finance Industry is getting competitive by the day with the growth of the new players and the entry of new players to the industry (such as banks)	SFLP will capitalize on its brand strength, superior service quality and expertise on disbursing consumer loans and issuance of Credit Cards to differentiate itself from competitors.

Threats	How Singer Finance (Lanka) PLC Response
Data Protection Data protection is of high importance as cyber-attacks causing loss/theft of data of Companies has increased overtime.	SFLP regularly reviews its system and has implemented data security policies to minimize the threat of loss of data. Internal Controls are designed to detect any intentional malpractices and access controls are in place to protect physical data. All these are periodically reviewed through a four-layered audit review, namely, Internal auditors, Corporate Auditors, External Auditors and IT Auditors. Employee Contracts, legally bind employees to safeguard Company data. SFLP replicates system data in an offsite real time disaster recovery site and conducts disaster recovery drills on an annual basis.

Future:

As one of the prominent finance companies in the country, Singer Finance has been expanding at an exponential rate, expanding operations and garnering a loyal customer base. A strong focus on its core business and truly exceptional customer service are vital factors in its success story. Dynamism is a byword at Singer Finance and to demonstrate the spirit of innovation that has kept the Singer brand aloft for over a century and a half, the Company is excitedly looking forward to rolling out some path-breaking products and services to customers in the upcoming financial year.

Singer Finance is the first licensed financial company to be granted a license from the Central Bank of Sri Lanka to issue a credit card, which will be introduced to the market in the latter half of the 2015 year. Led by Singer Finance's financial inclusion philosophy, the credit cards will be marketed to the Singer brand's strong consumer base, many of whom are located in rural areas.

As mobile technology and online financial transactions become the norm, the Company believes this is the right time to introduce the credit card. The Singer Finance credit card is an approved Visa card and can be used locally and internationally. The unique feature of the card is that it will empower even those in the lower income bracket to transact using the credit card. After the initial introduction and launch of the credit card, the Company intends to offer an array of exciting extra benefits in the form of discounts, promotions, loyalty points and so on, to the Singer Finance credit cardholders. The Singer brand is already a household brand in Sri Lanka and the value addition of Singer Finance's range of financial services and the credit card will encourage customers to engage with the brand from a 360-degree approach.

Moreover, we have already introduced factoring in the market and look forward to growing this new business segment in the upcoming financial year. Apart from garnering captive in-house business, we intend to canvas

for external business. In the year ahead Company plans to introduce handheld devices to be deployed for the purpose of collecting rentals. This will be a further convenience for our customers.

Overall, we will remain focused on our core financial services of Leasing, Hire Purchase and Loans, while adding infinite value to our stakeholders through innovative means. The easing of monetary policy is driving intense competition and we have geared up with an arsenal of products that will be able to ward off competition and help us retain our pole position in the industry.

Financial Review

The financial year concluded was mixed, in terms of risks and rewards emanating from the economy. During the early part of the year, the agricultural sector of the country continued to face adversities due to flooding and droughts, perhaps the effect of global warming has begun to set in and we may be entering a period of consequences. More often than not majority of the consumers are affected when the weather gods are unkind, due to living expenses increasing. Fortunately as mentioned above, mix fortunes during the year under review, meant that latter part of the period under review experiencing resurgence. The macro economy, weather and political environment began to turn towards the better, resulting in low interest rates and improved liquidity in the economy. Despite low interest rates credit growth in the private sector was stagnant for most part of the year; however, credit began to pick up toward the latter which aided the Company's performance matrix.

In the beginning of the financial year, Management established controls in areas highlighted to be of high risk, as a result credit to agricultural sector was squeezed and ceilings were placed on credit exposure to facilities that are of high risk. Management also managed the cost of borrowing with close scrutiny and was paid rich dividends in terms of a low interest bill. There was increased focus on recovery activities and also disposing of re-possessed assets given up by the lessees, which resulted in clearing up a strong balance sheet, even further.

Recruitments were managed within plan levels and manageable cost factors were kept under close scrutiny during the year under review. All these efforts transpired to a 45% growth in profit for the year which reached Rs 388.7 million.

Basis of Preparation and Comparative Figures

The financial statements for 2014/15 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.

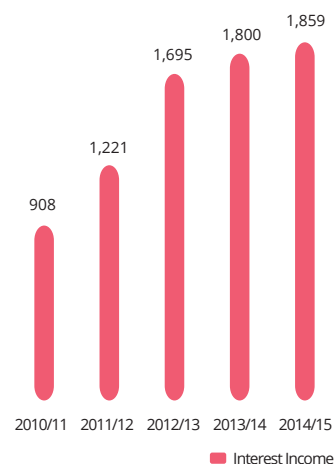
Revenue

Gross Income of the company grew by Rs 91.2 million (4.8% growth) to Rs 1.986 billion compared to the prior year. Income of the company constitutes Interest Income, Fee and commission income, trading income and other operating income.

Interest Income for the year under review grew by Rs 59.3 million (3.3% growth) to Rs 1.858 billion compared to the same period prior year, Fee and commission income grew by Rs 19 million (37.8% growth) to Rs 69.3 million compared to prior year, Income from service charges amounting to Rs 45 million contributed most to fee based income category which was followed by insurance commission Rs19.2 million and commission income Rs 5.1 million. Net trading income

amounting to Rs 814,302/- related to trading profit from buying and selling of foreign currency. This segment is a relatively 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 12.1 Mn (27.1% growth) to Rs 56.9 million.

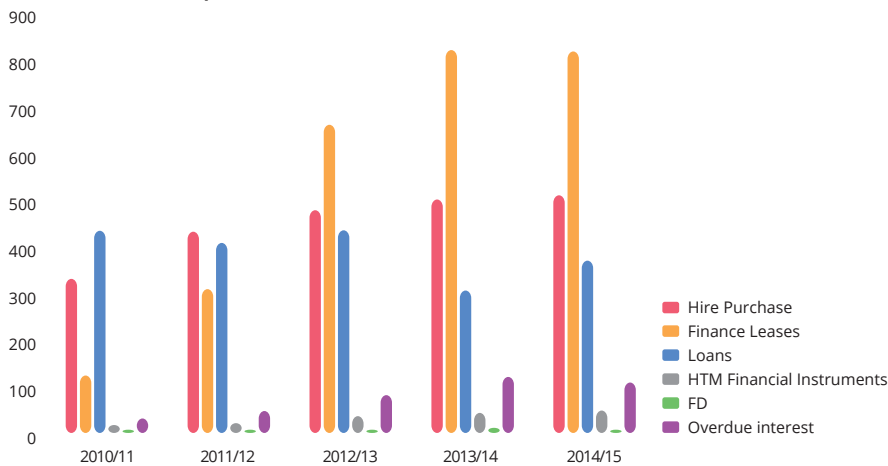
Interest Income (Rs.Mn)



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.

Components of Interest Income (Rs.Mn)

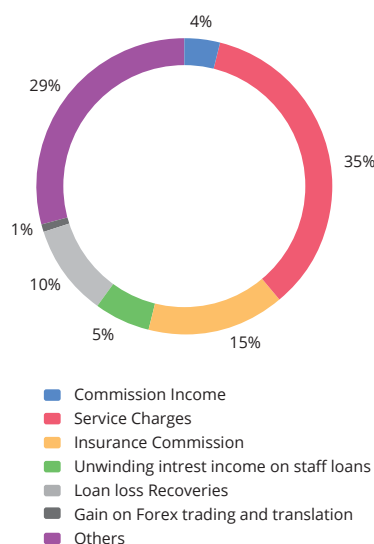


Interest Income from Hire Purchase grew by 1.8% to Rs 509.1 million over the previous financial year, Interest income on loans increased by 21.1% to Rs 369.2 million compared to the prior year. The main contributor to interest income was from the increase in group sales during the current year. The other positive income source was the income from financial instruments (Held-to-maturity). The increase over the prior year recorded was Rs.4.6 million and reached Rs. 47.9 million. Interest Income from leasing decreased by 0.3% to Rs 817.1 million. Even though the overall interest income grew by Rs. 59.3 million, lease interest, overdue interest and interest income on placement with banks reported a combined deceleration of Rs. 18.9 million compared to the previous financial year. The reason for the drop in income from Leasing is attributable to low interest rates for lending compared to the prior year, with overdue interest receding due to better paying in ratios which signifies improvement in loan recoverability and income from

placement from banks too receded due to drop in interest rates in comparison to the prior year.

Other Income

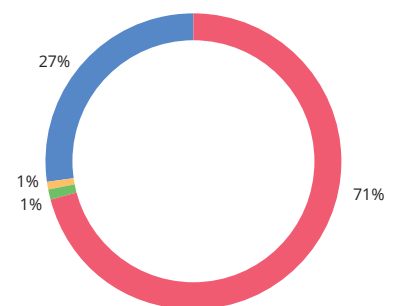
Analysis of Other Income



Other Operating Income grew by Rs 12.1 million (27.1% growth) to Rs 56.9 million and constitutes mainly of, Unwinding Interest Income on Employee Loans, Loan Loss Recoveries and other

sources of income such as return cheque charges, income from bank guarantees issued on secured fixed deposits.

Composition of Interest Cost



Interest Deposit from Customer
Interest on Bank Loans
Interest in Commercial Papers
Interest on Inter Company Payable
Interest on Debenture
Interest on Bank Overdrafts

In the year under review interest costs decreased by Rs 90 Million (11% reduction) to Rs 669.4 million year on year (YoY). Interest cost from all the sources except interest on debentures showed a positive variance compared to the previous year. As a combined figure the reduction of all interest expenses sources reported was Rs.169.2 million whereas the debenture interest grew by Rs. 79.2 million. SFLP has settled its borrowing during the year amounting Rs. 410.2 million which supported the reduction in interest costs and as mentioned earlier reduction in borrowing rates also have a favorable impact on the results. Further, the Company has settled Intercompany loans and the decrease in fixed deposits have also added a further impetus to reduction in the interest expense. It should be noted that the 5 year debenture issued back in August 2013 with an effective rate of 15.05% was one of the lowest at the time of

Financial Review

issue and resulted in the company aligning its asset-liability tenures and fixing its spreads during 2013/14.

Debt to equity ratio was 2.43 times compared to 2.69 times in the prior year.

Net Interest Margin (NIM)

The Company Net Interest Income (NII) grew by Rs 149.3 million to Rs 1,189 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.

	2014/15	2013/14
Net Interest Income	1,189,525.34	1,040,187.82
Average Earning Assets	8,018,850	7,234,285
(Total interest income as a % of average earning assets)	14.83%	14.38%

Net Interest Margin (NIM) grew by 45 basis points to 14.83%. The portfolio of high yield short term consumer durable loans is a factor that contributes a high NIM compared to the industry and competition.

Staff Cost

Staff costs increased by 30% to Rs. 228.51 million YoY. This increase is correlated partly to the increase in head count which stood at 256 Vs 245 as at 31st March 2014 and to increase arising from higher bonus provision compared to the base year, increments and cost of living adjustments which was on average a 12% increase to general staff also contributed to the increase in staff costs. The increase in number of heads was to supplement income generating activities such as staff for the newly acquired Singer

Mega operations; 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 7% to Rs. 318.8 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 2015 was 37.8% Vs 40.2% as at 31st March 2014. This improvement is significant and is mainly attributable to the decrease in Allowances for Impairment charges for Loan and Other Losses as well as the reduced administration and selling expenses.

Bad Debt Expenses

During the year under review Company provided Rs 164.3 million for bad and doubtful debts this was a reduction of Rs 49.3 million over the prior year.

The reduction was aided by auction sales held for the repossessed vehicles during the year which

resulted in reversal of provisions relating to re-possessed vehicles that were sold. Main sectors contributing to non-performing loans were agriculture, transportation and construction segments.

Further, increased recovery activities in terms of recovery drives and outsourcing of certain recovery functions, resurgence in the agricultural sector and other industries contributed to lower provisioning requirements

Value Added Tax On Financial Services

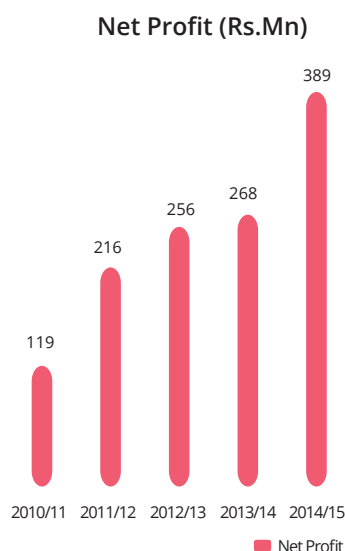
Value added tax expense for the year was Rs 38.7 million compared to Rs 28.4 million in the prior year. The increase in value added tax on financial services is mainly due to the increase in income from group sales which is liable for financial VAT.

Income Tax Expense

Income Tax Expense was Rs 177.4 million as against Rs 105.8 million in the previous financial year. The Company's effective tax rate for the year was 31.24% compared to 28.3% in the previous Financial Year. Increase in add backs has contributed to the increase in the effective tax rates.

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

Net Profit



The Company recorded a net profit after tax of Rs 388.7 million which is a 44.7% growth year on year, this is a remarkable growth compared to the 4.5% growth in 2013/14. This is also a commendable performance when compared to the industry, which reported a 93% negative growth as per the annual report of Central Bank of Sri Lanka.

Earnings per Share

The Company's earnings per share for the year was Rs 2.35 compared to Rs 1.62 in 2013/14

Price Earnings Ratio

The price to earnings ratio of the Company as at 31st March 2015 was 7.78 times Vs 7.45 as at 31st March 2014.

Dividends

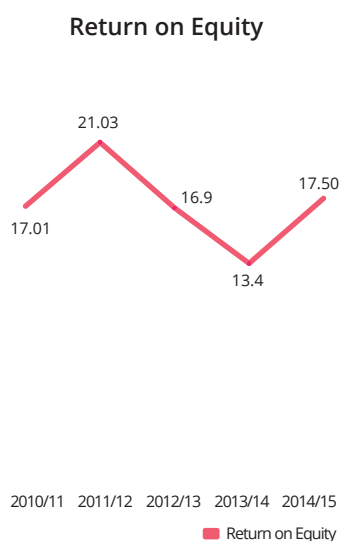
A final dividend of Rs.1.25 per share was approved by the board of directors. SFLP has been consistent with its dividend pay-outs Rs.53.39 compared to last year in which Rs. 0.65 per share was paid.

The dividend payment has been approved by the Central Bank of Sri Lanka and the ex-dividend date is 11th of June 2015 and payment of dividends subject to the receipt of the solvency certificate will be the 19th of June 2015.

Solvency

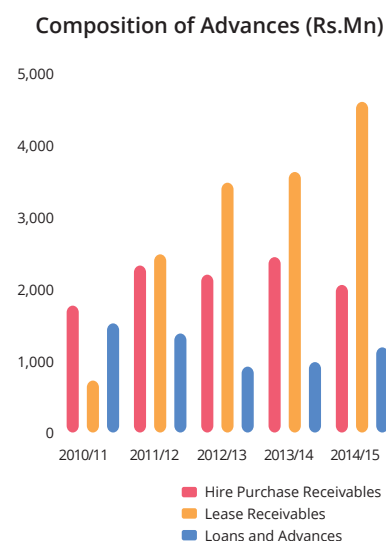
Section 56 of the Companies Act no 07 of 2007 requires that a solvency test be carried out prior to the payment of dividends. The Board of Directors will obtain a certificate of solvency from the Auditors prior to the date of dispatch of the proposed dividend payment.

Return on Equity – (ROE)



Return on Equity for the year under review is 17.5%, whilst in the previous year it was 13.4%. Return on Equity has been computed by comparing the profits for the year and average total equity as at reporting date.

Assets



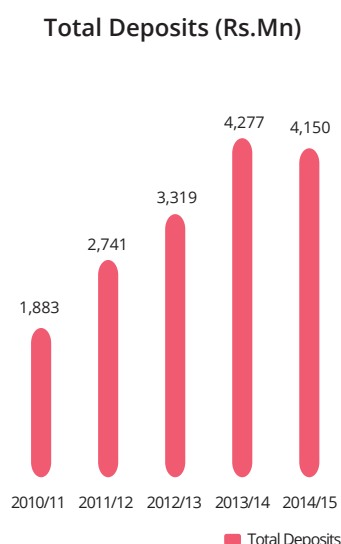
The total asset base increased by Rs 762 million from Rs 8.084 billion in 2014 to Rs 8.846 billion in 2015. Main increase was from, Lease receivables which grew by Rs 975 million to Rs 4.6 billion and Loans and Advances which grew by Rs 204 million to Rs 1,185 million. There was significant growth in Financial Instruments held to maturity which grew by Rs 163 million (36% growth) to Rs 617.6 million. Other debtors and pre-payments grew by Rs. 25.1million (21.6% growth) to 141.4 million.

Financial Review

Liabilities

Total liabilities as at 31st March 2015 were Rs 6.482 billion, which includes public deposits amounting to Rs 4.1 billion. Interest bearing loans and borrowings amounting to Rs 1.6 billion, this balance consisted of Rs 1.234 billion debenture liability and Rs 325.2 million bank borrowings.

Deposit Base



The public deposits of the Company receded marginally by 2.97% compared to the prior year. Last government budget recommendations offered a 15% rate of interest per annum up to a maximum of Rs 1 million for senior citizens, which resulted in a portion of deposits being invested elsewhere. However, the public continues to be supremely confident of Singer Finance as they invest their savings with us for the trust that we have safeguarded over the years and for the superior standard of service provided.

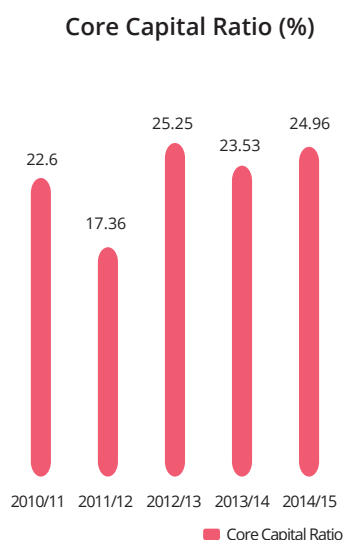
The growth in saving deposits recorded was Rs. 63.9Mn (639.3%) to the current year figure of Rs. 73.9Mn

The composition of customer deposits on the total borrowings of the company was 72.3% compared to 76.4% in the prior year, this deceleration indicates the fact that the Company is not completely reliant on the deposit or savings base for funding, which is a factor that the wider stakeholders of the Company will appreciate. SFLP has over a Rs 0.8 billion worth of unutilized bank facilities obtained independent of any guarantees from the parent company which is an indication of the strength of the Company's balance sheet and good governance practices which the Company upholds without any compromise.

Total Equity

Equity increased by Rs 279.6 million over the previous financial year and accrued from profit for the year Rs 388.7 million less the Dividends to be paid Rs 206.6 million.

Capital Adequacy



SFLP has maintained a capital adequacy which is well in advance of the minimum requirement of 10%. As at 31st March 2015 both the core capital and capital base stood at Rs 2.002 billion. With the core capital ratio being 96% 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 spent Rs 330 million for operating activities. This was mainly due to the increase of funds and advances to the customers, cash payment to employees and suppliers, fund utilization on held-to-maturity etc.

Net Cash Flow from Investing Activities

During the year under review Company invested Rs 9.2 million in acquiring property plant and equipment and incurred Rs 2.9 million in software development, net cash used in investing activities decreased by 69.7% to Rs 12.19 million when compared to the prior year.

Cash flow from Financing Activities

Net cash received from financing activities was Rs 167.7 million. The Company settled Rs 410.2 million worth of interest bearing loans and borrowings and borrowed Rs 685 million in the year under review, company paid dividends amounting to Rs 106.9 million in the financial year under consideration

Cash and Cash Equivalents

As at 31st March 2015 cash and cash equivalents of the company decreased by Rs 174.3 million to Rs 25.6 million over the prior year.

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

Sustainability Review

Singer Finance has aligned its business goals to meet the needs of the society and the environment in a way that creates mutually beneficial outcomes for all stakeholders. Our sustainability ethos is drawn from the 160-year-old Singer brand, which embodies generations of trust. One of our long-term sustainability goals is the social development of the people of the nation. By ensuring sound governance and risk controls and by creating wealth for our shareholders, we have created an organisation that will survive into the next century and beyond. By financing consumer goods and vehicles, we breathe life into people's aspirations. We perceive our role of advancing our customers' lifestyles as our key sustainability goal. We hold deep domain expertise in the finance business and we leverage our expertise to the fullest extent, so that its multiple benefits cascade down to all our stakeholders.

Our Stakeholders

The company has identified its stakeholders as those who impact or are impacted by the company directly or indirectly. In order to set our sustainability strategy, we rely on stakeholder feedback garnered through regular personalized engagement with all stakeholder groups. After this step, we devise how best we can benefit our stakeholders through our area of expertise.



Investors

Singer Finance focuses on its core business to deliver solid profit growth for shareholders. We are constantly adopting new strategies to strengthen our portfolio and to position the business for higher growth. Our investors and shareholders have entrusted the Company with their wealth and we believe that we have a deep commitment to deliver above industry returns on investment. This is precisely why aspects of our operations such as risk management, governance controls, accountability and ethical transactions are monitored and supervised by strict systems and processes. Singer Finance remains committed to providing a steady dividend to its shareholders and closely engages with all investors and shareholders through regular communications, press releases, personalized letters, annual report and quarterly reports submitted to the CSE every quarter.

Customers

Singer Finance leverages strongly on its parent company, Singer Sri Lanka's dominant presence in the retail sector. While this enables us to offer a unique value proposition to our customers, it also requires us to be customer oriented across our functions. The financial industry is characterised by steep competition and in order to differentiate ourselves, we focus on close customer engagement. We listen to our customers and customize our solutions to meet their needs. A regular channel of communication between the Company and customers is maintained through press articles, traditional and social media presence, and one-on-one engagement at customer touch points. Our customer base defines our future growth and towards this end we adopt a number of measures to facilitate customer convenience and comfort. Besides at Singer Finance, they can make due payments through 400-plus Singer (Sri Lanka) PLC outlets, which greatly enhances their convenience. Our responsibility to provide a secure and stable financial instrument for our customers is a foremost priority and necessitates a retinue of checks and balances to be put in place to safeguard customer deposits. Our brand of superior customer service has become legendary in the country and we leverage on advanced technology to hone this further.

Financiers

Banks and financial and other lending institutions with whom we transact on a regular basis form a valuable segment of our stakeholder group. By providing us with the necessary capital when the need arises, they create a strong bond with our Company. In return, Singer Finance upholds their trust by meeting all contractual obligations. Our strong risk and governance controls are recognized by these institutions that in turn reinforce the efficacy of our systems and processes when they enter into contracts with us.

Pressure Groups/Media

Singer Finance enjoys a strong brand presence and since Singer is a much loved brand, we have always shared a pleasant relationship with pressure groups/media through our history. The brand's strong compliance with governance and adherence to quality standards has ensured that it has never been involved in any controversy with consumer groups. We treat Pressure Groups/Media with equal respect.

Competitors

The financial industry is always in motion and Singer Finance must change and evolve to retain its competitiveness. We believe that lack of competition builds complacency and therefore we welcome greater competition which drives greater innovation, maturity and higher standards within the Company and across the industry at large. As a Company, we have consciously avoided competing on price points and anti-competitive behaviour, preferring instead to create a distinctive value proposition

for customers which cannot be bettered by rivals. Singer Finance envisions itself as a thought leader in the industry and engages its competitors and Industry at regular meetings held by the Leasing Association, where issues related to the industry are deliberated upon for the betterment of the industry.

Government and Regulators

As a well-established Company, we have a responsibility to the people of the nation and we earn this trust through our commitment to compliance with laws of the land and rules laid out by the government and regulators. We remain ever vigilant to ensure that we hold the most compliant processes and capabilities, paying all relevant taxes and aligning our services in line with growth sectors as expressed by national policies. We consider our role in enhancing lifestyles as a contribution to the government's agenda of improving the per capita income and living standards of citizens. We support national goals of reducing unemployment and improving access to financial services via our island-wide network. Our target group consists of the agriculture sector and rural economies, yet another example of how Singer Finance empowers the underprivileged sectors to thrive and prosper.

The Company remains in close touch with the Central Bank, Securities & Exchange Commission and Colombo Stock Exchange, as well as other national regulatory bodies, and provides necessary information when requested, along with maintaining high standards of financial reporting. During the year under review, no legal action or actions on regulatory non-

compliance against Singer Finance were recorded. Details about our compliance framework is provided in the Corporate Governance section of this report from pages 66 to 86.

Community

Empowered communities form the backbone of the nation and we put our greatest effort into facilitating the growth and progress of communities by extending valuable financial assistance along with engaging in far reaching social responsibility projects that transform lives. Much of Sri Lanka's population is located in rural areas and we have reached out to these often under-served segments of society with our financial solutions to improve their lifestyles.

The Singer Finance 'Rs 10 fund,' has been instituted wherein employees voluntarily contribute Rs. 10 every month for a charitable fund. The challenges facing communities are complex and we would like to bring about a difference in the deepest manner possible by leveraging on our expertise and our brand presence to give back to the community.

Environment

Burgeoning population and increased pressure on natural resources is threatening the future sustainability of the planet. While much is now known about where these threats emanate from, we believe it is our responsibility to assess our impact on the organization and to mitigate any harmful impact wherever possible. As such, we have included the environment as a key segment in our stakeholder group. As a financial

Sustainability Review

services company, our use of natural resources is within reasonable limits. However, our focus is on simplifying usage of these elements down to the minimum, so that we reduce our carbon footprint. Employees are encouraged to go paperless, official transport is rationalized and optimized, while emissions are monitored by installing energy efficient office automation and technology. Moreover, the architectural design of our new premises encourages natural light to enter the indoors while LED lighting and Led computer screens are in use through the building.

Period under consideration	1st April 2014 to 31st March 2015
Total used papers collected for shredding	947 Kgs
Number of fully grown trees saved	16
Oil saved	1,650 Ltrs
Electricity saved	3,760 Kwh
Water Saved	29,873 Ltrs
Land fill	3 m ³
Green House gas emission saved	947 Kgs of Carbon

Employees

Our employees are a vital factor for our success in a fiercely competitive industry and our strategy to differentiate on the basis of customer service and unique financial solutions renders employees that much valuable, as they are key drivers of our business growth. We achieve our sustainability strategy in relation

to our employees by valuing, challenging and rewarding our employees.

Our advanced hiring and recruitment processes enable us to recruit some of the best talent in the industry to complement our current team. Moreover, training and development of employees is an ongoing endeavour and we like to believe that we create leaders not followers. Our 160-year-old group best practices in people management holds us in good stead and has lent us a reputation for being a preferred employer in Sri Lanka's corporate sector. Our close-knit culture, with employees deeply engaged with one another and the company makes our workplace a home away from home. Our employees come to work every day secure in the knowledge that they are valued and nurtured.

Our Human Resource (HR) Philosophy

By adhering to a comprehensive HR 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
- Complaints

- Grievances
- Rules of disciplinary procedure
- Relative's employment/Business relationship
- Sexual harassment in the workplace

Respecting Human Rights & Promoting Equality

Respect for human rights is ingrained in our culture and guides our interactions with our employees and other stakeholders. We perceive ourselves as the guardians of human rights amongst our stakeholder group that comes under our ambit of influence. Various checks and balances are in place to ensure no human rights abuse takes place amongst our valuable associates. Singer Finance has instituted a Code of Conduct that defines how employees can expect to be treated by having their rights protected. The Code of Conduct is compliant with constitutional rights and human rights enshrined in the international treaties that Sri Lanka is party to. 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. The Company proactively encourages its stakeholders to practice a similar respect for human rights and equality.

Decent Work

The International Labour Organization (ILO) states that work is a source of personal dignity, family stability, peace in the community, democracies that deliver for people, and economic growth that expands

opportunities for productive jobs and enterprise development. Hence, as a Company that subscribes to this philosophy, we ensure that all the job roles within the organization get adequate reward and recognition and that they are imbued with dignity. We comply with local labour statutes and ensure opportunities for skills development and sustainable livelihoods for our employees to ensure a happy workforce.

Equal Opportunity Employers

Singer Finance does not discriminate on the basis of race, age, creed, colour, religion, sex, gender, or disability. It is an equal opportunity employer fully committed to achieving a diverse workforce and complies with all laws and regulations regarding non-discrimination.



Singer Finance Demonstrates Equal Opportunity Culture

Visually disabled Ranga Sampath Gunapala, aged 25 years, hailing from Padaviya is thriving as an employee of Singer Finance Medawachchiya branch. Hired in the capacity of a Customer Service Assistant in 2013, he has been supported and encouraged in his job role by the Company and employees. Besides, the young man has displayed resilience and tenacity by delivering his duties effectively and by showing a thirst for knowledge and learning. Born to a modest farming family, by securing a future with Singer Finance, he has been able to enhance the living standards of his family and to grow beyond his visual disability.



Singer Finance Supports Sports

Aged 22, Jeyendran Surender from Colombo, is employed as Customer Relationship Officer, engaged in calling for arrears, contracts and following up on payments. He is a promising hockey player who is being supported by the company. He is released by the company as needed for practices and his foreign tours are sponsored by the company. He has represented the Sri Lankan Colombo Under 13 Team for the 32nd Pesta Hockey International Tournament Held in Malaysia 2005; the Sri Lankan Under 18 Hockey Team for the 3rd Asia cup Held in Singapore 2011; the Sri Lankan Under 21 Hockey Team for the 7th Men's Junior Hockey Asia cup 2012; and the Sri Lanka Under 21 Hockey Team for the 4th Mens Junior AHF cup 2014(Vice captain); as well as received Western Province Schools colours for Hockey in 2010, Sri Lanka Schools Colours for Hockey in 2010 and Sri Lanka School Colours for Hockey in 2012. The company is helping him realize his sporting ambition while providing hope to many other youth who want to strike the right balance of achieving sporting feats while working with a caring employer who understands them.

Sustainability Review

Code 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.

Child & Forced labour

We declare that employees recruited by us are over the age of 18 and that no individual has been coerced under pressure or threat to work for the Company. Further, we do not tolerate child labour and compulsory labour in any form.

Grievance handling

If any staff member has a grievance, it is dealt with at an early stage by the immediate superior to the complainant's satisfaction. However, we also have a formal grievance in place for handling grievances for employees who would like to make formal complaints. We ensure fairness and partiality at all times through the process, while the complainant is assured no punitive action will be taken for lodging the complaint.

Occupational Health and Safety

Singer Finance is committed to the occupational health and safety of its people. Although our employees are not exposed to manufacturing or industrial hazards, we extend consideration to other aspects of

health and safety in the workplace. A healthy workforce is also a productive and happy workforce, and we encourage the health and well-being quotient by paying attention to ergonomics, quality of light and air, and so on. We also provide sports and recreation facilities at the group head-office, which includes a state-of-the-art gym for the benefit of employees.

Industrial Relations

No industrial disputes of any sort were reported during the period under review as we have an open channel of communication between employees and manager and a strong grievance handling process to engender a co-operative work culture

Policy against Sexual Harassment

One of the key principles in our HR policy is a zero tolerance policy for sexual harassment in the workplace. Awareness campaigns are carried out on the issue and anyone facing sexual harassment is encouraged to report the incidents. No complaints of sexual harassment were reported during the year.

Supporting Academic Pursuits

The Company encourages its employees to pursue higher studies and gain further technical and professional qualifications in the area of their interest. Two educational support schemes are in place to help employees achieve their educational goals:

- The Company grants a lump sum of Rs. 225,000/- for the employee's educational needs. Once availed of by the employee, he or she must 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.
- 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.
- Moreover, the Subscription fees to any one professional body are reimbursed for all management grade staff

Training & Development

Training and development is a vital component in retaining staff and building employee loyalty. The Company demonstrates its seriousness with regard to training and enhancing the skill and knowledge base of employees by investing heavily 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. In turn, our better qualified employees deliver higher customer satisfaction rates, which boost the Company's bottom line and reputation.

Responsibility	Initiatives
A detailed account of training requirements is submitted by Divisional heads in the third quarter of every year. After being analyzed, our Group Training Division implements tailor-made programmes to address these training needs.	<p>These training needs are met through:</p> <ul style="list-style-type: none"> • External training programmes that send individual employees to seminars, conferences and technical sessions • Internal programmes that train groups of employees in particular skill sets.
Skill gaps are identified by Department heads via the annual performance appraisals and the skill requirements needed are outlined.	<p>These needs are met through Singer's Training Division which is staffed by full time trainers and offers one of the best training environments among business organisations in Sri Lanka.</p> <p>In addition to 'in-house' training, the Company also provides external training for its staff.</p>
A structured training system is in place to identify and build potential through unique initiatives:	<p>The 'High Flyers' - Aimed to close skills gaps of 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. Under this programme, soft skills, such as 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.</p> <p>'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. Many who completed the training were promoted to the middle management level in the past.</p> <p>'Middle Manager Development' - This programme aims to refresh and hone 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.</p> <p>'You are a Game Changer' - Singer Finance's Annual Awards night themed.</p> <p>Motivates our employees to perform to their fullest potential through the year, so that they can be rewarded on a Company wide platform.</p> <p>The Chairman of Singer (Sri Lanka) PLC, CEO of Singer Group, CEO of Singer Finance, and Directors of Singer group usually grace the occasion. This year's event was held at Waters Edge- Battaramulla in May 2015. Awards were presented to 123 employees, under many categories, based on exceptional performance and to encourage future contribution to Company growth. After the awards ceremony, all the participants were treated to live music and buffet dinner.</p>

Sustainability Review

Employee Recreation

Singer Finance Gents Picnic

The Singer Finance Gents picnic for the year 2014 was held at Amaya Lake Dambulla in August 2013. Employees left work behind to relax and bond with fellow colleague. The retreat provides an ideal opportunity to network and forge bonds across divisions. Singer Finance CEO, Mr. R S Wijeweera and the management team also participated in this event.

Singer Finance Ladies Picnic

The ladies of the Singer Group also had a fun time at the ladies picnic. The Singer ladies picnic was held at Chaaya Village on May 2014. A total of 15 ladies from Singer Finance participated in the event and had a wonderful, relaxing time.

Singer Finance Sports

- About 16 Singer Finance employees represented the Company at the Rotoract club of Singer Group.
- The Singer Finance women's Net Ball team was announced Runners-up at the Mercantile Division B Tournament held in September 2014.
- Singer Finance Ladies cricket team triumphed as Singer Group Inter Department Championship held in August 2014.

- The Singer Finance women's cricket team reached the Semi Finals stage of the Governor's Trophy Cricket tournament organised by CRIB. Further, an employee of Singer Finance captained the Singer Group Mercantile Cricket 'A' Team.
- Singer Finance teams participated in the Mercantile B Division and E Division Cricket tournaments during the year under review.
- Singer Finance was a declared Runners-up of the Inter Department Quiz.
- Two of our employees became 1st Runner-up and 2nd Runner-up of the Toastmaster Speech Competition organised by the Toastmasters club of Singer.



“Education is the most powerful weapon which you can use to change the world.”

- Nelson Mandela.

Singer Finance is focused on building a knowledge-based culture and encourages higher education and acquisition of professional and technical qualifications amongst its employees. During the year under review, we extended this philosophy to our CSR efforts as well by supporting 10-year-old Chatura Dilshan Pushpakumara from Makulewa, Hurigawewa, to further his educational goals. The promising young student scored 193 marks out of 200 at the Year 5 scholarship exam held in 2014 and secured 1st place in Anuradhapura district.

Hailing from a humble background, Chatura's parents were unable to leverage on his academic performance and send him to a Colombo school for better prospects. As a result, despite having qualified to enrol at the prestigious Royal College Colombo for the remainder of his schooling, Chatura was compelled to continue his studies in his native village, as his parents did not have the financial means to pay for his expenses in the city.

His heart-warming story came to light through a news report which caught the eye of the senior management of Singer Finance, who took the decision to step forward and sponsor Chatura's education at Royal College Colombo.

As a result, the Company meets the cost of Chatura's monthly hostel fees, annual development society fees and school fee expenses and will do so for the rest of his school career at Royal College. We are proud to have kept the young boy's dream of pursuing further studies alive and we hope his story provides inspiration to other students.



Equipping Orphanage with Essential Items

Singer Finance also undertook the donation of steel beds, mattresses and essential goods to the Methsewa Foundatory Handapangala Orphanage on 9th April 2014. By providing these essential items to the orphanage, the children were able to avail of greater comfort and also be secure in the knowledge that there is someone who cares for them. The Company remains sensitive to the needs of the community and is always on the lookout for worthy causes that would benefit by our intervention.

"Yesterday is gone. Tomorrow has not yet come. We have only today. Let us begin."

- Mother Teresa.

Sustainability Review



“Walking with a friend in the dark is better than walking alone in the light”

- Helen Keller.

Empowering the Visually Impaired

The Company financially assisted the Sri Lanka Welfare Organization of Visually Impaired Women in Kuliyaipitiya on the occasion of the International White Cane Festival Day, which fell on 15th July 2014. The visually challenged in Sri Lanka have to deal with extraordinary challenges in their daily lives further compounded with lack of finances to meet their essential needs. We are pleased to note that this donation will go a long way in meeting the daily needs of these brave women.

A further donation was made in cash to the Sri Lanka Welfare Society of the Blind

Women - Ja-Ela, during their Christmas Festival and Get-together which was celebrated on 27th November 2014.

Supporting a Leukaemia Patient

Singer Finance stepped into meeting the expenses of treating a little girl diagnosed with Leukamia. The donation was handed over on 23rd December 2014 to the girl and her family.



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 117 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 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.

Risk Management

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.

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.

Risk Management

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.

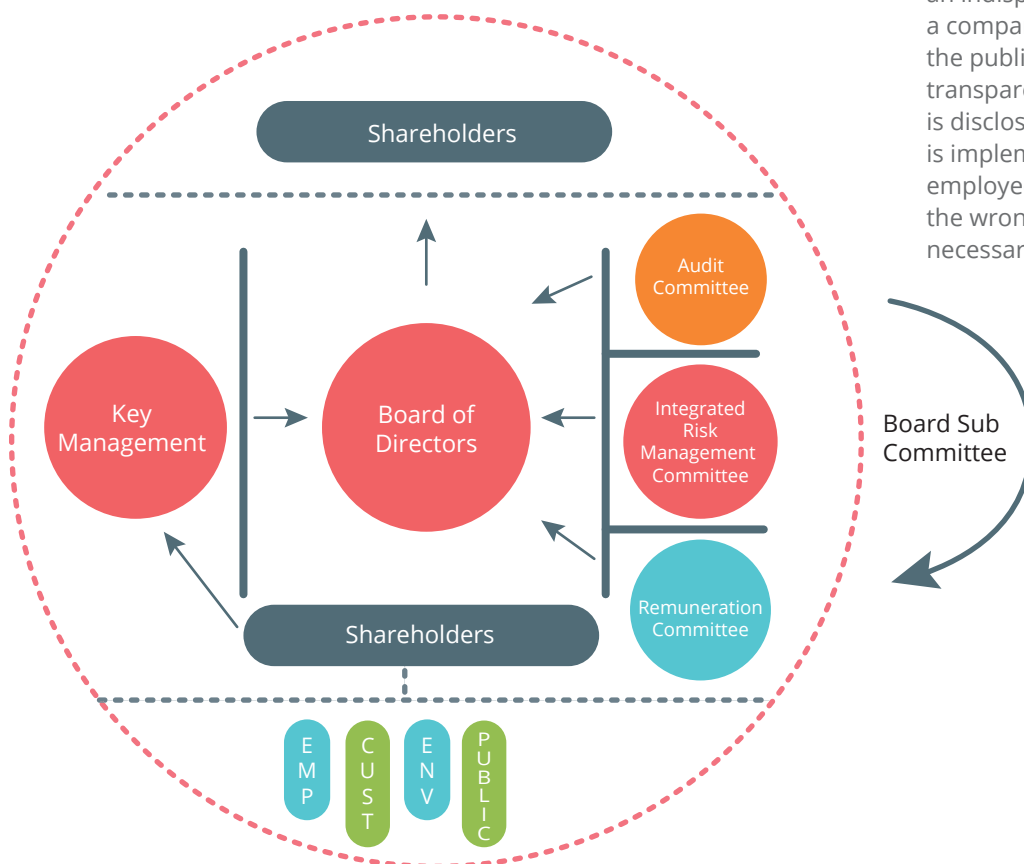
A well defined structure of Corporate Governance in Singer Finance intends to encompass the set of core values, accountability to shareholders, relationship with management, environmental protection and anti corruption measures. The Board of Singer Finance is committed to deliver a holistic service embedded 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.

Code of Best Practice on Corporate Governance

The Institute of Chartered Accountants of Sri Lanka is the pioneers 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

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE BY SEC & ICASL AND CSE LISTING RULES

CORPORATE GOVERNANCE PRINCIPLE	REFERENCE SEC & ICASL CODE	EXTENT OF COMPLIANCE	STATUS OF COMPLIANCE
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. Meetings of the Board	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. Responsibilities of the Board	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. 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. Professional advice to the Board	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. Company Secretary	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. Independent judgment of Directors	Code A.1.5	Directors bring independent judgment on strategic issues, performance and standards of conduct.	Complied
6. Adequate time and effort of Directors	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. Training for Directors	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 three are Independent Non Executive directors.</p> <p>Non Executive Directors have submitted the signed declaration of their independence. Independent Directors are listed under CBSL guidelines</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. S Kelegama</td><td>Chairman / Independent Non- Executive Director</td></tr><tr><td>Mrs. M Tharmaratnam</td><td>Senior Independent Non- Executive Director</td></tr><tr><td>Mr. J A Setukavalar</td><td>Independent Non- Executive Director</td></tr><tr><td>Mr. J Hyun</td><td>Non-Executive Director</td></tr><tr><td>Mr. G J Walker</td><td>Non-Executive Director</td></tr><tr><td>Mr. Y C J Kan</td><td>Non-Executive Director</td></tr><tr><td>Mr. M P A Salgado *</td><td>Non-Executive Director</td></tr><tr><td>Mr. J Mendis**</td><td>Non-Executive Director</td></tr><tr><td>Mr. R S Wijeweera</td><td>Director /Chief Executive Officer</td></tr><tr><td>Mr. P J P De Silva</td><td>Alternate Director</td></tr><tr><td>Mr. S Ramanathan</td><td>Alternate Director</td></tr><tr><td>Mr. K K L P Yatiwella ***</td><td>Alternate Director</td></tr></table> <p>* Resigned with effect from 30th of June 2014</p> <p>** Mr. J Mendis resigned as an alternate director to Mr. G J Walker on the 31st of July 2014 on being appointed as a Director to the Board of Singer Finance (Lanka) PLC.</p> <p>*** Mr. K K L P Yatiwella was appointed as an alternate Director to Mr. G J Walker on the 31st of July -2014.</p>	Dr. S Kelegama	Chairman / Independent Non- Executive Director	Mrs. M Tharmaratnam	Senior Independent Non- Executive Director	Mr. J A Setukavalar	Independent Non- Executive Director	Mr. J Hyun	Non-Executive Director	Mr. G J Walker	Non-Executive Director	Mr. Y C J Kan	Non-Executive Director	Mr. M P A Salgado *	Non-Executive Director	Mr. J Mendis**	Non-Executive Director	Mr. R S Wijeweera	Director /Chief Executive Officer	Mr. P J P De Silva	Alternate Director	Mr. S Ramanathan	Alternate Director	Mr. K K L P Yatiwella ***	Alternate Director	Complied
Dr. S Kelegama	Chairman / Independent Non- Executive Director																										
Mrs. M Tharmaratnam	Senior Independent Non- Executive Director																										
Mr. J A Setukavalar	Independent Non- Executive Director																										
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Mr. P J P De Silva	Alternate Director																										
Mr. S Ramanathan	Alternate Director																										
Mr. K K L P Yatiwella ***	Alternate Director																										
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 timely & accurate decision making by the Board with regard to the affairs 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 are re elected by shareholders at regular Intervals in the Annual General Meeting. No member of the Board 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			
REMUNERATION PROCEDURE	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 85.	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 10 in the financial statements	Complied

Corporate Governance

CORPORATE GOVERNANCE PRINCIPLE		REFERENCE SEC & ICASL CODE	EXTENT OF COMPLIANCE	STATUS OF COMPLIANCE
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
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 105 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 36	Complied
D.2	INTERNAL CONTROLS	Code D.2	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 NV, the ultimate parent company in addition to subjecting the affairs of the company for two external audits per annum.	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, 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> <p>Review all company's' critical Accounting Policies, major changes to the accounting policies and decide the extent to which changes or improvements are reported.</p> <p>Review financial reporting process and financial statement preparation and inquire in to the integrity of the procedure</p> <p>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.</p> <p>Review reports from management, Internal and External Auditors with regard to the reliability and effective operation of the company.</p> <p>Review the mandate, budget, Plan, changes in plan, organization structure and qualifications of the internal Audit function.</p> <p>Review the process for communicating the company's Code of Business Conduct.</p>	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 88.</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
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

Corporate Governance

CORPORATE GOVERNANCE PRINCIPLE		REFERENCE SEC & ICASL CODE	EXTENT OF COMPLIANCE	STATUS OF COMPLIANCE
SHAREHOLDERS				
E	INSTITUTIONAL INVESTORS	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.1	SHAREHOLDER VOTING			
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 PRINCIPLE	REFERENCE TO CBSL REGULATION	EXTENT OF COMPLIANCE	STATUS OF COMPLIANCE
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
	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

Corporate Governance

CORPORATE GOVERNANCE PRINCIPLE	REFERENCE TO CBSL REGULATION	EXTENT OF COMPLIANCE	STATUS OF COMPLIANCE
	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
MEETINGS OF THE BOARD			
	CBSL 3.1,3.2,3.3	<p>Board meetings were held in monthly intervals. The Board met 12 times during the financial year concerned.</p> <p>Individual participation of each Director at Board meetings is exemplified in the chart given under The heading of "Board meetings".</p> <p>Schedule of Items and matters to be discussed in the Board meeting are included in the agenda.</p> <p>Sufficient notice is given for all Board members to attend the regular Board meetings.</p>	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
	CBSL 3.5,3.7, 3.8,3.9	<p>Company secretary handles secretarial service to the Board and shareholder meetings, and carry out other functions specified in the statutes and other regulations.</p> <p>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.</p> <p>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.</p>	Complied

CORPORATE GOVERNANCE PRINCIPLE	REFERENCE TO CBSL REGULATION	EXTENT OF COMPLIANCE	STATUS OF COMPLIANCE	
	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	
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	A total of eight directors are in the Board.	Complied	
		The composition of the present board is given below.		
		Dr. S Kelegama		Chairman / Independent Non- Executive Director
		Mrs. M Tharmaratnam		Senior Independent Non- Executive Director
		Mr. J A Setukavalalar		Independent Non- Executive Director
		Mr. J Hyun		Non-Executive Director
		Mr. G J Walker		Non-Executive Director
		Mr. Y C J Kan		Non-Executive Director
		Mr. M P A Salgado *		Non-Executive Director
		Mr. J Mendis**		Non-Executive Director
		Mr. R S Wijeweera		Director /Chief Executive Officer
		Mr. P J P De Silva		Alternate Director
		Mr. S Ramanathan		Alternate Director
		Mr. K K L P Yatiwella ***		Alternate Director
		Board has one executive Director which is less than one half of the number of Directors.		
Board comprises of three independent non executive directors which is more than one fourth of the total number of Directors.				
All non executive directors have necessary skills and experience to give objective judgment towards the overall performance.				
		Subject to the transitional provisions contained herein and subject to paragraph 5(1) of Direction 3 of 2008, 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.	Complied	

Corporate Governance

CORPORATE GOVERNANCE PRINCIPLE	REFERENCE TO CBSL REGULATION	EXTENT OF COMPLIANCE	STATUS OF COMPLIANCE
		<p>With effect from three years commencing 01.01.2009, 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
	CBSL 4.9	<p>There is a formal transparent procedure for the appointments of new Directors.</p> <p>Mr. J Mendis appointed to fill the casual vacancy created by the resignation of Mr. M P A Salgado due to retirement.</p> <p>Directors appointed will be forwarded to the shareholders for election in the Annual General meeting.</p>	Complied
CRITERIA TO ASSESS THE FITNESS AND PROPRIETY OF DIRECTORSHIP			
	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 PRINCIPLE	REFERENCE TO CBSL REGULATION	EXTENT OF COMPLIANCE	STATUS OF COMPLIANCE
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
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.	Complied

Corporate Governance

CORPORATE GOVERNANCE PRINCIPLE	REFERENCE TO CBSL REGULATION	EXTENT OF COMPLIANCE	STATUS OF COMPLIANCE
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 two Board committees, namely Audit Committee and Integrated Risk Management Committee. 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 88 for Audit committee Report. Integrated Risk Management Committee - Please refer page 91 for Integrated Risk Management Committee Report.	Complied
	8.3 (e)	The Integrated Committee met 4 times during the year	Complied
RELATED PARTY TRANSACTIONS			
	CBSL 9.1,9.2, 9.3,9.4	Related party transactions are disclosed in Note 35 to the Financial statements of this Annual Report.	Complied
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 105 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 NV, 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

CORPORATE GOVERNANCE PRINCIPLE	REFERENCE TO CBSL REGULATION	EXTENT OF COMPLIANCE	STATUS OF COMPLIANCE
	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
	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 NBF supervision.	Complied

Corporate Governance

RULE NO	CSE LISTING RULES	DETAILS OF COMPLIANCE
7.10. a	A Listed Entity shall publish in the annual report relating to the financial year commencing on or after 01st April 2007 a statement confirming that as at the date of the annual report they are in compliance with the Corporate Governance Rules and if they are unable to confirm compliance, set out the reasons for its inability to Comply.	The Company complies with the listing rule 7.10 a
7.10.1 7.10.2	The Board of Directors of Singer Finance (Lanka) PLC includes seven non executive Directors and Three of them are independent Directors which is more than 1/3 of non executive Directors. Non executive Directors have submitted the signed declaration of their independence.	Complied
7.10.5 (a)	Number of independent Non Executive Directors in the committee to be: 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 Separate committee to be formed for the company or the listed parent's Remuneration committee to be used. Chairman of the Committee to be a Non Executive Directors.	Both Directors are independent non executive directors A separate Remuneration committee was formed for the company. The Board of Directors has appointed a Non Executive Director as the Chairman of the committee.
7.10.5 (b)	Function of the Committee	The Remuneration committee Report sets out the Functions of the committee.
7.10.6	The Audit committee comprised of two Non Executive Independent Directors and the head of risk management functions as the secretary to the committee. Finance Director, CEO, Finance Manager, and Representatives of External Auditors and when necessary the Chairman and the Group CEO attend by invitation. Audit Committees' authority and duties are formalized through an Audit Committee Charter. 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 88 and 84 of the Annual Report.	Complied

Board meetings and circular resolution

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 12 Board meetings held at Singer Finance and 7 resolutions were passed.

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 Director	Status of Directorship	No of Meetings Eligible	No of Meeting Attended
Dr.S Kelegama*	Chairman / Independent Non- Executive Director	12	12
Mrs. M Tharmaratnam	Senior Independent Non- Executive Director	12	12
Mr. J A Setukavalar	Independent Non- Executive Director	12	11
Mr. J Hyun	Non-Executive Director	12	12
Mr. G J Walker	Non-Executive Director	12	10
Mr. Y C J Kan	Non-Executive Director	12	11
Mr. M P A Salgado **	Non-Executive Director	03	02
Mr. J Mendis ***	Non-Executive Director	09	09
Mr. R S Wijeweera	Director /Chief Executive Officer	12	11

* Appointed with effect from 30th of April 2014

**Resigned with effect from 30th of June 2014

***Appointed to the board on the 31st of July 2014

- Change of Alternate Directors:- Mr. J Mendis resigned as an alternate director to Mr. G J Walker on the 31st of July 2014 on being appointed as a Director to the Board of Singer Finance (Lanka) PLC and Mr. K K L P Yatiwella was appointed as an alternate Director to Mr. G J Walker on the 31st of July -2014.
- Alternate Directors - Mr. S Ramanathan participated for 4 meeting on behalf of Mr. J Hyun. Whilst Mr. J Hyun participated for 7 meetings via teleconference and was present for 1 meeting in person
- Alternate Directors -Mr. J Mendis participated for 3 meetings on behalf of Mr. G J Walker and Mr. K K L P Yatiwella participated for 6 meetings on behalf of Mr. G J Walker, whilst Mr. Walker participated for 1 meeting via teleconference
- Alternate Directors - Mr .P J P De Silva participated for 5 meetings on behalf of Mr. Y C J Kan , whilst Mr. Kan participated via teleconference for 5 meetings and was present for 1 meeting in person

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.

Corporate Governance

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

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 six meetings during the year under review and attendance of Directors are shown below.

Name of Director	Status of Directorship	No of Meetings Eligible	No of Meeting Attended
Mr. J A Setukavalar	Chairmen of the Audit Committee/ Independent Non-Executive Director	06	06
Mrs. M Tharmaratnam	Senior Independent Non-Executive Director	06	05
Mr. Priyath Salgado (Resigned w.e.f 30th June 2014)	Director	02	01

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 comprise of Two Independent 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.

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

Name of Director	Status of Directorship	No of Meetings Eligible	No of Meeting Attended
Mrs. M Tharmaratnam	Chairman /Senior Independent Non-Executive Director	04	04
Mr. J A Setukavalar	Independent Non Executive Director	04	02
Mr. R S Wijeweera	Director/CEO	04	03

*Mr. Priyath Salgado (Resigned w.e.f 30th June 2014)

3. 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. The chairman of the Board chairs the committee and it comprise of two Independent Non-Executive

Directors, Group Chief Executive officer and one Alternate 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 Director	Status of Directorship	No of Meetings Eligible	No of Meeting Attended
Dr. S Kelegama	Chairman	01	01
Mrs. M Tharmaratnam	Senior Independent Non-Executive Director	01	01
Mr. J A Setukavalar	Independent Non Executive Director	01	01
Mr. H A Pieris *	Group CEO	01	01
Mr. K K L P Yatiwella (Secretary)	Alternate Director to Mr. Gavin Walker	01	01

* Mr. H A Pieris the Group Chief Executive Officer and Executive Director of the holding company attends the remuneration committee by invitation

Corporate Governance

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.

The Chairman of the Board chairs the committee and comprises of two Independent 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 Director	Status of Directorship	No of Meetings Eligible	No of Meeting Attended
Dr. S Kelegama	Chairman	01	01
Mrs. M Tharmaratnam	Senior Independent Non- Executive Director	01	01
Mr. J A Setukavalar	Independent Non Executive Director	01	01
Mr. H A Pieris *	Group CEO	01	01



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 of two Independent Non-Executive Directors of the Board namely Mr. J A Setukavalar and Mrs. M Tharmaratnam. The Head of Risk Management functions as the Secretary to the Committee. Finance Manager, Senior Manager – Compliance and Reporting represent the management at the Audit Committee and when necessary, Audit Staff, Representatives of External Auditors, the Chairman, Group CEO, the 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, six Audit Committee meetings were held to discuss the reports of the Internal and External Auditors and quarterly Accounts. The draft accounts were also discussed at the meeting held on 28th May 2015. 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.

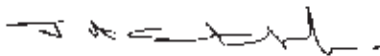
External Auditors

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 2016 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. I also wish to place on record my appreciation for the valuable service rendered by Mr. Priyath Salgado who resigned as a Director from the Company with effect from 30th June 2014 due to his retirement.



Mr. J A Setukavalar

Chairman – Audit Committee

Colombo
1st June 2015

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

Committee comprise of Three Non-Executive Directors together with the Chief Executive Officer of the Group. 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.

The Committee has nominated Mr. J Mendis to the Board as a Non-Executive Director to fill the casual vacancy created by the resignation of Mr. M P A Salgado.

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
1st June 2015

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

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

Mrs. Marina Tharmaratnam

Mr. Jayendran A Setukavalar

Mr. Priyath Salgado (Resigned w.e.f 30th June 2014)

Mr. Shantha 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 four 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.

Note of Appreciation

I wish to place on record my sincere appreciation for the valuable service rendered to the Risk Committee by Mr. Priyath Salgado who resigned as a Director from the Company with effect from 30th June 2014 due to his retirement.

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.



Mrs. M Tharmaratnam

Chairperson - Integrated Risk Management Committee

Colombo
1st June 2015

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. Janaka Mendis – Chairman
(Appointed w.e.f 31st July 2014)

Mr. Priyath Salgado – Chairman
(Resigned w.e.f 30th June 2014)

Mr. Shanthapriya Wijeweera

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. I also wish to place on record my appreciation for the valuable service rendered by my predecessor Mr. Priyath Salgado who resigned as a Director from the Company with effect from 30th June 2014 due to his retirement.

For and on behalf of the Credit Committee.



Mr. J Mendis

Chairman - Credit Committee

Colombo
1st June 2015

Remuneration Committee Report

The Remuneration Committee consists of three Independent Non-Executive Directors and a Non-Executive Director functions as the Secretary to the Committee by Invitation. Group Chief Executive Officer attends the Committee by invitation. The Committee is chaired by an Independent Non-Executive Director. The Group 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 the Chief Executive Officer, Independent Directors, Non Executive Directors and Executive Director 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 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 members of the Committee and Mr. Asoka Pieris, for their valuable contributions to the deliberations of the Committee. I also wish to place on record my appreciation for the valuable service rendered by Mr. Priyath Salgado to the remuneration Committee in his capacity as secretary as he tendered his resignation with effect from 30th June 2014 due to his retirement.



Dr. S Kelegama

Chairman - Remuneration Committee

Colombo
1st June 2015

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 Audit Committee Report which appears on page 88.
- The comments made by the External Auditors in connection with internal control system during the

financial year 2014/2015 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.

regulatory requirements of the Central Bank of Sri Lanka.

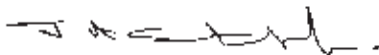
Review of The Statement By External Auditors

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 2015 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

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



J A Setukavalar

Chairman – Audit Committee



J Mendis

Director



R S Wijeweera

Director/ CEO

Colombo
1st June 2015



Financial Information

FINANCIAL REPORTS

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Financial Calendar - 2014/15

Annual Report 2013/14	29th May 2014
Seventh Annual General Meeting	30th June 2014
First and Final Dividend Payment	19th June 2014
Interim Financial Statements in terms of Listing Rule 8.3 of the Colombo Stock Exchange.	
1st Quarter	
For the three months ended 30th June 2014 (unaudited)	31st July 2014
2nd Quarter	
For the six months ended 30th September 2014 (unaudited)	30th October 2014
3rd Quarter	
For the nine months ended 31st December 2014 (unaudited)	27th January 2015
4th Quarter	
For the twelve months ended 31st March 2015 (unaudited)	28th May 2015
Annual Report & Annual General Meeting	
Annual Report 2014/15 Approved on	1st June 2015
Eighth Annual General Meeting	30th June 2015
First and Final Dividend Payment	19th June 2015

Proposed Financial Calendar - 2015/16

1st Quarter Results	
For the three months period ending 30th June 2015 (unaudited)	August 2015
2nd Quarter Results	
For the six months period ending 30th September 2015 (unaudited)	November 2015
3rd Quarter Results	
For the nine months period ending 31st December 2015 (unaudited)	February 2016
4th Quarter Results	
For the twelve months period ending 31st March 2016 (unaudited)	May 2016
Annual Report and Accounts for 2015/16 (audited)	June 2016
Ninth Annual General Meeting	June 2016

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 2015.

Review of the Year

The Chairman's Letter (pages 10 to 13), the Group Chief Executive Officer's Review (pages 14 to 17), Chief Executive Officer's review (Pages 18 to 21) and Management Discussion and Analysis (pages 36 to 41), 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 42 to 47 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 mobilizing of fixed and saving deposits. 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 106 in this Annual Report.

Financial Statements

The Financial Statement for the year ended 31st March 2015 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 106 to 147 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 111 to 121. 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. 9.2 million (2013/14, Rs. 29.1 million) in Property, Plant & Equipment. Rs. 4.6 million was spent on renovating and upgrading leasehold premises. Further Rs. 2.3 million, Rs. 0.8 million, and Rs. 1.5 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 notes 20 to the Financial Statements.

Intangible Assets

During the year under review, the Company acquired Rs. 3 million worth of software to develop the IT infrastructure of the Company. Total investment in software as at Reporting date was Rs. 56.1 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 105.

Corporate Governance

The Company has complied with Corporate Governance 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 66 to 86 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

	2015	2014
	Rs.	Rs.
Company profit before tax for the year ended 31st March after deducting all expenses, known liabilities and depreciation amounts to	566,134,958	374,493,445
From this has to be deducted the provision for income tax cost	177,468,728	105,896,606
Making a profit after tax for the year of	388,666,230	268,596,839
To this has to be added a balance brought forward from the previous year	503,063,356	370,070,784
Final dividend of Rs. 0.65 per share (2014/15) - (Rs. 0.65 per share in 2013/14)	107,466,667	107,466,668
Leaving a total available for appropriation of	784,262,919	531,200,955
The following appropriations have been proposed:		
Transfer to Reserve fund	19,433,312	13,429,842
Transfer to/(from) investment fund	(82,242,928)	14,830,588
Transfer to/(from) NIT reserve	-	(570,302)
First and Final Dividend Proposed	206,666,668	107,466,667
Actuarial Loss on Retirement Benefit Obligation	2,171,421	447,471
Tax on Other Comprehensive Income	(607,998)	-
Making a total appropriation before Other Comprehensive Income	145,420,475	135,604,266
Leaving a balance on Company basis to be carried forward of	845,509,112	503,063,356

Dividends

In terms of Article 7 of the Articles of Association of the Company, a final dividend of Rs. 1.25 per share has been approved by the Directors for the Financial Year ended 31st March 2015, for payment on 19th June 2015. 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 2015 amounted to Rs. 919 million vs Rs. 639.2 million as at 31st March 2014. 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 2015 and was unchanged during the year.

Details and movement of the stated capital are given in Note 28 to the Financial Statements on page 134.

Events after the Reporting Period

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

- The Board of Directors has approved the final Dividend of Rs. 1.25 per Ordinary Share for the year ended 31st March 2015, for payment on 19th June 2015.

Statutory Payments

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 105.

Directors Interests and Interest Register

Details of transactions with Director- related entities are disclosed in Note 35 to the Financial Statements on page 145 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

There are no Share transactions by the Directors to disclose in terms of Section 200 of the companies Act.

Board Committees

Audit Committee

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

Mr. J A Setukavalar – Chairman

Mrs. M Tharmaratnam

Mr. P Meegoda (Secretary)

The Report of the Audit Committee on page 88 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:

Mrs. M Tharmaratnam – Chairperson

Mr. J A Setukavalar

Mr. M P A Salgado – Resigned w.e.f 30th June 2014

Mr. R S Wijeweera

Mr. M M C Priyanjith – Secretary

By Invitation

Mr. T A Amarasuriya - Finance Manager

Mr. R I Jayasuriya - Credit & Recovery Manager

Mr. I Perera – Business Development Manager

Mr. E T Fernando – Senior Manager Compliance & Reporting

The Report of the Integrated Risk Management Committee on page 91 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:

Dr. S Kelegama – Chairman

Mrs. M Tharmaratnam

Mr. J A Setukavalar

Mr. K K L P Yatiwella - Secretary

By invitation

Mr. H A Pieris

The Report of the Remuneration Committee on page 93 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 10 and 36 to the Financial Statements on pages 123 and 147.

Board Nomination Committee

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

Dr. S Kelegama - Chairman

Mrs. M Tharmaratnam

Mr. J A Setukavalar

Mr. P Salgado – (Resigned w.e.f 30th June 2014)

Mr. R S Wijeweera

Mr. K K L P Yatiwella – Secretary

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

The Report of the Board Nomination Committee on page 90 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 150 and 153 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 2015 and their brief profiles are shown on pages 22 to 27 and Inner Back Cover.

Mr. M P A Salgado retired from employment of Singer (Sri Lanka) PLC, and resigned from serving as a Non-Executive Director of the company with effect from 30th June 2014. Directors place on record their appreciation for the invaluable service rendered by Mr. M P A Salgado during his tenure as a Director of the Company.

In terms of Article 24(4) of the Articles of Association of the company Mrs. M Tharmaratnam, Mr. J Hyun and Mr. R S Wijeweera 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 31.03.2015 No of shares	Shareholding 01.04.2014 No of shares	Debenture holding 31.03.2015 No of Debenture	Debenture holding 01.04.2014 No of Debenture
Dr. S Kelegama	-	-	-	-
Mrs. M Tharmaratnam	-	-	-	-
Mr. J A Setukavalar	-	-	-	-
Mr. J Hyun	-	-	-	-
Mr. G J Walker	-	-	-	-
Mr. Y C J Kan	-	-	-	-
Mr. M P A Salgado*	68,442	68,442	-	-
Mr. R S Wijeweera	31,003	31,003	-	-
Mr. J Mendis**	42,000	42,000	15,000	15,000
Mr. S Ramanathan	-	-	-	-
Mr. K K L P Yatiwella	-	-	-	-
Mr. P J P De Silva	47,000	47,000	3,000	3,000

*Resigned w.e.f 30th June 2014

**Appointed to the Board on 31st July 2014

Employment

The number of persons employed by the company as at 31st March 2015 was 256 (31st March 2014 – 245).

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. S 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. S 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. S 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. S 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 endeavor 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 2015/16.

The audit and non-audit fees paid to the Auditors by the Company is disclosed in Note 10 on page 123 in this Annual Report.

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

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.

Notice of Meeting

The 8th Annual General Meeting will be held at The Sri Lanka Foundation Institute, No. 100, Independence Square, Colombo 7, on Tuesday, 30th June 2015 at 10.00 a.m.

The Notice of the Annual General Meeting of the shareholders is given on pages 158 of this Annual Report.

For and on behalf of the Board,



Mr. J A Setukavalar

Chairman – Audit Committee



R S Wijeweera

Director/CEO



T A Amarasuriya

Company Secretary
Singer Finance (Lanka) PLC

Colombo

1st June 2015

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 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.

Messers 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 106 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



T A Amarasuriya, ACMA (UK)

Company Secretary

Singer Finance (Lanka) PLC

Colombo

1st June 2015

Independent Auditors' Report



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

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+ 94 - 11 230 7345
Internet : www.lk.kpmg.com

TO THE SHAREHOLDERS OF SINGER FINANCE (LANKA) PLC

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, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 107 to 147 of the Annual Report.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the

entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

- The basis of opinion and scope and limitations of the audit are as stated above.
- In our opinion we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company and the financial statements of the Company comply with the requirements of section 151 of the Companies Act.

CHARTERED ACCOUNTANTS
Colombo

1st June 2015

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

MR Mahipal FCA
T J S. Rajakumar FCA
Ms. S.M.S. Jayasekera ACA
G A U. Karunaratne ACA
R M Rajan ACA
PYS Peiris FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyaratne ACA
R.M.D.B. Rajapakse ACA
C.P. Jayaratne FCA
Ms. S. Joseph FCA
S.T.O. Perera FCA
Ms. B.K.D.N. Rodrigo ACA
Principals - S.K.I. Perera FCA, M.K.I. U.B. Arinze Esq. LL.B. Attorney at Law, H.S. Gnanapriya Esq. ACA

Statement of Profit or Loss and other Comprehensive Income

For the Year Ended 31st March	Note	2015 Rs.	2014 Rs.
Gross Income	4	1,986,040,365	1,894,761,395
Interest Income	5	1,858,938,568	1,799,636,652
Less : Interest Expense	6	669,413,233	759,448,830
Net Interest Income		1,189,525,335	1,040,187,822
Fee and Commission Income	7	69,346,607	50,300,754
Trading Income	8	814,302	50,868
Other Operating Income	9	56,940,888	44,773,121
Total Operating Income		1,316,627,132	1,135,312,565
Less: Impairment charges for Loan and Other Losses	10.1	164,324,277	213,664,942
Net Operating Income		1,152,302,855	921,647,623
Less : Expenses			
Personnel Cost	10.2	228,512,439	175,755,307
Administration and Selling Expenses		318,889,309	342,971,092
Operating Profit Before Value Added Tax	10	604,901,107	402,921,224
Less : Value Added Tax on Financial Services		38,766,149	28,427,779
Profit Before Tax		566,134,958	374,493,445
Less : Income Tax Expense	11	177,468,728	105,896,606
Profit for the Year		388,666,230	268,596,839
Other Comprehensive Income		-	-
Items that will never be Classified to Profit or Loss			
Less: Employee Benefit Plan Actuarial Loss		2,171,421	447,471
Add: Deferred Tax on Actuarial Losses on Defined Benefit Obligation	26	607,998	-
Total Other Comprehensive Expenses for the Year		1,563,423	447,471
Total Comprehensive Income for the Year		387,102,807	268,149,368
Earnings per Share	12	2.35	1.62
Dividend per Share	13	1.25	0.65

The Notes on pages 111 through 147 form an integral part of these Financial Statements.

Statement of Financial Position

As At 31st March	Note	2015 Rs.	2014 Rs.
ASSETS			
Cash and Cash Equivalents	14.1	58,171,383	245,754,174
Placement with Banks		90,672,877	115,883,665
Hire Purchase Receivables	15.1	2,054,322,638	2,441,032,694
Lease Rental Receivables	15.2	4,601,970,439	3,626,153,877
Loans and Advances	15.3	1,185,246,934	980,276,139
Financial Instruments - Available-for-Sale	16	41,300	41,300
Financial Instruments - Held-to-Maturity	17	617,662,102	453,904,170
Other Debtors and Prepayments	18	141,412,401	116,218,736
Intangible Assets	19	30,727,821	32,383,345
Property, Plant and Equipment	20	66,728,221	72,710,756
Total Assets		8,846,956,116	8,084,358,856
LIABILITIES & EQUITY			
Liabilities			
Other Financial Liabilities Due to Customers	21	4,150,193,381	4,277,335,172
Interest Bearing Loans and Borrowings	22	1,559,850,331	1,279,544,721
Trade and Other Payables	23	543,251,031	298,441,443
Due to Related Companies	24	51,324,958	28,678,572
Bank Overdraft	14.2	32,472,880	45,686,107
Current Tax Liabilities	25	91,362,143	40,658,784
Deferred Tax Liabilities	26	31,972,276	14,543,203
Retirement Benefit Obligations	27	22,368,690	14,946,568
Total Liabilities		6,482,795,690	5,999,834,570
Equity			
Stated Capital	28	1,445,333,342	1,445,333,342
Statutory Reserves	29	73,317,972	136,127,588
Retained Earnings		845,509,112	503,063,356
Total Equity		2,364,160,426	2,084,524,286
Total Liabilities & Equity		8,846,956,116	8,084,358,856

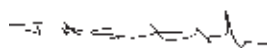
The Notes on pages 111 through 147 form an integral part of these Financial Statements.

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.
Singed for on behalf of the board,



J A Setukavalar
Director



R S Wijeweera
Director/Chief Executive Officer

Colombo.
1st June 2015

Statement of Changes in Equity

Year Ended 31st March	Attributable to Equity Holders of the Company					
	Stated Capital Rs.	Reserve Fund Rs.	Investment Fund Rs.	NIT Reserve Fund Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 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						
Employee Benefit Plan Actuarial Loss	-	-	-	-	(447,471)	(447,471)
Total Comprehensive Income for the Year	-	-	-	-	268,149,368	268,149,368
Transactions with Owners, Recognized Directly in Equity						
Distribution to Owners of the Company						
Dividends	-	-	-	-	(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
Transferred to/(from) during the year	-	19,433,312	(82,242,928)	-	62,809,616	-
Total Comprehensive Income for the year						
Profit for the Year	-	-	-	-	388,666,230	388,666,230
Other Comprehensive Income						
Employee Benefit Plan Actuarial Loss	-	-	-	-	(2,171,421)	(2,171,421)
Deferred tax on Actuarial Losses on Defined Benefit Obligation	-	-	-	-	607,998	607,998
Total Comprehensive Income for the Year	-	-	-	-	387,102,807	387,102,807
Transactions with Owners, Recognized Directly in Equity						
Distribution to Owners of the Company						
Dividends	-	-	-	-	(107,466,667)	(107,466,667)
Total Transactions with Equity Owners	-	-	-	-	(107,466,667)	(107,466,667)
Balance as at 31st March 2015	1,445,333,342	73,317,972	-	-	845,509,112	2,364,160,426

The Notes on pages 111 through 147 form an integral part of these Financial Statements.

Figures in the brackets indicate deductions.

Statement of Cash Flows

For the Year Ended 31st March	Note	2015 Rs.	2014 Rs.
Cash Flows From/ (Used in) Operating Activities			
Interest Received		1,576,923,821	1,309,644,713
Interest Payments		(266,968,557)	(350,587,467)
Recoveries on Loans Previously Written Off		13,069,053	7,070,075
Receipts from Other Operating Activities		285,716,829	299,575,168
Cash Payments to Employees and suppliers		(634,398,134)	(623,015,503)
Operating Profit before changes in Operating Assets and Liabilities	A	974,343,012	642,686,986
(Increase)/Decrease in Operating Assets and Liabilities			
Financial Instruments - Held-to-Maturity		(163,757,932)	(115,829,018)
Placements with Banks		25,210,788	(65,616,542)
Funds Advanced to Customers		(958,401,578)	(670,405,712)
Deposits From Customers		(127,141,791)	958,407,836
Amounts due to Related Companies		22,646,386	28,678,572
		(1,201,444,127)	135,235,136
Cash Generated from/(used in) Operations			
Retiring Gratuity Paid		-	(229,620)
Economic Service Charges Paid		(368,720)	(937,340)
Income Tax Paid		(102,461,330)	(51,093,835)
		(102,830,050)	(52,260,795)
Net Cash from/(used in) Operating Activities		(329,931,165)	725,661,327
Cash Flows from/(used in) Investing Activities			
Acquisition of Property Plant and Equipment		(9,215,015)	(29,160,758)
Incurred on Software Development		(2,980,690)	(11,140,498)
Net Cash Flows used in Investing Activities		(12,195,705)	(40,301,256)
Cash Flows from/(used in) Financing activities			
Cash Inflows from Interest Bearing Loans and Borrowings		685,000,000	1,809,298,943
Cash Inflows from Interest Bearing Loans - Related party		-	575,000,000
Re-payment of Interest Bearing Loans and Borrowings		(410,245,778)	(1,310,888,981)
Re-payment of Interest Bearing Loans - Related party		-	(1,236,650,852)
Dividends Paid		(106,996,916)	(105,907,016)
Net Cash Flows from/(used in) Financing activities		167,757,306	(269,147,906)
Net increase in Cash and Cash Equivalents		(174,369,564)	416,212,165
Cash and Cash Equivalents at the beginning of the year		200,068,067	(216,144,098)
Cash and Cash Equivalents at the end of the year	14	25,698,503	200,068,067

A). Reconciliation of Profit Before Tax with Cash Inflow from Operating Activities

Profit before Income Tax	566,134,958	374,493,445
Depreciation/Amortization	19,833,764	13,930,165
Provision for Define Benefit Plans - Gratuity	5,250,701	3,207,886
Allowances for Impairment charges for Loan and Other Losses	164,324,277	213,664,942
(Increase) / Decrease in Other Receivables	(31,091,913)	31,603,119
Increase / (Decrease) in Other Payables	244,635,262	3,153,768
Debenture Issue Cost	5,255,963	2,633,661
	974,343,012	642,686,986

The Notes on pages 111 through 147 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 ("Company") is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of business is located at No.80, Nawam Mawatha, Colombo 02.

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 at the end of the year was 256 (2013/14 - 245).

1.2. Basis of Preparation

1.2.1. Statement of Compliance

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRS/LKASs) as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), the requirements of the Companies Act No. 07 of 2007, Finance Business Act No.42 of 2011 and the listing rules of the Colombo Stock Exchange.

1.2.2. Approval of Financial Statement

The Board of Directors is responsible for preparation and presentation of the Financial Statements of the Company. The Directors' responsibility over Financial Statements is set out in detail in the Statement of Directors' Responsibility.

The Financial Statements for the year ended 31st March 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 01st June 2015.

1.2.3. Basis of Measurement

The Financial Statements have been prepared on an accrual basis and historical cost convention except for cash flow information and following material items in the Statement of Financial Position:

- Available-for-sale financial assets are measured at fair value.
- Defined Benefit Obligation is measured after actuarially valuing and the present value of the Defined Benefit Obligation is recorded.

1.2.4. Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the functional currency of the Company. All financial information presented in Sri Lankan Rupees has been given to the nearest thousand, unless stated otherwise.

1.2.5. Use of Estimates and Judgments

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standards 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following Notes:

Notes to the Financial Statements

Note 2.2	Financial Instruments
Note 2.2.1.4	Impairment of Financial Assets
Note 2.4.3	Measurement of Retirement Benefit Obligation
Note 2.4.5	Commitments and Contingencies

a) Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

Significant valuation issues are reported to the Company's Audit Committee.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair values are categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1.2.6. Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future, and they do not intend either to liquidate or cease trading.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company has adopted SLFRS 13 - Fair Value Measurement with a date of initial application of 1st January 2014.

Except for the changes specified above, the Accounting policies set out below have been consistently applied to all period presented in these Financial Statements.

2.1. Foreign Currency Transaction

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate 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 profit or loss.

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 prevailing at the date of initial transaction.

Non-monetary assets & liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate prevailing at the dates that the value were determined. Foreign exchange differences arising on translation are recognized in the statement of profit or loss.

2.2. Financial Instruments

2.2.1. Non Derivative Financial Assets

2.2.1.1. Initial Recognition and Measurement

Financial Assets are recognized when and only when the Company becomes a party to the contractual provisions of the financial instruments. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognized they are measured at fair value plus directly attributable transaction costs, however in the case of financial assets classified at fair value through profit or loss, directly attributable transaction costs are not considered. The financial assets include cash and cash equivalent, placement with banks, hire purchase receivables, lease rental receivables, loans and advances, equity investment in shares, Treasury Bills, and Treasury Bonds and other debtors and prepayments.

2.2.1.2. Classification and Subsequent Measurement

At inception, a financial asset is classified into one of the following categories;

- At fair value through profit or loss
- Loans and receivables
- Available-for-sale
- Held to maturity investments

The subsequent measurement of financial assets depends on their classification as follows;

Financial assets at Fair Value through Profit or Loss

Financial asset at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with changes in fair value recognized in finance income or finance costs in the Statement of Comprehensive Income.

There is no financial assets classified as fair value through profit or loss as at reporting date.

Loans & Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method (EIR), less any impairment losses. The losses arising from impairment are recognized in the statement of comprehensive income in impairment losses on loans and receivables.

Loans and receivables comprises of consumer loans, vehicle loans, distress loans and temporary refund loans

Available for Sale Financial Assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale. According to LKAS 39 investment in long term equity securities are classified as available for sale financial assets. Available for sale financial assets are recognized at fair value, subsequently measured at fair value, with changes recognized in other comprehensive income (OCI) and presented within equity in the fair value reserve. If there is significant and prolong decline in fair value, such decline is identified as impairment. Impairment losses shall be recognized in the profit or loss and cumulative losses recognized in the OCI will be recycled to profit or loss.

Available for sale financial assets comprises investments in equity shares.

Held to Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount

Notes to the Financial Statements

or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognized in the Statement of Comprehensive Income under finance costs.

Held to maturity financial assets comprise of investment in Treasury Bills and Treasury Bonds.

2.2.1.3. Derecognition

The Company derecognize a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

2.2.1.4. Impairment of Financial Asset

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Impairment of Financial Assets Carried at Amortized Cost

The Company considers evidence of impairment for receivables at collective level. Loans and receivables are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgments 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 trends.

Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. If a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. When the Company considers that there is no realistic process of recovery of the asset, the relevant amounts are written off.

Impairment of Financial Assets – Available for Sale

Impairment losses on available –for –sale financial assets are recognized by reclassifying accumulated losses that has been recognized in other comprehensive income and presented in the fair value reserve in equity, to profit or loss. If, in a subsequent period, the fair value of an impaired available for sale asset increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognised in other comprehensive income.

2.2.2. Non Derivative Financial Liabilities

2.2.2.1. Initial Recognition and Measurement

Financial liabilities within the scope of SLFRS/ LKAS are recognized when and only when the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognized initially at fair value plus transaction cost that are directly attributable to the issue of the financial liability, which are not at fair value through profit or loss. Financial liabilities can be classified in to two categories as financial liabilities at fair value through profit or loss and other financial liabilities. Company has classified its financial liabilities in to other financial liability category.

2.2.2.2. Subsequent Measurement

The Company classifies non derivative financial liability into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are

measured at amortized cost using the effective interest method. Such financial liabilities measured at amortized cost includes other financial liabilities due to customers, interest bearing loans and borrowings, trade and other payables, amounts due to related companies and bank overdraft

2.2.2.3. Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Comprehensive Income.

2.2.2.4. Offsetting of Financial Instruments

Financial assets and financial 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 offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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.

a) Basis of recognition

Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Company and cost of the asset can be reliably measured.

b) Measurement

Items of property, Plant and Equipment are stated initially at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable in bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integrated to the functionality of the related equipment is capitalized as part of that equipment.

c) Cost model

The Company applies cost model to Property, Plant and Equipment and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

d) Subsequent costs

The cost of replacing a part of an item of Property, Plant and Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of Property, Plant and Equipment are recognised in profit and loss as incurred.

e) Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised 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 Statement of Comprehensive Income when the item is derecognised. 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 derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost is derecognised.

Notes to the Financial Statements

f) 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 for the current and comparative periods are as follows:

Motor Vehicle	7 years
Furniture & Fittings	10 years
Equipment	10 years
EDP Equipment	5 years
EDP Server	7 years
Improvements on Leasehold Premises	
Head Office	5 Years
Branches	7 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 group that is classified as held for sale) and the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

g) Borrowing cost

As per LKAS 23 on "Borrowing costs", 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 and loss in the period it is incurred.

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, or for administrative purpose.

a) Basis of recognition and measurement

An intangible asset is recognised if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 on 'Intangible Assets'. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

b) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally-generated goodwill and brands are recognised in profit or loss as incurred.

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 financial year-end. 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 amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Amortisation expense on intangible assets with finite lives is recognised in profit and loss 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:

Computer Software	10 Years
-------------------	----------

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit and loss when the asset is derecognised.

2.4 Liabilities and Provisions

2.4.1. 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 recognised 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 the 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.

2.4.2. Dividend Payables

Provision for final dividends is recognized at the time the dividend recommended and declared by the Board of Directors, is approved by the shareholders. Interim dividends payable is recognised when the Board approves such dividend in accordance with the provisions of the Companies Act No. 07 of 2007.

Dividend for the year that are approved after the reporting period are disclosed under events after the reporting period in accordance with the Sri Lanka Accounting standards LKAS 10.

2.4.3. Employee Benefits

2.4.3.1 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.

2.4.3.2 Defined Contribution Plans - Mercantile Services Provident Society (MSPS) 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. Employees are eligible for contributions to Mercantile Services Provident Society and Employees' Trust Fund in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to the MSPS and the Employees' Trust Fund respectively, and is recognised as an expense in Profit and Loss in the periods during which services are rendered by employees.

2.4.4 Defined Benefit Plan - Retirement Gratuity

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan. The Company is liable to pay retirement benefits under the Payment of Gratuity Act, No 12 of 1983. The net obligation of the Company in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the Projected Unit Credit (PUC) method. Re-Measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual

Notes to the Financial Statements

period to the then-net defined liability, taking in to account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The actuarial valuation involves making assumptions about discount rates, salary increment rate, and 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.

2.4.5 Capital Commitments and Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the Financial Statements

2.4.6 Events after the Reporting Date

The materiality of the events after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

2.5 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 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.

2.6 Expenditure Recognition

(a) Expenses are recognised in Profit and 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 & Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

(b) 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.

2.7 Taxation

Income tax expense comprises both current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, or in Other Comprehensive Income.

a) Current tax

The current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the Reporting date and any adjustment to tax payable in respect of previous years

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied

to temporary differences when they reverse, based on tax laws that have been enacted or substantively enacted by the Reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax relate to income tax levied on the same tax authority on the same taxable entity or on different tax entity but then intend to settle relevant tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

c) 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.

2.8 Earnings per Share

The Company presents basic earnings per share (EPS) for its ordinary shares. 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.

2.9 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 Company Chief Executive Officer (CEO) to make decisions regarding resources to be allocated to the segments and to assess

Notes to the Financial Statements

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 30 to the Financial Statements.

2.10 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "Direct Method" of preparing Cash Flows in accordance with the LKAS 07 - "Cash Flow Statements".

Cash and cash equivalents comprise of 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. Cash and cash equivalents as referred to in the Statement of Cash Flows comprised of those items as explained in note 14.

The Statement of Cash Flows is given on page 110.

2.11 Regulatory Provisions

2.11.1 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.

The Operation of this fund was ceased with the effect from 01st October 2014

2.11.2 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 shareholders, 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.

2.11.3 Reserve Fund

The Company is maintaining a reserve fund and transfer reserves out of the net profits of each year, after due provision has been made for Taxation and Bad and Doubtful Debts on following basis, so long as the capital funds are not less than twenty five (25) per cent of total deposit liabilities, a sum equal to not less than five (5) per cent of the net profits; so long as the capital funds are less than twenty five (25) per cent of total deposit liabilities, but not less than ten (10) per cent thereof, a sum equal to not less than twenty (20) per cent of the net profits; and so long as the capital funds are less than ten (10) per cent of the total deposit liabilities, a sum equal to not less than fifty (50) per cent of the net profits.

3 NEW ACCOUNTING STANDARDS NOT EFFECTIVE AT THE REPORTING DATE

Standards issued but not yet effective up to the date of issuance of the Financial Statements are listed below. This listing of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

3.1 Standards Issued but not yet Adopted which may have Significant Impact

SLFRS 9 "Financial Instruments Classification and Measurement"

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. SLFRS 9 is effective for annual period beginning on or after 1st January 2018 with early adoption permitted.

SLFRS 15 "Revenue from Contracts with Customers" establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance LKAS 18 – "Revenue", LKAS 11- "Construction Contracts"

SLFRS 15 is effective for Annual Reporting period beginning on or after 01st January 2017, with early adoption permitted.

The Company is assessing the potential impact on its Financial Statements resulting from the application of those SLFRS.

Notes to the Financial Statements

For the Year Ended 31st March		2015	2014
		Rs.	Rs.
4	GROSS INCOME		
4.1	Summary		
	Gross Income	1,986,040,365	1,894,761,395
4.2	Analysis of Gross Income		
	Interest Income (Note 5)	1,858,938,568	1,799,636,652
	Fee and Commission Income (Note 7)	69,346,607	50,300,754
	Trading Income (Note 8)	814,302	50,868
	Other Operating Income (Note 9)	56,940,888	44,773,121
		1,986,040,365	1,894,761,395
5	INTEREST INCOME		
	Interest Income on Hire Purchase	509,178,449	499,845,721
	Interest Income on Lease	817,086,669	819,805,935
	Interest Income on Loans	369,239,494	304,915,312
	Income on Financial Instruments - Held-to-Maturity	47,940,876	43,302,103
	Interest Income on Placements with Banks	7,060,940	11,285,389
	Over Due Interest	108,432,140	120,482,192
		1,858,938,568	1,799,636,652
6	INTEREST EXPENSE		
	Interest on Other Financial Liabilities Due to Customers	477,467,239	529,884,886
	Interest on Bank Loans	4,570,688	58,459,130
	Interest on Commercial Papers	68,192	1,218,743
	Interest on Inter Company Payable	8,542,038	59,782,951
	Interest on Debenture	178,187,822	98,957,537
	Interest on Bank Overdrafts	577,254	11,145,583
		669,413,233	759,448,830
7	FEE AND COMMISSION INCOME		
	Service Charge	45,045,272	29,663,765
	Commission Income	5,100,971	4,397,047
	Insurance Commission	19,200,364	16,239,942
		69,346,607	50,300,754
8	TRADING INCOME		
	Foreign Exchange from Others Customers	814,302	50,868
		814,302	50,868

For the Year Ended 31st March		2015	2014
		Rs.	Rs.
9	OTHER OPERATING INCOME		
	Gain/(Loss) on Translation of Foreign Currency	(1,394,358)	60,955
	Unwinding Interest Income on Employee Loans	7,874,506	5,202,073
	Loan Loss Recoveries	13,069,053	7,070,075
	Interest on Inter Company Receivable	20,441,041	15,508,988
	Other Income	16,950,646	16,931,030
		56,940,888	44,773,121

10 PROFIT FROM ORDINARY ACTIVITIES BEFORE VAT ON FINANCIAL SERVICES AND TAX STATED AFTER CHARGING ALL EXPENSES INCLUDING THE FOLLOWING:

For the Year Ended 31st March		2015	2014
		Rs.	Rs.
	Directors' Emoluments	12,222,286	12,898,570
	Auditors' Remuneration - Statutory Audit	610,000	575,000
	- Audit Related Services	650,000	630,000
	- Non-Audit Services	340,000	310,000
	Amortization of Intangible Assets	4,636,214	4,019,637
	Depreciation on Property Plant & Equipment	15,197,550	9,910,528
	Legal Expense	5,186,062	5,704,872
	Personnel Cost (Note 10.2)	228,512,439	175,755,307
	Operating Lease Rentals	29,674,554	26,123,807

10.1 Impairment Charge for Loan and Other Losses

	Impairment Charge on Hire Purchase Receivable (Note 15.1.3)	16,616,380	55,393,654
	Impairment Charge on Lease Receivable (Note 15.2.4)	117,426,408	143,374,175
	Impairment Charge on Loans and Advances (Note 15.3.4)	30,281,489	14,897,113
		164,324,277	213,664,942

10.2 Personnel Cost

	Staff Cost	205,763,040	157,563,631
	Defined Benefit Plan Costs -Retiring gratuity (Note 27.1)	5,250,701	3,207,886
	Defined Contribution Plan Costs - MSPS and ETF	17,498,698	14,983,790
		228,512,439	175,755,307

Notes to the Financial Statements

For the Year Ended 31st March		2015	2014
		Rs.	Rs.
11	INCOME TAX EXPENSE		
	Current Year Income Tax Expense		
	Current Year Income Tax Expense on Ordinary Activities - (Note 11.1)	162,229,886	90,689,087
	(Over)/Under Provision of Taxes in respect of previous year	(2,798,229)	1,639,746
		159,431,657	92,328,833
	Deferred Tax Expense (Note 26)	18,037,071	13,567,773
		177,468,728	105,896,606
11.1	Reconciliation Between Accounting Profit to Income Tax Expense; Multiplied by the Statutory Tax Rate is as Follows:		
	Accounting Profit Before Income Tax	566,134,958	374,493,445
	Aggregate Disallowable Expenses	1,773,153,169	1,360,139,776
	Aggregate Tax Deductible Expenses	(1,759,895,678)	(1,410,743,624)
	Taxable Profit	579,392,449	323,889,597
	Income Tax at 28 %	162,229,886	90,689,087
	Current Income Tax Expense	162,229,886	90,689,087
12	EARNINGS PER SHARE		
	The Company's Basic Earnings Per Share is computed on the net profit attributable to equity holders of the Company and weighted average number of shares in issue during the year as required by LKAS 33 "Earnings Per Share"		
	Amount Used as the Numerator	2015	2014
		Rs.	Rs.
	Net Profit Attributable to Equity Holders of the Company	388,666,230	268,596,839
	Amount Used as the Denominator		
	Weighted Average number of Ordinary Shares in issue	165,333,334	165,333,334
	Basic Earnings per Share	2.35	1.62
13	DIVIDENDS PER SHARE		
	Ordinary Shares		
	Proposed First and Final Dividend 2014/15 - Rs. 1.25/- (2013/14 - Rs.0.65)	206,666,668	107,466,667

As At 31st March		2015	2014
		Rs.	Rs.
14	CASH AND CASH EQUIVALENTS		
14.1	Favorable Cash and Cash Equivalent Balances		
	Cash in hand	3,421,962	3,362,572
	Cash at Banks in Local Currency	50,871,292	232,739,347
	Cash at Banks in Foreign Currency	3,878,129	9,652,255
		58,171,383	245,754,174
14.2	Unfavorable Cash and Cash Equivalent Balances		
	Bank Overdrafts	(32,472,880)	(45,686,107)
	Net Cash and Cash Equivalents for the purpose of Cash Flow Statement	25,698,503	200,068,067
15	LOANS AND RECEIVABLES FROM CUSTOMERS		
15.1	Hire Purchase Receivables		
	Rentals Receivable	2,696,263,394	3,325,153,350
	Unearned Interest Income	(602,334,383)	(844,433,276)
		2,093,929,011	2,480,720,074
	Collective Impairment Allowance for Hire Purchase Receivables (Note 15.1.3)	(39,606,373)	(39,687,380)
	Net Receivables	2,054,322,638	2,441,032,694
15.1.1	Hire Purchase Rentals Receivable within One Year from Reporting Date		
	Rentals Receivable within One Year	1,120,562,835	1,389,808,325
	Unearned Interest Income	(317,777,477)	(435,763,715)
	Net Receivables within One Year	802,785,358	954,044,610
15.1.2	Hire Purchase Rentals Receivable after One Year but before Five Years from Reporting Date		
	Rentals Receivable after One Year but before Five Years	1,575,700,559	1,935,345,025
	Unearned Interest Income	(284,556,906)	(408,669,561)
	Net Receivables after One Year but before Five Years	1,291,143,653	1,526,675,464
	Gross Receivable	2,093,929,011	2,480,720,074
15.1.3	Movement in Collective Impairment Allowance for Hire Purchase Receivables		
	Balance as at 1st April	39,687,380	12,175,910
	Charge for the year	16,616,380	55,393,654
	Written off during the year	(16,697,387)	(27,882,184)
	Balance as at 31st March	39,606,373	39,687,380

Notes to the Financial Statements

As At 31st March		2015	2014
		Rs.	Rs.
15.2	Lease Rentals Receivable		
	Rentals Receivable	6,184,873,978	5,034,809,679
	Unearned Lease Interest Income	(1,449,332,528)	(1,297,930,857)
		4,735,541,450	3,736,878,822
	Collective Impairment Allowance for on Lease Rentals Receivables (Note 15.2.4)	(133,571,011)	(110,724,945)
	Net Receivables	4,601,970,439	3,626,153,877
15.2.1	Lease Rentals Receivable within One Year from Reporting Date		
	Rentals Receivable within One Year	2,677,492,915	2,168,657,569
	Unearned Interest Income	(771,143,173)	(702,695,133)
	Net Receivables within One Year	1,906,349,742	1,465,962,436
15.2.2	Lease Rentals Receivable after One Year but before Five Years from Reporting Date		
	Rentals Receivable after One Year but before Five Years	3,506,984,930	2,865,645,980
	Unearned Interest Income	(678,073,121)	(595,036,522)
	Net Receivables after One Year but before Five Years	2,828,911,809	2,270,609,458
15.2.3	Lease Rentals Receivable after Five Years from Reporting Date		
	Rentals Receivable after Five Years	396,133	506,131
	Unearned Interest Income	(116,234)	(199,203)
	Net Receivables after Five Years	279,899	306,928
	Gross Receivable	4,735,541,450	3,736,878,822
15.2.4	Movement in Collective Impairment Allowance for Lease Rentals Receivables		
	Balance as at 1st April	110,724,945	29,321,111
	Charge for the year	117,426,408	143,374,175
	Written off during the year	(94,580,342)	(61,970,341)
	Balance as at 31st March	133,571,011	110,724,945
15.3	Loans and Advances		
	Loans and Advances	1,397,364,863	1,176,192,919
	Unearned Interest Income	(220,548,130)	(234,206,955)
	Receivables on Loans against Fixed Deposits	47,474,981	68,119,957
		1,224,291,714	1,010,105,921
	Collective Impairment Allowance for Loans and Advances (Note 15.3.4)	(39,044,780)	(29,829,782)
	Net Receivables	1,185,246,934	980,276,139

As At 31st March		2015	2014
		Rs.	Rs.
15.3.1	Loans and Advances Receivable within One Year from Reporting Date		
	Loans and Advances Receivable within One Year	1,122,059,313	872,767,567
	Receivables on Loans against Fixed Deposits	47,474,981	68,119,957
	Unearned Interest Income	(189,479,531)	(184,515,544)
	Net Receivables	980,054,763	756,371,979
15.3.2	Loans and Advances Receivable after One Year but before Five Years from Reporting Date		
	Loans and Advances Receivable after One Year but before Five Years	275,305,550	303,022,903
	Unearned Interest Income	(31,068,599)	(49,548,824)
	Net Receivables after One Year but before Five Years	244,236,951	253,474,079
15.3.3	Loans and Advances Receivable after Five Years from Reporting Date		
	Loans and Advances Receivable after Five Years	-	402,449
	Unearned Interest Income	-	(142,587)
	Net Receivables after Five Years	-	259,863
	Gross Receivable	1,224,291,714	1,010,105,921
15.3.4	Movement in Collective Impairment for Loans & Advances		
	Balance as at 1st April	29,829,782	21,128,473
	Charge for the year	30,281,489	14,897,113
	Written off during the year	(21,066,491)	(6,195,804)
	Balance as at 31st March	39,044,780	29,829,782
15.4	Allowance for Impairment		
15.4.1	Movement in Collective Allowance for Impairment		
	Balance as at 1st April	180,242,107	62,625,494
	Charge for the year	164,324,277	213,664,942
	Written off during the year	(132,344,220)	(96,048,329)
	Balance as at 31st March	212,222,164	180,242,107
15.4.2	Allowance for Impairment consist of Provisioning Against		
	Hire Purchase Receivables (Note 15.1.3)	39,606,373	39,687,380
	Lease Receivable (Note 15.2.4)	133,571,011	110,724,945
	Loans and Advances (Note 15.3.4)	39,044,780	29,829,782
		212,222,164	180,242,107

Notes to the Financial Statements

15.5 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	2015		2014	
	Rs.'000	%	Rs.'000	%
Agriculture	1,441,133	18.4	1,385,751	19.7
Tourism	11,819	0.2	25,647	0.4
Transport	1,729,957	22.1	1,445,526	20.5
Construction	24,864	0.3	30,660	0.4
Services	1,641,154	20.9	1,391,664	19.7
Individual	2,992,613	38.2	2,768,215	39.3
	7,841,540	100.0	7,047,463	100.0

16 FINANCIAL INSTRUMENTS - AVAILABLE-FOR-SALE

	2015 No. of Ordinary Shares	2015 Cost of Investment Rs.	2014 Cost of Investment Rs.
Unquoted Shares			
Credit Information Bureau of Sri Lanka	100	41,300	41,300
As At 31st March		2015 Rs.	2014 Rs.

17 FINANCIAL INSTRUMENTS - HELD-TO-MATURITY

Investment in Treasury Bills	532,455,322	370,225,568
Investment in Treasury Bond	85,206,780	83,678,602
	617,662,102	453,904,170

18 OTHER DEBTORS AND PREPAYMENTS

Loans to Employees (Note 18.1)	44,548,463	45,631,437
VAT Receivables	-	5,778,686
Notional Tax Receivable	4,411,804	4,207,583
Economic Service Charges Receivable	-	937,340
Prepayments	54,583,309	45,175,015
Advance and Other Receivables	37,868,825	14,488,675
	141,412,401	116,218,736

As At 31st March		2015 Rs.	2014 Rs.
18.1	Loans to Employees		
	Balance as at 1st April	45,631,437	31,774,572
	Loans granted during the year	12,610,380	27,327,140
	Loan recoveries during the Year	(13,693,354)	(13,470,275)
	Balance as at 31st March	44,548,463	45,631,437
	Due within one Year	13,524,778	12,329,529
	Due after one Year	31,023,685	33,301,908
		44,548,463	45,631,437
19	INTANGIBLE ASSETS		
19.1	Cost		
	Balance as at 1st April	53,093,280	41,952,782
	Additions	2,980,690	11,140,498
	Balance as at 31st March	56,073,970	53,093,280
19.2	Accumulated Amortization		
	Balance as at 1st April	(20,709,935)	(16,690,298)
	Amortization During the Year	(4,636,214)	(4,019,637)
	Balance as at 31st March	(25,346,149)	(20,709,935)
19.3	Carrying Amount		
	At Cost	30,727,821	32,383,345
	Total Carrying Amount of EDP Software	30,727,821	32,383,345
19.4	During the financial year, the Company acquired Software to the aggregated value of Rs. 2,980,690 (2013/14 - Rs. 11,140,498).		
19.5	There are no fully amortized assets in gross carrying amount in 2014/15 (2013/14 - Nil).		

Notes to the Financial Statements

20 PROPERTY, PLANT AND EQUIPMENT

20.1 Cost

	Improvement on Leasehold Premises	Equipment	EDP Equipment	Motor Vehicles	Furniture and Fittings	Total
Balance as at 1st April	62,480,109	15,936,077	23,705,458	6,980,000	15,962,808	125,064,452
Additions	4,592,288	1,472,630	2,267,976	-	882,121	9,215,015
Balance as at 31st March	67,072,397	17,408,707	25,973,434	6,980,000	16,844,929	134,279,467

20.2 Accumulated Depreciation

	Improvement on Leasehold Premises	Equipment	EDP Equipment	Motor Vehicles	Furniture and Fittings	Total
Balance as at 1st April	(27,543,934)	(4,528,746)	(13,363,109)	(1,089,762)	(5,828,145)	(52,353,696)
Depreciation	(8,085,794)	(1,626,756)	(3,338,730)	(568,571)	(1,577,699)	(15,197,550)
Balance as at 31st March	(35,629,728)	(6,155,502)	(16,701,839)	(1,658,333)	(7,405,844)	(67,551,246)

20.3 Carrying Amount

	Improvement on Leasehold Premises	Equipment	EDP Equipment	Motor Vehicles	Furniture and Fittings	Total
Balance as at 1st April	34,936,175	11,407,331	10,342,349	5,890,238	10,134,663	72,710,756
Balance as at 31st March	31,442,669	11,253,205	9,271,595	5,321,667	9,439,085	66,728,221

20.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregated value of Rs. 9,215,015 (2013/14 - Rs. 29,160,758) on cash basis .

20.5 Cost of Fully depreciated assets which are still in use as at reporting date is as follows:

As At 31st March	2015 Rs.	2014 Rs.
Improvement on Leasehold Premises	13,020,064	10,109,531
Equipment	1,340,660	-
EDP Equipment	7,113,597	7,123,398
Furniture and Fittings	1,372,269	-
	22,846,590	17,232,929

20.6 There were no items of Property, Plant & Equipment pledge as security for liabilities of the Company as at the reporting date.

As At 31st March		2015	2014
		Rs.	Rs.
21	OTHER FINANCIAL LIABILITIES DUE TO CUSTOMERS		
	Fixed Deposits at Amortized Cost	4,076,207,097	4,267,327,664
	Savings	73,986,284	10,007,508
		4,150,193,381	4,277,335,172

22 INTEREST-BEARING LOANS AND BORROWINGS

As At 31st March		2015			2014		
		Amount	Amount		Amount	Amount	
		Repayable	Repayable		Repayable	Repayable	
		Within 1 Year	After 1 Year	Total	Within 1 Year	After 1 Year	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	Debenture (Note 22.1)	-	1,234,554,906	1,234,554,906	-	1,229,298,943	1,229,298,943
	Bank Loans (Note 22.2)	325,295,425	-	325,295,425	50,245,778	-	50,245,778
		325,295,425	1,234,554,906	1,559,850,331	50,245,778	1,229,298,943	1,279,544,721

22.1 Debenture

	Type	No of Debenture Listed	Face Value Rs.	Interest Rate	Issued Date	Maturity Date	2015	2014
							Rs.	Rs.
36 Months Unsecured redeemable Debentures	A	4,166,660	416,666,667	14.00%	10-Sep-2013	10-Sep-2016	412,491,549	410,088,442
48 Months Unsecured redeemable Debentures	B	4,166,660	416,666,667	14.25%	10-Sep-2013	10-Sep-2017	411,367,186	409,716,611
60 Months Unsecured redeemable Debentures	C	4,166,680	416,666,666	14.50%	10-Sep-2013	10-Sep-2018	410,696,171	409,493,890
		12,500,000	1,250,000,000				1,234,554,906	1,229,298,943

22.2 Bank Loans

	As at 1st April 2014	Loans Obtained	Repayments	Accrued Interest	As at 31st March 2015
	Rs.	Rs.	Rs.	Rs.	Rs.
Movement of Bank Loans					
Sampath Bank	-	575,000,000	(360,000,000)	252,329	215,252,329
Commercial Bank	50,245,778	-	(50,245,778)	-	-
Nations Trust Bank	-	110,000,000	-	43,096	110,043,096
	50,245,778	685,000,000	(410,245,778)	295,425	325,295,425

Notes to the Financial Statements

As At 31st March		2015 Rs.	2014 Rs.
23	TRADE AND OTHER PAYABLES		
	Trade Payables	327,716,711	144,694,686
	VAT on Financial Services	6,363,886	3,328,062
	VAT Payable	24,787,547	-
	Accrued Expenses	72,872,315	41,601,854
	Insurance Payable	43,122,991	35,556,007
	Dividend Payable	2,029,403	1,559,652
	Other Payables	66,358,178	71,701,182
		543,251,031	298,441,443
24	AMOUNT DUE TO RELATED COMPANIES		
		Relationship	
	Singer (Sri Lanka) PLC	Parent Company	
		51,324,958	28,678,572
		51,324,958	28,678,572
25	CURRENT TAX LIABILITIES		
	Balance as at 1st April	40,658,784	3,775,505
	Add: Expenses recognised in Profit or Loss (Note 11)	159,431,657	92,328,833
	Less: Income Tax Paid	(102,461,330)	(51,093,835)
	Less: WHT Setoff	(753,325)	(765,890)
	Less: Notional Tax Setoff	(4,207,583)	(3,585,829)
	Less: ESC Setoff	(1,306,060)	-
	Balance as at 31st March	91,362,143	40,658,784
26	DEFERRED TAX LIABILITIES		
	Balance as at 1st April	14,543,203	975,430
	Origination of timing differences - recognized in Profit or Loss	18,037,071	13,567,773
	Origination of timing differences - recognized in Other Comprehensive Income	(607,998)	-
	Balance as at 31st March	31,972,276	14,543,203
26.1	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.		

26.2 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	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Property, Plant and Equipment	-	9,910,541	-	7,129,635
Intangible Assets	-	5,424,980	-	6,184,202
Allowance for Impairment	63,008,305	-	39,630,187	-
Retirement Benefit Obligation	6,263,233	-	4,185,039	-
Brought forward losses from Leasing Business	-	-	23,023,051	-
Lease Rental Receivables	-	85,908,293	-	68,067,643
	69,271,538	101,243,814	66,838,277	81,381,480
Net Deferred Tax		31,972,276		14,543,203

	2015	2014
	Rs.	Rs.

27 RETIREMENT BENEFIT OBLIGATIONS

Present Value of Unfunded Gratuity	22,368,690	14,946,568
	22,368,690	14,946,568
Provision for Retiring Gratuity		
Balance as at 1st April	14,946,568	11,520,831
Expenses recognised in Profit or Loss (Note 27.1)	5,250,701	3,207,886
Actuarial Loss in Other Comprehensive Income	2,171,421	447,471
	22,368,690	15,176,188
Benefits Paid during the Year	-	(229,620)
Balance as at 31st March	22,368,690	14,946,568

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 Messes Actuarial & Management Consultants (Private) Ltd

27.1 Expense recognized in Profit or Loss

Current Service Cost	3,401,017	1,937,333
Interest Cost	1,849,684	1,270,553
	5,250,701	3,207,886

Notes to the Financial Statements

27.2 Actuarial Assumptions

Following key assumptions were made in arriving at the above figures

		2015	2014
(a)	Rate of Discount	10.5% p.a. (net of tax)	10.5% p.a. (net of tax)
(b)	Salary Increment Rate		
	Year 1	10%	10%
	Year 2+	9%	9%
(c)	Retirement Age		
	Males	60 years	60 years
	Females	60 years	60 years
(d)	Staff Turn Over Rate	1%	1%
(e)	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.		

28 Stated Capital

28.1 Issued and Fully Paid

	As at 1st April 2014	Issued for Cash during the Year	Issued for Non-Cash Consideration	As at 31st March 2015
	Number	Number	Number	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	2015 Rs.	2014 Rs.
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29 STATUTORY RESERVES

Reserve Fund (Note 29.1)	73,317,972	53,884,660
Investment Fund (Note 29.2)	-	82,242,928
	73,317,972	136,127,588

29.1 Reserve Fund

Balance as at 1st April	53,884,660	40,454,818
Amount Transfer during the year	19,433,312	13,429,842
Balance as at 31st March	73,317,972	53,884,660

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%

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	2015 Rs.	2014 Rs.
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29.2 Investment Fund

Balance as at 1st April	82,242,928	67,412,340
Amount Transferred to Retained Earning during the year	(82,242,928)	14,830,588
Balance as at 31st March	-	82,242,928

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.

The operation of this fund was ceased with the effect from 1st October 2014

Notes to the Financial Statements

30 FINANCIAL REPORTING BY SEGMENTS AS PER PROVISION OF THE SRI LANKA ACCOUNTING STANDARD SLFRS 8

Reporting format in relation to business segments 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:

30.1 Business Segments (Rs.'000)

For the Year Ended 31st March	Finance Lease		Hire Purchase		Loan & Advances		Other		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Interest	817,087	819,806	509,178	499,844	299,829	220,175	232,845	259,812	1,858,939	1,799,637
Net Fee and Commission Income	43,094	26,206	11,990	15,444	14,262	8,650	-	-	69,346	50,301
Net Trading Income	-	-	-	-	-	-	814	51	814	51
Other Operating Income	10,972	6,061	8,125	9,131	4,511	3,065	33,333	26,516	56,941	44,773
Total Revenue	871,153	852,073	529,293	524,420	318,602	231,890	266,992	286,378	1,986,040	1,894,762
Interest Expense	(294,237)	(345,959)	(183,358)	(210,935)	(107,970)	(92,914)	(83,849)	(109,640)	(669,413)	(759,449)
Depreciation & Amortization	(8,718)	(7,168)	(5,433)	(4,825)	(3,199)	(877)	(2,484)	(1,061)	(19,834)	(13,930)
Period S&A	(231,890)	(229,955)	(144,505)	(140,206)	(85,092)	(61,759)	(66,082)	(72,876)	(527,568)	(504,796)
Bad debts	(117,426)	(143,374)	(16,616)	(55,394)	(30,281)	(14,897)	-	-	(164,324)	(213,665)
Value Added Tax on Financial Services	(8,602)	-	(14,742)	(14,502)	(8,681)	(6,388)	(6,741)	(7,538)	(38,766)	(28,428)
Profit Before Tax	210,280	125,618	164,639	98,557	83,380	55,055	107,836	95,263	566,135	374,493
Income Tax Expense	(65,917)	(35,521)	(51,610)	(27,870)	(26,137)	(15,568)	(33,804)	(26,937)	(177,469)	(105,897)
Profit For The Year	144,363	90,096	113,029	70,688	57,242	39,487	74,032	68,326	388,666	268,596
Segment Assets*	4,601,970	3,626,154	2,054,323	2,441,033	1,185,247	980,276	1,005,416	1,036,896	8,846,956	8,084,359
Segment Liabilities	3,680,602	3,053,672	1,546,826	2,012,870	793,546	676,556	461,822	256,737	6,482,796	5,999,835
* Segment assets include the additions to non current assets	7,157	20,736	3,195	13,959	783	3,069	1,060	2,537	12,195	40,301

31 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

An analysis of the interest bearing assets and liabilities employed by the Company as at 31st March 2015, based on the remaining period at the reporting date to the respective contractual maturity date is given below.

As at 31st March	2015					
	Less than 3 months	3-12 months	1-3 years	3-5 years	over 5 years	Total
Interest Earning Assets						
Cash and Cash Equivalents	58,171,383	-	-	-	-	58,171,383
Placement with Banks	90,672,877	-	-	-	-	90,672,877
Hire Purchase Receivables	268,761,907	494,417,078	1,037,768,537	253,375,116	-	2,054,322,638
Lease Rental Receivables	602,253,433	1,170,525,298	2,190,636,364	638,275,445	279,899	4,601,970,439
Loans and Advances	279,189,220	661,820,763	227,270,355	16,966,596	-	1,185,246,934
Financial Instruments - Held-to-Maturity	533,870,049	-	-	-	83,792,053	617,662,102
Total Interest Earning Assets	1,832,918,869	2,326,763,139	3,455,675,256	908,617,157	84,071,952	8,608,046,373
Percentage(%)	21.3	27.0	40.1	10.6	1.0	100.0
Interest Bearing Liabilities						
Other Financial Liabilities Due to Customers	1,815,131,700	1,709,247,268	558,168,623	57,052,250	10,593,540	4,150,193,381
Interest Bearing Loans and Borrowings	325,295,425	-	412,491,549	822,063,357	-	1,559,850,331
Due to Related Companies	51,324,958	-	-	-	-	51,324,958
Bank Overdraft	32,472,880	-	-	-	-	32,472,880
Total Interest Bearing Liabilities	2,224,224,963	1,709,247,268	970,660,172	879,115,607	10,593,540	5,793,841,550
Percentage(%)	38.4	29.5	16.8	15.2	0.2	100.0
As at 31st March	2014					
	Less than 3 months	3-12 months	1-3 years	3-5 years	over 5 years	Total
Interest Earning Assets						
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

Notes to the Financial Statements

32 FINANCIAL INSTRUMENTS

32.1 Financial Risk Management

(a) Overview of Financial Risk Management

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 analyze 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.

32.1.1 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 leading to a financial loss 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.

(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)	
	2015 Rs.	2014 Rs.
Loans and receivables from Customers	7,982,952,411	7,163,681,446
	7,982,952,411	7,163,681,446
The maximum to credit risk for receivables at the reporting date by type of Counter party was		
Individual Customers	7,944,985,362	7,116,229,780
Corporate Customers	37,967,049	47,451,666
Total (Note 32.1.1 (d))	7,982,952,411	7,163,681,446

(d) Impairment Losses

The aging of receivables at the reporting date was

As At 31st March	2015			2014		
	Gross Rs.	Impairment Rs.	Net Rs.	Gross Rs.	Impairment Rs.	Net Rs.
Not past due	4,913,031,228	3,052,005	4,909,979,223	3,907,960,252	11,677,494	3,896,282,758
Past due 0-30 days	1,368,638,888	2,331,099	1,366,307,789	1,254,127,465	2,027,009	1,252,100,456
Past due 31-120 days	1,386,046,875	8,421,860	1,377,625,015	1,589,629,405	7,135,072	1,582,494,333
Past due 120-180 days	246,216,838	17,532,934	228,683,904	293,520,141	19,783,249	273,736,892
Past due 180-360 days	132,806,939	36,935,481	95,871,458	173,883,428	52,631,802	121,251,626
Past due more than 360 days	148,433,807	143,948,785	4,485,022	124,802,862	86,987,481	37,815,381
	8,195,174,575	212,222,164	7,982,952,411	7,343,923,553	180,242,107	7,163,681,446

Notes to the Financial Statements

32.1.2 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 2015	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	325,295,425	348,215,000	230,350,000	117,865,000	-	-	-
Unsecured Debenture issues	1,234,554,906	1,671,791,871	89,262,576	89,057,495	969,236,482	524,235,318	-
Trade Other payables	543,251,031	543,251,031	543,251,031	-	-	-	-
Other Financial Liabilities Due to Customers	4,150,193,381	4,246,200,141	2,432,855,920	1,163,153,836	351,160,404	288,436,441	10,593,540
Bank Overdrafts	32,472,880	32,472,880	32,472,880	-	-	-	-
	6,285,767,623	6,841,930,922	3,328,192,407	1,370,076,331	1,320,396,885	812,671,759	10,593,540

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	Rs	Rs	Rs	Rs	Rs
Secured Bank Loans	50,245,778	55,456,265	41,653,643	13,802,622	-	-	-
Unsecured Debenture 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	298,441,443	298,441,443	298,441,443	-	-	-	-
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	-	-	-	-
	5,901,007,443	6,691,207,005	2,852,493,862	1,286,186,306	674,360,735	1,873,545,204	4,620,898

32.1.3 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 optimizing the return. Market risk comprises two types of risks;

- *Interest Rate Risk
- *Currency Risk

(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	2015 Rs	2014 Rs
Fixed Rate Instruments		
Financial Assets	8,608,046,373	7,863,004,719
Financial Liabilities	(5,793,841,550)	(5,631,244,572)
	2,814,204,823	2,231,760,147

(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

32.1.4 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 behavior. 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

32.2 Classification of Financial Assets and Financial Liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31st March 2015	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	Fair Value Rs.'000	Fair Value Measurement Level
Cash and Cash Equivalents	14.1	58,171	-	-	-	58,171	-	-
Placement with Banks		90,673	-	-	-	90,673	-	-
Hire Purchase Receivables	15.1	2,054,323	-	-	-	2,054,323	-	-
Lease Rental Receivables	15.2	4,601,970	-	-	-	4,601,970	-	-
Loans and Advances	15.3	1,185,247	-	-	-	1,185,247	-	-
Financial Instruments - Available-for-Sale	16	-	-	41	-	41	-	-
Financial Instruments - Held-to-Maturity	17	-	617,662	-	-	617,662	617,161	Level 2
Total Financial Assets		7,990,384	617,662	41	-	8,608,087	617,161	
Financial Liabilities								
Other Financial Liabilities Due to Customers	21	-	-	-	4,150,193	4,150,193	-	-
Interest Bearing Loans and Borrowings	22	-	-	-	1,559,850	1,559,850	-	-
Due to Related Companies	24	-	-	-	51,325	51,325	-	-
Bank Overdraft	14.2	-	-	-	32,473	32,473	-	-
Total Financial Liabilities		-	-	-	5,793,841	5,793,841	-	-
As at 31st March 2014								
Financial Assets								
Cash and Cash Equivalents	14.1	245,754	-	-	-	245,754	-	-
Placement with Banks		115,884	-	-	-	115,884	-	-
Hire Purchase Receivables	15.1	2,441,033	-	-	-	2,441,033	-	-
Lease Rental Receivables	15.2	3,626,154	-	-	-	3,626,154	-	-
Loans and Advances	15.3	980,276	-	-	-	980,276	-	-
Financial Instruments - Available-for-Sale	16	-	-	41	-	41	-	-
Financial Instruments - Held-to-Maturity	17	-	453,904	-	-	453,904	454,181	Level 2
Total Financial Assets		7,409,101	453,904	41	-	7,863,046	454,181	
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	14.2	-	-	-	45,686	45,686	-	-
Total Financial Liabilities		-	-	-	5,631,245	5,631,245	-	-

Amortized cost for Hire Purchase, Lease, Loans and Advances and Liabilities is computed using market interest rate. Therefore amortized cost is a reasonable approximation to its Fair Value.

The Company has used market yield rates published by Central Bank for the fair value computation of Held-to-Maturity Financial instruments.

Notes to the Financial Statements

32.3 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 Company consists of debt and equity of the Company. The capital structure of the Company is reviewed by the Board of Directors.

33 COMMITMENTS AND CONTINGENCIES

33.1 Capital Commitments

There were no significant capital commitments which have been approved or contracted for by the Company as at the reporting date except for the following.

Operating Lease commitments as at 31st March 2015, is as follows:

Within one year	Rs. 16.0 million
Between one to five years	Rs. 56.6 million
Over five years	Rs. 6.4 million

33.2 Contingencies

As at 31st March 2015, the Company has provided letters of guarantee totaling to Rs. 750,000/- against Fixed Deposits of Rs. 1,015,865/-

33.3 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. 1,800 million against loan obtained to the value of Rs. 1,300 million as at the year end:

		Outstanding Credit Facility (Rs. Mn)	Carrying Value (Rs. Mn)
Sampath Bank	135% of the Banks's exposure	600	810
Commercial Bank	150% of the Banks's exposure	200	300
Seylan Bank	130% of the Banks's exposure	300	390
Nations Trust Bank	130% of the Banks's exposure	200	300
		1,300	1,800

34 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:

34.1 First and Final Dividend 2014/15

On the 1st June 2015, the Board of Directors approved a First and Final Dividend of Rs. 1.25 per share amounting to Rs. 206.6 million for the year ended 31 March 2015.

The dividend will be paid on 19th June 2015.

35 RELATED PARTY TRANSACTIONS

35.1 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.

The Company's immediate Parent Undertaking is Singer (Sri Lanka) B.V. The Company's Ultimate Parent Undertaking is Retail Holdings N.V.

Notes to the Financial Statements

35.2 Transactions with parent Company and affiliate Companies

During the year, the Company had the following transactions with the its Parent Company and Affiliate Company.

Name of the Company and Relationship	Name of Director	Nature of Transaction	2015 Rs.Mn	2014 Rs.Mn
Singer (Sri Lanka) PLC	Dr. S Kelegama (Chairman)	Withdrawals of Rental Collections From Singer (Sri Lanka) PLC	1,495.0	1,679.8
	Mr. H D S Amarasuriya [Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th April 2013]	Sales Financed to purchase goods from Singer (Sri Lanka) PLC	336.2	208.2
		Administrative Fees Paid	-	8.6
	Mr. G J Walker	Loans Obtained During The Year	-	575.0
	Mr. H A Pieris [Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th April 2013]	Loans Settled During The Year	-	1,648.0
		Purchase of Assets	0.4	0.5
		Dividend Paid (Gross)	86.4	86.4
		Interest Expense	11.9	49.3
	Mr. M P A Salgado (Resigned w.e.f. 30th June 2014)	Rental Collections through Singer (Sri Lanka) PLC	2,061.3	1,752.7
		Collection Commission Paid	19.5	18.6
	Mr. J J Hyun	Royalty Paid Through Singer (Sri Lanka) PLC	19.4	18.7
	Mr. K K L P Yatiwella [w.e.f. 8th Aug 2014]	Rent Reimbursed	12.1	11.8
		Expenses Paid Through Singer (Sri Lanka) PLC	213.1	197.2
		Investment in Debenture	-	149.3
		Balance Payable	51.3	28.7
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	96.5	73.0
		Deposits Capital Repayment	-	21.2
	Mr. H A Pieris [Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th April 2013]	Deposits Interest Payment (Gross)	9.0	10.7
	Mr. G J Walker			

35.3 The amount due to Singer(Sri Lanka) PLC as at 31st March 2015, are disclosed in Note 24 of the Financial Statements.

36 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

	2015 Rs.Mn	2014 Rs.Mn
(i) Transactions Key Management Personnel or close Family Members		
Deposit kept by Key Management Personnel or their close family members	113.1	78.4
(ii) Compensation of Key Management Personnel		
Short-Term Employee Benefits	12.2	12.9
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 10 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 2015, are disclosed in Note 24 of the Financial Statements		

37 DIRECTORS' RESPONSIBILITY

Directors of the company are responsible for the preparation and presentation of these Financial Statements.

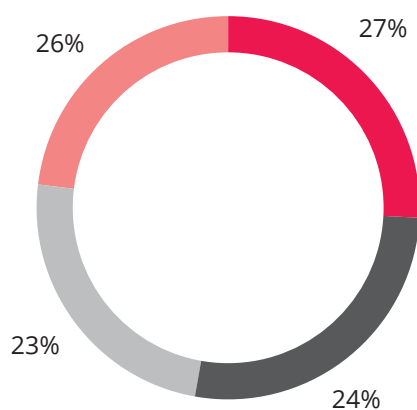
Ten Year Summary

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Year Ended 31st March										
Operating Results										
Gross Income	1,986,040	1,894,761	1,755,601	1,277,360	1,002,382	705,115	460,394	257,791	164,981	70,806
Interest Expense	669,413	759,449	742,013	407,774	283,008	316,422	283,228	146,620	64,704	22,390
Non-Interest Expense	750,492	760,818	690,196	583,847	494,547	301,674	160,744	99,553	79,661	43,305
Profit Before Tax	566,135	374,493	323,391	285,739	224,826	87,019	16,422	40,399	20,617	5,112
Income Tax Expense	177,469	105,897	66,857	70,058	105,371	32,900	3,691	(2,281)	9,521	1,188
Profit for the Year	388,666	268,597	256,535	215,681	119,456	54,119	12,731	13,899	11,095	3,923
Total Comprehensive Income for the Year	387,103	268,149	256,535	215,681	119,456	54,119	12,731	36,419	11,095	3,923
Dividends	206,667	107,467	107,467	85,333	42,667	20,000	10,000	15,000	7,500	-
As at 31st March										
Assets										
Liquid assets	766,506	815,542	402,973	325,844	211,141	174,094	171,710	100,115	47,824	33,104
Investments	41	41	41	41	41	41	41	41	41	41
Advances	7,841,541	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
Other Assets	141,412	116,219	151,236	174,967	124,203	61,954	81,397	69,527	53,471	26,208
Property, Plant & Equipment	66,728	72,711	53,461	29,554	27,993	22,928	24,566	18,142	7,437	8,784
Intangible Assets	30,728	32,383	25,262	13,650	12,346	7,314	8,978	10,749	7,525	5,283
Deferred Tax Assets	-	-	-	6,979	9,434	5,677	-	-	-	-
Income Tax Receivable	-	-	-	9,288	-	-	-	-	-	-
Total Assets	8,846,956	8,084,359	7,223,695	6,743,097	4,392,573	3,253,087	2,078,496	1,384,580	857,925	527,544
Liabilities										
Deposit from customers	4,150,193	4,277,335	3,318,927	2,740,998	1,882,620	1,518,043	1,097,979	642,198	288,565	126,825
Interest-Bearing Loans & Borrowings	1,592,323	1,325,231	1,009,276	1,223,338	81,968	40,017	362,126	386,585	212,186	231,824
Due to Related companies	51,325	28,679	661,651	1,299,856	1,187,515	997,250	223,781	4,879	75,613	23,281
Retirement Benefit Obligations	22,369	14,947	11,521	7,479	5,572	3,751	2,843	1,643	921	909
Deferred Tax Liability	31,972	14,543	975	-	-	-	8,654	9,179	11,460	1,939
Other Liabilities	634,614	339,100	297,504	359,292	295,779	228,247	161,453	116,166	51,650	36,331
Total Liabilities	6,482,796	5,999,835	5,299,854	5,630,963	3,453,454	2,787,308	1,856,836	1,160,650	640,395	421,109
Equity										
Stated Capital	1,445,333	1,445,333	1,445,333	800,000	800,000	400,000	200,000	200,000	200,000	100,000
Statutory Reserves	73,318	136,128	108,437	65,161	20,990	10,748	8,042	3,013	1,192	322
Retained Earnings	845,509	503,063	370,071	246,973	118,129	55,031	13,618	20,917	16,338	6,113
Total Equity	2,364,160	2,084,524	1,923,841	1,112,134	939,119	465,779	221,660	223,930	217,530	106,435
Total Liabilities & Equity	8,846,956	8,084,359	7,223,695	6,743,097	4,392,573	3,253,087	2,078,496	1,384,580	857,925	527,544
Investor Information										
Gross Dividend (Rs.000)	206,667	107,467	107,467	85,333	42,667	20,000	10,000	15,000	7,500	-
Dividend per share (Rs.)	1.25	0.65	0.65	0.79	0.40	0.25	0.25	0.38	0.19	-
Dividend Cover (Times)	1.88	2.50	2.39	2.53	2.80	2.71	1.27	2.43	1.48	-
Net Assets Per Share (Rs.)	14.30	12.61	13.17	10.33	14.83	8.22	11.08	11.20	10.88	10.64
Market Price Per Share-Maximum (Rs.)	21.40	15.70	18.50	44.20	55.70	-	-	-	-	-
Market Price Per Share-Minimum (Rs.)	12.00	10.50	10.90	15.20	35.00	-	-	-	-	-
Price as at Year End (Rs.)	18.30	12.10	12.60	16.20	36.50	-	-	-	-	-
Price Earning Ratio (Times)	7.78	7.45	7.18	8.09	19.35	-	-	-	-	-
Earnings Per Share (After Tax)	2.35	1.62	1.76	2.00	1.89	0.96	0.64	1.82	0.55	0.39
Ratios										
Annual Income Growth (%)	4.82	7.93	37.44	27.43	42.16	53.15	78.59	56.25	133.00	430.86
Growth In Interest Expenses (%)	(11.86)	2.35	81.97	44.09	(10.56)	11.72	93.17	126.60	188.99	746,233.33
Growth In Non Interest Expenses (%)	(1.36)	10.23	18.22	18.06	63.93	87.67	61.47	24.97	83.95	329.87
Growth In Profit after tax (%)	44.36	4.53	18.94	80.55	120.73	325.09	(65.04)	228.25	182.82	56.23
Growth In Advances (%)	11.27	6.93	6.60	54.28	34.43	66.37	51.08	59.92	63.31	371.56
Growth In Deposits (%)	(2.97)	28.88	21.08	45.59	24.02	38.26	70.97	122.55	127.53	-
Growth In Shareholder's Fund (%)	13.41	8.35	72.99	18.42	101.62	110.13	(1.01)	2.94	104.38	3.83
Equity:Assets (%)	26.72	25.78	26.51	16.48	21.36	14.31	10.66	16.17	25.36	20.18
Debt:Equity (Times)	2.45	2.70	2.59	4.73	3.36	5.49	7.60	4.62	2.65	3.59

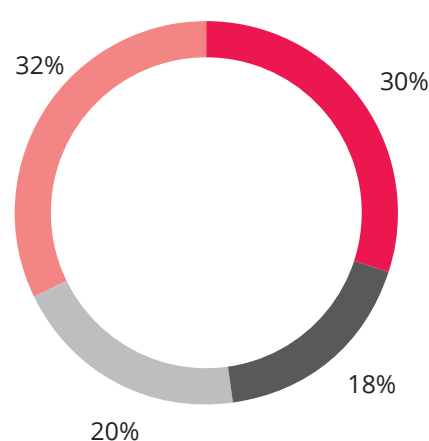
Value Added Statement

Year Ended 31st March	2015 Rs.		2014 Rs.	
Income earned by providing financial services	1,858,938,568		1,799,636,652	
Cost of Services	(968,468,778)		(1,088,489,757)	
Value added by financial services	890,469,790		711,146,895	
Non-financial income	127,101,797		95,124,743	
Provision for Impairment Losses	(164,324,277)		(213,664,942)	
	853,247,310		592,606,696	
Value Allocated				
To employees as remuneration	228,512,439	27%	175,755,307	30%
To shareholders as dividend	206,666,668	24%	107,466,667	18%
To government as tax				
- Income Tax	159,431,657	19%	92,328,833	16%
- FS VAT	38,766,149	5%	28,427,779	5%
To business expansion and growth				
- as Depreciation	19,833,764	2%	13,930,165	2%
- as Retained earnings	181,999,562	21%	161,130,172	27%
- as Deferred Taxation	18,037,071	2%	13,567,773	2%
	853,247,310	100%	592,606,696	100%

Value Distribution 2014/15



Value Distribution 2013/14



- To employees as remuneration
- To shareholders as dividend
- To government as tax
- To business expansion and growth

Share Information

1. STATED CAPITAL

	31st March 2015	31st March 2014
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

	31st March 2015 No of Shares	31st March 2014 No of Shares
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. 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 (Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th June 2014)	68,442	68,442
Mr. J Mendis (Appointed w.e.f. 31st July 2014)	42,000	42,000
Mr. S Ramanathan (Alternate Director to Mr. J J Hyun) (Appointed w.e.f. 30th April 2013)	-	-
Mr. K K L P Yatiwella (Alternate Director to Mr. G J Walker) (Appointed w.e.f. 31st July 2014)	-	-
Mr. P J P De Silva (Alternate Director to Mr. Y C J Kan) (Appointed w.e.f. 30th April 2013)	47,000	47,000

4. ANALYSIS OF SHAREHOLDERS ACCORDING TO THE NUMBER OF SHARES AS AT 31ST MARCH

No. of Shareholders: 31st March 2015 - 7,767 (31st March 2014 - 8,699)

		Resident Shareholders			Non Resident Shareholders			Total Shareholders		
		NO.OF HOLDERS	TOTAL HOLDINGS	%	NO.OF HOLDERS	TOTAL HOLDINGS	%	NO.OF HOLDERS	TOTAL HOLDINGS	%
1-1000	Shares	5,624	2,564,340	1.55	13	9,700	0.01	5637	2,574,040	1.56
1001-10000	Shares	1,710	5,899,613	3.57	13	56,622	0.03	1723	5,956,235	3.60
10001-100000	Shares	357	9,927,546	6.00	10	317,740	0.19	367	10,245,286	6.20
100001-1000000	Shares	37	7,807,670	4.72	0	-	0.00	37	7,807,670	4.72
1000001-10000000	Shares	2	5,819,049	3.52	0	-	-	2	5,819,049	3.52
OVER 10000001	Shares	1	132,931,054	80.40	-	-	0.00	1	132,931,054	80.40
Total		7,731	164,949,272	99.77	36	384,062	0.23	7,767	165,333,334	100.00

5. ANALYSIS OF SHARES

Categories of Shares	31st March 2015		31st March 2014	
	No. of Share Holders	No. of Shares	No. of Share Holders	No. of Shares
Individuals	7,620	22,591,488	8,511	22,364,234
Institutions	147	142,741,846	188	142,969,100
Total	7,767	165,333,334	8,699	165,333,334

6. MARKET VALUE PER SHARE FOR THE PERIOD ENDED 31ST MARCH

	2015		2014	
	Rs.	Date	Rs.	Date
Highest Value per share during the Year	21.40	9th Jan 2015	15.70	10th May 2013
Lowest Value per share during the Year	12.00	02nd April 2015	10.50	10th Nov 2013
Closing Price	18.30	31st March 2015	12.10	31st March 2014

7. DIVIDENDS

Interim Dividend 2014/15 - Nil (2013/14 - Nil)

Final Dividend 2014/15 - Rs. 1.25 (2013/14 - Rs.0.65)

Share Information

8. TWENTY LARGEST SHAREHOLDERS AS AT 31ST MARCH

Name	2015	
	No of Shares	%
1 Singer (Sri Lanka) PLC	132,931,054	80.40
2 Employees Trust Fund Board	3,769,049	2.28
3 Associated Electrical Corporation Ltd	2,050,000	1.24
4 Mr.Mushtaq Mohamed Fuad	618,304	0.37
5 Mrs. Hemalatha Gracelin Elizabeth Arumugampillai	500,000	0.30
7 Mr. Shakir Asgerally Lukmanjee	400,100	0.24
6 Mercantile Investments And Finance Plc	400,000	0.24
8 Mr. Chelliah Ramachandran	365,200	0.22
9 Mr.Christopher Rohan Martin	362,000	0.22
10 A E C Properties (Pvt) Ltd.	360,000	0.22
11 Mr. Arunasalam Sithampalam	294,105	0.18
12 Seylan Bank Limited/Ruwan Prasanna Sugathadasa	292,213	0.18
13 Mr.Loku Narangodage Sarath Kumara Samarasinghe	265,000	0.16
14 Mr.Gunasena Dangampola	246,000	0.15
15 Waldock Mackenzie Limited/Mrs. A C Jayasinghe	209,371	0.13
16 Mr. Periyasaami Pillai Thevarajah	208,680	0.13
17 Mr.Vidyaratne Ganitaguruge Kulatunge Vidyaratne	205,000	0.12
18 Mr. Kadupitige Gabriel Gerard Fernando	181,277	0.11
19 Mr.Saifuddin Esmail Patel	168,067	0.10
20 Asha Financial Services Limited/Mr.C N Pakianathan	155,000	0.09
	143,980,420	87.08
Others	21,352,914	12.92
	165,333,334	100.00

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 Naeqah (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 Senthilverl	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
	141,120,952	85.36
Others	24,212,382	14.64
	165,333,334	100.00

9. PUBLIC HOLDINGS

Public holding as at 31st March 2015 is 19.52% (As at 31st March 2014 - 19.48%).

10. SHARE TRADING

For the year ended 31st March	31st March 2015	31st March 2014
Number of Transactions	16,478	8,893
Number of Shares Traded	49,217,139	16,853,537
Value of Shares Traded (Rs.)	840,380,289	219,420,754

11. RECORD OF SCRIP ISSUES

Year ended 31st March	Issue	Basis	No. of Shares	Share 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

12. LISTED DEBENTURES

Details regarding the listed debentures are as follows:

Fixed rate 14% debentures unsecured redeemable on 10.09.2016

Fixed rate 14.25% debentures unsecured redeemable on 10.09.2017

Fixed rate 14.5% debentures unsecured redeemable on 10.09.2018

Interest rate of Comparable Government Securities as at 31st March 2015 was 9.13%
(as at 29th August 2013 was 11.17%)

Highest traded price, lowest traded price, last traded price as at 31st March 2015, interest yield and yield to maturity of trade are as follows:

	Highest Traded Price Rs.	Lowest Traded Price Rs.	Last Traded Price Rs.	Interest Yield %	Yield to Maturity %
48 Months Unsecured redeemable Debentures	110	110	110	15.03%	9.76%

Debt/equity ratio, Interest Cover and Quick asset ratio are given in Financial Highlights on Page 4 of this report.

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.

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.

Notes

[illegible]

[illegible]

Notice of Annual General Meeting

SINGER FINANCE (LANKA) PLC

[Company Registration No. PB 813 PQ]

NOTICE is hereby given that the Eighth Annual General Meeting of Singer Finance (Lanka) PLC will be held on Tuesday, 30th June 2015, at the Sri Lanka Foundation Institute, No. 100, Independence Square Colombo 07, at 10.00 a.m.

AGENDA

1. To receive, consider and adopt the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2015 with the Report of the Auditors thereon.
2. To elect Mr. J Mendis who was appointed as a Director of the company and is being recommended for election
3. To re-elect Mrs. M Tharmaratnam who retires by rotation and who being eligible is being recommended for re-election.
4. To re-elect Mr. J Hyun who retires by rotation and who being eligible is being recommended for re-election.

5. To re-elect Mr. R S Wijeweera who retires by rotation and who being eligible is being recommended for re-election.
6. To Authorise Directors to determine contribution to charities.
7. 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



T A Amarasuriya, ACMA (UK)

Secretary

Singer Finance (Lanka) PLC

Colombo
1st June 2015

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 Mawatha, 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.

Form of Proxy

Annual General Meeting

SINGER FINANCE (LANKA) PLC

[Company Registration No. PB 813 PQ]

I / Weof

being a Member/Members of the above-named Company, hereby appoint

..... of

..... or failing him/her

- | | | |
|----|------------------------------------|----------------|
| 1. | Dr. Saman Kelegama | or failing him |
| 2. | Mr. Jayendran Arulraj Setukavalar | 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. Yat Cho Joe Kan | or failing him |
| 7. | Mr. Robert Shanthapriya Wijeweera | or failing him |
| 8. | Mr. Janaka Mendis | |

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 Tuesday, 30th June 2015, at the Sri Lanka Foundation Institute, No. 100, Independence Square, Colombo 07, at 10.00 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 2015 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To elect Mr. Janaka Mendis as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mrs. M Tharmaratnam who retires by rotation	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. J Hyun who retires by rotation	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. R S Wijeweera who retires by rotation	<input type="checkbox"/>	<input type="checkbox"/>
6. To Authorise Directors to determine contribution to charities.	<input type="checkbox"/>	<input type="checkbox"/>
7. 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 2015

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: 2 303717
Fax: 2 303715

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

T.A. Amarasuriya

Lawyers

Neelakandan & Neelakandan
Attorneys-at-Law
No. 2, Deal Place
Colombo 03

Directorate

Dr. S Kelegama - Chairman
Mrs. M Tharmarathnam - Senior Independent Non-Executive Director
Mr. J A Setukavalar
Mr. J J Hyun
Mr. G J Walker
Mr. J Kan
Mr. M P A Salgado (Resigned w.e.f 30th June 2014)
Mr. J Mendis (Appointed w.e.f 31st July 2014)
Mr. R S Wijeweera - Chief Executive Officer
Mr. S Ramanathan - Alternate Director to Mr. J. Hyun
Mr. Premalal De Silva - Alternate Director to Mr. J. Kan
Mr. K K L P Yatiwella (Appointed w.e.f 30th April 2014) - Alternate Director to Mr. G J Walker

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 - Credit Card Operation
Mr. B S E T Fernando - Senior Manager Compliance & Reporting
Mr. J Wijeyagoonewardene - Head of Deposits

