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Annual Report online

Singer Finance **1st Finance Company to launch a Credit Card**

The Central Bank of Sri Lanka licensed Singer Finance to be the 1st to launch a VISA approved Credit Card in the non-bank financial services sector. Customers can expect a host of benefits, promotions and discounts from multiple vendors on the revolutionary Singer Finance credit card.

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Letter from the Chairman



"Your Company recorded a growth of 6.4% in gross turnover, creating a milestone in history by surpassing the Rs. 2 billion mark"

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Management Discussion & Analysis



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About this Report

This report sets out financial and key non-financial performance of Singer Finance (Lanka) PLC in the financial year 2015/16. The Company performed well returning an improvement in most of the KPI's in comparison to the financial year 2014/15, steadily evolving from a medium sized finance company to a large player in the industry, moving closer to the vision of being the foremost Finance Company in Sri Lanka.

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

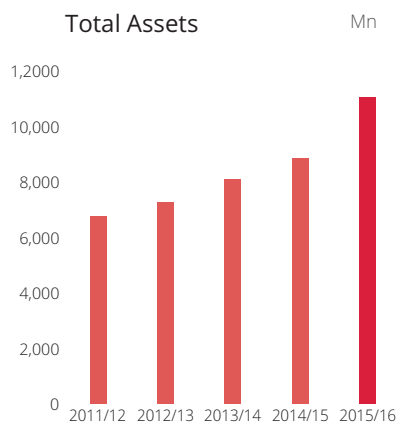
We make every effort to ensure that the environment is protected and conserved for the future generations

Shareholders

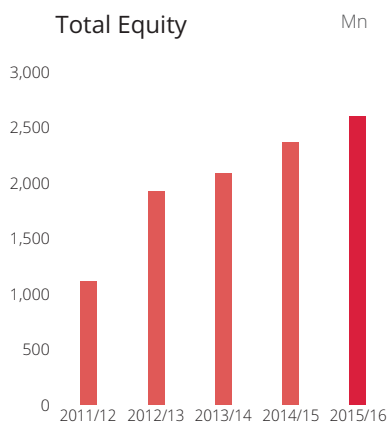
We provide a reasonable return while safeguarding their investment

Financial Highlights

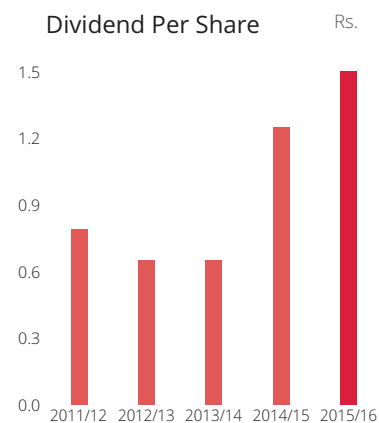
	2015/16	2014/15	Change
Financial Performance (Rs. 000)			
Gross Income	2,113,396	1,986,040	6.4%
Interest Income	1,962,271	1,858,939	5.6%
Interest Expense	679,166	669,413	1.5%
Profit Before Tax	646,813	566,135	14.3%
Income Tax Expense	205,958	177,469	16.1%
Profit After Tax	440,855	388,666	13.4%
Revenue to the government	293,928	198,198	48.3%
Gross Dividends	248,000	206,667	20.0%
Financial Position at the year end (Rs. 000)			
Total Equity	2,597,628	2,364,160	9.9%
Public Deposit	3,173,767	4,150,193	-23.5%
Hire Purchase, Lease, Loans & Advances	10,036,295	7,841,540	28.0%
Total Assets	11,035,809	8,846,956	24.7%
Investor Information			
Earnings Per Share (Rs.)	2.67	2.35	13.4%
Dividend Per Share (Rs.)	1.50	1.25	20.0%
Net Assets Per Share (RS.)	15.71	14.30	9.9%
Price Earning Ratio (Times)	6.79	7.78	-12.8%
Dividend Payout Ratio (Times)	56.35	53.39	5.5%
Dividend Cover (Times)	1.78	1.88	-5.4%
Ratios			
Gross Non-Performing Advance Ratio (%)	2.18	3.37	
Net Non-Performing Advance Ratio (%)	0.46	0.74	
Non-Interest Expense to Gross Income (%)	38.65	38.79	
Gross Interest Margin (%)	65.39	63.99	
Net Interest Margin (NIM) (%)	13.43	14.84	
Return on Assets (Before Tax) (%)	6.51	6.69	
Return on Average Shareholders' Funds (%)	17.77	17.47	
Interest Cover (Times)	1.95	1.85	
Equity : Interest Bearing Liabilities (Times)	0.34	0.41	
Debt Equity Ratio (Times)	2.95	2.43	
Quick Assets Ratio (%)	1.89	1.96	
Statutory Ratios			
Liquid Assets (%)	13.34	12.69	
Core Capital Ratio (%) (Minimum requirement 5%)	22.92	24.96	
Regulatory Capital to Risk-Weighted Assets (%) (Minimum requirement 10%)	22.92	24.96	
Shareholders' Funds:Public Deposits (%) (Minimum of 10%)	81.85	56.97	



↑ 24.7%



↑ 9.9%



↑ 20%

Gross NPL Ratio
31st March 2016

2.18%

Net NPL Ratio
31st March 2016

0.46%

31st March 2015

3.37%

31st March 2015

0.74%



Employees

298



Branches

21



Service Centres

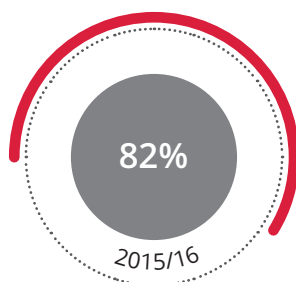
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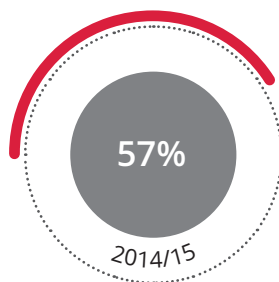
Mega Service Centres

16

Shareholders' Funds:
Public Deposits

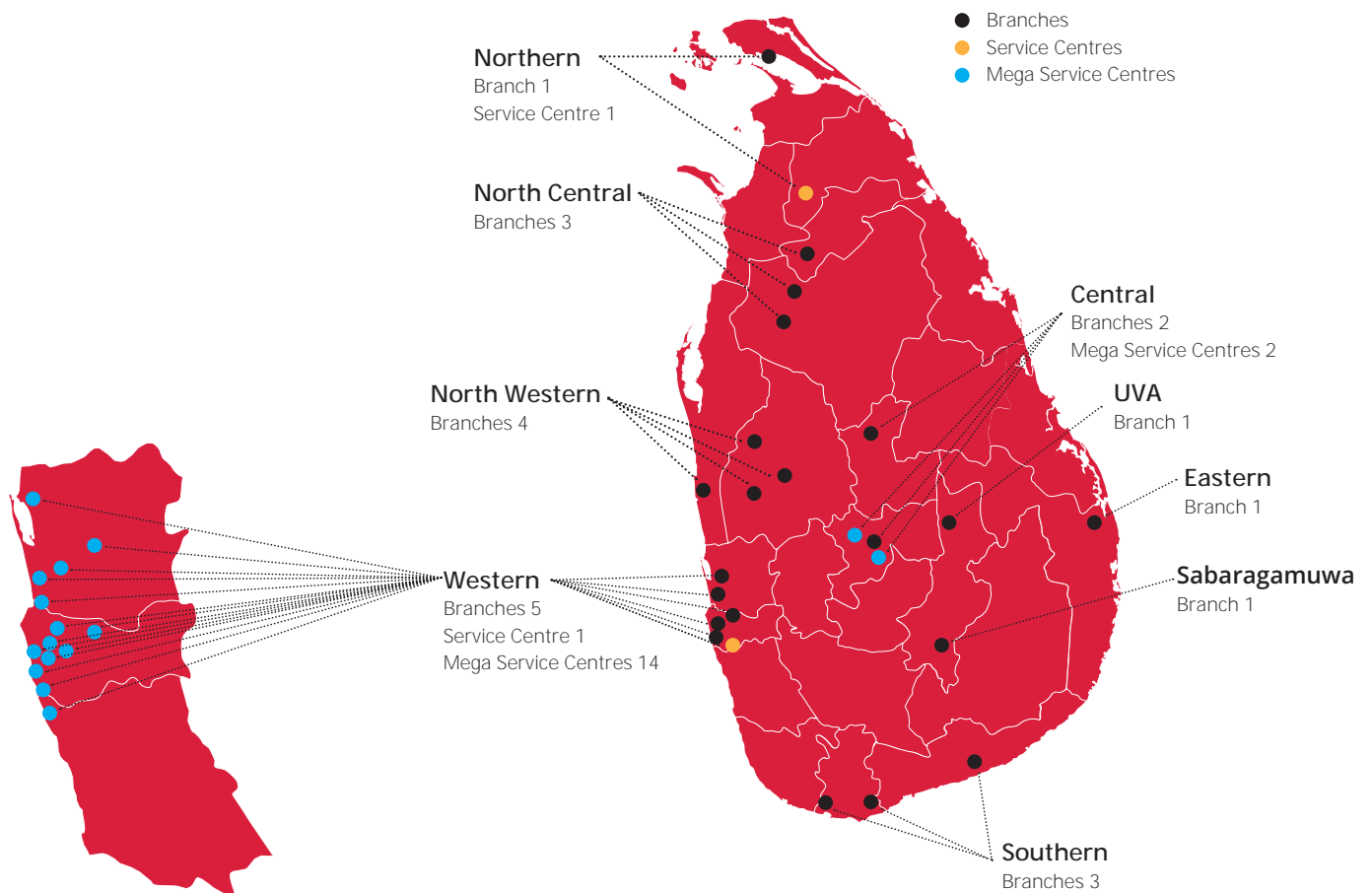


Shareholders' Funds:
Public Deposits





Where We Operate



We have the honour of being the first non-banking financial institution to launch a credit card.





“Valued shareholder, you will be delighted to learn that the Board’s strategic decision in launching the first credit card by a Non-Banking Financial Institution (NBFI) in Sri Lanka was indeed a success, creating history yet again.”

Letter from the Chairman

Macroeconomic Conditions in FY 2015/16.

Sri Lankan economic expansion has markedly slowed in the past 3 years from the rapid pace of the post-conflict economic boom. Provisional estimates place growth at 4.8% in 2015, marginally lower than the 4.9% expansion a year earlier. Weak global demand and political change characterized the year, as did an expansive fiscal policy following presidential elections in January and parliamentary elections in August that established a coalition cabinet, bringing about political stability and a much needed positive change. However post-election witnessed a widening in the budget deficit due to the urgency in fulfilling election promises made by the new government. Investment slowed down as investors decided to wait and see till the new government announces its policy framework and consolidates its position.

November 2015 brought about the first budget of the newly elected government, which incorporated measures to balance off the deficits in forms of, augmented VAT and tax reforms. The Central Bank marginally tightened monetary policies citing concerns over expansion in monetary aggregates fuelling inflation. The year witnessed a strong pick up in consumption patterns, which followed through from the previous year –at marginally reduced rates, which

augurs well for the overall financial sector. 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 while the credit market remained highly liquid. All in all, the banking sector continued to expand its asset base during the year under review.

Company Performance

Your Company recorded a growth of 6.4% in gross turnover, creating a milestone in history by surpassing the Rs. 2 billion mark and recording a gross income of Rs. 2.1 billion, with the leasing sector being the main contributor to this growth staging a staggering Rs. 1.1 billion turnover and a growth of 42% from the previous year. The end of the fiscal year saw a growth in interest expenses as government policy rates were adjusted upward, resulting in a marginal interest expense growth of 1.5% to Rs. 679 million. The company continued to expand the group sales business during the year under review by consolidating its relationships with existing institutions, earning close to 15% of its annual gross revenue from the Group Sales Business.

A notable reduction in allowance for impairment was experienced, as it receded by 82.3% to Rs. 29.1 million, this contributed towards the company's bottom line growth. This reduction was an illustration of improved economic

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"Your Company recorded a growth of 6.4% in gross turnover, creating a milestone in history by surpassing the Rs. 2 billion mark"

Letter from the Chairman



conditions resulting in increase in consumer expenditure on vehicles both for personal use for the purpose of business and also improved payment patterns.

The company's Profit Before Tax (PBT) grew 14% totalling Rs. 647 million. While the company's total asset base created a millstone in the company's book surpassing the Rs. 10 billion mark; exhibited a growth of 25% equalling Rs. 11 billion. With the growth in the leasing portfolio being the main contributor, growing by 66% and closing the year at Rs. 7.5 billion. Non-Performing Loans receded during the period under review, adding to our revenue earnings. Our robust financial standing once again this year augments the fact that my confidence expressed last year was well placed.

During the financial year we witnessed Your Company embarking on a campaign of branch network expansion, namely Kaduwela and Negombo. The Galle branch was relocated to a new premises in order

to facilitate the growing customer base while offering them new and improved services. As a post balance sheet event, Singer Finance issued a Rs. 1 billion debenture on the 1st April 2016 - this issue coincided with the time window in which government policy rates were on an upward trend. It was a significant achievement to obtain a sum of Rs. 1 billion at an overall cost of 11.84% for a 3rd and 4th year debenture, this too ascertaining the company's sound managerial decisions and disciplines.

Valued shareholder, you will be delighted to learn that the Board's strategic decision in launching the first credit card by a Non-Banking Financial Institution (NBFI) in Sri Lanka was indeed a success, creating history yet again. The extensive groundwork carried out by the CEO and his team during the year on this project was completed by June 2015, after which a launch took place of the first-ever credit card by a NBFI to the Sri Lankan market. The credit card business showed aggressive expansion in the last quarter of the financial year. The company also developed its factoring business during the year under review, and has now developed the receivables portfolio to Rs. 58 million. The company mainly engages the suppliers of the Parent company and has now extended the offering to outside stakeholders as well.

The company continues to be led by good governance in all aspects of its operations. Issues such as maintaining gender balance and pursuing an inclusive human resource policy are priorities. During the year, we recruited differently abled youth into our cadre endorsing our commitment as an equal opportunities employer.

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 been in the forefront of the Sri Lankan economical landscape creating milestones in their epic journey over sixteen decades.

Sri Lanka is now rapidly moving towards a cash-less society with the increase in debit and credit card transactions with retail payments in cash for goods services recording a decline. In keeping up with these trends your company will embark on yet another first in the finance arena – important milestone by launching a Debit Card; which will take place during the second quarter of the coming fiscal year. The migration to a new software system too is expected to take place during the coming year improving efficiency levels and ensuring a better customer service.

We look forward to making 2016 yet another successful year, creating milestones as we go along. I am sure that our success will continue to be based on the same ingredients as before; our people, our passion for business, our determination to stay the course and look ahead, to understand the environment in which we operate, and to organize ourselves to seize opportunities to strengthen our business.

Acknowledgements

I thank all our stakeholders who have stood by us over the years. The most valuable relationships are those that remain resolute under all circumstances, and we respect such relationships. In particular, I would like to thank Ms. Marina Tharmaratnam who served on our board for the last three years and made a significant contribution to board deliberations. And I wish Mr. Premalal De Silva who made a significant contribution all the best as he retires from our board, I would also like to welcome Mr. Chandana Samarasinghe his replacement, Mr. Thushan Amarasuriya who became the Alternate Director to Mr. R. S. Wijeweera, Mr. Iman Perera who became the Alternate Director to Mr. Janaka Mendis, Mrs. Premila Liyanage the new Company Secretary and our new Director Mr. Russel De Mel – who's vast experience and knowledge in the banking sector and Credit Card operations will indeed be beneficial in propelling your company to new heights. I wish the gentleman and lady all the best in serving the the Board of Singer Finance.

The Audit Committee, the Integrated Risk Management Committee; my thanks to you for your tireless efforts in reducing risks in our operation and assuring smooth operational excellence. Finally, I would like to express my sincere appreciation to my fellow board members, our staff, our loyal customers and all our shareholders.



Dr. Saman Kelegama
Chairman

31st May 2016

Group Chief Executive Officer's Review

"Singer has many years of experience in consumer finance and is in a position to offer the credit card service to the consumers of the mass market. Currently, credit cards are used by less than 5% of the eligible population."

Dear Shareholders,

The Environment

Over the financial year 2015/16, we witnessed an increase in consumer spending in most sectors of the economy. The increase in consumer spending was due to several factors – continuous low interest regime; lower fuel prices from January 2015; public sector salary increases and a good rice harvest. Interest rates were steady in the first half, but increased in the 2nd half of the year.

The new government consolidated itself by winning the parliamentary elections and by forming a coalition government. With the new government, there was greater freedom for the citizens, better relationships with most foreign governments, better relationships between communities and the passing on many benefits to the public as mentioned above.

At the same time, several on-going infra-structure projects slowed down. The government sent conflicting signals creating confusion in the business sector and there was a slowdown in the decision making and implementation by the government.

In 2016, the government introduced a restriction on the loan to value ratio for leases and also increased duties and taxes on motor vehicles.

Our Strategies and Actions

Our Strategies and Actions during the financial year were as follows :

- a) We introduced a Singer branded Credit Card and Singer Finance has the honour of being the first non-banking financial institution to launch a credit card.
- b) With the improvement in business conditions, we initiated actions to grow the business volumes and revenues.
- c) We commenced factoring and invoice discounting operations.
- d) The company continued to capitalize on the strength of its parent company, Singer (Sri Lanka) PLC.
- e) We continued to improve the branch network and infra-structure.

Introduction of Credit Card

During the year Singer Finance introduced a Credit Card. This is an internationally accepted credit card through VISA. As mentioned earlier, we have the honour of being the first non-banking financial institution to launch a credit card.

The launch is a result of hard work over a couple of years in setting up the IT systems, communications, systems, processes and controls and getting the requisite approvals.

“The company continued to capitalize on the strengths of its parent company, Singer (Sri Lanka) PLC. Singer Finance continues the hire purchase lending operations at Singer Mega showrooms and continued to increase its financing of group sales for the consumer durable sector”



Group Chief Executive Officer's Review



Singer's entry into the credit card business was based on the following: Singer has been in the consumer finance business in Sri Lanka since its inception by offering hire purchase to customers. Today the main area of consumer finance business is Credit Cards. Hence it is logical that Singer too is in this business. Singer has many years of experience in consumer finance and is in a position to offer the credit card service to the consumers of the mass market. Currently, credit cards are used by less than 5% of the eligible population.

Singer commenced issuing credit cards on a limited and test basis in October 2015 and after successfully testing it, have now launched the credit card to the public. At the time of writing this review almost 1,200 cards have been issued and to-date there were 13,000 transactions including 578 international transactions.

The company will also launch a debit card in the latter part of 2016.

New Areas of Business

The company went into new fields of operations, such as factoring and invoice discounting. As at 31st March, the factoring receivables was Rs. 38.9 Million and invoice discounting receivables amounted to Rs. 18.9 Million.

Capitalization on Strengths of Parent Company

The company continued to capitalize on the strengths of its parent company, Singer (Sri Lanka) PLC. Singer Finance continues the hire purchase lending operations at Singer Mega showrooms and continued to increase its financing of group sales for the consumer durable sector. The factoring and bill discounting operations first commenced with suppliers of Singer (Sri Lanka) PLC. During the year, the company also commenced hire purchase lending for mobile phones from selected retail shops of the parent company.

New Branches

During the year under review, the company opened two new branches in Kaduwela and in Negombo while the Galle branch was relocated to a new premises.

Financial Results for the Year

Singer Finance achieved key milestones in Gross Income (reaching Rs. 2.1 Billion), in Profit for the year (achieving Rs. 440 Million) and in total Assets (reaching Rs. 11 Billion).

Gross income grew by 6.4% to Rs. 2.1 Billion, while net interest income grew by 8% to Rs. 1.28 Billion. Total operating income increased by 9% to Rs. 1.43 Billion.

Allowances for impairment charges for loans and others decreased from Rs. 164.3 Million in prior year

to Rs. 29.1 Million in current year.

Personnel costs increased by 23% and administration and selling expenses increased by 28% and VAT on financial services increased by 80% due to increase in Leasing business.

Net profit after all taxes increased to Rs. 440.8 Million from Rs. 388.7 Million in the prior year. This is a growth of 13%.

Funding

The company has always had a very comfortable, low risk mix of funding. The gearing ratio at 2.8 is one of the lowest in the financial industry. In case of Borrowings too Singer Finance is not over dependent on a single source and has a healthy mix from different sources. Debentures account for 39%, public deposits amount to 44% and bank funding account for 17%.

During the year under review there was a shift from public deposits to debentures as the company secured Rs. 1.5 Billion (5 year) debentures at 9.95% in June 2015.

The company also had a debenture issue after the balance sheet date for Rs. 1 Billion at a rate of 11.8%.

Risk and Controls

Singer Finance continues to focus on the risks and controls. The company has strong internal controls, tight credit approvals and good follow up. The company commenced a Call Centre for follow up of collections in the prior year. During the year it was expanded with 79,369 calls made in the final quarter of the financial year 2015/16 vs 36,111 calls made in the same period prior year.

The non-performing loan ratio at 2.1% is among the lowest in the industry.

Singer Finance continues to focus on safeguarding the shareholders and deposit holders through prudent lending, effective systems and controls and adequate funding. The shareholder funds to deposit ratio is at 81.8%. The total risk weighted capital adequacy ratio of 22.9% is one of the best in the industry and very much more than the stipulated level, which is 10%.

Changes in the Board

Ms. Marina Tharmaratnam, our Senior Independent Director, resigned in December 2015 in order to be overseas for some time. Mr. Premalal De Silva who was an Alternate Director resigned with effect from June, 2015 on his retirement from Singer (Sri Lanka) PLC.

I wish to record my appreciation to both Ms. Marina Tharmaratnam and Mr. Premalal De Silva for their valuable advice and guidance during their period of service on the Board.

Mr. Russell De Mel joined the Board of Directors as an Independent Director from January, 2016. He has vast experience and knowledge in the banking sector and is a former Chief Executive Officer of a leading bank.

Mr. Chandana Samarasinghe, who is Director – Operations of the parent company and Mr. Thushan Amarasuriya, Chief Financial Officer of the company and Mr. Iman Perera, Business Development Manager of the company joined the Board as Alternate Directors in May 2016.

I wish Messrs. Russell De Mel, Chandana Samarasinghe, Thushan Amarasuriya and Iman Perera all the best in serving the Board of Singer Finance.

Mrs. Pramila Liyanage took over as Company Secretary from Mr. Thushan Amarasuriya in May 2016. I thank Mr. Thushan Amarasuriya for his valuable services and wish Mrs. Pramila Liyanage the very best in this position.

Acknowledgement

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 and new initiatives.

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

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

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

Sincerely,



Asoka Pieris
Chief Executive Officer – Singer Group

31st May 2016



10 Bn +

"Having exceeding the landmark figure of Rs.10 billion, Singer Finance PLC now steps into the major league as a player in the "Large Category of Finance Companies" as per Central Bank's classification."

Chief Executive Officer's Review

The 2015/16 financial year proved to be a period of high profitability and innovation for the company. The most significant accomplishment during the period is that the company surpassed the Rs. 10 billion mark by recording a total asset base of Rs. 11 billion.

Stepping into the Large Category

Having exceeded the landmark figure of Rs.10 billion, Singer Finance PLC now steps into the major league as a player in the "Large Category of Finance Companies" as per Central Bank's classification. The company's elevation into this elite group of companies is a clear testimonial of our financial stability and fiscal discipline which has brought us to this momentous milestone in our journey to be the foremost finance company in Sri Lanka. The achievement of Rs. 11 billion in total assets reflects growth by 26% when compared to the previous year and even surpasses the industry average of 22.3%.

Impressive Performance

As a result of the profitable year, the company posted a profit after tax of Rs. 440.8 million, reflecting a growth of 13% as compared to the previous year. Our lending portfolio was further strengthened during the year, which resulted in a total lending volume of Rs. 8.7 billion in comparison to Rs. 6.2 billion in the previous year, indicating an impressive growth of 40%. The company outstripped industry

lending growth by a steep margin, with the finance industry growing at an average rate of 22% at the end of 2015, as compared to the company's accelerated growth of 40%.

The company's growth in net operating income can be directly attributed to the significant reduction of impairment charges by as much as 82% in comparison to last year. The credit quality of our portfolio was a key factor in reducing impairment levels during the year as a result of which net operating profit increased.

As a result of this, the company managed to repeat its achievement of a low NPL Ratio of 2.1% as in the last three years, which is very satisfactory when compared with the industry average of 5.7%. We are pleased by the fact that this gives us greater flexibility and control over our lending portfolio. Our service levels have been perfected and customers who select us do so, on the basis of the service they receive from us and not on the basis of low lending rates. Singer Finance offers a clear and distinctive value proposition that is appreciated by customers.

In spite of the increasing cost of funds, the company managed to maintain the Net Interest Margin at 12%, which compares well with the industry average of 8.7%. The company's Return on Shareholders funds were 17.7 % for the year, whereas industry return was 12.3%.

"The company managed to repeat its achievement of a low NPL Ratio of 2.1% as in the last three years, which is very satisfactory when compared with the industry average of 5.7%."

Chief Executive Officer's Review



Meanwhile, Return on Assets (Before Tax) ratio was 6.5%, which is more than twice the return of 3% recorded by the industry. Further, the total risk weighted capital adequacy ratio of the company was 22.92%, which is far above the industry average of 11.2%. Our non-interest cost to income ratio too is one of the lowest in the industry at 35.9%.

Meaningful Policy Changes

Several policy measures were introduced by the Central Bank to contain excessive credit flows to selected sectors. Accordingly, a minimum cash margin requirement was imposed on letters of credit (LCs) opened for the importation of motor vehicles, which was replaced later on by a maximum LTV ratio, a macro prudential measure, on loans and

advances granted for the purpose of purchase or utilisation of motor vehicles.

No doubt, this move will have a negative impact on lending business in the short term, but I believe this is an excellent move to improve credit quality in the long term. In my view, the introduction of low LTV rate as a 'blessing in disguise', as lowering LTV will have a cushioning effect in bringing down undue demand in the market. Singer Finance has been steadily improving its credit quality which is reflected in our performance this year and this step by the Central Bank will further help to strengthen credit quality further.

The Central Bank of Sri Lanka was active during the year and attempted various monetary policy measures to maintain the interest rates in the market by way of lowering the policy rates, but excessive demand pressure prevailed in the monetary market for credit products prevented lending rates coming down meaningfully.

1st Finance Company to Launch Credit Card

Setting benchmarks and living up to our pioneering legacy is ingrained in our DNA. During the year, we were very fortunate to issue a universally accepted VISA Credit card in Sri Lanka. We are the first Finance Company in the country to be approved by Central Bank to issue a VISA Credit card. The card was introduced in 2015 and shows a lot of promise, judging by the applications received from customers.

Singer Finance has a robust risk framework in place which has been evolved to suit the new product.

Central Bank is satisfied with all our standards and is supportive of our efforts to pioneer the model for credit cards for the first time in the non banking financial services industry. We are cognizant of the fact that Singer Finance will be upheld as the benchmark for other companies who would follow in our footsteps.

Appreciation

I take this opportunity to thank the Chairman, Independent Directors and other Members of the Board for their valuable advice and guidance at all times. During the year, we noted the resignation of Mrs. Marina Tharmaratnam due to personal reasons, who has played a vital role as a Chairperson of our Integrated Risk Management Committee. We were fortunate enough to enlist Mr. Russell De Mel, a veteran banker, as an Independent Director to fill the vacancy created by the resignation of Mrs Tharmaratnam. I also take this opportunity to welcome Mr. Chandana Samarasinghe, Mr.Thushan Amarasuriya and Mr. Iman Perera who joined the Board as Alternate Directors and Mrs. Pramila Liyanage who replaced Mr. Amarasuriya as Secretary to the Board and wish them the best in serving the Board of Singer Finance.

While acknowledging the valuable contribution made by entire Board, I would like to express my gratitude to the Chairman for his contribution in moderating the impact of macro

issues that prevailed in the economy. Sharing of his expert knowledge on macro-economic issues helped us to be ready in advance to face emerging challenges on the economic front.

I would also like to thank the Chairman, the Chief Executive Officer of Singer Asia, and Chief Executive Officer of the Singer Group for their valuable support in shaping the strategic direction of the company.

Singer Finance for the past 11 years has built up a solid foundation for future development, which would not have been possible if not for the support received from our employees at all levels. We are fortunate to have a competent team of managers deployed in all important areas of our business. Their commitments and contributions often exceed expected levels and drive us to deliver the exceptional results during the year under review.

In conclusion, I would like to thank the Governor of the CBSL, the Director and other officials of Non-Bank Supervision and the Controller of Exchange for their guidance at all times. I thank the General Manager and the staff of Credit information Bureau for their expertise and efficiency in maintaining the standards of the Bureau, which immensely helped our credit decisions.



R S Wijeweera
Chief Executive Officer

31st May 2016

Board of Directors



Dr. Saman Kelegama

Chairman/ Non-Executive Director

Joined the Board of Singer Finance (Lanka) PLC as Director on 13th November 2008.

He was appointed the Chairman of Singer (Sri Lanka) PLC on 1st April 2015 and became Chairman of Regnis (Lanka) PLC, Singer Industries (Ceylon) PLC and other Subsidiaries of Singer (Sri Lanka) PLC.

An Independent Director of S C Securities, the Postgraduate Institute of Management (PIM) and Gamini Corea Foundation.

He is the Executive Director, Institute of Policy Studies of Sri Lanka, former President and Honorary Fellow of the Sri Lanka Economic Association and author of several publications on the economy of Sri Lanka and South Asia.

He holds a D.Phil (Economics) from Oxford University, UK



Mr. Jayendran A Setukavalar

Senior Independent Non-Executive Director

Joined the Board of Singer Finance (Lanka) PLC on 22nd 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., Ceylinco Life Insurance Ltd. Mr. Setukavalar 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. Setukavalar 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 Price Waterhouse Coopers Dubai.

He is a fellow of The Institute 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. Setukavalar 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 21 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 with BT Wolfensohn. He returned to Hong Kong in 1999 with Investor Asia, the Asian operations of Investor AB, the Swedish industrial holding group. Mr. Hyun joined UCL in 2003.

Mr. Hyun serves on the Boards of Sewko Holdings Ltd, Singer (Sri Lanka) PLC, Whittington Group Pte Ltd, Erivale LLC and several non-profit organisations active in Asia. He is an alumnus of the University of Chicago.



Mr. Gavin J Walker

Non-Executive Director

Joined 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 Board of a number of Singer Asia Subsidiaries.

Board of Directors



Mr. Joe Kan

Non-Executive Director

Joined the Board of Singer Finance (Lanka) PLC on 30th April 2013.

Mr. Kan 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 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 Ltd., Brand Trading (Cambodia) Ltd., Singer Asia Holdings N.V. and Singer Corporation Ltd.



Mr. Russell De Mel

Independent Non-Executive Director

Mr. De Mel joined the Board of Singer Finance (Lanka) PLC on the 1st of January 2016. He was the former Director and Chief Executive Officer of NDB Bank PLC and served the Bank for a period of 33 years.

During his long career at NDB he has held many key positions. He also played a leading role in the privatization of the Plantation Sector. As Head of Group Risk Management he was instrumental in aligning the Risk Management function with the Business Groups within the NDB Group. He also served on the Boards of several NDB Group companies & client companies, as the Bank's nominee, until his retirement from NDB.

Mr. De Mel is a Fellow of the Chartered Institute of Management Accountants, UK (FCMA), a Chartered Global Management Accountant (CGMA) & a Fellow of the Institute of Certified Management Accountants (FCMA), Sri Lanka.

At present he is a member of the Board of Directors of TAL Lanka Hotels PLC (Taj Samudra), EAP Holdings Pvt Ltd, EAP Broadcasting Ltd., EAP Films and Theatres Ltd and Nations Trust Bank PLC.



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 37 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 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

Non-Executive Director

Mr. Janaka Mendis Joined the Board of Singer Finance (Lanka) PLC on 30th April 2013.

Mr. Mendis has over 34 years of experience with the parent company , this experience comprises of 19 years as a District Manager /Area Manager and Senior Area Manager. Having had the opportunity to move into the credit function , he accomplished a total of 15 years' experience in core credit functions serving in the capacity of Senior Manager Credit , Deputy Credit Director and serves presently as the parent company's Credit Director. Mr. Mendis 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.

Mr. Ramanathan is currently functions as the Director logistics of singer (Sri Lanka) PLC. He is a fellow of The Institute of Financial Accountants of London.



Mr. Lalith Yatiwella

Alternate Director

Joined the Board of Singer Finance (Lanka) PLC on 31st July 2014.

Mr. Yatiwella currently functions as the Finance Director of Singer (Sri Lanka) PLC.

He is also a Director of Singer Digital Media (Pvt) Ltd., Singer Business School (Pvt) Ltd., Alternate Director of Singer (Sri Lanka) PLC and former Secretary to the Board of singer Finance (Lanka) PLC.

Mr. Yatiwella is an Associate Member of The Institute of Chartered Accountants of Sri Lanka and holds BSc (Hons) Special Degree in Business Administration from University of Sri Jayewardenepura.



Mr. Chandana Samarasinghe

Alternate Director

Mr. Samarasinghe joined the Board of Singer Finance (Lanka) PLC on the 5th of May 2016 as Alternate Director to Mr. Joe Kan. He also serves as Director Operations of Singer Sri Lanka PLC, a post he has held since July 2015.

He joined Singer (Sri Lanka) PLC in August 1992 as a Trainee Executive and held numerous posts including serving as a District Manager, Area Manager and Senior Area Manager.

Chandana's senior management roles include Sales Manager, Retail in August 2004, Business Development Manager in 2010 and Deputy Director, Operations in June 2014.

He holds a MBA and an MSc in Marketing from the Asia e University of Malaysia and is also is a Member of the Chartered Institute of Marketing (MCIM).



Mr. Thushan Amarasuriya

Alternate Director

Mr. Amarasuriya joined the Board of Singer Finance (Lanka) PLC on the 5th of May 2016 as Alternate Director to Mr. R.S Wijeweera.

He is the Head of Finance and has also served as the Compliance Officer and Company Secretary.

He has over 12 years' experience in the field of Accounting and Finance and over 3 years' experience in Sales, Marketing and Branding.

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), a Certified Global Management Accountant (CGMA) a Member of the Chartered Institute of Marketing, (MCIM), he has completed the examinations of the MBA with the University of Leicester -UK and awaits the confirmation of the Board of examiners.

Prior to joining Singer Finance, Thushan worked at Singer India Retail as Financial Controller, at Singer (Sri Lanka) PLC as Manager Financial Reporting and at Cargills Food City as an Area Manager and Marketing Manager.

Board of Directors



Mr. Iman Perera

Alternate Director

Mr. Perera joined the Board of Singer Finance (Lanka) PLC on the 5th of May 2016 as Alternate Director to Mr. Janaka Mendis. He also serves as the Head of Business Development overseeing sales, marketing and the branch network.

He possesses extensive work experience of over 22 years in the Finance Industry covering Retail Banking, Business Development, Sales and Marketing functions in Leasing, Micro Financing, Savings and Fixed Deposits.

Iman holds a MBA from the Postgraduate Institute of Management of University of Sri Jayewardenepura and a BSc Business Administration (Special) Degree from University of Sri Jayewardenepura with a Second Class



Ms. Pramila Liyanage

Secretary to the board

Pramila Liyanage replaced Thushan Amarasuriya as Company Secretary on the 5th of May 2016. She joined Singer (Sri Lanka) PLC in April 2011 as Accountant Finance and was promoted as Manager Financial Reporting in January 2013 and as Finance Manager of Singer (Sri Lanka) PLC in January 2016.

Her previous work experience was at KPMG and Dunamis Capital PLC. Pramila has a First Class Honors Degree in B.B.Mgt. Human Resources (Special) from the University of Kelaniya and is an Associate Member of both the Chartered Institute of Management Accountants, (CIMA - UK) and Institute of Chartered Accountants of Sri Lanka.

Senior Management



Mr. Thushan Amarasuriya

Head of Finance

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), a Certified Global Management Accountant (CGMA) a Member of the Chartered Institute of Marketing, (MCIM) , he has completed the examinations of the MBA with the University of Leicester –UK and awaits the confirmation of the Board of examiners.

Prior to joining Singer Finance, Thushan worked at Singer India Retail as Financial Controller, at Singer (Sri Lanka) PLC as Manager Financial Reporting.



Mr. Iman Perera

Head of Business Development

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 Jayewardenepura. He counts 22 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 Singer Finance since 2006.



Mr. Ruwan Jayasuriya

Manager – Credit and Recoveries

Ruwan has been with Singer Group for over 20 years, of which eight years with the parent company managing sales, administration and hire purchase of consumer durables. He joined Singer Finance team at inception in 2004 and is heading credit, recoveries and operations division 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. He is on leave for one year with effect from 1st August 2015 to go overseas.

Senior Management



Mr. Joe Wijeyegoonewardene
Head of Deposits

Joe has considerable years of working experience both in the public and private sectors holding several positions of which over 34 years have been spent in the Finance Industry heading deposit departments. He is a Justice of Peace (All Island).



Mr. Thilan Rupasinghe
Head of Cards

Thilan joined the Singer Finance team in April 2016 as Head of Cards.

Thilan has been with the Singer Group for over 22 years of which 12 years in the Treasury Department and out of which 7 years as Senior Manager Treasury. Also he has worked in the Financial Services Department, Accounts Department and Budget department at Singer Sri Lanka PLC. He also holds the position of Treasurer of the Payment Card Industry Association of Sri Lanka (PCIASL).

Thilan holds a MBA from Australian Institute of Business (AIB) Adelaide.

Middle Management



Mr. Jeevaka Jayawardena
Acting Manager - Credit

Jeevaka is in charge of credit functions that was previously under the purview of Manager – Credit and Recoveries, who is on leave for one year with effect from 1st August 2015. He holds over 17 years experience in Accounting and Finance out of which he has served 10 years in the Financing and Leasing Industry.



Mr. K D S Manoj Kumara
Senior Operations Manager

Manoj has over 12 years experience in the Retail Banking Industry and over 10 years in the Financing and leasing industry. He holds a MBA from the Mahathma Gandhi University of India and a Diploma in Banking from the Institute of Bankers of Sri Lanka.



Mr. Rajindra Gamage
Senior Regional Manager – Kurunegala

Rajindra has over 13 years experience in retail banking and over 9 years experience in Financing and Leasing.

Middle Management



Mr. Niranjan Sethunga
Senior Recoveries Manager

Niranjan holds B. Com (Sp) Hons. Degree with a 2nd class from the University of Kelaniya and an Executive Diploma in Micro Finance & Livelihood Development from Sri Lanka Foundation. He has been with Singer Finance since its inception and holds over 10 years management experience in Marketing, Credit & Recovery.



Mr. Pradeep Boange
Senior Regional Manager - Kandy

Pradeep has over 21 years experience in the field of Financing and Leasing. Pradeep is an Associate Member of Chartered Institute of Marketing – UK and holds MBA from the University of Wales Institute – Cardiff.



Mr. Nishantha De Silva
Senior Regional Manager - Matara

Nishantha has over 26 years experience in the Finance and Leasing industry and has also covered 2 years in Life and General insurance. He has successfully completed a “Diploma in English for employment” awarded by the Faculty of Humanities & Social Sciences of University of Ruhuna and has completed 3 years in the Higher National Diploma in Commerce conducted by the Higher Education Ministry.



Mr. Roshan Ruwanpura
Senior Group Sales Manager

Roshan is presently heading the Group Sales Division of Singer Finance. He has over 19 years experience covering Sales and Marketing, Recoveries, Credit Control and Inventory Management. He holds a diploma in Supplies and Material Management from The Institute of Supplies and material Management of Sri Lanka.



Mr. Suranga Jayaweera
Manager – Financial Reporting and Compliance

Suranga has over 8 years experience in the field of Accounting, Auditing and Finance. He is an Associate Member of The Institute of Chartered Accountants of Sri Lanka, The Institute of Certified Professional Managers and The Association of Accounting Technicians of Sri Lanka. He holds BSc. Accounting (Sp) Degree with 2nd class upper division from University of Sri Jayewardenepura. Prior to joining Singer Finance, he worked at Ernst & Young and at singer (Sri Lanka) PLC as an Audit Manager.



Mr. Jayalath Dharmarathna
Manager – Factoring

Dharmarathna has over 13 years experience in the fields of Leasing and Factoring. He is an Associate member of Institute of Credit Management and partly completed the Diploma in Banking & Finance (DBF) level from IBSL. He is currently reading for MBA at University of Cardiff Metropolitan – UK. Prior to joining Singer Finance, he worked at Nation Trust Bank and Seylan Merchant Bank PLC.

Middle Management

Ms. Radhika Perera
Manager – Deposits

Having worked briefly as an Intern for Singer Finance in early 2010, Radhika joined the Company as Manager Deposits in the year 2016. Radhika has extensive work experience having worked for Telstra Corporation, Australia as Manager Credit and Recoveries, in Financial Accounting for Kemsigns Group, Australia and over three years' experience in Sri Lanka as a Finance Executive for MAS Active (Pvt) Ltd- Linea Intimo. Her work experience includes, Financial Accounting, Treasury, Corporate Secretarial and Credit and Recoveries.

Radhika is an Associate Member of the Chartered Institute of Management Accountants (CIMA – UK) and has a Certificate IV in Business by Australian Apprenticeships



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



Junior Management

Mr. D Samaranayake
Senior Branch Manager - Kandy



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



Mr. Supun De Costa
Senior Assistant Manager - Deposit



Mr. A G Warna
Branch Manager - Embilipitiya



Mr. H Premakumara
Assistant Manager - Credit &
Collections



Mr. P T S Fernando
Assistant Manager - Recovery



Mr. V P Wijeyesinghe
Branch Manager - Anuradhapura



Mr. L K T L Perera
Branch Manager - Wattala



Junior Management

Mr. Shervin Perera
Branch Manager – Kaduwela



Mr. G R N Rathnasiri
Assistant Branch Manager -
Giriulla



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



Mr. W M M Wasala
Assistant Branch Manager -
Thambuttegama



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



Ms. Nadeesha Sanjeevanie
Assistant Accountant - Finance



Mr. Saminda Peiris
Assistant Manager – Card Centre



Ms. Lois De Alwis
Assistant Manager –
Card Centre



Mr. Shanaka Sandaruwan
Assistant Branch Manager -
Negambo



Mr. Roshan Janaka
Assistant Branch Manager –
Kurunegala





Management Discussion & Analysis



Economic Overview of FY 2015/16

As per the Annual Report of the Central Bank of Sri Lanka, real economic growth in Sri Lanka in 2015 registered 4.8% , compared to 4.9% in 2014. A slowdown in the growth of demand in Sri Lanka's traditional export markets impacted the growth of the export sector while a strengthening US economy prompted short term capital outflows. The impact of these developments was offset to some extent by lower international commodity prices; nevertheless, domestic consumption rebounded as incomes grew, particularly among public sector workers. The long awaited public sector salary increase granted by the new government had a positive impact to customers of Singer Finance as well, as consumers purchased a higher number of vehicles as well as consumer durables, especially the latter had huge demand often surpassing supply capabilities.

The countries domestic savings declined to 22.6% of GDP in 2015 from 24% of GDP in 2014, an increase in government expenditure amidst lower than expected government revenue alongside overrun in recurrent expenditure resulted in the deceleration in domestic savings during the year; this is a measure that the government will try to improve in 2016

In the period under review the Company's top line grew by 6.4% to Rs 2.1 billion, surpassing the Rs 2 billion mark for the first time. The interest income of the Company grew by 5.6% to Rs 1.9 billion compared to a growth of 14.6% in the industry.

in order to strengthen the domestic economy. It was encouraging to note that the Agricultural sector accelerated its growth momentum, increasing its GDP share marginally to 7.9% in 2015, in comparison to a 4.9% growth in 2014, the Agriculture Forestry and Fishing activities grew by 5.5% in 2015, this growth was driven by the expansion in growing of rice, which recorded a high growth of 23.3% in the year under review. Despite this growth, the Company was forced to curtail lending to the Agriculture sector as back to back natural disasters affected the sector, on hindsight this proved a good decision at least until the corrections made came through. There is no doubt that the Company will not isolate the Agriculture Sector, which is traditionally a very important business segment to both Singer Finance and its Parent Company.

Non-Bank Financial Institutions (NBFI) Sector

The Non-Bank Financial Institutions had a robust year despite the fact that the price of vehicles were adjusted by way of increased duty tariffs, the latest adjustment being announced in the month of June. On a further note the increase in VAT from 11% to 15% and the Loan to Value limit of 70% squeezed the growth in lending and profit margins of the industry as a whole.

According to the latest Annual Report of the Central Bank of Sri Lanka the sector comprised of 46, Licensed Finance Companies (LFCs), and 7 Specialised Leasing Companies (SLC) by end of 2015. The LFC/SLC sector expanded further in 2015 by 84 to 1,216 branches with emphasis placed on areas outside the Western Province. The ratio as per the CBSL report stood at 1:2 reflecting greater outreach beyond the Western Province. According to CBSL, the Assets quality of LFC/SLC sector improved in 2015 compared to 2014 as evident by improved NPL's and provision coverage ratios. This speaks well of the industry and a consistent

performance in the year 2016 will mean well for the industry's future.

Our Strategic Assets

- Financial Rating of BBB (Ika) Stable by Fitch Ratings Lanka Ltd
- 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
- Ability to raise capital and access to funding at competitive rates
- Capacity to expand island-wide
- Facility for customers to settle payments at 450 plus locations of parent company Singer Sri Lanka
- Skilled and experienced human resources pool

Management Discussion & Analysis

- State of the art software capabilities
- Backed by 160-year-old Singer, a heritage brand name

Our History

Singer Finance is engaged in accepting deposits and extending leases, consumer loans credit cards and factoring to its customers. The Company has 21 regional branches, 2 service centres and 16 mega service centres. Initially established as a medium-sized Finance and Leasing Company, it has gained an "A" Category finance company rating. Singer Finance 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. 11 billion. SFLP was listed on the 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 saw the Company surpassing four major milestones in its history as listed below

- 1) Surpassed Rs 2 billion in Gross Revenue
- 2) Surpassed the Rs 400 million in Net Profits
- 3) Surpassed the Rs 10 billion mark in Total Assets
- 4) First Finance Company to obtain a licence to issue a Credit Card

In the period under review the Company's top line grew by 6.4% to Rs 2.1 billion, surpassing the Rs 2 billion mark for the first time. The interest income of the Company grew by 5.6% to Rs 1.9 billion compared to a growth of 14.6% in the industry. This is mainly due to the fact that the Company's main income contributing product being leasing and the lending rates in the year under review and the preceding year dropped due to policy rates being reduced, the Company has adjusted the rates in line with policy rates, cost of funding and also competitor rates.

Loan loss provisions in the year under review decelerated by 82% to Rs 29.1 million compared to the industry's reduction of 15.8%, this is an illustration of improved credit quality. The Company's non-interest expense grew by 25.8% to Rs 688.3 million while the industry's non-interest expenses grew by 40.8%, once again illustrating robust cost Management in the year under review. The 13.4% growth in net profits too was above the industry growth figure of 2.7%.

The total assets of the industry grew by 22.5% in comparison to the Company's total asset growth of 24.7%. The fact that the Company has performed above the industry growth levels in significant KPI's without compromising on credit quality is a noteworthy achievement to be recorded.

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 no 43 to 47.

Our Products

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

Leasing

Our Leasing portfolio performed exceedingly well during the year, recording a growth of 66%. Further, the provisioning amount reduced due to an improved economic scenario. Although the first half of the 2015/16 year was sluggish, the latter half experienced an uptick in business volumes due to increase in consumer expenditure and low interest rates.

Hire Purchase

The receivable balance in Hire Purchase declined due to a shift in demand from HP to Leasing. The reason for this was the fact that we took a conscious decision to shift from Hire Purchase to leasing mode of financing due to VAT being exempted from Leasing due to a new ruling brought in by the regulator. Most new contracts during the year were shifted to leasing. A similar trend could be seen elsewhere in the industry.

Group Sales

The most profitable segment in our portfolio, Group Sales has been posting a remarkable performance year on year. This segment contributes a considerable amount to our revenue. The net receivables from this portfolio reached Rs 621 million during 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 instalments, 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 decline in our deposits portfolio as certain segment of customers seeking short term high rates withdrew their deposits at maturity. 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 for senior citizens also caused a dip in the business for non- state owned banks and financial

institutions. 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. Towards the latter part of the fiscal year government policy rates began to rise and the company has since adjusted the rates upward on three occasions. The third upward adjustment will be affected by the time this report goes to print.

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, 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.

Credit Cards

The Company achieved the distinction of being recognised as the first Non –Bank Financial institution in the country to receive a license to issue a Credit Card from the Central Bank of Sri Lanka. With banks entering the space of the Leasing industry and the consumer electronics industry the Company envisages that there will be a long term threat to the core income earning products of the Company. The Credit Card business

was a strategic business initiative of the top management embarked upon to mitigate the aforementioned threats and to expand the product offering of the Company. With the Company having, arguably the largest reach islandwide with over 750 touch points which includes the parent companies multi-channel retail network and whole sale channel network, there is much opportunity for the Company to grow this business and the Management will ensure progress of the credit cards business in measured steps.

Factoring

The factoring business which was barely in existence in the prior year has grown to a net receivables portfolio of Rs 58 million. The core focus during the year under review was to provide factoring facilities to the parent Company's supplier base. Towards the latter part of the financial year the company began to expand the business portfolio by acquiring new customers. The Management plans to expand this business which is relationship driven to a significant level in the years ahead.

Singer Mega

In the year under review, Singer Finance remained focused on servicing Singer Mega customers with loan facilities apart from catering to non- Singer business. This business relationship has strengthened over the years and Singer Finance is now present in more than 16 Singer Mega Locations.

Money Exchange

The year under review the Company strengthened this business segment by making a higher number of forex purchases. It is noteworthy to mention that company is successful

Management Discussion & Analysis

in forex dealing in remote areas such as Embilipitiya, Tissamaharama, Anuradhapura and Medawachchiya . 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
<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. The Company has increased financing consumer durable items as this product provides a high yield and also has low credit risk due to these products being small ticket items. In addition to above, the loan term of these products are relatively short. Hence, the Company has flexibility to adjust its lending rate based on the borrowing rate, keeping its Interest rate spread at an optimal level, thus achieving the objective of growing shareholder wealth.</p> <p>Company has successfully raised three Debenture issues in 2013, 2015 and 2016 respectively at the lowest rates that prevailed at the time of issuing. The rates are fixed in all three of these Debenture issues thereby reducing the risk on the interest rates and also reducing the Asset/Liability mismatch.</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>The Company has invested in a new IT software which will be rolled out in the year 2016/17 , this software will enable the Company to roll out new products as well as improve the MIS reporting capabilities , which will add value to its operations. By the time this report is printed the Company has successfully migrated the Savings and Fixed Deposit modules to the new Software system.</p>

Key Challenges	Our Response
<p>Challenges due to Volatility in Vehicle Duty In recent times successful governments have increased the price of vehicles by increasing the duty structure of vehicles. As a Finance Company our main business is the Leasing business and when the Vehicle market is affected adversely, the challenges the company has to face also increase in tandem.</p>	<p>Whilst there is an impact to the Leasing business as the price of a new vehicle becomes unaffordable to a large majority of the population, the Company will find opportunity in financing older models which have a good second hand value and also by financing smaller vehicles which are still within the reach of the consumer.</p> <p>The Company will focus on growing the factoring and credit card business in order to expand its product portfolio and to minimise dependency on a limited portfolio of products.</p>
<p>Challenge in finding individuals with necessary skill and knowledge from the market to fill vacancies 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>The Company also provides increased opportunities for all-rounder's , i.e. candidates who have achieved in Academic as well as Sports or Academic as well as Art with excellent language and Leadership skills will have an edge in being selected to respective positions. These practices and the family culture in the organisation attracts quality staff. In general most of the Company's staff stay on with SFLP for long years.</p>
Opportunities	Our Response
<p>Market and product development SFLP has the opportunity to move into new markets and products</p>	<p>With the reach of the Parent Company spanning every nook and corner of our Country and the brand Singer being the most powerful retail brand in the Country , Singer Finance has opportunity to develop and grow products such as the Credit Card , Factoring and Savings . The Company will focus on developing these products in the ensuing years.</p>
<p>Increasing Credit growth in the Economy Upward march in Credit growth will increase the money circulation</p>	<p>With increased Credit growth, the Company is flushing out its repossessed vehicles, thus realizing assets that does not yield a return at the same time Company is being more aggressive in their business lending in order to take advantage of the credit growth.</p>

Management Discussion & Analysis

Threats	Our Response
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. 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>The Company takes brave steps in lending to customers who are not able to avail banking facilities due to stiff credit criteria, as a Finance Company we take the bold step of evaluating a customer more than another institution would and enabling them to develop their businesses by providing them the necessary funding.</p> <p>Thus, the challenge posed by banks by entering into leasing industry has been mitigated to a large extent.</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.

Financial Review

In the year under review the Company achieved four major distinctions in terms of growth since by surpassing Rs 2 billion in gross sales, Rs 11 billion in total assets and Rs 440 million in net profits for the first time in history the fourth and arguably the most significant distinction is discussed in the latter part of this review.

Sri Lanka reported a marginally lower GDP growth in 2015 and was not quite able to fulfil the outpouring of economic optimism following the change in government. Nevertheless, agriculture and services sectors grew more strongly as compared to industry which recorded lesser growth. Exports weakened due to lesser demand from Sri Lanka's key export markets and as result the budget deficit widened and foreign exchange reserves dropped sharply. Unfortunately, the holding of two elections and resulting economic uncertainty served to deter FDIs.

A low revenue ratio continued to pose a major challenge to Sri Lanka's fiscal consolidation process and to maintain social expenditure and public investments. The country's tax to GDP ratio of 12% is the lowest among the countries with a similar level of development.

The reduction in prices of fuel and oil served to enhance purchasing power. Consumption levels rose due to higher wages afforded to government workers and employees in other sectors of the economy. As a result, the Company noticed a substantial reduction in its impairment expenses, which served to boost our bottomline as customers were able to service loans with greater regularity. Our leasing portfolio too benefited by the increased spending, growing by a steep 67% to reach Rs. 7.7 billion.

Towards the end of the financial year, interest expenses grew as government policy rates were adjusted upwards to curb pressure on USD and the increase in balance of payment debt. However, despite the push and pull in the economy through the year, the performance of licensed finance companies remained robust in terms of the expansion of business volumes, backed by supportive regulatory and supervisory measures.

Singer Finance made history during the year by becoming the first finance Company in the country to be licensed by the Central Bank of Sri Lanka to launch a credit card. The launch of our Visa credit card during 2015 was a master-stroke, as the market was most receptive to the new product against a background of high consumption. The launch of the credit card could be termed as the most satisfying distinction out of the four significant milestones mentioned above, given the amount of detailed Administrative, Information Technology (IT) and Process requirements that Company had to develop to obtain this license. There is no doubt that the Credit Card project shall be one of the most important strategic trusts of the Company in the ensuing year.

The Company's key financial parameters are on a sound footing and prudent fiscal discipline and stringent cost controls across the enterprise contributed to both operational and financial profitability.

Basis of Preparation and Comparative Figures

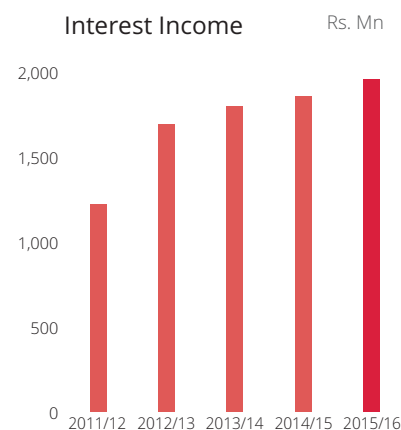
The financial statements for 2015/16 represent and include the Financial Statements of the Company. The basis of preparation of the Financial Statements are described under note 1.2 to the Financial Statements. The

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

Revenue

Gross Income of the Company grew by Rs 127.4 million (6.4% growth) to Rs 2.113 billion compared to the prior year. Income of the Company constitutes interest income, fee and commission income, trading income and other operating income.

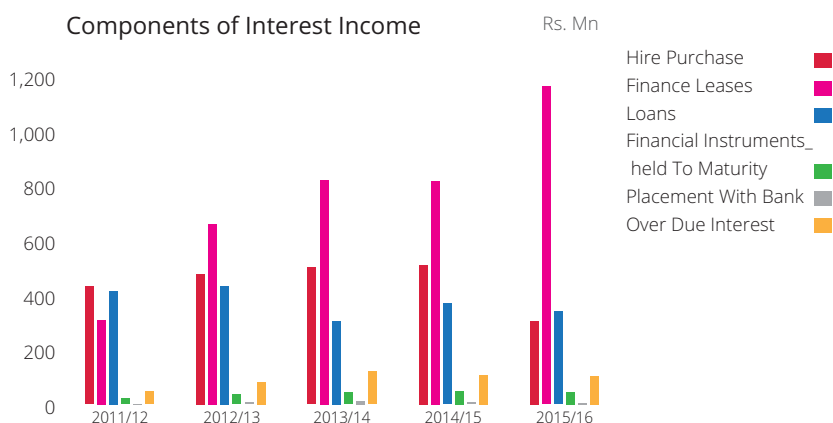
Interest income for the year under review grew by Rs 103.3 million (5.6% growth) to Rs 1.962 billion compared to the same period prior year, Fee and commission income grew by Rs 25 million (36.2% growth) to Rs 94.4 million compared to prior year, Income from service charges amounting to Rs 66.4 million contributed most to the fee based income category followed by insurance commission Rs 24.0 million, commission income Rs 3.6 million and issue reimbursement fee on credit card Rs. 0.4 million. Net trading income amounting to Rs 0.7 million 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 decreased by Rs 0.9 Mn (1.6% reduction) to Rs 56.0 million.



Financial Review

Components of Interest Income

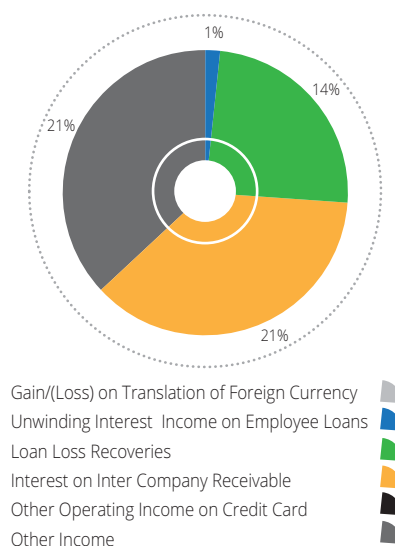
The main Interest Income earning products of the Company is made up of hire purchase, finance leases, loans, financial instruments held to maturity, income from placements with banks and overdue interest.



Interest income from leasing grew by 42.2% to Rs 1,162 million over the previous financial year. The main contributor to interest income during the year under review was the increase in leasing business. Income from hire purchase decreased by 40% to Rs 305.6 million & interest income on loans decreased by 8.1% to Rs 338.6 million compared to the prior year. Even though the overall interest income grew by Rs. 103.3 million, hire purchase interest, Loan Interest, overdue interest, income on financial instruments - held-to-maturity and interest income on placement with banks reported a combined deceleration of Rs. 241.6 million compared to the previous financial year. The income from hire purchase decelerated due to the fact that there was a shift to selling more leasing facilities as value added tax was exempted for leasing.

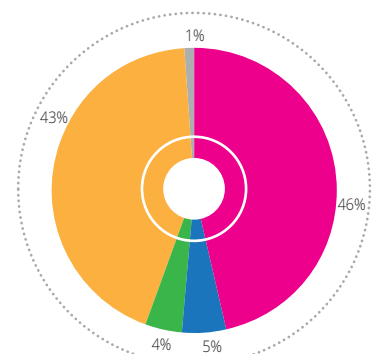
The reason for the drop in income from placement with banks and financial instruments held to maturity (treasury bill investments) was due to the facts that the government policy rates were adjusted upwards. Overdue interest receded due to better paying in ratios which signifies an improvement in credit statistics as well as illustrated by the significant improvement in impairment for loans.

Other Operating Income



Other operating income decreased by Rs 0.9 million (1.6% reduction) to Rs 56.0 million and constitutes mainly of, interest on inter-company receivable, 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.

Interest Expenses



Interest on Other Financial Liabilities Due to Customers
Interest on Bank Loans
Interest on Inter Company Payable
Interest on Debenture
Interest on Bank Overdrafts

In the year under review interest costs increased by Rs 9.7 Million (1.5% growth) to Rs 679.2 million year on year (YoY). Interest cost from all sources except interest on the deposits and savings product reported a negative variance compared to the previous year. As a combined figure, the increase in interest expenses reported was Rs.173.7 million whereas the Interest on other financial liabilities due to customers (fixed deposit and savings) decreased by Rs. 163.9 million. The reason for the cost of the deposit base to be favourable in comparison to the prior year is twofold. During a major part of the year under review the debt market was favourable towards the borrower, therefore, bank and debenture

sources of borrowing were attractive. As a result, the Company took a policy decision to reduce the fixed deposit rates offered by the Company. It was not prudent to source funds from deposits at a higher rate when there were alternative sources of funding that were more economical. As a result of this situation certain depositors moved out when their deposits matured to invest in institutions that offered higher rates, resulting in the deposit quantum receding. This resulted in a favourable variance as both quantum and rate reduced compared to prior year. Towards the latter part of the financial year the policy rates began to grow and the Company has since adjusted the rates upward.

Bank loans outstanding at the year end was Rs 864.4 million, compared to Rs 325 million on the prior year, The Company was successful in raising funds through a debenture issue during the year amounting Rs. 1,500 million, this debenture was acquired at an overall cost of 9.8% fixed for five years. This is the cheapest long term debt funding the Company has acquired in the last five years, Company also obtained inter-company loans amounting to Rs. 500 Mn. Debt to equity ratio was 2.95 times compared to 2.43 times in the prior year.

Net Interest Margin (NIM)

	2015/16	2014/15
Net Interest Income	1,283,104	1,189,525
Average Earning Assets	9,552,499	8,017,850
(Total interest income as a % of average earning assets)	13.43%	14.84%

The Company Net Interest Income (NII) grew by Rs 93.5 million to Rs 1,283 million over the previous year. This growth was possible due to the

continuous monitoring of Net Interest Margins (NIM) of the Company and adjusting lending rates according to market conditions.

Net Interest Margin (NIM) decreased by 1.41 basis points to 13.43%. This decrease is due to the fact that the loan portfolios written up in the year under review and the prior year were at fairly lower rates compared to year 2011/12 and 2012/13. It takes a reasonable time period for rate adjustments to take effect and transpire to growth in the Income Statement when average loan terms are 3 to 4 years. The portfolio of high yield short term consumer durable loans are a factor that contributes a high NIM compared to the industry and competition.

Staff Cost

Staff costs increased by 23.2% to Rs 281.6 million YoY. This increase is correlated partly to the increase in head count which stood at 298 Vs 256 as at 31st March 2015 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, 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 increased by 27.6% to Rs 406.9 million YoY. The increase in administration and selling expenses was mainly due to the increase in credit card expenses, whereas, the income from credit cards will accrue with a time lag due to the nature of the product concerned. Cost increases also accrued from rent as the Company opened two new branches in Kaduwela, Negambo, and also took a decision to relocate the Galle branch to a new location with more space and better amenities, a new and security enhanced credit card centre was acquired on rent in Thimbirigasyaya for the credit cards business as the existing space in the Company is exhausted. The Company also began to impair the existing core banking software as plans have been executed to migrate to a new ERP solution, this impairment cost too accrued to administration and selling expenses adding to the adverse variance. The main cost increases in selling expenses in isolation are commissions paid to marketing staff and Credit Bureau evaluation costs.

SFLP's non-interest expense to gross income as at 31st March 2016 was 38.65% Vs 38.79% as at 31st March 2015.

Allowances for Impairment charges for Loan and Other Losses

During the year under review the Company provided Rs 29.1 million for bad and doubtful debts and this was a reduction of Rs 135.2 million over the prior year.

There was a significant contribution to the reduction in the provisioning due to the fact that Company sold

Financial Review

a bulk of its re-possessed assets by way of auction sales held during the year which resulted in reversals in provisions relating to re-possessed vehicles that were sold.

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

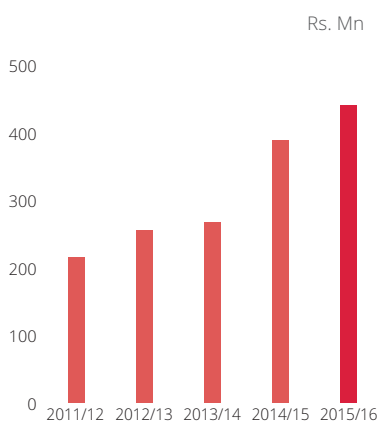
Value Added Tax On Financial Services (FS VAT)

Value added tax expense for the year was Rs 69.8 million compared to Rs 38.7 million in the prior year. The increase in value added tax on financial services is mainly due to the increase in leasing which has grown exponentially and is liable for FS VAT.

Income Tax Expense

Income Tax Expense was Rs 205.9 million as against Rs 177.4 million in the previous financial year. The Company's effective tax rate for the year was 31.80% compared to 31.24% in the previous Financial Year. 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 440.9 million which is a 13.4% growth year on year.

Earnings per Share

The Company's earnings per share for the year was Rs 2.67 compared to Rs 2.35 in 2014/15

Price Earnings Ratio

The price to earnings ratio of the Company as at 31st March 2016 was 6.79 times Vs 7.78 as at 31st March 2015.

Dividends

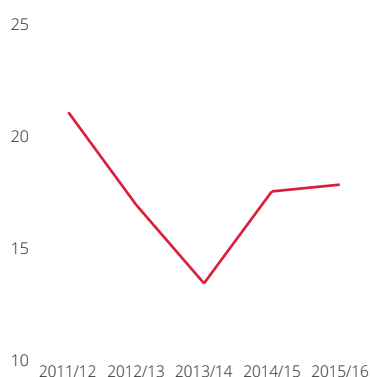
A final dividend of Rs 1.5 per share was approved by the board of directors. SFLP has been consistent with its dividend pay-outs compared to last year in which Rs. 1.25 per share was paid.

The dividend payment has been approved by the Central Bank of Sri Lanka and the ex-dividend date is 14th of June 2016 and payment of dividends will be the 20th of June 2016.

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 has obtained a certificate of solvency from the Auditors as a pre request of dispatch of the proposed dividend payment.

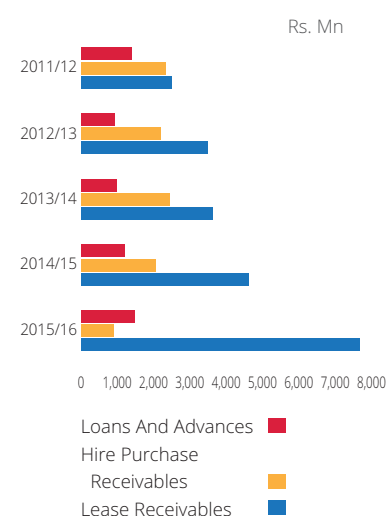
Return on Equity



Return on equity for the year under review is 17.8%, whilst in the previous year it was 17.5%. Return on equity has been computed by comparing the profits for the year and average total equity as at balance sheet date.

Assets

Composition of Advances

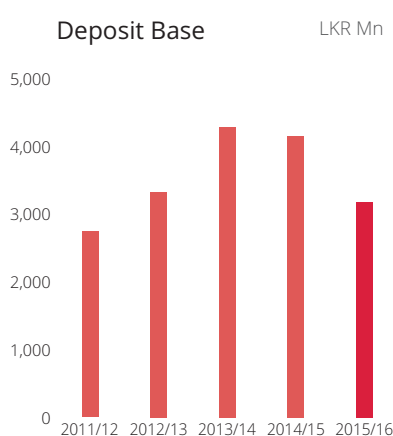


The total asset base increased by Rs 2.189 billion from Rs 8.847 billion in 2015 to Rs 11.036 billion in 2016. Main increase was from, lease receivables which grew by Rs 3.06 billion to Rs 7.6 billion and loans and advances which grew by Rs 281 million to Rs 1,466 million. There was a significant growth in property, plant and equipment which grew by Rs 44 million (67% growth) to Rs 111 Mn. Other debtors and pre-payments grew by Rs. 22.5Mn (15.9% growth) to 163.9 Mn.

Liabilities

Total liabilities as at 31st March 2016 were Rs 8.438 billion, which includes public deposits amounting to Rs 3.2 billion. Interest bearing loans and borrowings amounting to Rs 3.6 billion this balance consists of a Rs 2.761 billion debenture liability and Rs 864.5 million bank borrowings. Bank overdrafts amounting to Rs 353.4 million illustrated under note

No. 14.2 to the financial statements grew by Rs 320.9 million over prior year, bank overdrafts facilities are used as an interim mode of financing, and the Company continuously make arrangements to optimize the financing with the aim of minimizing asset liability mismatches.



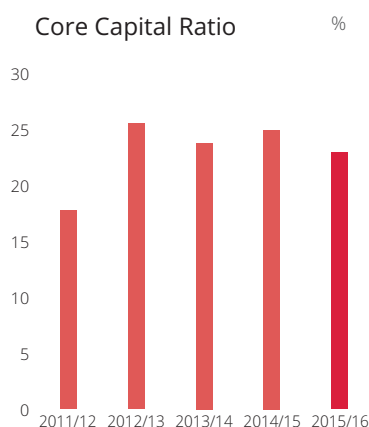
The public deposits of the Company receded by 23.5% compared to the prior year. The decrease in the deposit base is attributable to the fact the Company reduced the rates offered in order to take advantage of the decreasing government policy rates prevailing at the time. The Company has presently adjusted the rates upward in order to be line with the market conditions. 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 Company continues to pay the fixed deposit interest due in festive months such as April and December in advance of the respective festivals as a measure of goodwill and appreciation for the trust placed in us.

The decrease in saving deposits recorded was Rs. 23.2 million (31.34%) to the current year figure of Rs. 50.8

million. This is attributable to one large withdrawal experienced in the year under review and the fact that our saving base is still in an infancy stage. Plans are under way to grow the savings product; a debit card linked to savings will soon be introduced to augment this goal.

Total Equity

Equity increased by Rs 233.5 million over the previous financial year and accrued from profit for the year Rs 440.9 million less the Dividends paid Rs 248 million.



SFLP has maintained a capital adequacy which is well in advance of the minimum requirement of 10%. As at 31st March 2016 both the core capital and capital base stood at Rs 2.364 billion. With the core capital ratio being 22.92% 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 2.709 billion 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 the Company invested Rs 64.1 million in acquiring property plant and equipment and incurred Rs 15.2 million in software development, net cash received from investing activities increased by 160.7% to Rs 58.2 million when compared to the prior year.

Cash flow from Financing Activities

Net cash received from financing activities was Rs 2.315 billion. The Company settled Rs 1.472 billion worth of interest bearing loans and borrowings and borrowed Rs 3.994 billion in the year under review, Company paid dividends amounting to Rs 205.8 million in the financial year under consideration.

Cash and Cash Equivalents

As at 31st March 2016 cash and cash equivalents of the Company decreased by Rs 335.4 million to Rs 309.7 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 07 of 2007.



Sustainability Report



The environment is our heritage and our inheritance, therefore, we make every effort to create a more sustainable and beautiful planet.



At Singer Finance, sustainability embodies the creation of synergetic lives and future for all our stakeholders, because we believe in enriching lives to help everyone reach their potential. Our sustainability ethos is drawn from the 160-year-old Singer brand which embodies generations of trust. The Company believes that its financial performance and brand image are closely linked with sound corporate governance, service excellence and environmental stewardship. The social development of the people of the nation is our long term sustainability goal. Being predominantly in a service industry

requires us to ensure a highly motivated and productive workforce while being a socially responsible citizen that contributes effectively to the economy. Singer Finance holds deep domain expertise in providing services and we leverage this expertise to the fullest extent so that multiple benefits cascade down to all our stakeholders.

Our Stakeholders

The Company identified its stakeholders as those who affect or are affected by the Company directly or indirectly. We understand that stakeholders have the ability

Engagement with communities helps us understand how our business impacts their lives. We are then able to take appropriate action to minimize the negative impact.

to influence our business outcomes, both positively and negatively, and that it is important to establish and build mutually beneficial relationships to achieve a common positive outcome. Our valued stakeholders across all internal and external categories are considered at every stage of our operations and planning, driven by Company's sustainability strategy. We constantly seek feedback to learn and improve our systems and processes to benefit our stakeholders through our areas of expertise.

Investors

As equity holders of the Company, we recognise our obligation to deliver solid profit growth for our investors by adopting new strategies to strengthen

our portfolio and to position the business for higher growth. We achieve this by embracing sound policies and procedures, and ensure compliance with all regulatory requirements for transparency in the management and daily operations of the Company. Singer Finance has paid out a consistent dividend to its shareholders throughout its history. We encourage direct communication with shareholders and do not restrict access to the management or any member of the staff at any time. Shareholders of the Company are kept well informed regarding Company management through various modes depicted below:



Sustainability Report

Stakeholders	How Company Communicates
Shareholders	Via Annual general meetings, annual reports, quarterly reports submitted to CSE, personalised letters, frequent updates on investor relations sections on the company website, press conferences and issuing media releases on an ongoing basis.

Customers

As the demand for innovative, reliable and secure financial services continues to grow, we try to deliver value to our customers more strategically and effectively than before. We respect and provide our customers with unique quality and speedy service, connectivity across our branch network and customised insights into their financial needs. We focus on maintaining low costs of funding, credit and operations, in order to offer competitive rates to meet customer expectations. A regular channel of communication between the Company and customers is maintained across all possible communication channels.

Our customer base defines our future growth and towards this end we adopt a number of measures to facilitate customer convenience and comfort. Singer Finance customers have an added advantage, in that they can make due payments through 450 plus Singer (Sri Lanka) PLC outlets in addition to paying through the SFLP branch network, which greatly enhances convenience. Our responsibility to provide a secure and stable financial instrument for our customers is paramount 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 have leveraged on advanced technology to hone this further.

Stakeholders	How Company Communicates
Customers	Via web, social media, direct mailing and lifestyle workshops (organised by our parent company Singer Sri Lanka). Customer complaints are handled by call centre operators.

Financiers

Our financiers, banks and financial and other lending institutions with whom we transact on a regular basis are an integral part of our sustainability and are a binding force within the entire financial sector. Our integrity in all our dealings with banks and other financial institutions has created a strong bond of trust between the company and the financial sector and enhanced our ability to extend funds speedily. We have ensured transparency by providing easy access to information and ensured the integrity of all data. Our strong risk and governance control are recognised by these institutions, which in turn reinforces the efficacy of our systems and processes when they transact with us.

Pressure Groups / Media

We lay much emphasis on social media to create awareness of our brand and the services and sustainability initiatives. Singer Finance has always maintained a cordial relationship with pressure groups and media and treated them all with equal

respect. 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. Our communication lines are always open for any of these interest groups.

Competitors

We respect our competitors and do not treat them as a threat. We recognise their contribution to market value and treat them as a market force that makes us grow stronger. 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. We create a distinctive value proposition for customers which cannot be bettered by rivals, instead of competing on price points and anti-competitive behaviour. At Singer Finance, we engage our competitors and the 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 the 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

the 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.

Community

Engagement with communities helps us understand how our business impacts their lives. We are then able to take appropriate action to minimize the negative impact. Regular engagement also sheds light on how we can step in to empower communities and improve their socio-economic standards in the long term. We realize that social development is an ongoing process, which has a monumental impact on individuals and the communities they live in. For our part, we are cognizant of both the individual and collective needs of communities, even as we strive to help them recognize the core economic barriers that they face. We believe it is our duty to ensure that our actions extend far beyond our day to day lives and continue to enrich the lives of our people in the future as well. Much of Sri Lanka's population is located in

rural areas and we have reached out to these often underserved segments of society with our financial solutions to improve their lifestyles.

Environment

The environment is our heritage and our inheritance, therefore, we make every effort to create a more sustainable and beautiful planet. We ensure that even our smallest actions reflect a visionary and green contribution to our society. As such, we have included the environment as a key segment in our stakeholder group. As a financial 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.

Employees

Today's challenging business environment and increased complexity require us to take a proactive approach in order to derive a dynamic, people driven organization. We believe that by respecting, caring for and nurturing each and every employee, we are helping them to become ambassadors of progress for the future of Singer Finance and indeed the nation as a whole. We are committed to employee engagement that upholds individual dignity and respects human rights. Our employment practices are based on attracting and retaining talent

based only on merit. The capability development programmes ensures the skill enhancement of all employees through customised training and development. All our employees operate in a work environment that is benchmarked for the quality of its safety and health standards.

Recruitment Policy

Singer Finance's recruitment policy is structured to attract the best talent in the industry to complement our current team and in order to do so, we continue to make improvements to our existing model in order to complement the demands of the market and response to the emerging needs of the new generation.

Benefits and Rewards

Employees are the lifeblood of our business, which is why it is vital that we retain a strong and committed team at all times. A wide range of benefits are given to the permanent staff members of our Company. Detailed below are such benefits that are given with a view to facilitating a safe and comfortable work environment.

Facilities

Medical expenses of our employees are reimbursed up to the predetermined amounts calculated according to the employee grade. If the expenses exceed this specific amount, the employee and the company share the difference equally. We also provide hospitalisation and OPD treatment coverage to all staff members and their immediate family members.

Several facilities are extended to employees engaged in travel for official purposes, including vehicle maintenance, transport allowances and reimbursement of travel expenses. Employees, divided into field staff and office base staff categories,

Sustainability Report

receive travel benefits depending on their responsibilities and the respective grade of employment. All expenses incurred by field staff when staying at approved hotels of the company while on official businesses are reimbursed.

Distress loans are given to employees in case of emergencies such as sudden illness, a death in the family, damage to homes due to natural calamities, urgent repairs, family weddings etc.

Permanent employees in specified categories are eligible to apply for interest-free or low interest loans to obtain a vehicle.

Two mechanisms are in place to support employees with their studies.

1. A lump sum of Rs.225, 000 is granted on the condition the employee serves the Company for eight years, but the facility should be repaid only if the employee leaves the Company before the expiration of eight years. This is mostly for post graduate studies.
2. Two-third of the cost of a the course fee is reimbursed by the Company on the successful completion of the final examination.

As a group benefit scheme, subscription fees are paid to professional bodies on behalf of our employees. This helps to enrich their careers.

In the event of the death of an employee, his/her family receives a donation of Rs.50, 000 in addition to six month's salary. In the event of the death of an employee's spouse, child, parent or unmarried sibling, the employee is granted a sum of Rs.

25,000/-. The death donation fund is a contributory fund maintained by the permanent employees.

The Company offers 42 days leave and female employees are entitled to maternity leave as well.

All permanent employees are entitled to claims discounts for Singer products.

Human Resource Philosophy

Singer Finance ensures that employees have maximum opportunity for growth by practicing a comprehensive HR policy that covers the following 11 critical areas:

- Recruitment / Transfers
- Manpower Planning / Succession Planning
- Training and Development
- Performance Planning, Appraisal and Development Organisation Changes
- Occupational Health and Safety
- Foreign Travel
- Complaints
- Grievance
- Rules of Disciplinary Procedure
- Relative's employment / Business Relationship
- Sexual harassment in the workplace

The International Labour Organization 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.

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.

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

Code of Conduct

All key senior managers are bound by the group's written code of Business Conduct which is an agreement signed as part of their written contract of employment. As per the agreement, the signatory is responsible for the compliance with the code and ensures that employees reporting to him/her

also comply with the code. The code of business conduct is signed annually to refresh their knowledge on the contents and update themselves on new clauses and amendments to the code.

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.

Complaints

The Whistle Blower Policy provides a guided procedure for any employee to make a written or verbal complaint on any experience or suspect of illegal or unethical employment or business practices exercised by a colleague in any capacity in the governance hierarchy. Upon induction to the Group, all employees are taken through the policy's procedures and assured of confidentiality and anonymity. The Group takes necessary action to prevent corruption or illegal activities and the management takes necessary action on the above keeping in mind the Whistle Blower procedures.

Grievance Handling and Sexual Harassment Policies

These two policies ensure the emotional well-being of our employees. The grievance policy provides the right for employees to forward their grievances and dissatisfaction to the management and obtain a fair hearing. Our sexual harassment policy takes note of the distinct nature of a claim and provides disciplinary measures depending on the degree and sensitivity of the matter at hand. We ensure fairness and impartiality at all times throughout the process, while the complainant

is assured no punitive action will be taken for lodging the complaint.

Occupational Health and Safety

Our employees are considered the backbone of our organisation and are treated with great respect and care. 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 workplace which includes a state-of-the-art gymnasium for the benefit of employees.

We encourage open dialogue in our Company as it leads to building trust amongst all employees. This is essential in order to drive operational excellence and uphold employees' integrity and credibility. The ability to carry on a sincere and comprehensive dialogue about any issue in the Company is essential to building trust.

High performing employees and teams are given recognition at the annual convention by the awarding of accolades.

We do not differentiate between men and women when it comes to salaries. Remuneration is determined through a transparent performance evaluation mechanism.

Approach to Employees' Progression and Career Development

The Company assigns significant importance to the career development of employees, encouraging them to reach their personal and professional goals not just by making their working lives more satisfying, but also ensuring the continued success of the Company.

Each Line Manager assess their subordinates' strengths, weakness and training and development needs, which are analysed and incorporated into the training plan for the upcoming year through Individual Performance Appraisals at the end of every year.

Divisional Heads at Singer Finance are required to give a detailed account of their division's training requirements in the third quarter of each year. Department Heads are also responsible for assessing skill shortages of respective departments based on the annual performance appraisals and the needed skill requirements to successfully navigate future challenges. The Department Heads in consultation with the Group Training Department decides on the training needs for the upcoming year. The Group Training Department schedules and implements tailor made programmes to address training needs, either through internal or external training programmes.

We provide internship opportunities to fully or partially qualified students. They are placed in a suitable capacity within the Company and are given the necessary exposure with a comprehensive orientation and in-depth practical training.

Work Life Balance

Male employees spent two enjoyable nights at the Beruwala Cinnamon Bay hotel and women employees with their children under 12 years at Cinnamon Citadel in Kandy during the year. This event provided the employees with a refreshing break and it was thoroughly enjoyed by all.

A talent show was organised by Singer Sri Lanka, which is the parent company of Singer Finance, to recognise employee talent, encourage a healthy

Sustainability Report

work life balance and boost employee engagement. Employees of our company participated in this event and won the solo singing category, singing duet category, and so on.

About 18 Singer Finance employees represented the company at the Rotaract club of Singer Group.

Several events are organised by the club during the year. A coastal clean-up campaign was conducted. .

One of our employees won the Toastmaster Speech Competition organised by the Toastmasters Club of Singer.

Yet another of our employees participated and won the 3rd place in the Men's E Division category at the 32nd Mercantile Badminton Association Inter-Firm Team Championship 2015.

Singer Finance won 1st place in the lantern competition organised by Singer Poson Udanaya.

are pleased to note that this donation will go a long way in meeting the daily needs of these brave women.

A further cash donation was made to our leasing customer, Mr. P.H.D. Panduka, in Matara, for a kidney transplant surgery, as his wife donated her kidney to enable the transplant.

The Company continued its commitment to meet the cost of Chathura Dilshan Pushpakumara from Makuwela, who is a student of Royal College Colombo, for his monthly hostel fees, annual development society fees and school fee expenses as his parents do not have the financial means to pay for his education. A guitar was also donated to the young boy by the Company. The Company enabled young Chathura to take the decision to come to Colombo and enter Royal College by sponsoring his education at a time he had decided to stay back in his village despite obtaining a high grade at the year five scholarship examinations.

Society

During the current financial year, the Company provided financial assistance to ensure uninterrupted supply of diapers for 11-year-old Siluna Wismal from Kandy who is paralyzed below the waist as a result of an unsuccessful surgery. He is now wheelchair bound.

Singer Finance also 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 27th October 2015. The visually challenged in Sri Lanka have to deal with extraordinary challenges in their lives further compounded by the lack of finances to meet essential needs. We

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

Risk Management

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 no 129 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.

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 situations 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.

Risk Management

Compliance

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

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

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

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

Regulatory Compliance

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

and internal controls affecting the Company.

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

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

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

Capital Adequacy Ratio (CAR)

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

Caveat

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

Corporate Governance

Governance Policy

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

A well defined structure of Corporate Governance in Singer Finance intends to encompass the set of core values, accountability to shareholders, relationship with management, environmental protection and anti corruption measures. The Board of Singer Finance is committed to deliver a holistic service embedded by the highest ethical standards in the regime of excellent corporate governance practices across all areas.

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

Business Ethics

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

A precise system of Governance is an indispensable requirement for

a company to attract and maintain the public confidence by which the transparency of business activities is disclosed. Whistle blowing policy is implemented to encourage employees to raise a concern about any 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.

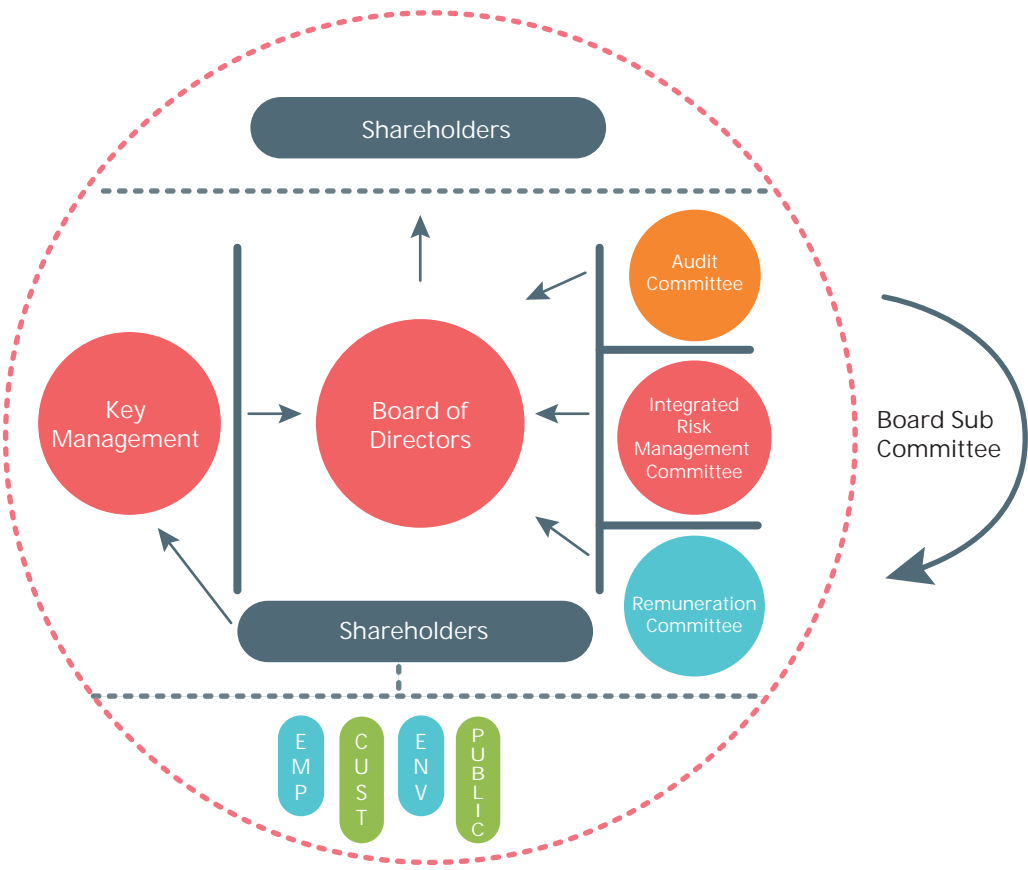
The Monetary Board of the Central Bank of Sri Lanka under section 12 of the Finance Business Act has issued a set of guidelines namely, Finance Companies (Corporate Governance) Directions No.03 of 2008 and Finance Companies (Corporate Governance - Amendment) Direction No 04 of 2008, to be complied by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

Corporate Governance

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. The ensuing section sets out the Company's adherence to the aforementioned Directions on Corporate Governance as illustrated from page no 61 to 93.



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
Section 1: THE COMPANY A DIRECTORS A.1 THE BOARD	Code A.1	Singer Finance is headed by an effective board comprising 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 12 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	The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. In performing its role, the Board should be responsible for matters including: <ul style="list-style-type: none"> the formulation and implementation of a sound business strategy ensuring that the Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy ensuring the adoption of an effective CEO and Key Management Personnel succession strategy ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management ensuring compliance with laws, regulations and ethical standards ensuring all stakeholder interests are considered in corporate decisions recognising sustainable business development in Corporate Strategy, decisions and activities ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations; and fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned. 	Complied. Senior and Key management of the Company formulates the annual plan and it is approved by the board of directors and Singer Asia. Decisions taken at the board meetings are communicated to senior management and further filtered down to operational levels as appropriate.

Corporate Governance

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
3. Professional advice to the Board	Code A.1.3	The Board collectively, and Directors individually, must act in accordance with the laws of the Country, as applicable to the business enterprise. There should be a procedure agreed to by the Board of Directors, to obtain independent professional advice where necessary, at the Company's expense.	Complied. Whenever professional advice is required the board informs the Executive Management at the Board Meeting and the required advice or particular fact finding requirement is assigned to independent professionals.
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	All Directors should bring independent judgment to bear on issues of strategy, performance, resources (including key appointments) and standards of business 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. Newly appointed directors are informed by the Company Secretary about disclosure requirements and regular requirements to be complied with.
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 shareholders and other stakeholders.	Complied. The Chairman conducts the affairs of the board in a professional manner and ensures that each Director is given an opportunity to participate in the deliberations of the board
A.4 FINANCIAL ACUMEN	Code A.4	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	Complied. Qualifications of the Directors are given under the Directors profiles in page no 20 to page no 26.

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
A.5 BOARD BALANCE	Principal of Code A.5	It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no Individual or small group of individuals can dominate the Board's decision-taking.	Complied.
A. 6 SUPPLY OF INFORMATION	Principle of Code A.6.	The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.	Complied. Board is provided with Financial and other MIS reports on a monthly basis. If any board member request for additional information, the management ensures to provide the same.
A. 7 APPOINTMENTS TO THE BOARD	Principle of Code A.7	There should be a formal and transparent procedure for the appointment of new Directors to the Board.	Complied. 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. 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.
A. 8 RE-ELECTION	Principle of Code A.8	All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.	Complied. All Directors excluding the Chairman are re-elected by shareholders at regular Intervals in the Annual General Meeting as per the Articles of Association of the Company.
A. 9 APPRAISAL OF BOARD PERFORMANCE	Principle of Code A.9	Boards should periodically appraise their own performance in order to ensure that Board Responsibilities are satisfactorily discharged.	Complied.

Corporate Governance

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
A. 10 DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS	Code A.10.1	<p>The Annual Report of the Company should set out the following information in relation to each Director</p> <ul style="list-style-type: none"> • name, qualifications and brief profile; • the nature of his/her expertise in relevant functional areas; • immediate family and/or material business relationships with other Directors of the Company; • whether Executive, Non-Executive and/or independent Director; • names of listed companies in Sri Lanka in which the Director concerned serves as a Director; • names of other companies in which the Director concerned serves as a Director, provided that where he/she holds directorships in companies within a Group of which the Company is a part, their names need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies -number/percentage of Board meetings of the Company attended during the year; • the total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an executive or non-executive capacity; • names of Board Committees in which the Director serves as Chairman or a member; and • number/percentage of committee meetings attended during the year. 	Complied.
A.11 APPRAISAL OF CHIEF EXECUTIVE OFFICER	Code A.11	<p>The Board should be required, at least annually, to assess the performance of the CEO.</p>	<p>Complied.</p> <p>The CEO's performance is evaluated in line with the overall corporate plan by the Board in terms of both Financial and operational achievements compared to targets set at the planning stage.</p>

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
B DIRECTORS' REMUNERATION	Principal of Code B.1 B.1. B.2 & B.3	<p>Companies should establish a formal and transparent Procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.</p> <p>To avoid potential conflicts of interest, the Board of Directors should set up a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Company's framework of remunerating executive directors. (These also include Post-Employment Benefits as well as Terminal Benefits)</p> <p>Remuneration Committees should consist exclusively of Non-Executive Directors, and should have a Chairman, who should be appointed by the Board.</p> <p>The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year.</p>	<p>Complied.</p> <p>Company has established formal procedure to develop policies on remuneration of Directors. No Director is involved in deciding his/her own remuneration. Composition of the Remuneration Committee is described in the Annual Report in page no 92.</p>
B.2 THE LEVEL AND MAKE UP OF REMUNERATION	Principle of Code B.2	<p>Levels of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to corporate and individual performance.</p>	<p>Complied.</p> <p>The remuneration committee ensures that remuneration of both Executive and Non-Executive Directors are reasonable and a proportion of Executive Directors remuneration is paid based on the companies and the respective individual's performance.</p>
B.3 DISCLOSURE OF REMUNERATION	Principle of Code B.3	<p>The Company's Annual Report should contain a Statement of Remuneration Policy and details of Remuneration of the Board as a whole.</p>	<p>Complied.</p> <p>Please refer report of the Remuneration Committee in page no 99.</p> <p>The aggregate remuneration paid to Executive and Non-Executive Directors is set out in Note No 10 of the Financial Statements.</p>

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	Principle of Code C.1	Boards should use the AGM to communicate with Shareholders and should encourage their participation.	Complied. The board ensures that shareholders are given an opportunity to participate by giving adequate notice of the AGM date and time. Any shareholder who wishes to speak to the forum of the AGM is given sufficient time to address the Board and the gathering.
	Principle of Code C.2	The Board should implement effective communication with shareholders.	Complied. Please refer the Board Communication Policy on page no 102.
C.3 MAJOR TRANSACTIONS	Code C.3	No major transactions occurred during the financial year concerned.	Complied.
D ACCOUNTABILITY AND AUDIT			
D.1 FINANCIAL REPORTING	Principle of Code D.1	The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	Complied.
	Code D.1.1	The Board's responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements.	Complied. Financial assessments are presented in accordance with the relevant Accounting Standards, Generally Accepted Accounting Principles and Laws & Regulations of the country.
	Code D.1.3	The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of financial statements, together with a statement by the Auditors about their reporting Responsibilities. Further, the Annual Report should contain a Report/Statement on Internal Control.	Complied. Statement of Directors' Responsibility is given in the page no 111 and The Directors Report on Internal Control is set out in page no 100.

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
	Code D.1.4	The Annual Report should contain a "Management Discussion & Analysis", discussing, among other issues: <ul style="list-style-type: none"> • industry structure and developments; • opportunities and threats; • risks and concerns; • internal control systems and their adequacy; • social and environmental protection activities carried out by the Company; • financial performance; • material developments in human resource / industrial relations; and prospects for the future. 	Complied. 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.
D.2 INTERNAL CONTROLS	Principle for Code D.2	The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process, affected by a Company's Board of Directors and management, designed to provide reasonable assurance regarding the achievement of Company's objectives.	Complied The Company institutes a sound internal control system to safeguard the shareholders wealth and company assets. Group Internal Audit department reviews the effectiveness of the customary controls and ensures to provide prudent comments where necessary. Operations are further subject to review by the Corporate Internal Audit division of Retail Holdings Ltd, the ultimate parent company.
D.3 AUDIT COMMITTEE	Principle of Code D.3	The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's Auditors.	Complied. 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.

Corporate Governance

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
	Code D.3.1, D.3.3	<p>The Audit Committee should be comprised of a minimum of two independent Non-Executive Directors (in instances where a Company has only two directors on its Board) or exclusively by Non-Executive Directors, a majority of whom should be independent, whichever is higher.</p> <p>The Chairman of the Committee should be a Non-Executive Director, appointed by the Board.</p> <p>The duties of the Audit Committee should include keeping under review the scope and results of the audit and its effectiveness, and the independence and objectivity of the Auditors. Where the Auditors also supply a substantial volume of non-audit services to the Company, the Committee should keep the nature and extent of such services under review, seeking to balance objectivity, independence and value for money.</p> <p>The Audit Committee should have a written Terms of Reference, dealing clearly with its authority and duties.</p> <p>The duties and responsibilities of the Audit Committee – which, at a minimum must include those set out in the Code of Best Practice on Audit Committees issued by the Institute of Chartered Accountants of Sri Lanka in 2002, and should also include:</p>	Complied.
	Code D.3.4	<p>The names of Directors (persons in the parent company's committee in the case of a group company) comprising the Audit Committee should be disclosed in the Annual Report.</p> <p>The Committee should also make a determination of the independence of the Auditors and should disclose the basis of such determination in the Annual Report.</p> <p>The Annual Report should contain a report by the Audit Committee, setting out the manner of compliance by the Company, in relation to the above, during the period to which the Annual Report relates.</p>	<p>Complied.</p> <p>Names of the Audit Committee members are disclosed under the sub-committee section of Corporate Governance in the Annual Report.</p> <p>Audit Committee report presented by the Chairman of the Committee is on page no 90.</p>
D.4 CODE OF BUSINESS CONDUCT & ETHICS	Principle of Code D.4	Companies must adopt a Code of Business Conduct & Ethics for Directors, and Key Management Personnel and must promptly disclose any waivers of the Code for Directors or others.	<p>Complied.</p> <p>They have been no waivers of the code for Directors or Others.</p>

Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
	Code D.4.2	The Chairman must affirm in the Company's Annual Report that he is not aware of any violation of any of the provisions of the Code of Business Conduct & Ethics.	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.
	Code D.5.1	The Directors should include in the Company's Annual Report a Corporate Governance Report, setting out the manner and extent to which the Company has complied with the principles and provisions of this Code.	Complied.
Section 2: SHAREHOLDERS E INSTITUTIONAL INVESTORS E.1 SHAREHOLDER VOTING	Principle of Code E.1	Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.	Complied.
	Code E.1.1	A listed company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the Board as a whole.	Complied. All shareholders are given adequate time to engage the Board at the AGM and as per the communications policy any shareholder could communicate to the Board through the Company Secretary.
E.2 EVALUATION OF GOVERNANCE DISCLOSURES	Code E.2	When evaluating Companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	Complied.
F OTHER INVESTORS Shareholder Voting	Code F.2	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	Complied. All individual investors are invited to the annual general meeting regardless of the investment size and they are entitled with voting rights.

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Corporate governance principle	Reference SEC & ICASL code	Extent of compliance	Status of compliance
Related Party Transactions	Section-9	Listing rule 9 of the Colombo Stock Exchange requires listed companies to set up a Related Party Transactions Review Committee with effect from the January 1, 2016. The rule also requires (Except for transactions mentioned under rule 27) all other related party transactions to be reviewed by “the Related Party Transactions Review Committee” (the committee) as required under rules 28 – 33 , either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction	The Parent Company's Board of Directors formed the Board Related Party Transactions Review Committee to assist the Board in reviewing all related party transactions in accordance with the requirements of the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka. The Company is in the process of fulfilling the requirements of the Related Party Transactions Review Committee and other requirements of this listing rule.

CORPORATE GOVERNANCE PRINCIPLES UNDER CBSL REGULATIONS

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
2.THE RESPONSIBILITIES OF THE BOARD	CBSL 2.1	a) Approving and overseeing Strategic objectives and values are communicated throughout the company network	Complied. Decisions taken at the board meetings are communicated to Senior Management, Senior Management Communicates Same to Operational Levels as appropriate.
		b) Approving the overall business strategy of the company, including the risk policy to measure, monitor and control risks including strategic, market, operational and credit.	Complied. Senior Management of the company formulates the annual plan and it is approved by Singer Asia and the Board of Directors.
		c) Identifying risks and ensuring implementation of appropriate systems to manage the risks prudently;	Complied. The Risk Portfolio of the Company is overseen by the IRMC and its deliberations.
		d) Approving a policy of communication with all stakeholders, including depositors, creditors, share-holders and borrowers	Complied. Please Refer Board Communication Policy on page no 102.
		e) Reviewing the adequacy and the integrity of the company's Internal control systems and Management Information Systems	Complied. Please refer Directors' Statement On Internal Control.
		f) 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	Complied. All key business activities are under the aegis of a Senior Manager.
		g) Defining the areas of authority and key responsibilities for the Board and for the key management personnel.	Complied.
		h) Ensuring that there is appropriate oversight of the affairs of the finance company by key management personnel, that is consistent with the finance company's policy	Complied. The Key Management exercises its oversight function by way of regular meetings. The CEO and Senior Management engages the entire branch network on a quarterly basis. The Group CEO, CEO and Non-Executive Directors engage the Senior Management at review meetings that are conducted at least once is two months.

Corporate Governance

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
		<p>i) periodically assessing the effectiveness of its governance practices, including: (i) the selection, nomination and election of directors and appointment of key management personnel; (ii) the management of conflicts of interests; and (iii) the determination of weaknesses and implementation of changes where necessary;</p> <p>j) Ensuring that the finance company has an appropriate succession plan for key management personnel</p> <p>k) Meeting regularly with the key management personnel to review policies, establish lines of communication and monitor progress towards corporate objectives.</p> <p>l) understanding the regulatory environment;</p> <p>m) Exercising due diligence in the hiring and oversight of external auditors.</p>	<p>Complied. This direction is overseen by the function of the Board and the Board Nomination Committee</p> <p>Complied. Although succession planning is not documented, Key successors are discussed by the Board, Group CEO and Communicated to the CEO. The respective individuals are provided with adequate exposure.</p> <p>Complied. The Board meets the Key Management personal on a monthly basis and respective Senior Managers who are not members of the board are requested to attend by invitation to discuss specific areas.</p> <p>Complied. The Regulatory environment is well understood by the Board of Directors. The CEO , Head of Finance and Compliance Officer updates the Board on any new Developments.</p> <p>Complied. External Auditors are recommended by the Audit Committee and approved by the Board. The Company chooses the auditors from the CBSL list of approved auditors.</p>
	CBSL 2 (2)	The Board shall appoint the chairman and the chief executive officer and define and approve the functions and responsibilities of the chairman and the chief executive officer in line with paragraph 7 of this Direction.	Complied.

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 2 (3)	<p>There shall be a procedure determined by the Board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the finance company's expense.</p> <p>The Board shall resolve to provide separate independent professional advice to directors to assist the relevant director(s) to discharge the duties to the finance company.</p>	<p>Complied.</p> <p>Any Board Director has the opportunity to seek independent professional advice in appropriate circumstances, at the finance company's expense. The company practice has been for Directors to make this request at Board Meetings and for the Chairman to ratify the same.</p> <p>Examples of such professional advises sought are,</p> <p>PWC – Feasibility Study for Credit Card project – Price Water House Coopers</p> <p>IT Security Manual – Layer -7</p> <p>Application process for Credit Card- Experienced Retired Banker</p> <p>Software Evaluation for Credit Card project - Ernst & Young</p> <p>Software Evaluation for Core Banking System- KPMG</p>
	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.	<p>Complied.</p> <p>No Director abstained or indicated his/her wish to abstain from voting on any Board Resolution during the year under review.</p>
	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.	<p>Complied.</p> <p>This Direction is complied by having monthly meetings and maintaining detailed minutes of the deliberations of the Board. Any matters that are pending execution is stringently followed up by the Board by reserving the same under matters arising out of previous minutes.</p>

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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. Such a situation did not arise during the year under review
	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. Please refer page no 93
	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.	Complied.
3. MEETINGS OF THE BOARD	CBSL 3 (1)	The Board shall meet at least twelve times a financial year at approximately monthly intervals. Obtaining the Board's consent through the circulation of written or electronic resolutions/papers shall be avoided as far as possible.	Complied.
	CBSL 3 (2)	The Board shall ensure that arrangements are in place to enable all directors to include matters and proposals in the agenda for regular Board meetings where such matters and proposals relate to the promotion of business and the management of risks of the finance company.	Complied. The Company Secretary has always accommodated request made in this regard by Directors. Examples, 1. Request by Chairman to have regular updates on the Credit Card Project 2. Request by Mr. J.A Setukavalar to include an agenda for system migration updates
	CBSL 3 (3)	A notice of at least 7 days shall be given of a regular Board meeting to provide all directors an opportunity to attend. For all other Board meetings, a reasonable notice shall be given.	Complied.

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	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)	The Board shall appoint a company secretary whose primary responsibilities shall be to handle the secretarial services to the Board and shareholder meetings and to carry out other functions specified in the statutes and other regulations.	Complied. The Company Secretary is also the Finance Manager of the Parent Company.
	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. The Chairman has delegated this function.
	CBSL 3 (7)	All directors shall have access to advice and services of the company secretary with a view to ensuring that Board procedures and all applicable laws, directions, rules and regulations are followed.	Complied. The Company Secretary has been accessible by way of telephone or e-mail throughout the period under review, including on holidays.
	CBSL 3 (8)	The company secretary shall maintain the minutes of Board meetings and such minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	Complied. Both, a minute register which includes printed minutes and computer stored minutes are maintained by the Secretary.

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Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 3 (9)	Minutes of Board meetings shall be recorded in sufficient detail so that it is possible to gather from the minutes, as to whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly contain or refer to the following: (a) a summary of data and information used by the Board in its deliberations; (b) the matters considered by the Board; (c) the fact-finding discussions and the issues of contention or dissent which may illustrate whether the Board was carrying out its duties with due care and prudence; (d) the explanations and confirmations of relevant executives which indicate compliance with the Board's strategies and policies and adherence to relevant laws and regulations; (e) the Board's knowledge and understanding of the risks to which the finance company is exposed and an overview of the risk management measures adopted; and (f) the decisions and Board resolutions.	Complied.
4. COMPOSITION OF THE BOARD	CBSL 4 (1)	Subject to the transitional provisions contained herein, the number of directors on the Board shall not be less than 5 and not more than 13.	Complied.
	CBSL 4 (2)	Subject to the transitional provisions contained herein and subject to paragraph 5(1) of this Direction the total period of service of a director other than a director who holds the position of chief executive officer or executive director shall not exceed nine years. The total period in office of a non- executive director shall be inclusive of the total period of service served by such director up to the date of this Direction.	Complied.

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 4 (3)	Subject to the transitional provisions contained herein, an employee of a finance company may be appointed, elected or nominated as a director of the finance company (hereinafter referred to as an "executive director") provided that the number of executive directors shall not exceed one-half of the number of directors of the Board. In such an event, one of the executive directors shall be the chief executive officer of the company.	Complied.
	CBSL 4 (4)	With effect from three years commencing January 1, 2009 the number of independent non-executive directors of the Board shall be at least one fourth of the total numbers of directors.	Complied.
	CBSL 4 (5)	In the event an alternate director is appointed to represent an independent non-executive director, the person so appointed shall also meet the criteria that apply to the independent non-executive director.	Not Applicable. There are no Alternate Directors appointed to represent independent non-executive directors.
	CBSL 4 (6)	Non-executive directors shall have necessary skills and experience to bring an objective judgment to bear on issues of strategy, performance and resources.	Complied. Please refer the profiles of the Non-executive directors given in page no 20 to 26.
	CBSL 4 (7)	With effect from commencing January 1, 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.	Complied.
	CBSL 4 (8)	The independent non-executive directors shall be expressly identified as such in all corporate communications that disclose the names of directors of the finance company. The finance company shall disclose the composition of the Board, by category of directors, including the names of the chairman, executive directors, non-executive directors and independent non-executive directors in the annual corporate governance report which shall be an integral part of its Annual Report.	Complied . Please refer page no 20.

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Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 4 (9)	There shall be a formal, considered and transparent procedure for the appointment of new directors to the Board. There shall also be procedures in place for the orderly succession of appointments to the Board.	Complied. This process complied by the function of the Board Nomination Committee.
	CBSL 4 (10)	All directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after their appointment.	Complied Mr. Russell De Mel who was appointed on the 1st of January 2016 , will be subject to election by shareholders at the forthcoming AGM Scheduled for the 30th of June 16.
	CBSL 4 (11)	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.
5. CRITERIA TO ASSESS THE FITNESS AND PROPRIETY OF DIRECTORS	CBSL 5 (1)	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	Complied.
	CBSL 5 (2)	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.	Complied.
6. DELEGATION OF FUNCTIONS	CBSL 6 (1)	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.	Not Applicable. No such delegation was made.

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 6 (2)	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.	Complied. This process is diligently carried out at each board meeting. Example :- 1. Compliance with regulatory requirements are reviewed at each Board Meeting. 2. Progress of the Credit Card Project which is a strategic initiative from the Corporate Board Level is reviewed at each Board Meeting.
7. THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER	CBSL 7 (1)	The roles of chairman and chief executive officer shall be separated and shall not be performed by the one and the same person after 3 years commencing from January 1, 2009.	Complied.
	CBSL 7 (2)	The chairman shall be a non-executive director. In the case where the chairman is not an independent non-executive director, the Board shall designate an independent non-executive director as the Senior Director with suitably documented terms of reference to ensure a greater independent element. The designation of the Senior Director shall be disclosed in the finance company's Annual Report.	Complied. As the chairman serves in the board of the parent company, Mr. J.A Setukavalar has been appointed as the Senior Independent Director.
	CBSL 7 (3)	The Board shall disclose in its corporate governance report, which shall be an integral part of its Annual Report, the name of the chairman and the chief executive officer and the nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the chairman and the chief executive officer and the relationships among members of the Board.	Complied. There is no relationship between the chairman and the chief executive officer and among members of the Board to be disclosed.
	CBSL 7 (4)	The chairman shall: (a) provide leadership to the Board; (b) ensure that the Board works effectively and discharges its responsibilities; and (c) ensure that all key issues are discussed by the Board in a timely manner.	Complied.

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Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 7 (5)	The chairman shall be primarily responsible for the preparation of the agenda for each Board meeting. The chairman may delegate the function of preparing the agenda to the company secretary.	Complied.
	CBSL 7 (6)	The chairman shall ensure that all directors are informed adequately and in a timely manner of the issues arising at each Board meeting.	Complied.
	CBSL 7 (7)	The chairman shall encourage each director to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interests of the finance company.	Complied.
	CBSL 7 (8)	The chairman shall facilitate the effective contribution of non-executive directors in particular and ensure constructive relationships between executive and non-executive directors.	Complied.
	CBSL 7 (9)	Subject to the transitional provisions contained herein, the chairman, shall not engage in activities involving direct supervision of key management personnel or any other executive duties whatsoever.	Complied.
	CBSL 7 (10)	The chairman shall ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.	Complied.
	CBSL 7 (11)	The chief executive officer shall function as the apex executive-in-charge of the day-to-day-management of the finance company's operations and business.	Complied.
8. BOARD APPOINTED COMMITTEES	CBSL 8(1)	Every finance company shall have at least the two Board committees set out in paragraphs 8(2) and 8(3) hereof. Each committee shall report directly to the Board. 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.	Complied. The Board presents a report on the performance, duties and functions of each committee, at the annual general meeting by including the same in the Annual Report.

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
Audit Committee	CBSL 8 (2) (a)	The chairman of the committee shall be a non-executive director who possesses qualifications and experience in accountancy and/or audit.	Complied.
	CBSL 8 (2) (b)	The Board members appointed to the committee shall be non-executive directors.	Complied.
	CBSL 8 (2) (c)	The committee shall make recommendations on matters in connection with: (i) the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes; (ii) the implementation of the Central Bank guidelines issued to auditors from time to time; (iii) the application of the relevant accounting standards; and (iv) the service period, audit fee and any resignation or dismissal of the auditor, provided that the engagement of an audit partner shall not exceed five years, and that the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term.	Complied.
	CBSL 8 (2) (d)	The committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	Complied.
	CBSL 8 (2) (e)	The committee shall develop and implement a policy with the approval of the Board on the engagement of an external auditor to provide non-audit services that are permitted under the relevant statutes, regulations, requirements and guidelines. In doing so, the committee shall ensure that the provision by an external auditor of non-audit services does not impair the external auditor's independence or objectivity.	Not Complied.

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Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 8 (2) (f)	The committee shall, before the audit commences, discuss and finalise with the external auditors the nature and scope of the audit, including: (i) an assessment of the finance company's compliance with Directions issued under the Act and the management's internal controls over financial reporting; (ii) the preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and (iii) the co-ordination between auditors where more than one auditor is involved.	Complied.
	CBSL 8 (2) (g)	The committee shall review the financial information of the finance company, in order to monitor the integrity of the financial statements of the finance company, its annual report, accounts and periodical reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the finance company's annual report and accounts and periodical reports before submission to the Board, the committee shall focus particularly on: (i) major judgmental areas; (ii) any changes in accounting policies and practices; (iii) significant adjustments arising from the audit; (iv) the going concern assumption; and (v) the compliance with relevant accounting standards and other legal requirements.	Complied.
	CBSL 8 (2) (h)	The committee shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of key management personnel, if necessary.	Not Applicable. No Such requirement was experienced during the period under review.
	CBSL 8 (2) (i)	The committee shall review the external auditor's management letter and the management's response thereto.	Complied.

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 8 (2) (j)	<p>The committee shall take the following steps with regard to the internal audit function of the finance company:</p> <ul style="list-style-type: none"> (i) Review the adequacy of the scope, functions and resources of the internal audit department, and satisfy itself that the department has the necessary authority to carry out its work; (ii) Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit department; (iii) Review any appraisal or assessment of the performance of the head and senior staff members of the internal audit department; (iv) Recommend any appointment or termination of the head, senior staff members and outsourced service providers to the internal audit function; (v) Ensure that the committee is apprised of resignations of senior staff members of the internal audit department including the chief internal auditor and any outsourced service providers, and to provide an opportunity to the resigning senior staff members and outsourced service providers to submit reasons for resigning (vi) Ensure that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care; 	Complied.

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Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 8 (2) (k)	The committee shall consider the major findings of internal investigations and management's responses thereto;	Not Applicable. There were no major findings during the year under review.
	CBSL 8 (2) (l)	The chief finance officer, the chief internal auditor and a representative of the external auditors may normally attend meetings. Other Board members and the chief executive officer may also attend meetings upon the invitation of the committee. However, at least once in six months, the committee shall meet with the external auditors without the executive directors being present.	Complied. The Committee met with the external auditors without the presence of the Executive on two occasions during the period under review.
	CBSL 8 (2) (m)	The committee shall have: (i) explicit authority to investigate into any matter within its terms of reference; (ii) the resources which it needs to do so; (iii) full access to information; and (iv) authority to obtain external professional advice and to invite outsiders with relevant experience to attend, if necessary.	Complied. No such requirement materialized during the year under review.
	CBSL 8 (2) (n)	The committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	Complied. The Number of meetings that were held is given in page no 90.
	CBSL 8 (2) (o)	The Board shall, in the Annual Report, disclose in an informative way, (i) details of the activities of the audit committee; (ii) the number of audit committee meetings held in the year; and (iii) details of attendance of each individual member at such meetings.	Complied.
	CBSL 8 (2) (p)	The secretary to the committee (who may be the company secretary or the head of the internal audit function) shall record and keep detailed minutes of the committee meetings.	Complied.

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 8 (2) (q)	The committee shall review arrangements by which employees of the finance company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. Accordingly, the committee shall ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action and to act as the key representative body for overseeing the finance company's relations with the external auditor.	Complied.
Integrated Risk Management Committee	CBSL 8 (3) (a)	The committee shall consist of at least one non-executive director, CEO and key management personnel supervising broad risk categories, i.e., credit, market, liquidity, operational and strategic risks. The committee shall work with key management personnel closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.	Complied.
	CBSL 8 (3) (b)	The committee shall assess all risks, i.e., credit, market, liquidity, operational and strategic risks to the finance company on a monthly basis through appropriate risk indicators and management information. In the case of subsidiary companies and associate companies, risk management shall be done, both on the finance company basis and group basis.	Complied. Note:- This process is carried out once a quarter.
	CBSL 8 (3) (c)	The committee shall review the adequacy and effectiveness of all management level committees such as the credit committee and the asset-liability committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	Complied.
	CBSL 8 (3) (d)	The committee shall take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the finance company's policies and regulatory and supervisory requirements.	Complied. No such requirement materialized during the year under review.

Corporate Governance

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 8 (3) (e)	The committee shall meet at least quarterly to assess all aspects of risk management including updated business continuity plans.	Complied.
	CBSL 8 (3) (f)	The committee shall take appropriate actions against the officers responsible for failure to identify specific risks and take prompt corrective actions as recommended by the committee, and/or as directed by the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.	Complied. No such requirement materialized during the year under review.
	CBSL 8 (3) (g)	The committee shall submit a risk assessment report within a week of each meeting to the Board seeking the Board's views, concurrence and/or specific directions.	Complied. The requirement to submit the risk assessment report within a week to the Board was complied at the last IRMC meeting held on the 31st of March 2016 by way of escalating the minutes of the meeting.
	CBSL 8 (3) (h)	The committee shall establish a compliance function to assess the finance company's compliance with laws, regulations, directions, rules, regulatory guidelines, internal controls and approved policies on all areas of business operations. A dedicated compliance officer selected from key management personnel shall carry out the compliance function and report to the committee periodically.	Complied.
9. RELATED PARTY TRANSACTIONS	CBSL 9 (2)	The Board shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the finance company with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction: a) A subsidiary of the finance company; b) Any associate company of the finance company; c) A director of the finance company; d) A key management personnel of the finance company; e) A relative of a director or a key management personnel of the finance company ;	Complied.

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
		<p>f) A shareholder who owns shares exceeding 10% of the paid up capital of the finance company;</p> <p>g) A concern in which a director of the finance company or a relative of a director or a shareholder who owns shares exceeding 10% of the paid up capital of the finance company, has substantial interest.</p>	
	CBSL 9 (4)	The Board shall ensure that the finance company does not engage in transactions with a related party in a manner that would grant such party "more favourable treatment" than that is accorded to other similar constituents of the finance company.	Complied. No "Such" transactions took place with a related party during the year under review.
10. Disclosures	CBSL 10 (1)	The Board shall ensure that: (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are published in the newspapers in an abridged form, in Sinhala, Tamil and English.	Complied.
The Board shall ensure that at least the following disclosures are made in the Annual Report:	CBSL 10 (2) (a)	A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures.	Complied.
	CBSL 10 (2) (b)	A report by the Board on the finance company's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements has been done in accordance with relevant accounting principles and regulatory requirements.	Complied. Please refer Directors' Statement On Internal Control on page no 100.

Corporate Governance

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 10 (2) (c)	The external auditor's certification on the effectiveness of the internal control mechanism in respect of any statements prepared or published after March 31, 2010.	Complied. The Company obtains a certification from the External Auditors during finalizing of the Annual Audit but does not publish the same.
	CBSL 10 (2) (d)	Details of directors, including names, transactions with the finance company.	Complied.
	CBSL 10 (2) (e)	Fees/remuneration paid by the finance company to the directors in aggregate, in the Annual Reports published after January 1, 2010.	Complied.
	CBSL 10 (2) (f)	Total net accommodation as defined in paragraph 9(4) outstanding in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the finance company's capital funds.	Not Applicable. The Company has not granted loans to Related Parties during the year under review .
	CBSL 10 (2) (g)	The aggregate values of remuneration paid by the finance company to its key management personnel and the aggregate values of the transactions of the finance company with its key management personnel during the financial year, set out by broad categories such as remuneration paid, accommodation granted and deposits or investments made in the finance company.	Complied. Please refer page no 161.
	CBSL 10 (2) (h)	A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliance.	Complied. There are no lapses to be reported and this is stated under the Disclosure Report under Finance Companies Corporate Governance Direction No.3 of 2008 in page no 93.
	CBSL 10 (2) (i)	A statement of the regulatory and supervisory concerns on lapses in the finance company's risk management, or non-compliance with the Act, and rules and directions that have been communicated by the Director of the Department of Supervision of Non-Bank Financial Institutions, if so directed by the Monetary Board to be disclosed to the public, together with the measures taken by the finance company to address such concerns.	Complied. There are no lapses to be reported and this is stated under the Disclosure Report under Finance Companies Corporate Governance Direction No. 3 of 2008 in page no 93.

Corporate governance principle	Reference to CBSL regulation	Extent of compliance	Status of compliance
	CBSL 10 (2) (j)	The external auditor's certification of the compliance with the Act and rules and directions issued by the Monetary Board in the annual corporate governance reports published after January 1, 2011.	Complied. The external auditors verifies and certifies whether the Company is in compliance with the Act and rules and directions issued by the Monetary Board, however a certification is not published in the annual report.

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 25 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 / Non Executive	12	10
Mrs. Marina Tharmaratnam Resigned with effect from the 31st Dec 2015	Senior Independent Non- Executive Director	09	07
Mr. J.A Setukavalar	Senior Independent Non- Executive Director	12	12
Mr. Russell De Mel Joined on the 1st of January 2016	Independent Non- Executive Director	03	03
Mr. John Hyun	Non-Executive Director	12	10
Mr. G.J Walker	Non-Executive Director	12	01
Mr. Y.C Joe Kan	Non-Executive Director	12	07
Mr. Janaka Mendis	Non-Executive Director	12	12
Mr. R.S Wijeweera	Director /Chief Executive Officer	12	11
Mr.P.J.P. De Silva Resigned on the 30th of June 2015	Alternate Director to Mr. Joe Kan	02	02
Mr.S. Ramanathan	Alternate Director to Mr. John Hyun	03	03
Mr.K.K.L.P. Yatiwella	Alternate Director to Mr. Gavin Walker	11	08
Mr. Chanadana Samarasinghe Joined on the 5th of May 2016	Alternate Director to Mr. Joe Kan	Nil	Nil
Mr. Thushan Amarasuriya Joined on the 5th of May 2016	Alternate Director to Mr. R.S Wijeweera	Nil	Nil
Mr. Iman Perera Joined on the 5th of May 2016	Alternate Director to Mr. Janaka Mendis	Nil	Nil

Corporate Governance

Mr. Shyam Ramanathan Alternate to Mr. John Hyun participated for three meetings on behalf of Mr. John Hyun

Mr Lalith Yatiwella Alternate Director participated for eight meetings on behalf of Mr. Gavin Walker

Mr. Premalal De Silva Participated for two meetings on behalf of Mr. Joe Kan

Board sub committees

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

Sub committees of the Board of Singer Finance have 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.

Mrs. M. Tharmaratnam – Senior Independent Non-Executive Director
(Resigned with effect from 31st December 2015)

Mr. Russell De Mel - Independent Non- Executive Director
(Joined on the 1st of January 2016)

Mr. P. Meegoda (Secretary) – Head of Risk Management. (Singer Sri Lanka PLC).

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 seven 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	07	06
Mrs. Marina Tharmaratnam Resigned with effect from the 31st Dec 2015	Senior Independent Non-Executive Director	05	04
Mr. Russell De Mel Joined on the 1st of January 2016	Independent Non- Executive Director	02	02
Mr. Priyanjith Meegoda	Secretary to the Committee	07	07

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 serves as its Secretary they are namely,

Mr. J.A Setukavalar - Chairman / Senior Independent Non-Executive Director

2. Integrated Risk Management Committee (IRMC)

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. Marina Tharmaratnam Resigned with effect from the 31st Dec 2015	Chairperson /Senior Independent Non- Executive Director	02	02
Mr. J.A Setukavalar	Independent Non-Executive Director	04	03
Mr. Russell De Mel Joined on the 1st of January 2016	Chairman / Independent Non- Executive Director	02	02
Mr. Shantha Wijeweera	Director / CEO	04	04
Mr. Thushan Amarasuriya	Head of Finance	04	04
Mr. Priyanjith Meegoda	Head of Risk Management	04	04
Mr. Lalith Yatiwella	Finance Director	02	01
Mr. Eraj Fernando	Senior Manager – Financial Reporting	02	02
Mr. Iman Perera	Head of Business Development	04	04
Mr. Jeewaka Jayawardana	Credit Manager	03	03
Mr. Suranga Jayaweera	Accountant / Compliance Officer	03	03
Mr. Niranjana Sethunga	Senior Recovery Manager	01	01
Mr. Manoj Kumara	Senior Operations Manager	01	01

Corporate Governance

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. Mr. Gavin Walker – Non Executive Director President and CEO of

Singer Asia chairs the committee and it comprises of , the Chairman of the Board , two Independent Directors, Group Chief Executive officer who attends by invitation and one Alternate Director who serves the as Secretary to the

Board 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
Gavin J Walker	Chairman	02	02
Dr. Saman Kelegama	Non-Executive Director	02	02
Mrs. Marina Tharmaratnam Resigned with effect from 31st December 2015	Senior Independent Non- Executive Director	01	01
Mr. J.A Setukavalar	Senior Independent Non-Executive Director	02	02
Mr. H.A Pieris (By invitation)	CEO - Singer Group	02	02
Mr. K. K.L.P Yatiwella	Alternate Director to Mr. Gavin Walker and Secretary to the Remuneration Committee	02	02
Mr. Russell De Mel Joined on the 1st of January 2016	Independent Non- Executive Director	01	01

4. Board Nomination Committee

The Committee proposes suitable charters for the appointment and re-appointment of directors to the Board and to acts in accordance with such Charter in appointing Directors to the Board. The Chairman who is a Non -Executive Director chairs the committee and

the committee also comprises of Two Independent Non-Executive Directors, an Executive Director and an Alternate Director acts as the Secretary of the Committee.

The 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. Saman Kelegama	Chairman	01	01
Mrs. Marina Tharmaratnam Resigned with effect from the 31st of December 2015	Senior Independent Non- Executive Director	01	01
Mr. J.A Setukavalar	Senior Independent Non-Executive Director	01	01
Mr. K.K.L.P.Yatiwella	Secretary to the Nomination Committee	01	01
Mr. Russell De Mel Joined on the 1st of January 2016	Independent Non- Executive Director	-	-

Disclosure Report under Finance Companies Corporate Governance Direction No. 3 of 2008

Finance Companies Corporate Governance Direction No.3 of 2008 and Finance Companies Corporate Governance Amendment Direction No.4 of 2008, sets out the Corporate Governance Guidelines and Directions of the Central Bank of Sri Lanka . All Finance Companies are required to be compliant with the said Directions.

This report aims to disclose a selected set of Directions that the guideline requires explicit disclosure by way of a certification.

Reporting to Central Bank

- The Company hereby certifies that Weekly, Monthly, Quarterly and Annual prudential reports were submitted to the Financial Information Network (FinNet) on a timely manner and that there are no penalties affected on the Company due to late submission.
- The Company also certifies that the aforementioned prudential returns and other information submitted to the Central Bank of Sri Lanka contains accurate information and does not include any material and or intentional misstatements.
- Large transactions report due to be submitted to the Financial Intelligence Unit (FIU) of the Central Bank of Sri Lanka has been submitted on a bi monthly basis as per requirement.

Disclosure under Direction No.3 of 2008

- It is hereby certified that the Company is in compliance with prudential requirements, regulations, laws and internal controls. There was no necessity to take any corrective action on non-compliance during the period under review.
- It is hereby certified that no supervisory concerns on lapses in the finance company's risk management, or non-compliance with the Act, and rules and directions occurred that required communication to the Director of the Department of Supervision of Non-Bank Financial Institutions.
- It is hereby certified that the Company is in compliance with the Act , rules and directions issued by the Monetary Board during the period under review.



Suranga Jayaweera
Manager - Financial Reporting
and Compliance



J.A Setukavalar
Chairman Audit Committee



Thushan Amarasuriya
Head of Finance

31st May 2016

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 Mr. R. De Mel. The Head of Risk Management functions as the Secretary to the Committee. Head of Finance and Manager Financial Reporting & Compliance represent the management at the Audit Committee by invitation and when necessary, Audit Staff, Representatives of External Auditors, 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 and the Board 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, seven 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 30th May 2016. The minutes of the meetings are 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 2017 subject to the approval of the Shareholders at the Annual General Meeting.

Finance Companies (Corporate Governance) Direction No.3 of 2008

In terms of the Section 8 (2) 1 of the above direction the Chief Finance Officer, the Chief Internal Auditor and a representative of the external

auditors may normally attend meetings. Other Board members and the Chief Executive Officer may also attend meetings upon the invitation of the committee. However, at least once in six months; the committee shall meet with the external auditors without the Executive Directors being present. The Audit Committee met with the external auditors without the presence of the Executive Directors and Management twice on the 28th of May 2015 and on the 31st of March 2016 thereby complying with this Direction.

Conclusion

I wish to place on record my appreciation to Mrs. Marina Tharmaratnam who resigned after serving the committee, and all the members who served on the audit committee during the year for their valuable contribution to the deliberations of the committee.



Mr. J.A Setukavalar
Chairman – Audit Committee

Colombo
31st May 2016

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-à-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 an Independent Non-Executive Director appointed by the Board.

An Alternate Director who is also the Finance Director of the parent company functions as the Secretary to the Committee.

Meetings and Activities

The Committee met once during the year under review.

The Committee has nominated Mr. Russell De Mel to the Board as an Independent Non-Executive Director to fill the casual vacancy created by the resignation of Mrs Marina Tharmaratnam.

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
31st May 2016

Integrated Risk Management Committee Report

Role of the Committee

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

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

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

Composition and Quorum

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

Mrs. Marina Tharmaratnam (Resigned w.e.f 31st December 2015)

Mr. Jayendran A. Setukavalar

Mr. Russell De Mel (Appointed w.e.f 1st January 2016), 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 and provides recommendations when necessary. All minutes of the Committee meetings are tabled and ratified at meetings of the Board and follow up action is taken on outstanding matters.

Anti-Money Laundering and Combating the Financing of Terrorism Committee AML/CFT Committee)

In keeping in line with regulatory requirements the Company established an AML/CFT committee to oversee the risks associated with AML/CFT, on the 5th of February 2016. The

Committee comes under the aegis of the IRMC. The Chairman of the AML/CFT committee is the Chief Executive Officer and the Manager Financial Reporting and Compliance serves as the Secretary. The committee also comprises of the Head of Finance, Head of Risk Management, Operations Manager, Manager Deposits and Senior Analyst Programmer. Minutes of the quarterly meetings are escalated through the IRMC to the Board. The Committee met twice during the period under review on the 5th of February 2016 and 9th of May 2016.

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 a regular basis through appropriate risk indicators and management information.

I wish to place on record my appreciation to Mrs. Marina Tharmaratnam who retired after serving the committee, and all the members who served on the committee during the year for their valuable contribution to the deliberations of the committee.



Mr. Russell De Mel
Chairman - Integrated Risk
Management Committee

Colombo

31st May 2016

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

Mr. R.S Wijeweera

Mr. Lalith Yatiwella

Mr. Thushan Amarasuriya

Mr. Jeevaka Jayawardena - Secretary

Mr. Iman Perera

Conclusion

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

For and on behalf of the Credit Committee.



Mr. Janaka Mendis
Chairman - Credit Committee

Colombo

31st May 2016

Remuneration Committee Report

The Remuneration Committee consists of The Senior Independent Director, a Non-Executive Director and The Non-Executive Chairman of the Board, whilst a Non-Executive Director functions as the Secretary to the Committee by invitation. Group Chief Executive Officer also attends the Committee by invitation. The Committee is chaired by a Non-Executive Director. The Group Chief Executive Officer assists 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 Office of Singer Asia Ltd." Singer Asia Limited the parent company 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 highly qualified and experienced staff 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 twice 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.



Mr. G.J Walker
Chairman - Remuneration Committee

Colombo
31st May 2016

Directors' Statement on Internal Control

Responsibility

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

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

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

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the

reliability of financial reporting, and that the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

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

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

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

- Various appointed committees are established by the Board to assist the Board in ensuring the effectiveness of Company's daily operations and that the Company's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.
- The Internal Audit Division of the Company checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non compliance. Audits are carried out on all units and branches, the frequency of which is determined by the level

of risk assessed, to provide an independent and objective report. The annual audit plan is reviewed and approved by the Board Audit Committee. Findings of the internal audit are submitted to the Board Audit Committee for review at their periodic meetings.

- The Board Audit Committee of the Company reviews internal control issues identified by the Internal Audit Division, regulatory authorities and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The Minutes of the Board Audit Committee meetings are tabled at the meetings of the Board of Directors of the Company. Further, details of the activities undertaken by the Board Audit Committee of the Company are set out in the 'Board Audit Committee Reports' which appears on page no 94 to 95.
- The comments made by the External Auditors in connection with internal control system during the financial year 2015/2016 were taken into consideration and appropriate steps will be taken to incorporate them where appropriate during the ensuing year.
- In assessing the internal control system, identified officers of the Company continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Company.

The Internal Audit Department continued to verify the suitability of design and effectiveness of these procedures and controls on an ongoing basis.

Confirmation

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

Review of The Statement by External Auditors

The External Auditors have reviewed the above Directors' Statement on Internal Controls included in the Annual Report of the Company for the year ended 31 March 2016 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 and effectiveness of the internal control system over financial reporting of the Company.

By order of the Board



J A Setukavalar
Chairman – Audit Committee



J Mendis
Director



R S Wijeweera
Director/CEO

Colombo
31st May 2016

Board of Directors Communication Policy

Policy Statement

Singer Finance (Lanka) PLC (the "Company") values the input and insights of all its stakeholders, including lenders, creditors, shareholders and borrowers and other interested parties and believes that effective communication strengthens the role of the Company's Board of Directors (the "Board") as an active, informed and engaged body. To facilitate communication, this Policy outlines the procedures for communicating with the Board, its Committees and its members.

This policy has been approved by the Board of Directors and shall become effective from the 31st of March 2016. The Board of Directors will oversee this Policy and will review it and may recommend any changes from time to time. The Board can modify this Policy unilaterally at any time without notice.

Communications to the Board

Stakeholders and other interested parties can communicate with the Board as a whole, the independent directors, or any individual member of the Board or any Committee of the Board. All such communications should be submitted by mail to the following address,

The Company Secretary
Singer Finance (Lanka) PLC
No 80, Nawam Mawatha
Colombo-02
Sri Lanka

Procedures for Handling Communications to the Board

The Board has designated the Company's Board Secretary as its agent to receive and review written communications addressed to the Board, any of its Committees, or any Board member or group of members. The Board Secretary may communicate with the sender for any clarification. In addition, the Board Secretary will promptly forward to the Chairman of the Audit Committee any communication regarding legal, ethical or compliance issues by management or any other matter deemed by the Board Secretary to be potentially material to the Company.

As an initial matter, the Board Secretary will determine whether the communication is a proper communication for the Board. The Board Secretary will not forward to the Board, any Committee or any director communications of a personal nature or not related to the duties and responsibilities of the Board, including, without limitation, junk mail and mass mailings, business solicitations, opinion survey polls or any other communications deemed by the Board Secretary to be immaterial to the Company.

Separately, the Company's Audit Committee has established a Whistle-blower Policy for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters, fraud and unethical business practices, sexual harassment/ misconduct, racial or religious discrimination and the confidential, anonymous submission by employees or any other concerned persons of concerns regarding questionable practices or events that would be harmful to the company's progress and reputation.

The Board Secretary will maintain a log and copies of all communications, which any director may review upon request. The Board Secretary will review the log periodically, but not less than annually, with the Chairman of the Audit Committee.



Financial Information

Financial Calendar - 2015/16

Annual Report 2014/15	01st June 2015
Eighth Annual General Meeting	30th June 2015
First And Final Dividend Payment	19th June 2015
Interim Financial Statements in terms of listing Rule 8.3 of the Colombo Stock Exchange.	
1st Quarter	
For the three months ended 30th June 2015 (Unaudited)	13th August 2015
2nd Quarter	
For the six months ended 30th September 2015 (Unaudited)	28th October 2015
3rd Quarter	
For the nine months ended 31st December 2015 (Unaudited)	15th February 2016
4th Quarter	
For the twelve months ended 31st March 2016 (Unaudited)	31st May 2016
Annual Report & Annual General Meeting	
Annual Report 2015/16 Approved on	31st May 2016
Ninth Annual General Meeting	30th June 2016
First and Final Dividend Payment	20th June 2016

Proposed Financial Calendar 2016/17

1st Quarter Results	
For the three months period ending 30th June 2016 (Unaudited)	August 2016
2nd Quarter Results	
For the six months period ending 30th September 2016 (Unaudited)	November 2016
3rd Quarter Results	
For the nine months period ending 31st December 2016 (Unaudited)	February 2017
4th Quarter Results	
For the twelve months period ending 31st March 2017 (Unaudited)	May 2017
Annual Report and Accounts for 2016/17 (audited)	June 2017
Tenth Annual General Meeting	June 2017

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 2016.

Review of the Year

The Chairman's Letter (page no 8 to 11), the Group Chief Executive Officer's Review (page no 12 to 15), Chief Executive Officer's review (page no 16 to 19) and Operations Review (page no 36 to 42), describe the Company's affairs and mention important events that occurred during the year, and up to the date of publication of this Report. The financial review on page no 43 to 47 elaborates the financial results of the Company. These reviews 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, mobilizing of fixed and saving deposits, financing of consumer durables under loan scheme, factoring business including invoice discounting, granting loans including Micro Loans and credit card business.

Independent Auditor's Report

The independent Auditor's report on the financial statement is given on page no 112 in this Annual Report.

Financial Statements

The Financial Statement for the year ended 31st March 2016 are prepared in accordance with Sri Lanka Accounting Standards, SLFRS/LKAS', 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 page no 113 to 161 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 page no 117 to 132. The accounting policies adopted are consistent with the previous financial year.

Property, Plant & Equipment

During the year under review, the Company invested a 64.1 million (2014/15, Rs. 9.2 million) in Property, Plant & Equipment. Rs. 34.8 million was spent on renovating and upgrading leasehold premises. Further Rs. 13.9 million, Rs. 9.9 million, and Rs. 5.5 million were spent on purchasing of EDP Equipment, office equipment and furniture & fittings respectively.

Details of Property, Plant and equipment and their movements are given in note 12 to the Financial Statements.

Intangible Assets

During the year under review, the Company acquired Rs. 15.1 million worth of software to develop the IT infrastructure of the Company. Total investment in software as at Balance Sheet date was Rs. 71.2 million. Details of intangible assets are given under Note 19 to the Financial Statements.

Directors' Responsibilities

The Statement of the Directors' Responsibility is given on page no 111.

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 page no 59 to 93 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

	2016 Rs.	2015 Rs.
Company profit before tax for the year ended 31st March after deducting all expenses, known liabilities and depreciation amounts to	646,812,860	566,134,958
From this has to be deducted the provision for income tax cost	205,958,126	177,468,728
Making a profit after tax for the year of	440,854,734	388,666,230
To this has to be added a balance brought forward from the previous year	845,509,112	503,063,356
Final dividend of Rs. 1.25 per share (2015/16) - (Rs. 0.65 per share in 2014/15)	(206,666,668)	(107,466,667)
Leaving a total available for appropriation of	1,079,697,178	784,262,919
The following appropriations have been proposed:		
Transfer to Reserve fund	22,042,737	19,433,312
Transfer from investment fund	-	(82,242,928)
First and Final Dividend Proposed	248,000,001	206,666,668
Actuarial Loss on Retirement Benefit Obligation	1,000,104	2,171,421
Tax on Other Comprehensive Income	(280,029)	(607,998)
Making a total appropriation before Other Comprehensive Income	270,762,813	145,420,475
Leaving a balance on Company basis to be carried forward of	1,056,934,366	845,509,112

Dividends

In terms of Article 7 of the Articles of Association of the Company, a final dividend of Rs. 1.50 per share has been approved by the Directors for the Financial Year ended 31st March 2016, for payment on 20th June 2016. 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 2016 amounted to Rs. 1,152 million vs Rs. 919 million as at 31st March 2015. 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 2016 and was unchanged during the year.

Details and movement of the stated capital are given in Note 28 to the Financial Statements on page no 145.

Events after the Reporting Period

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

- (a) The Board of Directors has approved the final Dividend of Rs. 1.50 per Ordinary Share for the year ended 31st March 2016, for payment on 20th June 2016.

Statutory Payments

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page no 111.

Directors Interests and Interest Register

Details of transactions with Director-related entities are disclosed in Note 35 to the Financial Statements on page no 159 and have been declared at the Board Meetings, pursuant to the Section 192 (2) of the Companies Act No. 07 of 2007.

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 – Resigned
w.e.f 31st December 2015

Mr. Russell De Mel – appointed to the Board on 01st January 2016

Mr. M.M.C. Priyanjith (Secretary)

The Report of the Audit Committee on page no 94 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 – Resigned
w.e.f 31st December 2015

Mr. Russell De Mel – Appointed to the Board on 1st January 2016 (Chairman)

Mr. J.A. Setukavalar

Mr. M.M.C. Priyanjith – Secretary

By Invitation

Mr. R.S. Wijeweera – Chief Executive Officer

Mr. T.A. Amarasuriya – Head of Finance

Mr. I. Perera – Head of Business Development

Mr. J. Jayawardena – Acting Manager Credit

Mr. O.G.S.E. Jayaweera – Manager Financial Reporting and Compliance

The Report of the Integrated Risk Management Committee on page no 97 sets out the manner of compliance by the Company in accordance with the requirements of the Finance Companies (Corporate Governance) Direction No. 03 of 2008 and Finance Companies (Corporate Governance Amendment) Direction No. 04 of 2008 issued by the Central Bank of Sri Lanka.

Remuneration Committee

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

Mr. Gavin J Walker - Chairman

Dr. Saman Kelegama

Mrs. M. Tharmaratnam – Resigned
w.e.f 31st December 2015

Mr. J.A. Setukavalar

Mr. N.I.R De Mel

Mr. K.K.L.P.Yatiwella - Secretary

By invitation

Mr. H.A. Pieris

The Report of the Remuneration Committee on page no 99 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 page no 134 and 161.

Board Nomination Committee

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

Dr. S. Kelegama - Chairman

Mrs. M. Tharmaratnam – Resigned
w.e.f. 31st December 2015

Mr. J.A Setukavalar

Mr. Russell De Mel

Mr. K.K.L.P Yatiwella – Secretary

The Report of the Board Nomination Committee on page no 96 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.

Related Party Transactions Review Committee

The Parent Company's Board of Directors formed the Board Related Party Transactions

Review Committee to assist the Board in reviewing all related party transactions in accordance with the requirements of the Code of Best Practice on Related Party Transactions issued by 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 are given on page no 164 and 167 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.

Retirement, Re-election and appointment of Directors

Mrs. Marina Tharmaratnam resigned from serving as a Senior Independent Director of the company with effect from 31st December 2015 and the Nomination Committee of the Company has approved the appointment of Mr. Russell De Mel as an Independent Non-Executive Director of the Company with effect from 1st January 2016.

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

Mr.P.J.P.De Silva retired from employment of Singer (Sri Lanka) PLC, and resigned from serving as an Alternate Director of the company with effect from 30th June 2015. In terms of Article 24(4) of the Articles of Association of the company Mr. G.J.Walker retires by rotation and being eligible, is recommended for re-election.

In terms of Article 24 (5) of the Article of Association of the Company , Mr. Russell De Mel was appointed as Director of the Company on 1st January 2016, and being eligible, is recommended for election.

Directors' Interest in Ordinary Shares and Debentures

Name of the Director	Shareholding 31st March 2016 No of shares	Shareholding 1st April 2015 No of shares	Debenture holding 31st March 2016 No of Debenture	Debenture holding 1st April 2015 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. Russell De Mel**	-	-	-	-
Mr. R. S. Wijeweera	31,003	31,003	-	-
Mr. J. Mendis	59,000	42,000	15,000	15,000
Mr. S. Ramanathan	-	-	-	-
Mr. K.K.L.P.Yatiwella	15,000	-	-	-
Mr. P.J.P. De Silva ***	57,500	47,000	3,000	3,000
Mr. C.A Samarasinghe****	-	-	-	-
Mr.T.A Amarasuriya****	43,555	43,555	-	-
Mr.A.G.I.H. Perera****	8,000	8,000	-	-

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

- * Resigned w.e.f. 31st December 2015
- ** Appointed to the Board on 1st January 2016
- *** Resigned w.e.f. 30th June 2015
- **** Appointed to the Board on the 5th of May 2016

Following Directors acquired additional debentures on debenture issue held at April 2016.

Mr. R. S. Wijeweera	10,000
Mr. Russell De Mel	20,000
Mr. J. Mendis	15,000
Mr. K.K.L.P.Yatiwella	10,000

The names of Directors of the

Company as at 31st March 2016 and their brief profiles are shown on page no 20 to 26 and Inner Back Cover.

Employment

The number of persons employed by the company as at 31st March 2016 was 298 (2015 – 256).

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

Independence of Directors

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

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

- (a) His high standing in society and business sector
- (b) His experience and knowledge particularly in the field of Economics will continue to be an asset to the Company
- (c) His continued valuable services to the Company in various ways and in particular as the Chairman of the Board Remuneration Committee and Board Nomination Committee of the Company.
- (d) He does not participate in executive decision making.

(Dr. Saman Kelegama did not participate in these deliberations and decisions taken pursuant thereto as referred to above to avoid conflict of interest)

Despite of the fact that the Board consider Dr. Saman Kelegama to be an Independent Non Executive Director, The Board has designated Mr. J.A Setukavalar as a Senior Independent Director in order to ensure compliance with the section 4 (4) of Finance Companies (Corporate Governance) Direction No. 3 of 2008 by virtue of the ability to make such appointment vested by section 7 (2) of the Finance Companies (Corporate Governance) Direction No. 3 of 2008

Independent Non-Executive Directors

Dr. S. Kelegama

M. Tharmaratnam (Resigned w.e.f.31st December 2015)

Mr. J.A. Setukavalar (Senior Independent Non-Executive Director)

Mr. Russell De Mel (Appointed to the Board on 1st January 2016)

Corporate Governance Director's Declaration

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

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

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

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

Donations

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

Auditors

The Financial Statements for the period under review were audited by Messrs KPMG, Chartered Accountants who offer themselves for re-appointment for the ensuing year. The Directors propose the re-appointment of Messrs KPMG, Chartered Accountant as Auditors of the Company for the year 2016/17.

The audit and non-audit fees paid to the Auditors by the Company is disclosed in Note 10 on page no 134 in this Annual Report.

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

The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of

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

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 9th Annual General Meeting will be held at The Sri Lanka Foundation Institute, No. 100, Independence Square, Colombo 7, on Monday, 30th June 2015 at 10.00 a.m.

The Notice of the Annual General Meeting of the shareholders is given on page no 117 of this annual report.

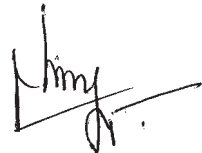
For and on behalf of the Board,



Dr. S. Kelegama
Chairman



R.S. Wijeweera
Director/CEO



Mrs. Pramila Liyanage
Company Secretary

Singer Finance (Lanka) PLC
Colombo

31st May 2016

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 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.

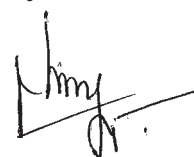
Board of Directors has obtained the Certificate of Solvency from the Auditors in respect of the dividends paid. In respect of the authorised final dividend, the company shall forward to CSE, prior to the date of dispatch of the dividend payment, a certificate by the Auditors to the effect that the Company 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 no 112 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



Pramila Liyanage, ACA
Company Secretary

Singer Finance (Lanka) PLC

Colombo
31st May 2016

Independent Auditors' Report



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

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

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, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 113 to 161 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 auditors' 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, 2016, 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
31st May 2016

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

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

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA

Statement of Profit or Loss and other Comprehensive Income

For the Year Ended 31st March

	Note	2016 Rs.	2015 Rs.
Gross Income	4	2,113,395,716	1,986,040,365
Interest Income	5	1,962,270,551	1,858,938,568
Less : Interest Expense	6	679,166,144	669,413,233
Net Interest Income		1,283,104,407	1,189,525,335
Fee and Commission Income	7	94,376,104	69,346,607
Trading Income	8	741,268	814,302
Other Operating Income	9	56,007,793	56,940,888
Total Operating Income		1,434,229,572	1,316,627,132
Less: Impairment charges for Loan and Other Losses	10.1	29,143,097	164,324,277
Net Operating Income		1,405,086,475	1,152,302,855
Less : Expenses			
Personnel Cost	10.2	281,589,606	228,512,439
Administration and Selling Expenses		406,884,436	318,889,309
Operating Profit Before Value Added Tax	10	716,612,433	604,901,107
Less : Value Added Tax on Financial Services		69,799,573	38,766,149
Profit Before Tax		646,812,860	566,134,958
Less : Income Tax Expense	11	205,958,126	177,468,728
Profit for the Year		440,854,734	388,666,230
Other Comprehensive Income		-	-
Items that will never be Classified to Profit or Loss			
Less: Employee Benefit Plan Actuarial Loss	27.1	1,000,104	2,171,421
Add: Deferred Tax on Actuarial Losses on Defined Benefit Obligation	26.1	280,029	607,998
Total Other Comprehensive Expenses for the Year		720,075	1,563,423
Total Comprehensive Income for the Year		440,134,659	387,102,807
Earnings per Share	12	2.67	2.35
Dividend per Share	13	1.50	1.25

The Notes on pages 117 through 161 form an integral part of these Financial Statements.

Statement of Financial Position

As At 31st March

	Note	2016 Rs.	2015 Rs.
ASSETS			
Cash and Cash Equivalents	14.1	43,737,433	58,171,383
Placement with Banks		85,671,491	90,672,877
Hire Purchase Receivables	15.1	908,307,507	2,054,322,638
Lease Rentals Receivables	15.2	7,661,731,504	4,601,970,439
Loans and Advances	15.3	1,466,256,195	1,185,246,934
Inventories		21,960,000	-
Financial Instruments - Available-for-Sale	16	41,300	41,300
Financial Instruments - Held-to-Maturity	17	536,916,508	617,662,102
Other Debtors and Prepayments	18	163,912,175	141,412,401
Intangible Assets	19	36,041,481	30,727,821
Property, Plant and Equipment	20	111,233,376	66,728,221
Total Assets		11,035,808,970	8,846,956,116
LIABILITIES & EQUITY			
Liabilities			
Other Financial Liabilities Due to Customers	21	3,173,767,463	4,150,193,381
Interest Bearing Loans and Borrowings	22	3,625,508,918	1,559,850,331
Trade and Other Payables	23	667,907,345	543,251,031
Due to Related Companies	24	421,199,128	51,324,958
Bank Overdraft	14.2	353,420,475	32,472,880
Current Tax Liabilities	25	111,517,483	91,362,143
Deferred Tax Liabilities	26	54,344,543	31,972,276
Retirement Benefit Obligations	27	30,515,198	22,368,690
Total Liabilities		8,438,180,553	6,482,795,690
Equity			
Stated Capital	28	1,445,333,342	1,445,333,342
Statutory Reserves	29	95,360,709	73,317,972
Retained Earnings		1,056,934,366	845,509,112
Total Equity		2,597,628,417	2,364,160,426
Total Liabilities & Equity		11,035,808,970	8,846,956,116

The Notes on pages 117 through 161 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,



Dr. S. Kelegama
Chairman



R. S. Wijeweera
Director/Chief Executive Officer

Colombo.
31st May 2016

Statement of Changes in Equity

	Attributable to Equity Holders of the Company				
	Stated Capital Rs.	Reserve Fund Rs.	Investment Fund Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 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)
Balance as at 31st March 2015	1,445,333,342	73,317,972	-	845,509,112	2,364,160,426
Balance as at 1st April 2015	1,445,333,342	73,317,972	-	845,509,112	2,364,160,426
Transferred to/(from) during the year	-	22,042,737	-	(22,042,737)	-
Total Comprehensive Income for the year					
Profit for the Year	-	-	-	440,854,734	440,854,734
Other Comprehensive Income					
Employee Benefit Plan Actuarial Loss	-	-	-	(1,000,104)	(1,000,104)
Deferred tax on Actuarial Losses on Defined Benefit Obligation	-	-	-	280,029	280,029
Total Comprehensive Income for the Year	-	-	-	440,134,659	440,134,659
Transactions with Owners, Recognized Directly in Equity					
Distribution to Owners of the Company					
Dividends	-	-	-	(206,666,668)	(206,666,668)
Total Transactions with Equity Owners	-	-	-	(206,666,668)	(206,666,668)
Balance as at 31st March 2016	1,445,333,342	95,360,709	-	1,056,934,366	2,597,628,417

The Notes on pages 117 through 161 form an integral part of these Financial Statements.

Figures in the brackets indicate deductions.

Statement of Cash Flows

For the Year Ended 31st March		2016	2015
	Note	Rs.	Rs.
Cash Flows From Operating Activities			
Profit Before Tax		646,812,860	566,134,958
Adjustments For			
Non-Cash Items Included In Profit Before Tax			
Interest Income From Investing Activities		(45,573,057)	(47,940,876)
Interest Income From Placement With Banks		(6,163,420)	(7,060,940)
Finance Cost		641,760,441	660,225,749
Depreciation/Amortisation		24,356,841	19,833,764
Software Impairment		5,113,606	-
Provision for Define Benefit Plans - Gratuity		7,235,033	5,250,701
Allowances for Impairment Charges for Loan and Other Losses		29,143,097	164,324,277
Debenture Issue Cost		8,167,940	5,193,146
Operating Profit Before Changes In Operating Assets And Liabilities		1,310,853,341	1,365,960,779
Changes In:			
Increase In Lease Rentals Receivables		(3,067,562,741)	(1,093,242,970)
Decrease In Hire Purchase Debtors		1,147,867,336	370,093,676
Increase In Loans and Advances		(304,202,887)	(235,252,284)
Increase In Other Debtors and Prepayments		(27,927,852)	(31,091,913)
Increase In Inventory		(21,960,000)	-
Decrease In Public Deposits		(902,559,949)	(111,295,326)
(Increase)/Decrease In Amounts Due To Related Companies		(130,125,830)	22,646,386
Increase In Trade and Other Payables		123,835,747	244,339,837
Cash Flows From/(Used In) Operations		(1,871,782,835)	532,158,185
Finance Costs Paid		(679,230,619)	(675,959,750)
Retiring Gratuity Paid		(88,629)	-
ESC Paid		-	(368,720)
Income Tax Paid		(157,722,412)	(102,461,330)
Net Cash Used In Operating Activities		(2,708,824,495)	(246,631,615)
Cash Flows From Investing Activities			
Acquisition of Property Plant & Equipment		(64,110,457)	(9,215,015)
Incurred on Software Development		(15,178,807)	(2,980,690)
Net Change In Investment Securities		78,999,993	(165,333,973)
Net Change In Bank Deposits		5,000,000	22,000,000
Interest Income Received		53,483,464	59,788,645
Net Cash Flows From/(Used In) Investing Activities		58,194,193	(95,741,033)
Cash Flows From Financing Activities			
Issue of Debenture		1,483,794,857	-
Loans Obtained During the Year Other Than Related Party		2,010,000,000	685,000,000
Loans Obtained During the Year From Related Party		500,000,000	-
Repayment Of Loans Other Than Related Party		(1,472,700,000)	(410,000,000)
Dividends Paid		(205,846,101)	(106,996,916)
Net Cash Flows From Financing Activities		2,315,248,756	168,003,084
Net decrease In Cash and Cash Equivalents		(335,381,545)	(174,369,564)
Cash and Cash Equivalents at the Beginning of the Year		25,698,503	200,068,067
Cash and Cash Equivalents at the End of the Year	14	(309,683,042)	25,698,503

The Notes on pages 117 through 161 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"), regulated under the Finance Business Act No. 42 of 2011, was incorporated on 19th April 2004 as a Public Limited Liability Company domiciled in Sri Lanka under the provisions of the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007.

The registered office of the Company is located at No.80, Nawam Mawatha, Colombo 02 and the principal place of business is situated at the same place.

The Company was listed on the Main Board of the Colombo Stock Exchange on 17th January 2011.

The Staff strength of the Company as at 31st March 2016 was 298 (256 as at 31st March 2015).

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.

There were no significant changes in the nature of the principal business activities of the company during the financial year under review, except for the newly introduced credit card facilities.

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.

1.2. Basis of preparation

1.2.1. Statement of compliance

The Financial Statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Finance Business Act No. 42 of 2011 and amendments thereto, and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

1.2.2. Responsibility for financial statements

The Board of Directors of the company is responsible for the preparation and presentation of these Financial Statements as per the provisions of the Companies Act No. 07 of 2007 and SLFRSs and LKASs.

The Board of Directors acknowledges their

responsibility for Financial Statements as set out in the "Annual Report of the Board of Directors on the Affairs of the Company", "Statement of Director's Responsibilities" and the Certification on the Statement of Financial Position.

These Financial Statements include the following components:

- A Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Company for the year under review.
- A Statement of Financial Position providing the information on the financial position of the Company as at the year-end.
- A Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Company.
- a Statement of Cash Flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and utilization of those cash flows.
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

Notes to the Financial Statements

1.2.3. Approval of financial statement

The Financial Statements for the year ended 31st March 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 31st May 2016.

1.2.4. Basis of measurement

The financial statements have been prepared on an accrual basis except for cash flow information and under the historical cost convention except for following material items in the statement of financial position:

- Financial investments – Available – for- sale measured at fair value.
- Liability for Defined Benefit Obligations is recognised as the present value of the defined benefit obligation.

1.2.5. Functional and presentation currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the Functional Currency).

There was no change in the Company's Presentation and Functional Currency during the year under review.

These Financial Statements are presented in Sri Lankan Rupees, the Company's Functional and Presentation Currency.

1.2.6. Presentation of Financial Statements

The assets and liabilities of the Company presented in the Statements of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

No adjustments have been made for inflationary factors affecting the Financial Statements.

1.2.7. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 01 on "Presentation of Financial Statements".

1.2.8. Going Concern Basis for Accounting

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis.

1.2.9. Offsetting

Financial assets and financial liabilities are offset and the

net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation (issued by the International Financial Reporting Interpretations Committee and Standard Interpretation Committee) and as specifically disclosed in the Accounting Policies of the Company.

1.2.10. Rounding

The amounts in the Financial Statements have been rounded off to the nearest Rupee, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 01 on "presentation of Financial Statements".

1.2.11. Comparative Information

Comparative information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

1.2.12. Events after the Reporting Date

Events after the reporting date are those events, favourable and unfavourable, that occur between the Reporting date and the date when the Financial Statements are authorised for issue.

In this regard, all material and important events that occurred after the Reporting Period have been considered and appropriate disclosures are made in the Financial Statements where necessary.

1.2.13. Use of Judgments and Estimates

In preparing the Financial Statements of the Company in conformity with SLFRSs and LKASs the management has made judgments, estimates and assumptions which 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 prospectively.

The most significant areas of estimation, uncertainty and critical judgments in applying Accounting Policies that have most significant effect on amounts recognised in the Financial Statements of the

Company are as follows:

- Note 2.1
- Financial Instruments
- Note 2.1.10
- Impairment of Financial Assets
- Note 2.11
- Employee Benefit
- Note 2.20
- Commitments and Contingencies

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the Financial Statements of the Company, unless otherwise indicated.

2.1 Financial Instruments – Initial Recognition, Classification and Subsequent Measurement

2.1.1. Date of Recognition

The Company initially recognises Lease and Hire Purchase receivables, loans and advances, deposits and debt securities issued on the date on which they are originated. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

2.1.2. Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and

the management's intention in acquiring them.

All financial instruments are initially measured at their fair value plus transaction costs, that are directly attributable to acquisition or issue of such financial instruments except in the case of financial assets and financial liabilities as per the Sri Lanka Accounting Standard – LKAS 39 on "Financial Instruments : Recognition and Measurement" recorded at fair value through profit or loss.

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

2.1.2.1 "Day 1" Profit or Loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Company recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Interest Income and Personnel Expenses'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the profit or Loss when the inputs become observable, or when the instrument is derecognised. The 'Day 1 loss' arising in the case of loans granted to employees at concessionary rates under uniformly

Notes to the Financial Statements

applicable schemes is deferred and amortised using Effective Interest Rates (EIR) over the remaining service period of the employees or tenure of the loan whichever is shorter.

2.1.3. Classification and Subsequent Measurement of Financial Assets

Company classifies financial assets into one of the following categories:

- Loans and receivables;
- Held-to-maturity;
- Available for Sale

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

2.1.3.1 Loans and Receivables

'Loans and receivables' comprised of non derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Company intends to sell immediately or in the near term and those that the Company, upon initial recognition, designates as at fair value through profit or loss
- Those that the Company, upon initial recognition, designates as available for sale
- Those for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration

'Loans and receivables' include Placements with Banks, Lease Rental Receivables, Hire Purchase Receivables, Loans and Advances and other debtors, classified as loans and receivables of the Company.

Assets leased to customers which transfer substantially all the risks and rewards associated with ownership other than legal title, are classified as finance leases. Amounts receivable under finance leases are included under "Lease Rentals Receivable". Leasing balances are stated in the Statement of Financial Position after deduction of initial rentals received, unearned lease income and the provision for impairment.

Assets sold to customers under fixed rate hire agreements, which transfer all risk and rewards as well as the legal title at the end of such contractual period are classified as 'Hire Purchase Receivable'. Such assets are accounted for in a similar manner as finance leases.

After initial measurement, 'loans and advances' are subsequently measured at amortised cost using the EIR, less provision for impairment except when the Company designates loans and receivables at fair value through profit or loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in

'Interest Income'. The losses arising from impairment are recognised in the Income Statement in 'Impairment charges for loans and other losses' in the Income Statement.

2.1.3.2 Held to Maturity Financial Investments

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

Held to Maturity Investments include Investments in Treasury bills and Treasury Bonds.

2.1.3.3 Available for Sale Financial Investments

Available-for-sale investments include long term equity securities and debt securities. Equity investments classified as Available-for-Sale are those which are neither classified as held for trading nor designated at fair value through profit or

loss. Debt securities in this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available for sale financial investments are subsequently measured at fair value.

Unrealised gains and losses are recognised directly in Equity through Other Comprehensive Income in the 'Available-For-Sale Reserve'. When the investment is disposed of, the cumulative gain or loss previously recognised in Equity is recycled to Income Statement in 'Other operating income'. Interest earned whilst holding Available-for-Sale financial investments is reported as 'Interest Income' using the EIR.

Dividends earned whilst holding Available-for-Sale financial investments are recognised in the Income Statement as 'Other operating income' when the right to receive the payment has been established. The losses arising from impairment of such investments too are recognised in the Income Statement in 'Impairment losses on financial investments' and removed from the 'Available for Sale reserve'.

Available for Sale Investments include Investments in Equity Shares.

2.1.3.4 Cash & Cash Equivalents

Cash and cash equivalents comprise of cash in hand and

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

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

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

2.1.4. Classification and Subsequent Measurement of Financial Liabilities

Company records financial liabilities at amortized cost.

2.1.4.2 Financial Liabilities at Amortised Cost

Financial instruments issued by the Company that are not designated at fair value through profit or loss, are classified as liabilities under 'Other Financial Liabilities Due to Customers', 'Interest Bearing Borrowings', 'Trade and Other payables', 'Due to Related Companies' and 'Bank Overdraft' as appropriate, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset

for a fixed number of own equity shares.

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in 'Interest Expenses' in the Income Statement. Gains and losses are recognised in Income Statement when the liabilities are derecognised as well as through the EIR amortisation process.

2.1.5. Reclassification of Financial Assets and Liabilities

The Company reclassifies non-derivative financial assets out of the 'held for trading' category and into the 'available-for-sale', 'loans and receivables', or 'held to maturity' categories as permitted by the Sri Lanka Accounting Standards - LKAS 39 on 'Financial Instruments: Recognition and Measurement'. Further, in certain circumstances, the Company is permitted to reclassify financial instruments out of the 'available-for-sale' category and into the 'loans and receivables' category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost.

For a financial asset with a fixed maturity reclassified

Notes to the Financial Statements

out of the 'available-for-sale' category, any previous gain or loss on that asset that has been recognised in Equity is amortised to profit or loss over the remaining life of the asset using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. In the case of a financial asset does not have a fixed maturity, the gain or loss is recognised in the profit or loss when such financial asset is sold or disposed off. If the financial asset is subsequently determined to be impaired, then the amount recorded in Equity is recycled to profit or loss.

The Company may reclassify a non-derivative trading asset out of the 'held for trading' category and into the 'loans and receivables' category if it meets the definition of loans and receivables and the Company has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Reclassification is at the election of management, and is determined on an instrument-by-instrument basis.

The Company does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition. Further, the Company does not reclassify any financial instrument out of the fair value through profit or loss category if upon initial recognition it was designated as at fair value through profit or loss.

2.1.6. De recognition of Financial Assets and Financial Liabilities

2.1.6.1 Financial Assets

Financial assets (or, where applicable or a part of a financial asset or part of a group of similar financial assets) is derecognised when;

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - the Company has transferred substantially all the risks and rewards of the assets, or
 - the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive

cash flow from an asset or has entered in to a pass through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the assets nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it. In that case, the Company also recognises an associated liability. The transferred assets and the associated liabilities are measured on a basis that reflects the right and obligation that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.1.6.2 Financial Liabilities

A financial liability is derecognised when the obligation under liability is discharged or cancelled or expired.

2.1.7. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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

2.1.8. Amortised Cost Measurement

An 'Amortised Cost' of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

2.1.9. Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised

within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Level 1

When available, the Company measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

If a market for a financial instrument is not active, then the Company establishes fair value using a valuation technique. Valuation techniques

include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses, credit models, option pricing models and other relevant valuation models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, i.e. without modification or repackaging, or based on a valuation technique whose variables include only data from observable markets. When transaction price provides

Notes to the Financial Statements

the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Level 3

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

2.1.10. Identification and Measurement of Impairment of Financial Assets

At each Reporting date, the Company assesses whether

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

Objective evidence that financial assets (including equity securities) are impaired can include:

- significant financial difficulty of the borrower or issuer,
- reschedulement of credit facilities,
- default or delinquency by a borrower,
- restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider,
- indications that a borrower or issuer will enter bankruptcy,
- the disappearance of an active market for a security, or
- other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic

conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is considered as an objective evidence of impairment.

2.1.10.1 Impairment of Financial Assets carried at Amortised Cost

For financial assets carried at amortised cost (such as lease rental and hire purchase receivables, loans and receivables to other customers as well as held to maturity investments), the Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and

the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the Income Statement.

For the purpose of collective evaluation of impairment, financial assets are grouped on a basis which takes in to consideration credit risk characteristics.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Company's loan, lease, hire purchase portfolios consists of many small facilities, Company's practice is to assess the impairment collectively. Subsequently the collective impairment provision is compared with the provision computed based on Central Bank of Sri Lanka (CBSL) guidelines and which ever is higher is accounted for.

2.1.10.2 Impairment of Financial

Investments - Available for Sale

For available for sale financial investments, the Company assesses at each Reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as available-for-sale, the Company assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income is based on the reduced carrying amount/impaired balance and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income on such assets too is recorded within 'Interest income'.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the Income Statement, the impairment loss is reversed through the Income Statement.

In the case of equity investments classified as

available for sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Income Statement is removed from equity and recognised in the Income Statement. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in Other Comprehensive Income.

2.1.10.3 Collateral Repossessed

The Company's policy is to sell the repossessed assets at the earliest possible opportunity. Such collateral repossessed are held on a memorandum basis without de recognising the underlying receivable.

2.2 Property, Plant and Equipment

The Company applies the requirements of the Sri Lanka Accounting Standard – LKAS 16 on 'Property, Plant & Equipment' in accounting for its owned which are held for and use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year.

2.2.1 Basis of recognition and measurement

Property, Plant & Equipment are recognised if it is probable that future economic benefits

Notes to the Financial Statements

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

The Company applies the Cost Model to all Property, Plant & Equipment and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

An item of Property, Plant & Equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day-to-day servicing). The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software which is integral to the functionality of the related equipment is capitalised as part of Computer Equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

2.2.2 Subsequent cost

Subsequent expenditure is capitalised only when it

is probable that the future economic benefits of the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

2.2.3 Depreciation

Depreciation is calculated to write-off the cost of items of Property, Plant & Equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

The estimated useful lives for the current and comparative years 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

The depreciation rates are determined separately for each significant part of an item of Property, Plant & Equipment and commence to depreciate 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 the management. Depreciation of an asset ceases at the earlier

of the date that the asset is classified as held for sale or the date that the asset is derecognised.

2.2.4 Change in Depreciation Rate

Depreciation methods, useful lives and residual values are reassessed at each Reporting date and adjusted, if required.

2.2.5 De-recognition

An item of Property, Plant & Equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is recognised in 'Other Operating Income' in profit or loss in the year the asset is derecognised. When replacement costs are recognised in the carrying amount of an item of Property, Plant & Equipment, the remaining carrying amount of the replaced part is derecognised as required by Sri Lanka Accounting Standard – LKAS 16 on 'Property, Plant & Equipment'.

2.3 Intangible Assets

The Company's intangible assets include the value of Computer Software.

2.3.1 Basis of recognition and measurement

An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured

reliably in accordance with the Sri Lanka Accounting Standard – LKAS 38 on 'Intangible Assets'.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, these assets are stated in the Statement of Financial Position at cost, less accumulated amortisation and accumulated impairment losses, if any.

2.3.2 Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

2.3.3 Amortisation of intangible assets

Intangible assets are amortised using the straight line method to write down the cost over its estimated useful economic lives specified below:

Computer Software	10
Years	

2.3.4 Derecognition of Intangible Assets

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. 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 asset and are recognised in profit or loss.

2.4 Leases

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.4.1 Operating Leases

2.4.1.1 Operating Leases – Company as a Lessee

Leases that do not transfer to the Company substantially all risks and benefits incidental to ownership of the leased assets are operating leases. Operating lease payments are recognised as an expense in the Income Statement on a straight line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred.

2.4.1.2 Operating Leases – Company as a Lessor

Leases where the Company does not transfer substantially all risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

2.4.2 Finance Leases

2.4.2.1 Finance Leases – Company as a Lessee

Finance leases that transfer substantially all risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

2.4.2.2 Finance Leases – Company as a Lessor

When the Company is the lessor under finance leases the amounts due under the leases, after deduction of Unearned charges, are included in 'Lease rentals receivables', as appropriate. The finance income receivable is recognised in 'interest income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

Notes to the Financial Statements

2.5 Impairment of Non-Financial Assets

At each Reporting date, the Company reviews the carrying amounts of its non – financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related Cash-Generating unit (CGU) exceeds its estimated recoverable amount.

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

part of the testing of the CGU to which the corporate asset is allocated.

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6 Dividend Payables

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are recommended and declared by the Board of Directors.

2.7 Deposits due to Customers

These include term deposits and certificates of deposits. Subsequent to initial recognition, deposits are measured at their amortised cost using the effective interest method, except where the Company designates liabilities at fair value through profit or loss. Interest paid / payable on these deposits recognised in profit or loss.

2.7.1 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

<p>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.</p>	<p>2.11 Employee Benefits</p> <p>2.11.1 Defined Benefit Plan (DBP) - Gratuity</p> <p>A defined benefit plan is a post employment benefit plan other than a defined contribution plan.</p>	<p>The company is liable to pay gratuity in terms of the relevant statute.</p> <p>The gratuity liability is not externally funded.</p>
<p>2.8 Debt Securities Issued and Subordinated Term Debts</p> <p>These represent the funds borrowed by the Company for long-term funding requirements. Subsequent to initial recognition debt securities issued are measured at their amortised cost using the effective interest method, except where the Company designates debt securities issued at fair value through profit or loss. Interest paid/ payable is recognised in profit or loss.</p>	<p>The liability recognised in the Statement of Financial Position in respect of a defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefit falling due more than 12 months after the reporting date are discounted to present value.</p> <p>The defined benefits obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by LKAS-19, "employee benefits".</p>	<p>2.11.2 Defined Contribution Plans (DCPs) - Employees' Provident Fund/ Mercantile Services Provident Society and Employees' Trust Fund</p> <p>A Defined contribution plan is a post- employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to Defined Contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.</p>
<p>2.9 Other Liabilities</p> <p>Other liabilities are recorded at amounts expected to be payable at the Reporting date.</p>	<p>Actuarial gains and losses in the period in which they occur have been recognise in the other Comprehensive income (OCI).</p>	<p>2.11.2.1 Mercantile Services Provident Society (MSPS)</p>
<p>2.10 Provisions</p> <p>A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in 'Interest Expense' in profit or loss.</p>	<p>The assumptions based on which the results of actuarial valuation was determined, are included in notes to the financial statements.</p> <p>Gratuity liability was computed from the first year of service for all employees in conformity with Sri Lanka Accounting Standards 19- "Employee Benefits".</p> <p>However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continual service.</p>	<p>The Company and employees contribute 12% respectively on the salary of each employee to the Fund Managed by Mercantile Services Provident Society.</p> <p>2.11.2.2 Employees' Trust Fund (ETF)</p> <p>The Company contributes 3% of the salary of each employee to the Employees' Trust Fund managed by the Central Bank of Sri Lanka.</p> <p>2.12 Significant Accounting Policies - Recognition of Income and Expenses</p> <p>Revenue is recognised to the extent that it is probable that</p>

Notes to the Financial Statements

the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. The following specific criteria are used for the purpose of recognition of revenue.

2.12.1 Interest Income and Expense

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

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

Interest income and expense presented in the Income Statement include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated using EIR method;

- Interest on available-for-sale investment securities calculated using EIR method.

2.12.2 Fees and Commission Income and Expense

Fees and commission income and expense that are integral to the EIR on a financial asset or liability are included in the measurement of the EIR. Other fees and commission income are recognised as the related services are performed.

2.12.3 Net Gain / (Loss) from Trading

'Net gain / (loss) from trading' comprise gains less losses related to trading assets and liabilities, and include all realised and unrealised fair value changes and dividends.

2.13 Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement, except to the extent it relates to items recognised directly in Equity or in OCI.

2.13.1 Current Taxation

'Current tax' comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted, at the Reporting date.

Accordingly, provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation

purposes, in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto.

Notes to Financial Statements include the major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense, as required by the Sri Lanka Accounting Standard – LKAS 12 on 'Income Taxes'.

2.13.2 Deferred Taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each Reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the Reporting date.

The measurement of deferred tax reflects the tax consequences that would

	follow the manner in which the Company expects, at the Reporting date, to recover or settle the carrying amount of its assets and liabilities.				about resource allocation and performance assessment.
2.14	Value Added Tax on Financial Services The value base for the computation of value added tax on financial services is calculated by adjusting the depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before Income Tax and emoluments payable. Emoluments payable include benefits in money and not in money including contribution or provision relating to terminal benefits.	2.17	Withholding Tax on Dividends Distributed by the Company Withholding tax that arises from the distribution of dividends by the Company is recognised at the time the liability to pay the related dividend is recognised.		Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the Financial Statements. Income taxes are managed on a Company basis and are not allocated to operating segments. Detailed information on the results of each reportable segment as required by the Sri Lanka Accounting Standard – SLFRS 8 “Operating Segments” is provided in Notes to the Financial Statements.
2.15	Nation Building Tax on Financial Services (NBT) With effect from January 01, 2014, NBT of 2% was introduced on supply of financial services via an amendment to the NBT Act No. 09 of 2009. NBT is chargeable on the same base used for calculation of VAT on Financial services as explained in notes to the Financial Statements.	2.18	Earnings per Share (EPS) Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.	2.20	Commitments and Contingencies All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.
2.16	Crop Insurance Levy (CIL) As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from April 01, 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.	2.19	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, whose operating results are reviewed regularly by the Company's Management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. For each of the strategic divisions, the Company's management monitors the operating results separately for the purpose of making decisions	2.21	Statement of Cash Flows The Statement of Cash Flows has been prepared using the “Indirect Method” of preparing Cash Flows in accordance with the Lanka Accounting Standard LKAS - 07 “Cash Flow Statements”. Cash and cash equivalents comprise short

Notes to the Financial Statements

term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand and favourable and/ or unfavourable balances with banks.

3 NEW ACCOUNTING STANDARDS NOT EFFECTIVE AT THE REPORTING DATE

A number of new standards and amendments to standards, which have been issued but not yet effective as at Reporting date, have not been applied in preparing these Financial Statements. Accordingly, the following Accounting Standards have not been applied in preparing these Financial Statements and the Company plans to

apply these standards on the respective effective dates.

SLFRS 9 "Financial Instruments Classification and Measurement"

SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39- Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of Financial Instruments, including a new expected credit loss model for calculating impairment on financial Assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition

of financial instrument from LKAS 39.

Effective date of SLFRS 9 has been deferred till January 01, 2018.

The Company's is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 9.

Given the nature of the Company's operations, this standard is expected to have a pervasive impact on the Company's Financial Statements. In particular, calculation of impairment of financial instrument on an expected credit loss model is expected to result in an increase in the overall level of impairment allowances.

SLFRS 15 "Revenue from Contracts with Customers"

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

SLFRS 15 is effective for annual reporting periods beginning on or after January 01, 2018.

The Company's is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 15.

For the Year Ended 31st March		2016	2015
		Rs.	Rs.
4	GROSS INCOME		
4.1	Summary		
	Gross Income	2,113,395,716	1,986,040,365
4.2	Analysis of Gross Income		
	Interest Income (Note 5)	1,962,270,551	1,858,938,568
	Fee and Commission Income (Note 7)	94,376,104	69,346,607
	Trading Income (Note 8)	741,268	814,302
	Other Operating Income (Note 9)	56,007,793	56,940,888
		2,113,395,716	1,986,040,365
5	INTEREST INCOME		
	Interest Income on Hire Purchase	305,646,626	509,178,449
	Interest Income on Lease	1,162,082,130	817,086,669
	Interest Income on Loans	338,679,768	369,239,494
	Income on Financial Instruments - Held-to-Maturity	45,573,057	47,940,876
	Interest Income on Placements with Banks	6,163,420	7,060,940
	Over Due Interest	104,125,550	108,432,140
		1,962,270,551	1,858,938,568
6	INTEREST EXPENSE		
	Interest on Other Financial Liabilities Due to Customers	313,522,110	477,467,239
	Interest on Bank Loans	34,150,852	4,570,688
	Interest on Commercial Papers	-	68,192
	Interest on Inter Company Payable	28,942,973	8,542,038
	Interest on Debenture	294,087,478	178,187,822
	Interest on Bank Overdrafts	8,462,731	577,254
		679,166,144	669,413,233
7	FEE AND COMMISSION INCOME		
	Service Charge	66,354,834	45,045,272
	Commission Income	3,580,324	5,100,971
	Reimbursement Fee Credit Card	438,496	-
	Insurance Commission	24,002,450	19,200,364
		94,376,104	69,346,607
8	TRADING INCOME		
	Foreign Exchange from Others Customers	741,268	814,302
		741,268	814,302
9	OTHER OPERATING INCOME		
	Gain/(Loss) on Translation of Foreign Currency	434,494	(1,394,358)
	Unwinding Interest Income on Employee Loans	648,500	7,874,506
	Loan Loss Recoveries	13,576,510	13,069,053
	Interest on Inter Company Receivable	20,618,039	20,441,041
	Other Operating Income on Credit Card	117,557	-
	Other Income	20,612,693	16,950,646
		56,007,793	56,940,888

Notes to the Financial Statements

For the Year Ended 31st March		2016	2015
		Rs.	Rs.
10	PROFIT FROM ORDINARY ACTIVITIES BEFORE VAT ON FINANCIAL SERVICES AND TAX STATED AFTER CHARGING ALL EXPENSES INCLUDING THE FOLLOWING:		
	Directors' Emoluments	18,776,928	12,222,286
	Auditors' Remuneration - Statutory Audit	400,000	400,000
	- Audit Related Services	690,000	650,000
	- Non-Audit Services	1,555,000	340,000
	Amortization of Intangible Assets	4,751,541	4,636,214
	Impairment of Intangible Assets	5,113,606	-
	Depreciation on Property Plant & Equipment	19,605,302	15,182,577
	Legal Expense	6,440,642	5,186,062
	Personnel Cost (Note 10.2)	281,589,606	228,512,439
	Operating Lease Rentals	39,357,262	29,674,554
10.1	Impairment Charge for Loan and Other Losses		
	Impairment (Reversal)/ Charge on Hire Purchase Receivable (Note 15.1.3)	(1,852,205)	16,616,380
	Impairment Charge on Lease Receivable (Note 15.2.4)	7,801,676	117,426,408
	Impairment Charge on Loans and Advances (Note 15.3.4)	23,193,626	30,281,489
		29,143,097	164,324,277
10.2	Personnel Cost		
	Staff Cost	253,337,468	205,763,040
	Defined Benefit Plan Costs -Retiring gratuity (Note 27.1)	7,235,033	5,250,701
	Defined Contribution Plan Costs - MSPS and ETF	21,017,105	17,498,698
		281,589,606	228,512,439
11	INCOME TAX EXPENSE		
	Current income tax expense (Note 11.2)	212,144,009	162,229,886
	Over provision for previous year	(28,838,179)	(2,798,229)
		183,305,830	159,431,657
	Deferred tax expenses (Note 26.1)	22,652,296	18,037,071
	Income tax charge for the year (Note 11.1)	205,958,126	177,468,728
11.1	Reconciliation Between Income Tax Expenses and the Accounting Profit;		
	Accounting profit before tax	646,812,860	566,134,958
	Tax expenses as per accounting profit	181,107,601	158,517,788
	Tax effect of disallowed expenses	712,004,247	496,482,888
	Tax effect of deductible expenses	(680,953,839)	(471,007,732)
	Tax effect of tax losses	-	(21,757,458)
	Tax effect on qualifying payments	(14,000)	(5,600)
	Deferred tax expenses	22,652,296	18,037,071
	Prior period under/(over) provision (Note 11)	(28,838,179)	(2,798,229)
	Income tax expenses reported in the statement of comprehensive income at the effective tax rate	205,958,126	177,468,728

11.2 A Reconciliation between Tax Expense and the Accounting Profit based on the Statutory Tax Rate

	Leasing Business Rs.	Other Business Rs.	Total Rs.
2015/2016			
Accounting profit before tax	453,874,389	192,938,471	646,812,860
Adjustments			
Capital portion of leasing rental due	2,415,064,394	-	2,415,064,394
Disallowable expenses	78,198,336	49,609,580	127,807,917
Allowable expenses	(2,385,493,132)	(46,484,865)	(2,431,977,997)
Total statutory income	561,643,987	196,063,186	757,707,173
Qualifying payments	(30,592)	(19,408)	(50,000)
Taxable income	561,613,395	196,043,778	757,657,173
Income tax rate (%)	28	28	28
Income tax (Note 11)	157,251,751	54,892,258	212,144,009
Effective tax rate (%)	34.65	28.45	32.80

	Leasing Business Rs.	Other Business Rs.	Total Rs.
2014/2015			
Accounting profit before tax	242,667,911	323,467,047	566,134,958
Adjustments			
Capital portion of leasing rental due	1,439,603,006	-	1,439,603,006
Disallowable expenses	192,625,175	140,924,988	333,550,163
Allowable expenses	(1,575,292,762)	(106,877,709)	(1,682,170,471)
Total statutory income	299,603,330	357,514,326	657,117,656
Qualifying payments	(9,277)	(10,723)	(20,000)
Carried forward tax losses - Set off (Note 11.3)	(77,705,206)	-	(77,705,206)
Taxable income	221,888,847	357,503,603	579,392,450
Income tax rate (%)	28	28	28
Income tax (Note 11)	62,128,877	100,101,009	162,229,886
Effective tax rate (%)	25.60	30.95	28.66

11.3 Tax losses

There were no tax losses carried forward by the company as at 1st April 2016 (1st April 2015 Rs. 77,705,206). Details given below

For the Year Ended 31st March	2016 Rs.	2015 Rs.
Balance as at 1st April	-	77,705,206
Tax losses set off during the year	-	(77,705,206)
Balance as at 31st March	-	-

Notes to the Financial Statements

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"

For the Year Ended 31st March	2016	2015
Amount Used as the Numerator	Rs.	Rs.
Net Profit Attributable to Equity Holders of the Company	440,854,734	388,666,230
Amount Used as the Denominator		
Weighted Average number of Ordinary Shares in issue	165,333,334	165,333,334
Basic Earnings per Share	2.67	2.35

13 DIVIDEND PER SHARE

Ordinary Shares		
Proposed First & Final Dividend 2015/16 - Rs. 1.50/- (2014/15 - Rs. 1.25/-)	248,000,001	206,666,668

As At 31st March	2016	2015
	Rs.	Rs.
14 CASH AND CASH EQUIVALENTS		
14.1 Favourable Cash and Cash Equivalent Balances		
Cash in hand	6,078,355	3,421,962
Cash at Banks in Local Currency	32,330,664	50,871,292
Cash at Banks in Foreign Currency	5,328,414	3,878,129
	43,737,433	58,171,383
14.2 Unfavourable Cash and Cash Equivalent Balances		
Bank Overdrafts	(353,420,475)	(32,472,880)
Net Cash and Cash Equivalents for the purpose of Cash Flow Statement	(309,683,042)	25,698,503

15 LOANS AND RECEIVABLES FROM CUSTOMERS

15.1 Hire Purchase Receivables		
Rentals Receivable	1,144,945,480	2,696,263,394
Unearned Interest Income	(204,846,995)	(602,334,383)
	940,098,485	2,093,929,011
Collective Impairment Allowance for Hire Purchase Receivables (Note 15.1.3)	(31,790,978)	(39,606,373)
Net Receivables	908,307,507	2,054,322,638
15.1.1 Hire Purchase Rentals Receivable within One Year from Reporting Date		
Rentals Receivable within One Year	570,283,876	1,120,562,835
Unearned Interest Income	(127,074,682)	(317,777,477)
Net Receivables within One Year	443,209,194	802,785,358

As At 31st March	2016 Rs.	2015 Rs.
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	574,661,604	1,575,700,559
Unearned Interest Income	(77,772,313)	(284,556,906)
Net Receivables after One Year but before Five Years	496,889,291	1,291,143,653
Gross Receivable	940,098,485	2,093,929,011
15.1.3 Movement in Collective Impairment Allowance for Hire Purchase Receivables		
Balance as at 1st April	39,606,373	39,687,380
(Reversal)/Charge for the year	(1,852,205)	16,616,380
Written off during the year	(5,963,190)	(16,697,387)
Balance as at 31st March	31,790,978	39,606,373
15.2 Lease Rentals Receivables		
Rentals Receivable	10,038,601,270	6,184,873,978
Unearned Lease Interest Income	(2,274,981,343)	(1,449,332,528)
	7,763,619,927	4,735,541,450
Collective Impairment Allowance for Lease Rentals Receivables (Note 15.2.4)	(101,888,423)	(133,571,011)
Net Receivables	7,661,731,504	4,601,970,439
15.2.1 Lease Rentals Receivable within One Year from Reporting Date		
Rentals Receivable within One Year	3,763,982,964	2,677,492,915
Unearned Interest Income	(1,118,534,152)	(771,143,173)
Net Receivables within One Year	2,645,448,812	1,906,349,742
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	6,267,707,360	3,506,984,930
Unearned Interest Income	(1,156,366,025)	(678,073,121)
Net Receivables after One Year but before Five Years	5,111,341,335	2,828,911,809
15.2.3 Lease Rentals Receivable after Five Years from Reporting Date		
Rentals Receivable after Five Years	6,910,946	396,133
Unearned Interest Income	(81,166)	(116,234)
Net Receivables after Five Years	6,829,780	279,899
Gross Receivable	7,763,619,927	4,735,541,450
15.2.4 Movement in Collective Impairment Allowance for Lease Rentals Receivables		
Balance as at 1st April	133,571,011	110,724,945
Charge for the year	7,801,676	117,426,408
Written off during the year	(39,484,264)	(94,580,342)
Balance as at 31st March	101,888,423	133,571,011

Notes to the Financial Statements

As At 31st March	2016 Rs.	2015 Rs.
15.3 Loans and Advances		
Loans and Advances	1,680,059,151	1,397,364,863
Unearned Interest Income	(209,247,990)	(220,548,130)
Receivables on Loans against Fixed Deposits	37,770,364	47,474,981
	1,508,581,525	1,224,291,714
Collective Impairment Allowance for Loans and Advances (Note 15.3.4)	(42,325,330)	(39,044,780)
Net Receivables	1,466,256,195	1,185,246,934
15.3.1 Loans and Advances Receivable within One Year from Reporting Date		
Loans and Advances Receivable within One Year	1,379,767,874	1,122,059,313
Receivables on Loans against Fixed Deposits	37,770,364	47,474,981
Unearned Interest Income	(176,558,321)	(189,479,531)
Net Receivables	1,240,979,917	980,054,763
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	299,999,518	275,305,550
Unearned Interest Income	(32,689,360)	(31,068,599)
Net Receivables after One Year but before Five Years	267,310,158	244,236,951
15.3.3 Loans and Advances Receivable after Five Years from Reporting Date		
Loans and Advances Receivable after Five Years	291,759	-
Unearned Interest Income	(309)	-
Net Receivables after Five Years	291,450	-
Gross Receivable	1,508,581,525	1,224,291,714
15.3.4 Movement in Collective Impairment for Loans & Advances		
Balance as at 1st April	39,044,780	29,829,782
Charge for the year	23,193,626	30,281,489
Written off during the year	(19,913,076)	(21,066,491)
Balance as at 31st March	42,325,330	39,044,780
15.4 Allowance for Impairment		
15.4.1 Movement in Collective Allowance for Impairment		
Balance as at 1st April	212,222,164	180,242,107
Charge for the year	29,143,097	164,324,277
Written off during the year	(65,360,530)	(132,344,220)
Balance as at 31st March	176,004,731	212,222,164
15.4.2 Allowance for Impairment consist of Provisioning Against		
Hire Purchase Receivable (Note 15.1.3)	31,790,978	39,606,373
Lease Receivable (Note 15.2.4)	101,888,423	133,571,011
Loans and Advances (Note 15.3.4)	42,325,330	39,044,780
	176,004,731	212,222,164

15.5 Analysis by Sector

Sector 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	2016		2015	
	Rs.'000	%	Rs.'000	%
Agriculture	1,856,824	18.5	1,441,133	18.4
Tourism	13,439	0.1	11,819	0.2
Transport	2,172,115	21.6	1,729,957	22.1
Construction	21,795	0.2	24,864	0.3
Services	2,500,192	24.9	1,641,154	20.9
Individual	3,471,930	34.7	2,992,613	38.1
	10,036,295	100.0	7,841,540	100.0

16 FINANCIAL INSTRUMENTS - AVAILABLE-FOR-SALE

As At 31st March	No. of Ordinary Shares	2016	2015
		Cost of Investment Rs.	Cost of Investment Rs.
Unquoted Shares			
Credit Information Bureau of Sri Lanka	100	41,300	41,300

As At 31st March	2016	2015
	Rs.	Rs.

17 FINANCIAL INSTRUMENTS - HELD-TO-MATURITY

Investment in Treasury Bills	449,968,870	532,455,322
Investment in Treasury Bond	86,947,638	85,206,780
	536,916,508	617,662,102

18 OTHER DEBTORS AND PREPAYMENTS

Loans to Employees (Note 18.1)	47,014,217	44,548,463
Notional Tax Receivable	4,309,990	4,411,804
Prepayments	67,080,544	54,583,309
Advance and Other Receivables	45,507,424	37,868,825
	163,912,175	141,412,401

18.1 Loans to Employees

Balance as at 1st April	44,548,463	45,631,437
Loans granted during the year	32,856,095	12,610,380
Loan recoveries during the Year	(30,390,341)	(13,693,354)
Balance as at 31st March	47,014,217	44,548,463
Due within one Year	15,819,017	13,524,778
Due after one Year	31,195,200	31,023,685
	47,014,217	44,548,463

Notes to the Financial Statements

As At 31st March		2016 Rs.	2015 Rs.
19	INTANGIBLE ASSETS		
19.1	Cost		
	Balance as at 1st April	56,073,970	53,093,280
	Additions	15,178,807	2,980,690
	Balance as at 31st March	71,252,777	56,073,970
19.2	Accumulated Amortization and Impairment		
	Balance as at 1st April	(25,346,149)	(20,709,935)
	Amortization During the Year	(4,751,541)	(4,636,214)
	Impairment During the Year	(5,113,606)	-
	Balance as at 31st March	(35,211,296)	(25,346,149)
19.3	Carrying Amount		
	At Cost	36,041,481	30,727,821
	Total Carrying Amount of EDP Software	36,041,481	30,727,821

19.4 During the financial year, the company acquired Software to the aggregate value of Rs. 15,178,807 (2014/15 - Rs. 2,980,690) .

19.5 EDP Software includes fully amortized assets having gross carrying amount of Rs. 5,553,844 (2014/15 - Nil).

19.6 Singer Finance (Lanka) PLC is planning to implement a new ERP system from 2016. Hence the the Company Impaired the existing Software to the aggregate value of Rs. 5,113,606 (2014/15 - Nil) during the financial year.

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 2015	67,072,397	17,408,707	25,973,434	6,980,000	16,844,929	134,279,467
Additions	34,802,073	9,892,725	13,963,509	-	5,452,150	64,110,457
Balance as at 31st March 2016	101,874,470	27,301,432	39,936,943	6,980,000	22,297,079	198,389,924

20.2 Accumulated Depreciation

	Improvement on Leasehold Premises	Equipment	EDP Equipment	Motor Vehicles	Furniture and Fittings	Total
Balance as at 1st April 2015	(35,629,728)	(6,155,502)	(16,701,839)	(1,658,333)	(7,405,844)	(67,551,246)
Depreciation	(10,385,941)	(2,122,780)	(4,714,373)	(568,572)	(1,813,636)	(19,605,302)
Balance as at 31st March 2016	(46,015,669)	(8,278,282)	(21,416,212)	(2,226,905)	(9,219,480)	(87,156,548)

20.3 Carrying Amount

	Improvement on Leasehold Premises	Equipment	EDP Equipment	Motor Vehicles	Furniture and Fittings	Total
Balance as at 31st March 2016	55,858,801	19,023,150	18,520,731	4,753,095	13,077,599	111,233,376
Balance as at 1st April 2015	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 aggregate value of Rs. 64,110,457 (2014/15 - Rs. 9,215,015) 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	2016 Rs.	2015 Rs.
Improvement on Leasehold Premises	17,095,263	13,020,064
Equipment	1,480,660	1,340,660
EDP Equipment	9,197,097	7,113,597
Furniture and Fittings	1,387,621	1,372,269
	29,160,641	22,846,590

20.6 There were no items of Property Plant & equipment pledged as security for liabilities of the company as at the reporting date.

21 OTHER FINANCIAL LIABILITIES DUE TO CUSTOMERS

As At 31st March	2016 Rs.	2015 Rs.
Fixed Deposits at Amortized Cost	3,122,971,911	4,076,207,097
Savings	50,795,552	73,986,284
	3,173,767,463	4,150,193,381

22 INTEREST BEARING LOANS AND BORROWINGS

As At 31st March	2016			2015		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Debenture (Note 22.1)	449,760,534	2,311,268,614	2,761,029,148	-	1,234,554,906	1,234,554,906
Bank Loans (Note 22.2)	352,179,770	512,300,000	864,479,770	325,295,425	-	325,295,425
	801,940,304	2,823,568,614	3,625,508,918	325,295,425	1,234,554,906	1,559,850,331

Notes to the Financial Statements

22.1 Debenture

	Type	No of Debenture Listed	Face Value Rs.	Interest Rate %	Issued Date	Maturity Date	2016 Rs.	2015 Rs.
36 Months Unsecured redeemable Debentures	A	4,166,660	416,666,667	14.00	10-Sep-2013	10-Sep-2016	415,325,887	412,491,549
48 Months Unsecured redeemable Debentures	B	4,166,660	416,666,667	14.25	10-Sep-2013	10-Sep-2017	413,333,998	411,367,186
60 Months Unsecured redeemable Debentures	C	4,166,680	416,666,666	14.50	10-Sep-2013	10-Sep-2018	412,146,679	410,696,171
60 Months Secured Debentures	D	15,000,000	1,500,000,000	9.95	17-June-2015	16-June-2020	1,520,222,584	-
		27,500,000	2,750,000,000				2,761,029,148	1,234,554,906

	As at 1st April 2015 Rs.	Loans Obtained Rs.	Repayments Rs.	Accrued Interest Rs.	As at 31st March 2016 Rs.
22.2 Bank Loans					
Movement of Bank Loans					
Sampath Bank	215,252,329	1,430,000,000	(1,153,552,329)	801,370	492,501,370
Nations Trust Bank	110,043,096	380,000,000	(290,043,096)	1,009,004	201,009,004
Seylan Bank	-	200,000,000	(29,400,000)	369,396	170,969,396
	325,295,425	2,010,000,000	(1,472,995,425)	2,179,770	864,479,770

(a) The bank loan payable within one year bears the interest rate between 9% to 12.75%.

(b) Bank Loan Repayable after One Year

As At 31st March				2016 Rs.	2015 Rs.
Bank	Rate of Interest (p.a.)	Repayment Terms	Security		
Sampath Bank	Fixed Rate 9.75%	Monthly Repayment	Hire Purchase receivable/ Lease Receivable	392,100,000	-
Seylan Bank	Fixed Rate 9%	Monthly Repayment	Hire Purchase receivable/ Lease Receivable	120,200,000	-
				512,300,000	-

23 TRADE AND OTHER PAYABLES

Trade Payables	394,370,930	327,716,711
VAT on Financial Services	7,926,077	6,363,886
VAT Payable	22,604,389	24,787,547
Accrued Expenses	99,681,343	72,872,315
Insurance Payable	47,058,911	43,122,991
Dividend Payable	2,849,970	2,029,403
Other Payables	93,415,725	66,358,178
	667,907,345	543,251,031

As At 31st March

		2016 Rs.	2015 Rs.
24	AMOUNT DUE TO RELATED COMPANIES		
24.1	Non-Trade		
	Relationship		
	Singer (Sri Lanka) PLC	(78,800,872)	51,324,958
24.2	Loan from Related Party		
	Singer (Sri Lanka) PLC (Note 24.3)	500,000,000	-
		421,199,128	51,324,958

24.3 Singer (Sri Lanka) PLC

Company obtained this facility based on the fund requirement as a short term loan and will be settled within one year or once the company is able to pay before the expiration of one year. Interest is charged based on the lowest AWPLR prevail in the respective month +0.25%

As At 31st March

		2016 Rs.	2015 Rs.
25	CURRENT TAX LIABILITIES		
	Balance as at 1st April	91,362,143	40,658,784
	Add: Expenses recognised in Profit or Loss (Note 11)	183,305,830	159,431,657
	Less: Income Tax Paid	(157,722,412)	(102,461,330)
	Less: WHT Setoff	(1,016,274)	(753,325)
	Less: Notional Tax Setoff	(4,411,804)	(4,207,583)
	Less: ESC Setoff	-	(1,306,060)
	Balance as at 31st March	111,517,483	91,362,143
26	DEFERRED TAX LIABILITIES		
26.1	Deferred Tax Liability		
	Balance as at 1st April	31,972,276	14,543,203
	Origination of timing differences - recognized in Profit or Loss (Note 11)	22,652,296	18,037,071
	Origination of timing differences - recognized in Other Comprehensive Income	(280,029)	(607,998)
	Balance as at 31st March	54,344,543	31,972,276

26.2 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.

26.3 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

	2016		2015	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
Property, Plant and Equipment	-	14,691,489	-	9,910,541
Intangible Assets	-	5,706,961	-	5,424,980
Allowance for Impairment	14,621,571	-	63,008,305	-
Retirement Benefit Obligation	8,544,256	-	6,263,233	-
Lease Rental Receivables	-	57,111,920	-	85,908,293
	23,165,827	77,510,370	69,271,538	101,243,814
Net Deferred Tax		54,344,543		31,972,276

Notes to the Financial Statements

As At 31st March		2016	2015
		Rs.	Rs.
27	RETIREMENT BENEFIT OBLIGATIONS		
	Present Value of Unfunded Gratuity	30,515,198	22,368,690
		30,515,198	22,368,690
	Provision for Retiring Gratuity		
	Balance as at 1st April	22,368,690	14,946,568
	Expenses recognised in Profit or Loss (Note 27.1)	7,235,033	5,250,701
	Actuarial Loss in Other Comprehensive Income	1,000,104	2,171,421
		30,603,827	22,368,690
	Benefits Paid during the Year	(88,629)	-
	Balance as at 31st March	30,515,198	22,368,690

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.

For the year ended 31st March		2016	2015
		Rs.	Rs.
27.1	Expense recognized in Profit or Loss:		
	Current Service Cost	4,141,571	3,401,017
	Interest Cost	3,093,462	1,849,684
		7,235,033	5,250,701
	Expenses recognized in Other Comprehensive Income	1,000,104	2,171,421

27.2 Actuarial Assumptions

Following key assumptions were made in arriving at the above figures

(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 2015 Number	Issued for Cash during the Year Number	Issued for Non-Cash Consideration Number	As at 31st March 2016 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

	2016 Rs.	2015 Rs.
29 STATUTORY RESERVES		
Reserve Fund (Note 29.1)	95,360,709	73,317,972
	95,360,709	73,317,972
29.1 Reserve Fund		
Balance as at 1st April	73,317,972	53,884,660
Amount Transfer during the year	22,042,737	19,433,312
Balance as at 31st March	95,360,709	73,317,972

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 the Company's Capital Funds to Deposit Liabilities, belongs to not less than 25% category.

Notes to the Financial Statements

As At 31st March

	2016 Rs.	2015 Rs.
29.2 Investment Fund		
Balance as at 1st April	-	82,242,928
Amount Transferred to Retained Earning during the year	-	(82,242,928)
Balance as at 31st March	-	-

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

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

As per the SLFRS 8 'Operating Segments', Company is required to disclose information to enable users of its Financial Statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Accordingly, below information gives the segmental information on performance of the Company's main business line.

30.1 Business Segments (Rs.'000)

	Finance Lease		Hire Purchase		Loan & Advances		Other		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
For the Year Ended 31st March										
Interest	1,162,082	817,087	305,647	509,178	277,557	299,829	216,985	232,845	1,962,271	1,858,939
Net Fee and Commission Income	74,685	43,094	2,592	11,990	17,099	14,263	-	-	94,376	69,347
Net Trading Income	-	-	-	-	-	-	741	814	741	814
Other Operating Income	12,585	10,972	8,535	8,281	11,642	4,355	23,246	33,333	56,008	56,941
Total Revenue	1,249,352	871,153	316,774	529,449	306,298	318,447	240,972	266,992	2,113,396	1,986,041
Interest Expense	(477,351)	(353,331)	(56,605)	(157,727)	(91,376)	(91,001)	(53,834)	(67,354)	(679,166)	(669,413)
Depreciation & Amortization	(20,713)	(10,469)	(2,456)	(4,673)	(3,965)	(2,696)	(2,336)	(1,996)	(29,470)	(19,834)
Administration and Selling Expenses	(463,180)	(278,463)	(54,924)	(124,306)	(88,663)	(71,719)	(52,236)	(53,081)	(659,004)	(527,569)
Bad debts	(7,802)	(117,426)	1,852	(16,616)	(23,193)	(30,282)	-	-	(29,143)	(164,324)
Value Added Tax on Financial Services	-	(20,462)	(19,577)	(9,134)	(31,603)	(5,270)	(18,620)	(3,900)	(69,800)	(38,766)
Profit Before Tax	280,306	91,002	185,064	216,993	67,498	117,479	113,946	140,661	646,813	566,135
Income Tax Expense	(118,913)	(52,802)	(32,448)	(52,015)	(32,951)	(37,116)	(21,646)	(35,536)	(205,958)	(177,469)
Profit For The Year	161,393	38,200	152,616	164,978	34,547	80,363	92,300	105,125	440,855	388,666
Segment Assets	7,683,692	4,601,970	908,308	2,054,323	1,466,256	1,185,247	977,553	1,005,416	11,035,809	8,846,956
Segment Liabilities	6,227,140	3,680,602	711,084	1,546,826	895,928	793,546	604,029	461,822	8,438,181	6,482,796
Segment assets include the additions to non current assets	52,135	6,438	6,183	2,874	9,980	1,658	5,878	1,228	74,176	12,198

Notes to the Financial Statements

31 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

An analysis of the interest bearing assets and liabilities employed by the Company as at 31st March 2016, based on the remaining period at the reporting date to the respective contractual maturity date is given below.

As at 31st March	2016					
	Less than 3 months	3-12 months	1-3 years	3-5 years	over 5 years	Total
Interest Earning Assets						
Cash and Cash Equivalents	43,737,433	-	-	-	-	43,737,433
Placement with Banks	85,671,491	-	-	-	-	85,671,491
Hire Purchase Receivables	125,549,968	285,868,248	456,770,732	40,118,559		908,307,507
Lease Rental Receivables	676,674,912	1,866,885,477	3,758,529,482	1,352,811,853	6,829,780	7,661,731,504
Loans and Advances	383,142,879	815,511,708	248,321,989	18,988,169	291,450	1,466,256,195
Financial Instruments - Held-to-Maturity	536,916,508	-	-	-	-	536,916,508
Total Interest Earning Assets	1,851,693,191	2,968,265,433	4,463,622,203	1,411,918,581	7,121,230	10,702,620,638
Percentage(%)	17.3	27.7	41.7	13.2	0.1	100.0
Interest Bearing Liabilities						
Other Financial Liabilities Due to Customers	1,066,930,632	1,571,807,869	505,963,445	18,719,502	10,346,015	3,173,767,463
Interest Bearing Loans and Borrowings	239,679,770	527,825,887	1,125,480,677	1,732,522,584	-	3,625,508,918
Due to Related Companies	421,199,128	-	-	-	-	421,199,128
Bank Overdraft	353,420,475	-	-	-	-	353,420,475
Total Interest Bearing Liabilities	2,081,230,005	2,099,633,756	1,631,444,122	1,751,242,086	10,346,015	7,573,895,984
Percentage(%)	27.6	27.7	21.5	23.1	0.1	100.0

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(%)	38.3	29.5	16.8	15.2	0.2	100.0

32 FINANCIAL INSTRUMENTS

32.1 Financial Risk Management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Integrated Risk Management Committee (IRMC) which is responsible for developing and monitoring Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standard and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Audit Committee 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 risk faced by the Company. The Board Audit Committee is assisted in its oversight role by internal audit of the parent company and outsourced audit firms. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board Audit Committee.

32.1.1 Credit Risk

Credit risk' is the risk of financial loss to the Company if customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and advances to customers. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure (such as individual obliger default risk, country and sector risk).

- (a) The Board of Directors has delegated responsibility for the oversight of credit risk to Company Delegated Credit Committee (DCC). A separate Credit evaluation department, reporting to the Credit Committee, is responsible for managing the credit risk, including the following:
- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
 - Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Large facilities require approval by CEO, Credit Director, the Credit Committee or the Board of Directors as appropriate.
 - Reviewing and assessing credit risk: Credit Committee assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewal and reviews of facilities are subject to the same review process.
 - Limiting concentrations of exposure to counterparties, geographies and industries (for loan and advances, financial guarantees and similar exposures) and by issuer, credit rating band, market liquidity.

Reviewing compliance of business units with agreed exposure limits, including those for selected industries and product types. Regular reports on the credit quality of local portfolios and provided to Credit Committee, which may require appropriate corrective action to be taken.

Notes to the Financial Statements

Providing advice, guidance and specialist skills to business units to promote best practice throughout the group in the management of credit risk.

Regular audits of Company Credit processes are under taken by internal Audit.

(b) Exposure to credit risk

Carrying 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)	
	2016 Rs.'000	2015 Rs.'000
Loans & Receivables from Customers	10,036,295	7,841,540
	10,036,295	7,841,540

The maximum to credit risk for receivables at the reporting date by type of Counter party was

As At 31st March	Carrying Amount (Net of Impairment)	
	2016 Rs.'000	2015 Rs.'000
Individual Customers	9,993,054	7,803,573
Corporate Customers	43,241	37,967
	10,036,295	7,841,540

(c) Credit Concentration risk

(i) Product Concentration

Company reviews on a regular basis its concentration of credit granted in each of the product offered. The diversification was made to ensure that an acceptable level of risk in line with the risk appetite of the Company is maintained.

Product Concentration

As At 31st March	Carrying Amount (Net of Impairment)			
	2016		2015	
	Rs.'000	%	Rs.'000	%
Leasing	7,661,732	76	4,601,970	59
Hire Purchase	908,308	9	2,054,323	26
Loans and Advances	1,466,255	15	1,185,247	15
	10,036,295	100	7,841,540	100

(ii) Geographical Concentration

Company reviews its geographical diversification on a regular basis at the review meetings and sets long-term target in achieving a geographically well diversified credit portfolio. Group's strategy on geographical diversification was executed through the establishment of distribution network of the group. The geographical concentration is considered when selecting prospective location for new branches as well. The credit concentration of the economy is mostly affected by the wealth distribution of the country where high concentration was seen in the Western Province.

Geographical Concentration

As At 31st March	Carrying Amount (Net of Impairment)			
	2016		2015	
	Rs.'000	%	Rs.'000	%
Central	1,453,327	15	1,162,902	15
Eastern	421,601	4	356,996	5
North Central	1,136,684	11	973,613	12
North Western	2,496,129	25	1,885,230	25
Northern	163,370	2	167,829	2
Sabaragamuwa	439,732	4	345,617	4
Southern	1,392,485	14	1,033,345	13
Uva	392,108	4	263,959	3
Western	2,140,859	21	1,652,049	21
	10,036,295	100	7,841,540	100

(iii) Sector wise analysis of credit exposures

Company manages its credit exposure to a single industry by regulatory reviewing the portfolio. As there is more concentration on vehicle related financing of the Company, there is an inherent concentration on the transport sector.

Company has set targets to bring down the exposures to each industry to a level accepted by the Group based on its risk appetite.

Sector wise analysis of credit exposures

As At 31st March	Carrying Amount (Net of Impairment)			
	2016		2015	
	Rs.'000	%	Rs.'000	%
Agriculture	1,856,824	18	1,441,133	18
Tourism	13,439	-	11,819	-
Transport	2,172,115	22	1,729,957	22
Construction	21,795	-	24,864	-
Services	2,500,192	25	1,641,154	21
Individual	3,471,930	35	2,992,613	39
	10,036,295	100	7,841,540	100

Notes to the Financial Statements

(iv) Allowance for Impairment

The Company's exposure to credit risk on instalment 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.

Impairment Losses

The aging of receivables at the reporting date was

As At 31st March	2016			2015		
	Gross Rs.'000	Impairment Rs.'000	Net Rs.'000	Gross Rs.'000	Impairment Rs.'000	Net Rs.'000
Not past due	6,495,620	2,755	6,492,865	4,771,618	3,052	4,768,566
Past due 0-30 days	1,882,854	2,312	1,880,542	1,368,639	2,331	1,366,308
Past due 31-120 days	1,461,439	6,322	1,455,117	1,386,047	8,422	1,377,625
Past due 121-180 days	130,331	8,022	122,309	246,217	17,533	228,684
Past due 181-360 days	94,602	20,876	73,726	132,807	36,935	95,872
Past due more than 360 days	147,454	135,718	11,736	148,434	143,949	4,485
	10,212,300	176,005	10,036,295	8,053,762	212,222	7,841,540

(v) Financial Investments

(a) Placement with Banks

As At 31st March	Bank	2016	Bank	2015
		Rs.'000		Rs.'000
Rating				
AA+	People's Bank	20,101	-	-
AA-	HNB / NDB	40,532	HNB	40,150
A-	Seylan Bank	25,038	Seylan Bank	50,523
		85,671		90,673

(b) Financial Instruments - Available-for-Sale

As At 31st March	2016	2015
	Rs.'000	Rs.'000
Unrated	41	41
	41	41

(c) Financial Instruments - Held-to-Maturity

As At 31st March	2016	2015
	Rs.'000	Rs.'000
Rating		
AA-*	536,917	617,662
	536,917	617,662

* Primary dealer - Commercial Bank of Ceylon PLC, the entire portfolio consists of Government Treasury Bills.

(d) Cash & Cash Equivalents

Cash and cash equivalents comprise of cash in hand and cash at bank and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments.

The cash and cash equivalents are held with the reputed commercial banks.

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 2016	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	864,479,771	920,235,358	306,514,570	101,420,788	249,600,000	262,700,000	-
Unsecured Debenture issues	1,240,806,564	1,508,949,218	504,282,313	61,681,097	503,115,295	439,870,513	-
Trade Other payables	667,907,345	667,907,345	667,907,345	-	-	-	-
Other Financial Liabilities Due to Customers	3,173,767,463	3,289,734,095	648,220,548	1,310,383,261	844,944,770	121,250,817	364,934,699
Bank Overdrafts	353,420,475	353,420,475	353,420,475	-	-	-	-
	6,300,381,618	6,740,246,491	2,480,345,251	1,473,485,146	1,597,660,065	823,821,330	364,934,699

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	-	-	-	-
	6,285,767,627	6,841,930,923	3,328,192,407	1,370,076,331	1,320,396,886	812,671,759	10,593,540

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;

(a) Interest Rate Risk

(b) 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.

Notes to the Financial Statements

Profile

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

As At 31st March	2016 Rs.'000	2015 Rs.'000
Fixed Rate Instruments		
Financial Assets	10,702,621	8,608,046
Financial Liabilities	(7,000,285)	(5,710,044)
	3,702,336	2,898,002
Variable Rate Instruments		
Financial Assets	-	-
Financial Liabilities	(975,629)	(83,798)
	(975,629)	(83,798)

Cash Flow Sensitivity for Variable Rate Instruments

A reasonable possible change of 100 basis points (1%) in interest rate at the Reporting date would increased/ (decreased) equity and Profit or loss by amounts shown below. This analysis assumes that all other variables remain constant:

	Profit or Loss		Equity Net of Tax	
	1% Increase Rs. 000	1% Decrease Rs. 000	1% Increase Rs. 000	1% Decrease Rs. 000
31st March 2016				
Variable Rate Instruments	(9,756)	9,756	(7,025)	7,025
Cash Flow Sensitivity (Net)	(9,756)	9,756	(7,025)	7,025
31st March 2015				
Variable Rate Instruments	(838)	838	(603)	603
Cash Flow Sensitivity (Net)	(838)	838	(603)	603

(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.

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 behaviour. Operational risks arise from operations of the Company.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management of the Company. This responsibility is supported by the development of Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization 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.

Notes to the Financial Statements

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 2016

Note	Loans and Other Receivables	Held-to- maturity	Available- for-sale	Other Financial Liabilities	Total	Fair Value	Fair Value Measurement Level
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Level
Financial Assets							
Cash and Cash Equivalents	14.1	43,737	-	-	43,737	-	-
Placement with Banks		85,671	-	-	85,671	-	-
Hire Purchase Receivables	15.1	908,308	-	-	908,308	-	-
Lease Rental Receivables	15.2	7,661,732	-	-	7,661,732	-	-
Loans and Advances	15.3	1,466,256	-	-	1,466,256	-	-
Financial Instruments - Available-for-Sale	16	-	-	41	41	-	-
Financial Instruments - Held-to-Maturity	17	-	536,917	-	536,917	536,917	Level 2
Total Financial Assets		10,165,704	536,917	41	10,702,662	536,917	
Financial Liabilities							
Other Financial Liabilities Due to Customers	21	-	-	-	3,173,767	3,173,767	-
Debtenture	22	-	-	-	2,761,029	2,761,029	Level 2
Bank Loans	22	-	-	-	864,480	-	-
Due to Related Companies	24	-	-	-	421,199	-	-
Bank Overdraft	14.2	-	-	-	353,420	-	-
Total Financial Liabilities		-	-	-	7,573,895	7,573,895	3,173,767
As at 31st March 2015							
Financial Assets							
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	617,662	Level 2
Total Financial Assets		7,990,384	617,662	41	8,608,087	617,662	
Financial Liabilities							
Other Financial Liabilities Due to Customers	21	-	-	-	4,150,193	-	-
Debtenture	22	-	-	-	1,234,555	1,234,555	Level 2
Bank Loans	22	-	-	-	325,295	-	-
Due to Related Companies	24	-	-	-	51,325	-	-
Bank Overdraft	14.2	-	-	-	32,473	-	-
Total Financial Liabilities		-	-	-	5,793,841	4,150,193	

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.

32.2.1 Fair Value Versus Carrying Amounts

The following table show the valuation technique used in measuring Level 2 fair values, as well as significant unobservable inputs used.

Type	Valuation Technique	Significant Unobservable Inputs
Debentures	Discount Cash Flows	Forecasted Annual Cash inflows & outflows
Financial Instruments - Held-to-Maturity	Discount Cash Flows	Forecasted Annual Cash inflows & outflows

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.

32.3.1 Capital Adequacy

Capital adequacy is a measure of financial institutions financial strength and stability. This widely accepted concept tries to specify the limit up to which a business can expand in terms of its risk – weighted assets. Finance Companies in pursuit of business expansion, could engage themselves in activities that regularly change their risk profile. In light of this, regulatory capital requirements have been established to avoid undue expansion beyond specified limits keeping a hold on Companies' exposure to risk. Capital serves as a comfort to absorb unexpected losses, providing a degree of security to depositors and other key stakeholders.

This measure has been introduced by the Central Bank of Sri Lanka to protect the interest of the various stakeholders of the Company while ensuring the maintenance of confidence and stability of the financial system.

The capital adequacy ratio is calculated as a percentage on Company's capital to its risk weighted assets as specified by the direction. No 02 of 2006, Finance Companies (Risk-Weighted Capital Adequacy Ratio) and there are two measures defined the capital adequacy of the Company namely Core capital to Risk-Weighted asset ratio and Total Capital to Risk-Weighted assets ratio.

The minimum requirement for Core Capital adequacy ratio and Total capital adequacy ratio are 5% and 10% respectively.

The core capital represents the permanent shareholders', equity and reserves created or increase by appropriations of retained earnings or other surpluses and the total capital include in addition to the core capital, the revaluation reserves, general provisions and other hybrid capital instruments and unsecured subordinated debts.

The Risk Weighted Assets have been calculated by multiplying the value of each category of asset using the risk weight specified by the Central Bank of Sri Lanka.

Notes to the Financial Statements

Details of the computation and the resulting ratios are given below:

As At 31st March	Balance		Risk-Weighted Factor %	Risk-Weighted Balance	
	2016 Rs. '000	2015 Rs. '000		2016 Rs. '000	2015 Rs. '000
Total Risk-Weighted Assets Computation					
Assets					
Cash and Bank Balance	43,752	76,025	-	-	-
Investment in Government Securities	536,917	617,662	-	-	-
Bank deposits	86,559	90,195	20	17,312	18,039
Loans against fixed deposits	38,520	47,475	-	-	-
Loans against Real Estate	2,491	2,973	50	1,246	1,487
Loans and advances	1,426,294	1,125,382	100	1,426,294	1,125,382
Finance lease receivable	7,602,970	4,502,947	100	7,602,970	4,502,947
Hire purchase receivable	891,985	2,028,362	100	891,985	2,028,362
Other assets	229,558	247,154	100	229,558	247,154
Fixed assets	147,270	97,456	100	147,270	97,456
Total Risk - Weighted Assets	11,006,316	8,835,631		10,316,635	8,020,827
Total Capital Base Computation					
Stated Capital				1,445,333	1,445,333
Reserved Fund				73,318	53,885
Publised Retained Earnings				845,509	503,063
Total Core Capital				2,364,160	2,002,281
Supplementary Capital					
Total Supplementary Capital				-	-
Capital Base				2,364,160	2,002,281
As at 31st March				2016	2015
Capital Adequacy ratio				%	%
Core Capital Ratio	Core Capital Risk- Weighted Assets			22.92	24.96
Total Capital Ratio	Capital Base Risk- Weighted Assets			22.92	24.96

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 2016, is as follows:

Within one year	Rs. 26.0 million
Between one to five years	Rs. 83.4 million
Over five years	Rs. 7.4 million

33.2 Contingencies

- (a) As at 31st March 2016, the Company has provided letters of guarantee totaling to Rs. 750,000/- against Fixed Deposits of Rs. 964,964/-
- (b) During the year, the Commissioner General of Inland Revenue has issued an assessment notice for the year of assessment 2012/13 on Singer Finance (Lanka) PLC pertaining to an additional tax liability on account of disallowing Administration fees, Advertising and Promotional expenses, Royalty fees, and Provision for Bad and Doubtful Debt for Leasing. The assessment is for a value Rs 48.6 million and a penalty of Rs 24.2 million totalling to Rs 72.8 million. The Company after carefully reviewing the advice of tax consultant's, is of the opinion that there is no basis for the Company to be made liable, hence, no provision has been made in the financial statements. The Company has appealed against the assessment, requesting the entire tax and penalty be held over pending settlement of the appeal under section 173 (6) of the Inland Revenue Act, No 10 of 2006.

33.3 Assets Pledged

Company has given a negative pledge over the Company's Lease receivable and Hire Purchase receivable, for the following banks and Companies over the Loans, Overdrafts & Debentures having a carrying value of Rs. 6,470 million against Loans, Overdraft & Trust Deed obtained to the value of Rs. 1,900 million, 600 million & 2,500 million respectively, as at the year end:

Bank/Company	Exposure	Type of Facility	Outstanding Credit Facility (Rs. million)	Carrying Value (Rs. million)
Sampath Bank	135% of the Banks's exposure	Loan	1,000	1,755
		Overdraft Facility	300	
Commercial Bank	150% of the Banks's exposure	Overdraft Facility	200	300
Seylan Bank	130% of the Banks's exposure	Loan	200	390
		Overdraft Facility	100	
Nations Trust Bank	130% of the Banks's exposure	Loan	200	300
Singer (Sri Lanka) PLC	110% of the Company exposure	Loan	500	625
Deutsche Bank	110% of the Debenture exposure	Debenture	2,500	3,100
			5,000	6,470

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:

(i) First & Final Dividend 2015/16

On the 31st May 2016, the Board of Directors approved a Final Dividend of Rs. 1.50 per share amounting to Rs. 248 million for the year ended 31st March 2016.

The dividend will be paid on 20th June 2016.

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) PLC 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 Related Entity.

Name of the Company and Relationship	Nature of Transaction	2016 Rs. million	2015 Rs. million
Singer (Sri Lanka) PLC (Parent Company)	Withdrawals of Rental Collections From Singer (Sri Lanka) PLC	1,751.6	1,495.0
	Sales Financed to purchase goods from Singer (Sri Lanka) PLC	463.9	336.2
	Balance Settlement During The Year	200.0	-
	Loans Obtained During The Year	500.0	-
	Purchase of Assets	2.5	0.4
	Interest Expense	8.3	11.9
	Rental Collections through Singer (Sri Lanka) PLC	2,423.5	2,055.9
	Service Charge Income	7.8	5.4
	Collection Commission Paid	22.1	19.5
	Royalty Expense Charged During The Period	20.9	19.4
	Royalty Paid Through Singer (Sri Lanka) PLC	38.4	-
	Rent Reimbursed	14.3	12.1
	Expenses Paid Through Singer (Sri Lanka) PLC	256.0	213.1
	Balance Payable	421.2	51.3
Singer Industries (Ceylon) PLC (Related Entity)	Invested in Fixed Deposits	102.8	96.5
	Deposits Interest Payment (Gross)	6.7	9.0
Singer Business School (PVT) Ltd (Related Entity)	Expenses Paid Through Singer Business School (PVT) Ltd	0.1	-
	Expenses Settled to Singer Business School (PVT) Ltd	0.1	-

35.3 The amount due to Singer(Sri Lanka) PLC as at 31st March 2016, are disclosed in Note 24 of the Financial Statements.

36 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

- (a) According to LKAS 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.

	2016 Rs. million	2015 Rs. million
(i) Transactions Key Management Personnel or close Family Members		
Deposit kept by Key Management Personnel or their close family members	21.3	113.1
(ii) Compensation of Key Management Personnel		
Short-Term Employee Benefits	18.8	12.2

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 2016, 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.

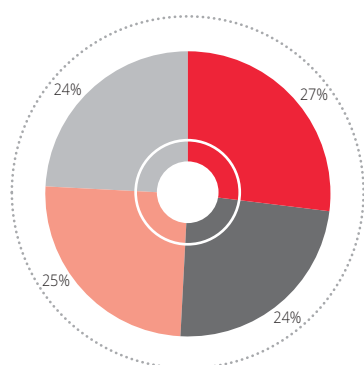
Ten Year Summary

Ten Year Summary	2016 Rs.000	2015 Rs.000	2014 Rs.000	2013 Rs.000	2012 Rs.000	2011 Rs.000	2010 Rs.000	2009 Rs.000	2008 Rs.000	2007 Rs.000
Year Ended 31st March										
Operating Results										
Income	2,113,396	1,986,040	1,894,761	1,755,601	1,277,360	1,002,382	705,115	460,394	257,791	164,981
Interest Expense	679,166	669,413	759,449	742,013	407,774	283,008	316,422	283,228	146,620	64,704
Non-Interest Expense	717,617	711,726	732,390	669,288	557,252	459,739	279,974	147,733	94,512	74,644
Value Added Tax on Financial Services	69,800	38,766	28,428	20,908	26,595	34,808	21,700	13,011	5,041	5,017
Profit Before Tax	646,813	566,135	374,493	323,391	285,739	224,826	87,019	16,422	40,399	20,617
Provision for Taxation	205,958	177,469	105,897	66,857	70,058	105,371	32,900	3,691	(2,281)	9,521
Profit After Tax	440,855	388,666	268,597	256,535	215,681	119,456	54,119	12,731	13,899	11,095
Other Comprehensive Income for the Year, Net of Taxes	720	1,563	447	-	-	-	-	-	-	-
Total Comprehensive Income for the Year	440,135	387,103	268,149	256,535	215,681	119,456	54,119	12,731	36,419	11,095
Dividends	248,000	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	666,326	766,506	815,542	402,973	325,844	211,141	174,094	171,710	100,115	47,824
Investments	41	41	41	41	41	41	41	41	41	41
Advances	10,036,295	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
Other Assets	185,872	141,412	116,219	151,236	174,967	124,203	61,954	81,397	69,527	53,471
Property, Plant & Equipment	111,233	66,728	72,711	53,461	29,554	27,993	22,928	24,566	18,142	7,437
Intangible Assets	36,041	30,728	32,383	25,262	13,650	12,346	7,314	8,978	10,749	7,525
Deferred Tax Assets	-	-	-	33,780	11,858	13,420	8,581	-	-	-
Income Tax Receivable	-	-	-	-	9,288	-	-	-	-	-
Total Assets	11,035,808	8,846,956	8,084,359	7,257,475	6,747,976	4,396,559	3,255,991	2,078,496	1,384,580	857,925
Liabilities										
Interest-Bearing Loans & Borrowings	3,978,929	1,592,323	1,325,231	1,009,276	1,223,338	81,968	40,017	362,126	386,585	212,186
Deposit from customers	3,173,767	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
Amount due to Related companies	421,199	51,325	28,679	661,651	1,299,856	1,187,515	997,250	223,781	4,879	75,613
Retirement Benefit Obligations	30,515	22,369	14,947	11,521	7,479	5,572	3,751	2,843	1,643	921
Deferred Tax Liability	54,345	31,972	14,543	34,755	4,879	3,986	2,904	8,654	9,179	11,460
Other Liabilities	779,425	634,614	339,100	297,504	359,292	295,779	228,247	161,453	116,166	51,650
Total Liabilities	8,438,180	6,482,796	5,999,835	5,333,634	5,635,842	3,457,440	2,790,212	1,856,836	1,160,650	640,395
Equity										
Stated Capital	1,445,333	1,445,333	1,445,333	1,445,333	800,000	800,000	400,000	200,000	200,000	200,000
Statutory Reserves	95,361	73,318	136,128	108,437	65,161	20,990	10,748	8,042	3,013	1,192
Retained Earnings	1,056,934	845,509	503,063	370,071	246,973	118,129	55,031	13,618	20,917	16,338
Total Equity	2,597,628	2,364,160	2,084,524	1,923,841	1,112,134	939,119	465,779	221,660	223,930	217,530
Total Liabilities & Equity	11,035,808	8,846,956	8,084,359	7,257,475	6,747,976	4,396,559	3,255,991	2,078,496	1,384,580	857,925
Investor Information										
Gross Dividend (Rs.)	248,000	206,667	107,467	107,467	85,333	42,667	20,000	10,000	15,000	7,500
Dividend per share (Rs.)	1.50	1.25	0.65	0.65	0.79	0.40	0.25	0.25	0.38	0.19
Dividend Cover (Times)	1.78	1.88	2.50	2.39	2.53	2.80	2.71	1.27	2.43	1.48
Net Assets Per Share (Rs.)	15.71	14.30	12.61	13.17	10.33	14.83	8.22	11.08	11.20	10.88
Market Price Per Share (Rs.) -Maximum	27.90	21.40	15.70	18.50	44.20	55.70	-	-	-	-
Market Price Per Share (Rs.) -Minimum	16.50	12.00	10.50	10.90	15.20	35.00	-	-	-	-
Price as at Year End (Rs.)	18.10	18.30	12.10	12.60	16.20	36.50	-	-	-	-
Price Earning Ratio (Times)	6.79	7.78	7.45	7.18	8.09	19.35	-	-	-	-
Earnings Per Share (After Tax)	2.67	2.35	1.62	1.76	2.00	1.89	0.96	0.64	1.82	0.55
Ratios										
Annual Income Growth (%)	6.41%	4.82%	7.93%	37.44%	27.43%	42.16%	53.15%	78.59%	56.25%	133.00%
Growth In Interest Expenses (%)	1.46%	-11.86%	2.35%	81.97%	44.09%	-10.56%	11.72%	93.17%	126.60%	188.99%
Growth In Non Interest Expenses (%)	0.83%	-2.82%	9.43%	20.11%	21.21%	64.21%	89.51%	56.31%	26.62%	80.50%
Growth In Profit after tax (%)	13.70%	44.36%	4.53%	18.94%	80.55%	120.73%	325.09%	-65.04%	228.25%	182.82%
Growth In Advances (%)	27.99%	11.27%	6.93%	6.60%	54.28%	34.43%	66.37%	51.08%	59.92%	63.31%
Growth In Deposits (%)	-23.53%	-2.97%	28.88%	21.08%	45.59%	24.02%	38.26%	70.97%	122.55%	127.53%
Growth In Shareholder's Fund (%)	9.88%	13.41%	8.35%	72.99%	18.42%	101.62%	110.13%	-1.01%	2.94%	104.38%
Equity:Assets (%)	23.54%	26.72%	25.78%	26.51%	16.48%	21.36%	14.31%	10.66%	16.17%	25.36%
Debt:Equity (Times)	2.95	2.43	2.69	2.59	4.73	3.36	5.49	7.60	4.62	2.65

Value Added Statement

Year Ended 31st March	2015/16 Rs.		2014/15 Rs.	
Income earned by providing financial services	1,962,270,551		1,858,938,568	
Cost of Services	(1,056,580,131)		(968,468,778)	
Value added by financial services	905,690,420		890,469,790	
Non-financial income	151,125,165		127,101,797	
Provision for Impairment Losses	(29,143,097)		(164,324,277)	
	1,027,672,488		853,247,310	
Value Allocated				
To employees as remuneration	281,589,606	27%	228,512,439	27%
To shareholders as dividend	248,000,001	24%	206,666,668	24%
To government as tax				
- Income Tax	183,305,830	18%	159,431,657	19%
- FS VAT	69,799,573	7%	38,766,149	5%
To business expansion and growth				
- as Depreciation	29,470,449	3%	19,833,764	2%
- as Retained earnings	192,854,733	19%	181,999,562	21%
- as Deferred Taxation	22,652,296	2%	18,037,071	2%
	1,027,672,488	100%	853,247,310	100%

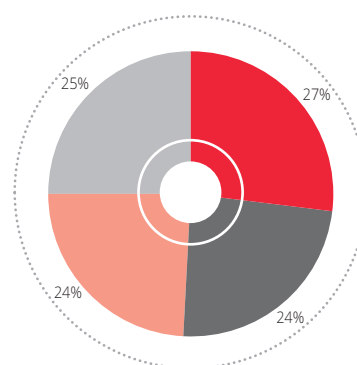
Value Distribution 2015/16



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



Value Distribution 2014/15



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



Share Information

1. Stated Capital

	31st March 2016	31st March 2015
Issued and Fully-paid Capital (Rs.)	1,445,333,342	1,445,333,342
No. of Shares- Ordinary Shares	165,333,334	165,333,334
Class of shares	Ordinary Shares	
Voting Rights	One Vote per Ordinary Share	

2. Stock Exchange Listing

The issued Ordinary Shares of Singer Finance (Lanka) PLC are listed with the Colombo Stock Exchange of Sri Lanka.

3. Directors Shareholdings

Name of the Director	31st March 2016 No of Shares	31st March 2015 No of Shares
Dr. S. Kelegama	-	-
Mrs. M.A. Tharmaratnam (Resigned w.e.f. 31st December 2015)	-	-
Mr. J.A. Setukavalar	-	-
Mr. J. Hyun	-	-
Mr. G.J. Walker	-	-
Mr. J. Kan	-	-
Mr. N.I. Russel de Mel (Appointed w.e.f. 1st January 2016)	-	-
Mr. R.S. Wijeweera (Chief Executive Officer)	31,003	31,003
Mr. J. Mendis	59,000	42,000
Mr. S. Ramanathan (Alternate Director to Mr. J.J. Hyun)	-	-
Mr. K.K.L.P.Yatiwella (Alternate Director to Mr. G.J. Walker)	15,000	-
Mr. P.J.P. De Silva (Alternate Director to Mr. Y.C.J. Kan) (Resigned w.e.f. 30th June 2015)	57,500	47,000
Mr. C.A. Samarasinghe (Alternate Director to Mr. Y.C.J. Kan) (Appointed w.e.f. 5th May 2016) 2015	-	-
Mr. T.A. Amarasuriya (Alternate Director to Mr. R.S. Wijeweera) (Appointed w.e.f. 5th May 2016)	43,555	43,555
Mr. A.G.I.H. Perera (Alternate Director to Mr. J. Mendis) (Appointed w.e.f. 5th May 2016)	8,000	8,000

4. Analysis of Shareholders According to the Number of Shares as at 31st March

No. of Shareholders: 31st March 2016 - 7,436 (31st March 2015 - 7,767)

				Resident Shareholders			Non Resident Shareholders			Total Shareholders		
				NO.OF		%	NO.OF		%	NO.OF		%
				HOLDERS	TOTAL HOLDINGS		HOLDERS	TOTAL HOLDINGS		HOLDERS	TOTAL HOLDINGS	
1	-	1000	Shares	5,392	2,419,547	1.46	11	6,535	0.00	5403	2,426,082	1.47
1001	-	10000	Shares	1,618	5,606,806	3.39	13	66,012	0.04	1631	5,672,818	3.43
10001	-	100000	Shares	354	10,540,177	6.38	8	238,270	0.14	362	10,778,447	6.52
100001	-	1000000	Shares	35	8,534,271	5.16	2	1,440,306	0.88	37	9,974,577	6.03
1000001	-	10000000	Shares	2	3,550,356	2.15	-	-	0.00	2	3,550,356	2.15
OVER	10000001	Shares	1	132,931,054	80.40	-	-	0.00	1	132,931,054	80.40	
Total				7,402	163,582,211	98.94	34	1,751,123	1.06	7,436	165,333,334	100.00

5. Analysis of Shares

Categories of Shares	31st March 2016		31st March 2015	
	No. of Share Holders	No. of Shares	No. of Share Holders	No. of Shares
Individuals	7,254	20,570,557	7,620	22,591,488
Institutions	182	144,762,777	147	142,741,846
Total	7,436	165,333,334	7,767	165,333,334

6. Market Value Per Share for the period ended 31st March

	2016		2015	
	Rs.	Date	Rs.	Date
Highest Value per share during the Year	27.90	12th Aug 2015	21.40	9th Jan 2015
Lowest Value per share during the Year	16.50	9th March 2016	12.00	02nd April 2015
Closing Price	18.10	31st March 2016	18.30	31st March 2015

7. Dividends

Interim Dividend 2015/16 - Nil (2014/15 - Nil)

Final Dividend 2015/16 - 1.50 (2014/15 - Rs. 1.25)

Share Information

8. Twenty Largest Shareholders as at 31st March

Name	2016	
	No of Shares	%
1 Singer (Sri Lanka) PLC	132,931,054	80.40
2 Associated Electrical Corporation Ltd	2,381,000	1.44
3 Employees Trust Fund Board	1,169,356	0.71
4 Sandwave Limited	759,819	0.46
5 Elgin Investments Limited	680,487	0.41
7 Mr.Mushtaq Mohamed Fuad	677,266	0.41
6 Mrs.Hemalatha Gracelin Elizabeth Arumugampillai	501,000	0.30
8 Ceylon Investment PLC	500,000	0.30
9 United Motors Lanka PLC	454,994	0.28
10 Mercantile Investments And Finance PLC	400,000	0.24
11 Hatton National Bank/Shakir Asgerally Lukmanjee	400,000	0.24
12 Mr.Chelliah Ramachandran	365,200	0.22
13 A E C Properties (Pvt) Ltd	360,000	0.22
14 Seylan Bank Limited/Ruwan Prasanna Sugathadasa	349,778	0.21
15 People's Leasing & Finance PLC/Hi Line Trading (Pvt) Ltd	337,644	0.20
16 Mr.Arunasalam Sithampalam	333,325	0.20
17 Seylan Bank PLC/Channa Nalin Rajahmoney	288,364	0.18
18 Mr.Loku Narangodage Sarath Kumara Samarasinghe	275,000	0.17
19 Unimo Enterprises Ltd	254,790	0.15
20 Mr.Randhil Gayan Siriwardena	240,664	0.15
	143,659,741	86.89
Others	21,673,593	13.11
	165,333,334	100.00

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
6 Mr. Shakir Asgerally Lukmanjee	400,100	0.24
7 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

9. Public Holdings

Public holding as at 31st March 2016 is 19.53% (As at 31st March 2015 - 19.52%).

10. Share Trading

For the year ended 31st March	2016	2015
Number of Transactions	8,950	16,478
Number of Shares Traded	25,579,590	49,217,139
Value of Shares Traded (Rs.)	616,201,644	840,380,289

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:

	Interest rate of Comparable Government Securities
Fixed rate 14% debentures unsecured redeemable on 10.09.2016	as at 29th August 2013 was 11.17%
Fixed rate 14.25% debentures unsecured redeemable on 10.09.2017	as at 29th August 2013 was 11.17%
Fixed rate 14.5% debentures unsecured redeemable on 10.09.2018	as at 29th August 2013 was 11.17%
Fixed rate 9.95% debentures secured redeemable on 16.06.2020	as at 11th June 2015 was 8.35%
Interest rate of Comparable Government Securities as at 31st March 2016 was 11.42%	

Highest traded price, lowest traded price, last traded price as at 31st March 2016, 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 %
Fixed rate 14.5% debentures unsecured redeemable on 10.09.2018	100.16	100.16	100.16	15.31	14.43

Debt/Equity ratio, Interest Cover and Quick asset ratio are given in Financial Highlights on Page no 04 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 instalments or more are overdue, as there is reasonable doubt regarding the collectability of its instalments of capital and interest.

Held To Maturity Investments (HTM)

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that an entity has the positive intention and ability to hold to maturity.

Interest Cover

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

Liquid Assets Ratio

Assets that are held in cash or in a form that can be converted to cash readily (as prescribed by the Central Bank of Sri Lanka) divided by the total deposits.

Net Assets Per Share

Shareholders fund divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

Parent

A parent is an entity which has one or more subsidiaries.

Price Earnings Ratio

Market price of share divided by earnings per share as reported at that date

Related Parties

Parties who could control or significantly influence the financial and operating policies of the business.

Return on Average Shareholders' Funds

Attributable profits divided by average shareholders' funds.

Revenue Reserves

Reserves considered as being available for distributions and investments.

Segment

Constituent business units grouped in terms of similarity of operations and location.

Supplementary Capital

Supplementary capital that consist of revaluation reserves, general provisions and debt instruments such as subordinated term debts and other hybrid capital instruments that combine characteristics of equity and debt.

Working Capital

Capital required to finance the day to day operations computed as the excess of current assets over current liabilities.

Notice of Annual General Meeting

SINGER FINANCE (LANKA) PLC

[Company Registration No. PB 813 PQ]

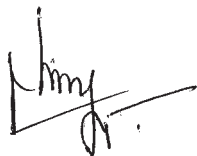
NOTICE is hereby given that the Ninth Annual General Meeting of Singer Finance (Lanka) PLC will be held on Thursday, 30th June 2016, at the Sri Lanka Foundation Institute, No. 100, Independence Square Colombo 07, at 10.00 a.m.

AGENDA

1. To receive, consider and adopt the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2016 with the Report of the Auditors thereon.
2. To elect Mr. Nilendra Iomal Russell De Mel who was appointed as a Director of the company and is being recommended for election
3. To re-elect Mr. Gavin John Walker who retires by rotation and who being eligible is being recommended for re-election.

4. To Authorise Directors to determine contribution to charities.
5. To reappoint Messrs KPMG as the Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.

By Order of the Board



P. Liyanage (ACA,ACMA)
Secretary

Singer Finance (Lanka) PLC

Colombo
31st May 2016

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. PQ 813]

I / We of
..... 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. | Mr. Nilendra Iomal Russell De Mel | 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 | or failing him |

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 Thursday, 30th June 2016, 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 2016 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To elect Mr. Nilendra Iomal Russell De Mel as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. Gavin John Walker who retires by rotation	<input type="checkbox"/>	<input type="checkbox"/>
4. To Authorise Directors to determine contribution to charities.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2016

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. 06 of 1949 and Trust Receipt Ordinance No. 12 of 1947.

Accounting Year

31st March

Registered Office

No.80, Nawam Mawatha,
Colombo 02, Sri Lanka.
Telephone : 94-11-2316416 /2303717
Fax : 94-11-2303715
E-mail : financecompany@singersl.com

Company registration Number

Old – N (PBS) 1171
New – PB 813 PQ

Tax Payer Identification Number

134011718

Bankers

Bank of Ceylon
Commercial Bank of Ceylon PLC
Deutsche Bank
Hatton National Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC
Seylan Bank PLC

Auditors

KPMG
Chartered Accountants
No.32A, Sir Mahamed Macan Markar
Mawatha,
P.O.Box 186,
Colombo 03.

Registrars

Business Intelligence Ltd
No.08, Tickell Road,
Colombo 08.

Secretary

Pramila Liyanage

Lawyers

Neelakandan & Neelakandan
Attorneys-at-Law & Notaries Public
M&N Building (Level 5),
No.02, Deal Place,
Colombo 03.

Directorate

Dr. Saman Kelegama
Chairman / Director
Mrs. M. Tharmarathnam
Senior Independent Director (Resigned
w.e.f.31.12.2015)
Mr. J. A. Setukavalar
Senior Independent Non- Executive
Director
Mr. N. I. Russell De Mel
Independent Non- Executive Director
(Appointed on 01.01.2016)
Mr. J. J. Hyun
Non Executive Director
Mr. G. J. Walker
Non Executive Director
Mr. J. Kan
Non Executive Director
Mr. R. S. Wijeweera
Executive Director / Chief Executive
Officer

Mr. J. Mendis
Non Executive Director

Mr. S. Ramanathan
Alternate Director to Mr. J. J. Hyun

Mr. Premalal De Silva
Alternate Director to Mr. J. Kan
(Resigned w.e.f.30.06.2015)

Mr.K.K.L.P.Yatiwella
Alternate Director to Mr. G. J. Walker

Mr. Chandana Samarasinghe- Alternate
Director to Mr. Joe Kan

Mr. Thushan Amarasuriya – Alternate
Director to Mr. R.S. Wijeweera

Mr. Iman Perera – Alternate Director to
Mr. Janaka Mendis

Senior Management

Mr. R. S. Wijeweera
Director / Chief Executive Officer

Mr. Thushan Amarasuriya
Head of Finance

Mr. Iman Perera
Head of Business Development

Mr. R. I. Jayasuriya
Manager – Credit & Recoveries

Mr. J. Wijeyegoonewardene
Head of Deposits

Mr. Thilan Rupasinghe
Head of Cards

