


SINGER FINANCE (LANKA) PLC
Annual Report 2017/18



**SINGER
FINANCE**



Reaching
True
Potential



Reaching True Potential

Singer—a brand with an iconic legacy, has been strongly interwoven in the hearts and minds of Sri Lankans for over 140 years.

The historic merger of two respected corporate entities in 2017 gives us the strength to move ahead with much vigour and tenacity. This dynamic fusion positions us to extend our trust through our growing reach to serve Sri Lankans with vibrant financial services.

As we realize our true potential, we move ahead to empower the financial aspirations of Sri Lankans backed by the strength and stability of two trusted and respected corporate entities.



VISION

To be the foremost
Finance Company
in Sri Lanka.

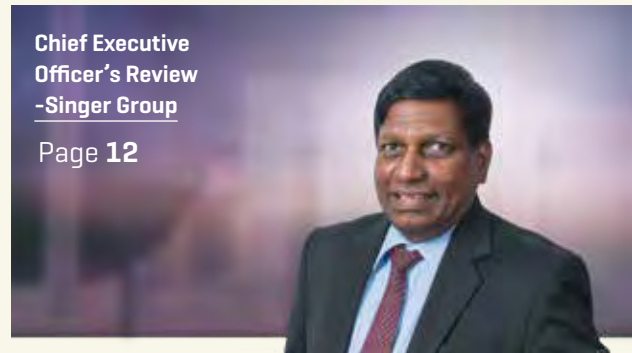
MISSION

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.

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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

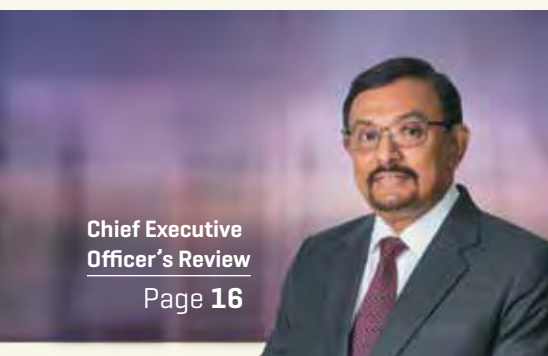
We respect each other as individuals and encourage cross functional teamwork while providing opportunities for career development

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



Chief Executive
Officer's Review

Page 16

"Gross Income grew by 25.6% to Rs 3.277 billion YoY and this was the highest revenue reported by the Company since inception..."

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This is the first Integrated Annual Report presented by Singer Finance [Lanka] PLC.

With this Report we begin a journey of providing our stakeholders with the information they need to make an informed assessment of our ability at Singer Finance [Lanka] PLC [“Singer Finance” or “the Company”] to create value over the short, medium and the long-term. The Report presents comprehensive and concise information relating to the strategy, business model, material risks, governance, performance and prospects of the Company.

SCOPE AND BOUNDARIES

The Integrated Report covers the operations of Singer Finance from 1st April 2017 to 31st March 2018. The report contains comprehensive coverage of operational results, a review of financial performance, our risk management and compliance framework, an overview of corporate governance and our sustainability philosophy and practices, among other topics.

THE REPORTING FRAMEWORK

Financial Reporting	Sri Lanka Accounting Standards Companies Act No. 07 of 2007 Finance Leasing Act No 56 of 2000
Sustainability Reporting	GRI Standards
Narrative Reporting	Integrated Reporting Framework recommended by International Integrated Reporting Council depicting organizational value creation through the six capital components of financial, manufactured, intellectual, human, natural and social & relationships capitals.
Other References	‘Preparer’s Guide to Integrated Corporate Reporting’ by the Institute of Chartered Accountants of Sri Lanka.

REGULATORY COMPLIANCE & CORPORATE GOVERNANCE

As a registered finance company we conform to the Finance Business Act No 42 of 2011. The Corporate Governance and Risk Management reports comply with the stipulations applicable to the Registered Finance Leasing Establishments and listing requirements of the Colombo Stock Exchange. There were no restatements applicable for the information provided in the report.

STANDARDS AND PRINCIPLES OF PREPARATION

The financial statements presented on pages 162 to 211 of this Report has been prepared in accordance with the Sri Lankan Financial Reporting Standards, Finance Leasing Act No 56 of 2000 and the requirements of the Companies Act No 7 of 2007.

The Corporate Governance section [pages 81 to pages 129] complies with the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

TARGET AUDIENCE

Although this Report is prepared primarily for our current and potential investors, it also contains information relevant to our other stakeholders including customers, suppliers and service providers, employees, regulators and the general public; especially the communities that we operate in. The focus of the Report is on material aspects of our operations that influence our value creation for our stakeholders. In pages 34 & 35 we outline the process we adopted in determining the material topics for inclusion in this Report.

REPORTING ENHANCEMENTS

In this first integrated report, we have attempted to present information in a readable, meaningful and relevant form. We have attempted to demonstrate the many factors that contribute to the value creation process and the inter-connectedness between capitals.

EXTERNAL ASSURANCE

External assurance on the financial statements and related notes has been provided by Messrs. KPMG, Chartered Accountants. Their assurance on the financial statements are presented in pages 159 to 161 of this Report.

NAVIGATING OUR REPORT

ABOUT US

MATERIALITY MAPPING

ENGAGING WITH OUR STAKEHOLDERS

ECONOMIC & BUSINESS ENVIRONMENT

OUR OPERATING LANDSCAPE

CAPITAL REPORTS

CORPORATE GOVERNANCE

RISK MANAGEMENT


FINANCIAL STATEMENTS



FEEDBACK

Integrated Reporting is a continuous journey of improvement. We value your feedback to enhance our standard of reporting. You may address your questions, recommendations to:

Head of Finance,
Singer Finance (Lanka) PLC,
 No 80, Nawam Mawatha, Colombo 2.
 E Mail: erajf@singersl.com

www.singerfinance.com 



Scan the QR Code with your
 smart device to view this
 Annual Report online



Profit before tax- Rs.Mn

700.3

2016/17 - 568.2

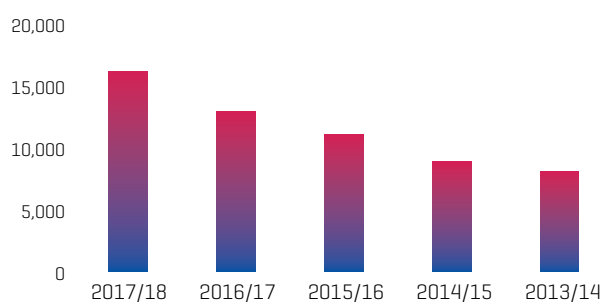
Net NPL Ratio

0.37%

2016/17 - 0.40%

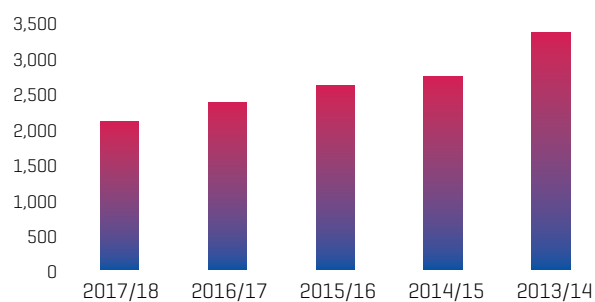
Total Assets

Rs. Mn



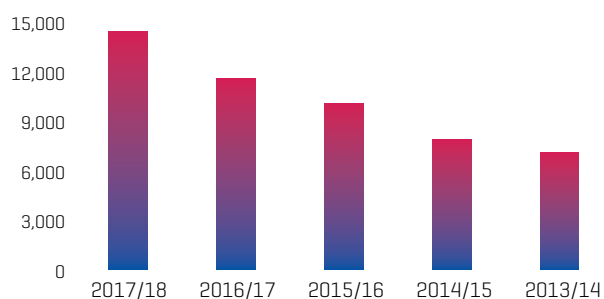
Total Equity

Rs.Mn

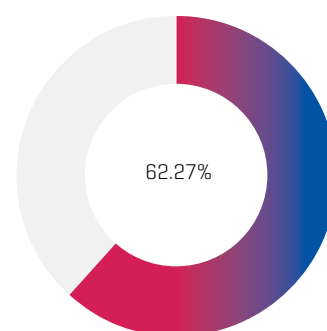


Advances

Rs. Mn



Shareholder's Funds: Public Deposits



Branches

24

2016/17 - 23

Service Centers

02

2016/17 - 2

Mega Service Centers

15

2016/17 - 15

Employees

389

2016/17 - 317

FINANCIAL HIGHLIGHTS

For the Year Ended 31st March	2017/18	2016/17	Change [%]
Financial Performance (Rs. 000)			
Gross Income	3,277,570	2,610,297	25.6
Interest Income	3,014,718	2,418,122	24.7
Interest Expense	1,287,378	978,996	31.5
Profit Before Income Tax	700,299	568,214	23.2
Income Tax Expense	257,153	198,385	29.6
Profit After Tax	443,146	369,829	19.8
Revenue to the Government	310,752	339,027	(8.3)
Gross Dividends	196,012	175,253	11.8
Financial Position at the Year End (Rs. 000)			
Total Equity	3,335,112	2,720,616	22.6
Deposits from Customers	5,356,078	3,210,548	66.8
Hire Purchase, Leases, Loans & Advances	14,366,433	11,552,460	24.4
Total Assets	16,131,605	12,900,344	25.0
Investor Information			
Earnings Per Share (Rs)	2.52	2.24	12.5
Dividend Per Share (Rs.)	0.97	1.06	(8.5)
Net Assets Per Share (Rs.)	16.50	16.46	0.3
Price Earning Ratio (Times)	6.11	7.64	(20.1)
Dividend Payout Ratio (Times)	44.23	47.39	(6.7)
Dividend Cover (Times)	2.26	2.11	7.1
Ratios			
Gross Non-Performing Advances Ratio [%]	2.46	2.05	
Net Non-Performing Advances Ratio [%]	0.37	0.40	
Non Interest Expense to Gross Income [%]	39.36	40.73	
Gross Interest Margin [%]	57.30	59.51	
Net Interest Margin (NIM) [%]	12.31	12.45	
Return on Assets (Before Tax) [%]	4.82	4.75	
Return on Average Shareholders' Fund [%]	14.64	13.91	
Interest Cover (Times)	1.54	1.58	
Equity : Interest Bearing Liabilities (Times)	0.28	0.29	
Debt : Equity Ratio (Times)	3.40	3.38	
Quick Assets Ratio	1.57	1.84	
Fitch Rating	BBB[Ika]	BBB[Ika]	
Statutory Ratios			
Liquid Assets [%]	11.74	12.59	
Core Capital Ratio [%] (Minimum Requirement 5%)	19.52	19.00	
Regulatory Capital to Risk Weighted Assets [%] (Minimum Requirement 10%)	19.52	19.00	
Shareholders' Funds : Public Deposits % (Minimum Requirement 10%)	62.27	84.74	

“Joint financial strength of the two holding companies positions Singer Finance [Lanka] PLC at the forefront of the sector as a sustainable finance company.”

I am pleased to present the Annual Report and Audited Financials of Singer Finance [Lanka] PLC for the 12 months ended 31st March 2018.

The year under review opened a new chapter in the company's history, as Hayleys PLC, acquired a controlling stake in Singer [Sri Lanka] PLC, which is the immediate parent company of Singer Finance [Lanka] PLC. Hayleys PLC is a respected, highly-diversified conglomerate, in existence for 140 years, recently becoming the first Sri Lankan company to cross the US\$ 1 Bn mark in revenue. In operation for over 141 years, Singer [Sri Lanka] is an iconic institution and the joint financial strength of the two holding companies positions Singer Finance [Lanka] PLC at the forefront of the sector as a sustainable finance company.

OPERATING ENVIRONMENT

Macro Economic Conditions

Adverse weather conditions and their spillover effects continued to affect real economic activity, recording a GDP growth of 3.1% during 2017 in contrast with a GDP growth of 4.5% in the previous year. Both services and industry related activities, which together account for 92.4% of gross value added, recorded growth rates of below 4%. The agriculture related activities recorded a negative growth for the second consecutive year. Core inflation moderated gradually during the year, as monetary policy measures to contain inflation took effect. With the moderation of food inflation, headline inflation decelerated considerably by the first quarter of 2018, and the favourable outlook prompted the Central Bank to signal an end to the tightening cycle of monetary policy.

Licensed Finance Companies (LFC) & Specialised Leasing Companies (SLC)s Sector

The sector expanded in 2017, with an asset growth of 11.8%, representing 7.9% of Sri Lanka's financial system. By the end of 2017, the sector comprised of 45 LFCs and 6 SLCs, with 1,362 branches and 781 other outlets. Out of total branches, 920 branches (67%) were concentrated outside of the Western Province. The sector remained strong, with capital maintained at healthy levels along with adequate liquidity buffers well above the regulatory minimum levels.

Although borrowings declined compared to the high growth recorded during the previous year, there was a shift in the funding mix, as increased assets were mainly funded through deposits. The Central Bank continued to take prudential



measures to maintain the stability of the sector. The total asset base of the sector grew moderately by Rs. 143 Bn during the year reaching Rs. 1,355 Bn by end 2017, at a growth rate of 11.8%, compared to the 21.7% growth reported in 2016. The overall credit expansion indicated clear signs of slowing down the sector growth during the year 2017. This could be attributed to fiscal and macro prudential policy measures taken to curtail the importation of motor vehicles and lending towards vehicles, the relatively low economic growth witnessed in the economy and high interest rates that prevailed in the market.

Credit growth of the sector decelerated to 9.8% (Rs. 94 Bn) amounting to Rs. 1,057.1 Bn, compared to 21.0% experienced during 2016.

Gross non-performing loans (NPLs) portfolio increased to Rs. 65.9 Bn by Rs. 12.9 Bn in 2017 (24%) mainly due to the floods that occurred during the first half of 2017, nationwide drought and slowing down of the economy. The gross NPL ratio increased to 5.9% in 2017 from 5.3% reported in 2016 due to the increase in gross NPLs and decline in the growth of the loan portfolio. However, with appropriate risk mitigation techniques, credit risk of the sector remained at manageable levels.

COMPANY PERFORMANCE

Singer Finance (Lanka) PLC's strong performance during the year against a backdrop of economic slowdown and tight monetary and regulatory environment reflects its prudent management. During the 2017/18 financial year, Gross Income rose by 25% over the previous year, from Rs. 2.6 Bn in 2016/17 to reach Rs. 3.3 Bn in the year under review. The Company's profitability grew by as much as 20% from Rs. 370 Mn in the preceding year to Rs. 443 Mn in 2017/18.

Although impairment increased from Rs. 70 Mn in the previous financial year to Rs. 178 Mn during the period under consideration, Singer Finance (Lanka) PLC continues to maintain its Non Performing Loans (NLPs) at 2.46%, well below industry norm of 6%.

Meanwhile, during the financial year under review, the Company's assets expanded from Rs. 12.5 Bn to Rs. 16.1 Bn, marking an increase of 25%. Leasing continued as the major contributor to profitability this year as well. Income earning assets, mainly, loans and leases, surged upward from Rs. 11.2 Bn in 2016/17 to Rs. 14.2 Bn in 2017/18.

“The management has already set about effecting rapid expansion in terms of opening new branches and raising business volumes.”

While the Fixed Deposit base expanded from Rs. 3.2 Bn to Rs. 5.4 Bn, liabilities increased from Rs. 10.2 Bn to Rs. 12.8 Bn.

The Company declared an interim dividend of Rs. 0.97 per share. In December 2017, the Company emerged with a rights issue of Rs. 551mn to strengthen its capital base and maintain healthy capital adequacy levels to leverage the balance sheet. This funding will go a long way in enhancing the lending portfolio and improve the profitability of the company.

Moreover, Singer Finance [Lanka] PLC continues to balance its assets and liabilities mismatch, having to borrow on short term, whereas it offers loan tenors of four to five years. However, while the interest rates remained high during the year, the fact that they remained stable through the year helped the Company in strategic planning and execution.

Although the Loan to Value [LTV] principle still prevails in the sector, a company such as Singer Finance, which is led by strong corporate governance and risk frameworks, has displayed financial discipline and prudence over the years.

During the year, Singer Finance received the Gold Award in the Finance Companies (below Rs. 20 billion assets) category by CA Sri Lanka for its 2016/17 Annual Report.

FUTURE PROSPECTS

The outlook for Singer Finance, under the new ownership, seems extremely promising. While satisfied with the Company's performance so far, the management has identified certain areas for improving the Company's operations and these have already been set into motion. However, there is consensus about the fact that Singer Finance has not optimally leveraged on the strength of the Singer brand, which will take place in the days ahead.

The management has already set about effecting rapid expansion in terms of opening new branches and raising business volumes. The business portfolio of Singer Finance has also witnessed the inclusion of a new product, Gold Loans, and within a short period, five branches are offering Gold Loans. The product will be accessible across all Singer Finance branches in the shortest possible time.

Plans are afoot to relocate and improve the outlook and prominence of certain branches. The new management is wasting no time to introduce new elements that will enhance the profitability of the company. The change of ownership and the installing of the New Board of Directors was achieved swiftly and now the management of Singer Finance has achieved a clear understanding of what the parent groups expect from it. The overall transition of the resources was smooth and I am pleased to state a dynamic team is in place to achieve sustainable financial growth for the Company.

While Singer Finance will continue to serve customers of Singer [Sri Lanka] to offer added convenience, the company will simultaneously pursue business opportunities outside of the group, in a bid to enhance profitability. The Board of Directors and senior management are committed to building a stronger and more profitable Singer Finance in the months and years ahead. Operating in the highly competitive LFC/SLC sector, Singer Finance remains hopeful about a consistent policy climate in the upcoming financial year to achieve its ambitious plans.

ACKNOWLEDGEMENTS

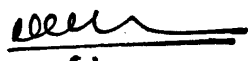
At the outset, I would like to place on record my deepest sympathies on the untimely demise of Dr. Saman Kelegama, during his course of his tenure as Chairman of Singer Finance [Lanka] PLC. His immense contribution to the growth of the Company is treasured.

I would also like to thank the outgoing Directors for their commitment towards ensuring sustainable operations of the Company.

I wish to offer my sincere appreciation for the wise guidance extended by Mr Mohan Pandithage the Chairman of Hayleys PLC and Singer [Sri Lanka] PLC.

The Directors on the Board and the senior management along with the staff of the company have been exceptional in extending total cooperation to ensure a smooth transition under the new ownership.

The various Board Sub-committees exercised due diligence during the year under review and need to be commended for their effort. Our valued business partners and Central Bank of Sri Lanka officials were extremely supportive throughout the year. As the company forges ahead with renewed optimism and an ambitious game-plan, our shareholders, customers and other stakeholders can look forward to a dynamic performance by the company in the months and days ahead.



Aravinda Perera

Chairman - Singer Finance [Lanka] PLC

Colombo

16th May 2018

“Despite slower growth in the industry, we successfully grew business volumes and income earning asset base grew by 24.3%.”

Dear Shareholder,

THE ENVIRONMENT AND BUSINESS CONDITIONS

Interest rates were steady but still remain at a level higher than desired.

The country experienced a severe drought, impacting a large population dependent on agriculture and impacting consumer income. As a result of high interest rates and lower income there was a slowdown of credit growth.

The increased value added tax (VAT) rate from 11% to 15% had an impact on the full year.

CHANGE OF OWNERSHIP OF THE PARENT COMPANY

In September 2017, the majority of shares of Singer (Sri Lanka) PLC, the parent company of Singer Finance were acquired by the Hayleys PLC Group thus making Hayleys PLC the ultimate parent company of Singer Finance.

The change of ownership has been smooth and Singer Group continues to pursue its programs and strategies. We believe that with synergies with Hayleys PLC Group a bright future augurs for the Singer Finance and its stakeholders.

Previously Singer Asia strategy was limited growth on non-consumer durable financing business. With the change of ownership it has been decided that the finance company would expand to its full potential.

In addition there were initiatives on Gold Loans and Vehicle Insurance as described later on.

OUR STRATEGIES AND ACTIONS

Our strategies and actions during the financial year were as follows :

- a) Grow Singer Finance business to its full potential by increasing marketing staff, branches and to grow business volumes and revenues in leasing and loans.
- b) Maintain and improve net interest margins.
- c) Grow business volumes of new sectors, such as factoring and introduce Gold Loans.



- d) Continue to capitalize on the strengths of the parent company, Singer [Sri Lanka] PLC and now of the Hayleys Group.
- e) Continue to improve the branch network and infra-structure, such as the new ERP system.
- f) Direct engagement of Insurance companies to provide insurance for leased and other vehicles.

BUSINESS VOLUMES AND NET MARGIN

Despite slower growth in the industry, we successfully grew business volumes and income earning asset base grew by 24.3%. The challenge was to maintain the net interest margin in an environment where we still had assets yielding lower interest rates versus the borrowing at most recent rates.

Due to the challenging market conditions and drought, the gross non-performing loans ratio increased from 2.05% to 2.46%. However, we are happy to note that despite this increase our NPL ratios are still well below that of the industry.

The company expanded its marketing staff and total number of employees increased from 317 to 389. The full benefit of this would be seen in the ensuing years.

FACTORING

The company ventured into factoring and bill discounting in the prior year. We were successful in increasing business volume by 93%.

GOLD LOANS

Singer Finance introduced Gold Loans for customers. At the time of writing, it is available in five locations and is expected to be available in most branches in the ensuing financial year.

DIRECT ENGAGEMENT OF INSURANCE COMPANIES

Singer Finance previously arranged vehicle insurance through a broker. Singer Finance now directly engages insurance companies and apart from additional income is in a better position to help customers to expedite their insurance claims. Singer Finance also commenced providing vehicle insurance to customers other than those obtaining leases.

CAPITALIZATION ON STRENGTHS OF PARENT COMPANY AND GROUP

The company continued to capitalize on the strengths of its parent company, Singer [Sri Lanka] PLC and now the entire Hayleys Group. Singer Finance continues the lending operations at Singer Mega showrooms. Singer Finance continued to increase

“Singer Finance did very well in Gross Income reaching Rs. 3.28 Billion, an increase of 25.6% above prior year”

it's financing of group sales for the consumer durable sector. The factoring operations commenced with suppliers of Singer (Sri Lanka) PLC will be expanded to suppliers of entire Hayleys Group.

NEW BRANCHES AND INFRASTRUCTURE

During the period a new branch was set up in Kuliyaipitiya while the window operation in Panadura was shifted to a more spacious and center location. In accordance with the expansion, four new branches are planned in the ensuing year.

The Company's ERP system used from the inception was replaced and migrated to a new ERP system. This was in full use during this year.

FINANCIAL RESULTS FOR THE YEAR

Singer Finance did very well in gross income reaching Rs. 3.28 Billion, an increase of 25.6% above prior year the net profit for the year increasing by 20% to Rs. 443.1 Million from Rs. 369.8 Million in prior year.

Profit before tax and VAT on financial services increased by 25.6% to Rs. 851 Million. VAT on financial services increased due to increase in VAT rate.

Interest expenses increased by 31.5% and therefore Net interest income grew only by 20%.

Allowances for impairment charges for loans and others increased from Rs. 70.1 Million in prior year to Rs. 177.5 Million.

FUNDING

The Company has always had a very comfortable, low risk mix of funding. During the year under review the company raised rights of Rs. 551.1Mn, to strengthen the Balance Sheet. The Debt to Equity ratio of 3.5 is above the industry ratio. In case of Borrowings too Singer Finance is not over dependent on a single source and has a healthy mix from different sources.

During the year under review there was a shift to public deposits from debentures and bank funding as debentures were less attractive following changes to tax.

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 continued and expanded the Call Centre for follow up of collections. The non-performing loan ratio at 2.46% is well below the industry average.

Singer Finance continues to focus on safeguarding the shareholders and deposit holders through prudent lending, effective systems and controls and adequate funding. With shareholder funds at Rs. 3.3 Billion, Singer Finance is one of the Best Capitalized Finance Companies. The total risk weighted capital adequacy ratio of 19.5% is one of the best in the industry and very much more than the stipulated level, which is 10%.

CHANGES IN THE BOARD AND THE MANAGEMENT

We were deeply saddened by the demise of the company's Chairman, Dr. Saman Kelegama in June 2017. Late Dr. Kelegama became Chairman in November 2008 and was associated with the Singer Group since June 2006. We are very thankful to Late Dr. Kelegama for the excellent insight provided to us on the economy and the guidance on strategies.

Following the change of ownership of the parent company, Mr. Aravinda Perera was appointed as Chairman in December 2017. He has extensive experience in banking and the financial sector. We welcome Mr. Aravinda Perera and wish him the very best.

With the change of ownership Mr. John Hyun, who joined the Board in February 2011 and Mr. Jagath Dissanayake, who joined the Board in July 2016 and Mr. Janaka Mendis who joined the Board in April 2013 resigned from the Board. Mr. Iman Perera consequently ceased to be an Alternate Director. Mr. Shyam Ramanathan Alternate Director resigned in April 2018 having completed the maximum period. We wish to thank Messrs. John Hyun, Jagath Dissanayake, Janaka Mendis, Shyam Ramanathan and Iman Perera for their valuable contribution to the Board.

Mr. Russell De Mel, who joined the Board in January 2016, resigned with effect from December 2017. We wish to thank

Mr. Russell De Mel for his valuable contribution as an Independent Director of the Board.

In December 2017, Mr. Priyath Salgado, Mr. Jayanth Perera, Ms. Darshi Talpahewa and Mr. Sadeep Perera joined the Board of Directors. All of them have extensive experience in their respective fields. We welcome all of them and wish them the very best.

Within the management, Mr. Thushan Amarasuriya was appointed as Chief Operating Officer with effect from 1st July 2017. Thushan has been with Singer Group for over 10 years—the majority of the period at Singer Finance. We wish him continued success in his new appointment.

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 enabled us to grow amidst challenging conditions.

I also thank our Chairman, Mr. Aravinda Perera, Group Chairman, Mr. Mohan Pandithage and Co-Chairman, Mr. Dhammika Perera for the extensive involvement in developing strategies for Singer Finance and for their guidance, support and encouragement.

I also appreciate our late Chairman, Dr. Saman Kelegama for his guidance, support and encouragement.

I also thank the Board of Directors of the company and of the parent company for their valuable support and guidance.

I thank the Governor of Central Bank, The Director and other Officials of Non-Bank Supervision, Director and other officials of the Payment and Settlement Division and Director, Department of Exchange Control for their guidance. I also thank 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

Colombo
16th May 2018

“Gross Income grew by 25.6% to Rs 3.277 billion YoY and this was the highest revenue reported by the Company since inception, this signifies a growth rate that has been consistent over the years.”

Chief Executive Officer's Review

Dear Shareholder,

PREAMBLE

In the year under review, the Singer Group was acquired by the Hayleys Group resulting in your company becoming part of the Hayleys Group. We view this acquisition as a catalyst to take your company to the next level with renewed growth strategies, capitalizing on the Company's resources along with an adequate capital base to embark on accelerated growth. The fact that the Company has two corporate giants as parent and ultimate parent is a strength that the Company could leverage on.

The Company performed with resilience in a year of challenging market conditions. As the environmental impact continues to be worrying, the impact of the same was felt in the year 2017/18 with droughts, landslides and floods, causing havoc to the agricultural and other sectors, resulting in economic disintegration to many sectors. In May 2017 over half a million people were affected and 75,000 displaced in the worst floods to occur in Sri Lanka in 14 years. Revisiting the years gone by, it is evident; that historically, our economy has performed well, when the country was blessed with a rich harvest. As we continue to be plagued by climate change induced weather conditions other economic factors, such as interest rates and exchange rates too have not been favourable to business. As the country's policy makers grapple with strategies for economic resurgence, we as a Company in the financial service sector wish to remain optimistic that 2018/19 would regain a momentum of rapid growth to all sectors.

NON- BANK FINANCE SECTOR – AN OVERVIEW

“LFC and SLC sector performance moderated during the year with low credit growth, declining profitability and increase in non-performing loans” [CBSL, 2017 Pg 260]. The overall credit expansion indicated clear signs of deceleration, this could be attributable to macro policy decisions taken to curtail vehicle imports and lending towards motor vehicles, overall moderate growth experienced in the economy and rising interest rates.

The total assets base of the sector grew by 11.8% to Rs 1,355 billion [YoY 2016 over 2017]. This was compared to a growth rate of 21.7% reported in 2016. Despite this growth, the Licenced Finance Company's [LFC's] share in the sector decelerated marginally from 7.3% to 7.2% YoY. The sector represents 7.9 % of Sri Lanka's financial system. Loans and Advances [Net] grew by 9.8% to Rs 1,057.1billion and was largely financed by a growth in Deposits, whilst borrowings declined compared to the high growth reported in 2016. This was attributable to a high demand for Deposits by Unit trusts and other investors. Total deposits in the sector grew by 29.4 % to Rs 686.7Bn YoY compared to 2016.

Gross Non performing Loans increased by Rs 12.9 billion to Rs 65.9 billion in 2017 (24 per cent) . This is attributed to the floods that occurred during the first half of the year 2017,



national wide drought that prevailed thereafter, and slowing down of the economy. The Gross NPL ratio increased to 5.9% in 2017 from 5.3% in 2016. The total loan loss provisions increased by Rs 7.4Bn to Rs 42.2 billion [21.2 per cent].

OPERATING RESULTS

In spite of the above stated challenges in the industry, the Company's total asset base grew [YoY] by 25% from Rs 12.9 billion on 31st March 2017 to Rs 16.1Bn in 31st March 2018. The income earning asset base grew by 24.3% to Rs 14.3 billion YoY. The secured Leasing base of the Company consisted of 79.2 % of the total portfolio. Company experienced a substantial growth from its portfolio of Loans and Advances with a growth of 50.6% to Rs 2.9 billion. On the Liabilities side, there was a shift from bank and other borrowings to Deposits, with the latter growing from Rs 3.2 billion in 2017 to Rs 5.3 billion in 2018 [67 per cent growth] whilst other interest bearing loans and borrowings declined by 14% from Rs 5 .015 billion in 2017 to Rs 4.313 billion in 2017. This is due to the fact that acquiring funds from the deposit base was more economical than other sectors, the abolishing of tax exemptions on interest income of listed Debentures was also a contributory factor for investors to place their funds in deposits. In December 2017, the Company infused additional capital by way of a Rights Issue of Rs 551Bn. The Parent Company continued to demonstrate its commitment in supporting the growth of Singer

Finance as they subscribed for its entire share of Rights. With a total equity of Rs 3.335 billion the Company is one of the best capitalised Company's among its peers and even in comparison to certain other Finance Companies with larger asset bases. Capital adequacy ratio of the Company was 19.52% and the shareholders' funds to deposits ratio was 62.2% , the Gross Non Performing ratio was 2.46 % compared to 2.05% prior year , Net non-performing ratios were 0.37% compared to 0.40% prior year. The Company's balance sheet is strong, with a matching quality portfolio of income earning assets.

Gross Income grew by 25.6% to Rs 3.277 billion YoY and this was the highest revenue reported by the Company since inception, this signifies a growth rate that has been consistent over the years. Interest expense grew by 31.5% to Rs 1.287 billion compared to Rs 978.9 million in the prior year. Total net interest income grew by 20% to Rs 1.727billion YoY. Allowances for Impairment charges for Loan and Other Losses grew by 152% to Rs 177.5Mn YoY and was a main cost element in the profit and loss for the year under review. Company makes provisions based on IFRS -39 and has been consistent with its provisioning method during the last five to six years. Provisioning Policy will soon migrate to IFRS-9 , the impact of this new standard is being currently evaluated by the Company. Profit before tax and value added tax on financial services increased by 25.6% to Rs 851Mn YoY. We completed the year with a growth in net profit of 20% to reach Rs 443.1Mn.

“Company will capitalise on its available equity, and the increasing growth expectations of the new equity owners.”

Singer Finance expanded its reach by a single location, with the opening of its Kuliyaptiya branch. The Management adopted a strategy of increasing marketing staff in existing locations instead of aggressive growth in number of branches in 2017/18, this strategy has paid rich dividends in terms of accelerated growth in lending volumes.

Number of employees increased from 317 to 389 YoY and revenue from an employee increased from Rs 8.23 Mn per employee to Rs 8.43 Mn per employee YoY. This financial performance can be considered as excellent given the market, economic and environmental tribulations that were not favourable for business.

GROWTH STRATEGIES

Singer Finance is poised for accelerated growth in 2018/19 with four new branches approved to be opened in mid-2018. Company has already relocated its Panadura window to a more spacious and visible location in the centre of town. A similar relocation will be carried out in Wellawatte in the month of June 2018. Gold Loans have been introduced to the portfolio of income earning assets with five existing branches beginning from Wennappuwa, followed by Negambo, Kuliyaptitiya, Panadura and Jaffna offering Gold Loans to customers. These Gold Loan centres were opened in a very short time span and the portfolio has grown to Rs 19.3Mn as of the time of writing this report. Company will capitalise on its available equity, and the increasing growth expectations of the new equity owners of the group to liven up and stimulate accelerated growth in the Company's portfolio, whilst ensuring that Credit quality is maintained.

RELEVANCE OF SUSTAINABILITY TO THE ORGANIZATION

Sustainability is a broad subject area which encapsulates most aspects of the human world from business, to technology to environment and the Social Sciences. The modern world is constantly looking at means of reducing carbon emissions and other negative impacts to the environment with a growing need to discover and develop technologies of the future.

Sustainability could be defined as the understanding of how natural systems function, remain varied and provides the essence for the ecology to be in an equilibrium. As discussed under the preamble above, the fact that Sri Lanka has been impacted by such unpredictable and inconsistent weather outbreaks at both ends of the spectrum of droughts and floods has some relationship to unsustainable practices from various sectors of the society.

As a Company involved in financial services the negative impacts towards a sustainable society are minimal compared to a manufacturing or any other industry. Despite this fact, it is the responsibility of the Management and the Organization to be aware that sustainability is an important area of concern

I strongly believe that whilst top Management should devise strategies for addressing sustainability, It is of paramount importance that each and every employee of the organization believes and engages in sustainable practices. The strategy for the Company would be to continue to drive the definition and the core essence of sustainability to each and every employee's heart and mind and make them believe that only by being self-aware of the importance of engaging in sustainable activities could an organization succeed in this endeavour as a unit.

CONCLUSION

I wish to record my appreciation to all our staff, for their unstinted contribution and commitment for the excellent performance of the Company, the support by all ranks and departments across all Divisions were exceptional.

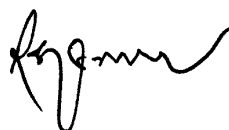
It is with deep sadness that we received the news last year, of the sudden passing of our former Chairman, Dr. Saman Kelegama. We wish to place on record, Late Dr. Kelegama's tremendous service and inputs to the Board's deliberations during the past 8 years as a Director of the Company and in particular, as Chairman of Singer Finance [Lanka] PLC. We also consider that Dr. Kelegama's passing, as a loss to the whole country, and not merely to Singer. He was a world renowned Economist and his reputation and integrity were of par excellence. His memory will continue to linger in our minds for many years to come.

I wish to thank Mr. Russell De Mel - Board member and Chairman of the Integrated Risk Management Committee [Resigned with effect from 7th December 2017], Mr. John Hyun - Director [resigned with effect from 7th December 2017], Mr. Jagath Dissanayake - Director [resigned with effect from 7th December 2017], Mr. Janaka Mendis - Director [resigned with effect from 7th December 2017], Mr. Shyam Ramanathan Alternate Director [resigned with effect from the 24th of April 2018] and Mr. Iman Perera - Alternate Director [resigned with effect from 7th December 2017], these gentlemen contributed immensely towards the progress of the company.

I wish to welcome Mr. Aravinda Perera our new Chairman who joined us on the 7th December 2017, Mr. Perera's vast experience in the finance industry no doubt would be an immense benefit to the future growth and progress of the Company, along with Mr. Perera, I also, welcome on Board, Mr. Jayanth Perera, Mr. Priyath Salgado, Mrs. Darshi Talpawewa and Mr. Sadeep Perera all whom joined the Board of Singer Finance [Lanka] PLC on the 7th December 2017.

I would like to thank the Governor of the Central Bank, the Director and other officials of the Non-Bank Supervision of the Central Bank and Director Department of Exchange Control who have been very supportive to us during the year. We also wish to acknowledge the valuable services rendered by the CRIB, its General Manager and staff whose value added services immensely helped us to improve our processes and maintenance of Credit Quality.

I also thank the Chairman and the Board for their valuable service and guidance. Last but not least a sincere thank you to our shareholders for their continuous trust which we endeavour to behold at all times.



R S Wijeweera
Chief Executive Officer

Colombo
16th May 2018

**Mr. Aravinda Perera***Chairman/Non-Executive Director*

Appointed to the Board of Singer Finance (Lanka) PLC as Chairman in December 2017.

Mr Aravinda Perera counts over 30 years in the Banking sector and functioned as the Managing Director of Sampath Bank PLC from 1st January 2012. Presently, he is the Managing Director of Royal Ceramics Lanka PLC.

He is also a director of Pan Asia Banking Corporation PLC, Hayleys Aventura (Private) Ltd, Hayleys Advantis Ltd and Fentons Ltd.

He is a Member of the Institute of Engineers (Sri Lanka) (MIESL) and a Chartered Engineer (C.Eng.). He is also a Fellow Member of the Chartered Institute of Management Accountants (UK) (FCMA) and a Fellow of the Institute of Bankers- Sri Lanka (FIB). He also holds an MBA from the Post Graduate Institute of Management.

Mr. Perera was honoured with the "CEO Leadership Achievement Award 2016" by the Asian Banker magazine and was also the recipient of the prestigious "Platinum Honours - 2014" Award by the Postgraduate Institute of Management Alumni (PIMA) of Sri Jayawardenapura University. He was also honoured with the "Award for the Outstanding Contribution to the Banking Industry - 2015" by the Association of Professional Bankers.

Mr. Jayendra Setukavalar*Senior Independent Non-Executive Director*

Joined the Board of Singer Finance (Lanka) PLC on 22nd March 2012.

He also serves on the Board of A.Baur & Co. (Pvt) Ltd., Baur's Air Services Ltd., A.Baur & Company (Travel) Ltd., A. Baur Trading (Pvt) Ltd., Baur's Agri Exports (Pvt) Ltd., Swiss Trading Group (Pvt) Ltd., Swiss Hotels Management Academy (Pvt) Ltd., and Ceylinco Life Insurance Ltd. Mr. Setukavalar is also a member of the Board of Governors of the CMS school in Sri Lanka and is the current Chairman of its Finance Committee.

Mr. Setukavalar has over 43 years of experience in the field 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 M/S PricewaterhouseCoopers in the United Arab Emirates.

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 Accountants (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, UNIDO and the Colombo Plan and has attended Senior Management Programme's at INSEAD-France, IBM-Rochester USA, KONICA South Korea and JICA Japan.





Mr. Priyath Salgado

Independent Non-Executive Director

Mr. Salgado was appointed to the Board of Singer Finance [Lanka] PLC as an Independent Non-Executive Director on 7th December 2017, after serving two previous occasions in the Board prior to his retirement as the Finance Director of Singer [Sri Lanka] PLC on 30th June 2014.

Mr. Salgado was also a Director of Singer [Sri Lanka] PLC from 15th May 2008 to 30th June 2014. He held various responsible positions during his distinguished and illustrious career at Singer [Sri Lanka] PLC spanning 27 years.

At present he holds a couple of Directorships in private companies.

Mr. Jayanth Perera

Independent Non-Executive Director

Mr. Jayanth Perera joined Singer Finance on 07th December 2017.

He has over 40 years of experience in the field of Banking, Stock Brokering and Tourism.

He is a retired Senior Deputy General Manager of Hatton National Bank PLC, Former Director of Browns Tours Ltd, HNB Assurance Ltd, HNB Securities Ltd and DFCC Bank affiliated companies. He is also a Former Managing Director of Acuity Securities Pvt Ltd. Apart from the above companies he also served as Director of Central Bank affiliated companies, Lanka Clear and CRIB etc.

He functions as a Director of Inter Ocean Energy Ltd, McLaren's Group of Companies, Qwest Destinations Pvt Ltd, and Quest Cruises.



Gavin J Walker*Non-Executive Director*

Appointed to the Board on 20th September 2010.

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).

Other Appointments,
President/ Chief Executive Officer of Singer Asia Ltd. and was appointed to this position in August 2005.

Mr. Walker serves on the Board of a number of Singer Asia subsidiaries.

**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 38 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), a member of the Executive Committee of Sri Lanka China Society (SLCS) and Executive Committee of the National Chamber of Commerce of Sri Lanka.



Ms. Darshini Talpahewa*Non-Executive Director*

Joined the Board of Singer Finance (Lanka) PLC on 7th December 2017. Joined Hayleys Group in January 2010 and appointed to the Group Management Committee in November 2015 and has responsibility for Human Resources, Legal services, Security and Corporate Communications & Sustainability for the Hayleys Group. Serves as a Director of Hayleys Group Services (Pvt) Ltd. and HJS Condiments Ltd.

Ms. Talpahewa Possesses an LL.B from the University of Colombo and is an Attorney-at- Law with first class honours from the Sri Lanka Law College. Holds a Master's Degree in Human Resource Management from the University of Northampton and Master's Degrees in International Relations and in Law, from the University of Colombo.

**Mr. Sadeep Perera***Non-Executive Director*

He joined the Board of Singer Finance (Lanka) PLC on 7th December 2017.

Mr. Perera is currently working as the Manager of Finance of Vallibel One PLC. He holds a Bachelor of Science in Business Administration (Special) Degree from the University of Sri Jayawardenapura and is an Associate Member of the Institute of Chartered Accountants of Sri Lanka.



**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 in 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. Shyamsunder Ramanathan*Alternate Director**[Ceased to be a director on 24th April 2018.]*

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 currently functions as the Director logistics of Singer [Sri Lanka] PLC. He is a Fellow of The Institute of Financial Accountants of London.





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 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 has over 15 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], and holds an MBA with the University of Leicester -UK with a merit award.

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. He is the present Honorary Treasurer of the Mercantile Cricket Association.





Mr. Thushan Amarasuriya
Chief Operating Officer

Thushan possesses over 15 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], and holds an MBA with the University of Leicester -UK with a merit award.



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 24 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.



Ms. Chandrika De Alwis
Consultant to the Chairman

Ms. Chandrika Alwis, Consultant to the Chairman, joined Singer Finance (Lanka) PLC in 2018, counts over 35 years of experience in the areas of deposits, credit, recoveries including 21 years of special experience in gold loans and her career features many managerial positions.



Mr. Eraj Fernando
Head of Finance

Eraj has over 18 years of experience in the field of Accounting, Auditing and Finance, joined Singer group in 2006 and served Singer (Sri Lanka) PLC, Singer Finance (Lanka) PLC and Regnis (Lanka) PLC.

He has served in the capacity of Company Secretary of Regnis (Lanka) PLC, Singer Industries (Ceylon) PLC and Regnis Appliances (Pvt) Ltd.

He is a member of the Institute of Chartered Accountants of Sri Lanka and Institute of Certified Management Accountants of Sri Lanka.



Mr. Ruwan Jayasuriya

Head of Credit and Recoveries

Ruwan has been with Singer Group for over 22 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 divisions of the company.

He holds a MBA from the Cardiff Metropolitan University (Wales), Diploma in Credit Management from the Institute of Bankers of Sri Lanka. He is a Member of the Sri Lanka Institute of Marketing and an Associate Member of the Chartered Institute of Marketing, UK and the Institute of Certified Management Accountants of Australia.



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 24 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.

Thilan holds a MBA from Australian Institute of Business (AIB) Adelaide, Australia. He also holds the position of Treasurer of the Payment Card Industry Association of Sri Lanka (PCIAS). He is an Associate Member of the Institute of Certified Management Accountants of Australia.



Mr. Jeevaka Jayawardena

Senior Manager-Credit

Jeevaka was transferred to manage the credit function of the Company in 2015. He possesses over 16 years experience in Accounting and Finance out of which he has served 10 years in Finance and Leasing industry.



Mr. Joe Wijeyagoonewardene

Head of Deposits

Joe has considerable years of working experience both in the public and private sectors holding several positions of which over 36 years have been spent in the Finance Industry heading deposit departments. He is a Justice of Peace (All Island).



Mr. Manoj Kumara

Senior Operations Manager

Manoj has over 13 years experience in the Retail Banking Industry and over 11 years in the Financing and leasing industry.

He holds a MBA from the Mahathma Gandhi University of India, a Diploma in Banking from the Institute of Bankers of Sri Lanka and an Associate Member of the Institute of Certified Professional Managers of Sri Lanka.



Mr. Rajindra Gamage

Senior Regional Manager – Kurunegala

Rajindra has over 14 years experience in retail banking and over 10 years experience in Financing and Leasing.



Mr. Niranjana Sethunga

Senior Gold Loan Manager

Niranjana 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 12 years management experience in Marketing, Credit & Recovery.



Mr. Pradeep Boange

Senior Regional Manager – Kandy

Pradeep has over 23 years experience in the field of Financing and Leasing.

Pradeep is an Associate Member of Chartered Institute of Marketing – UK and holds an MBA from the University of Wales Institute – Cardiff.



Mr. Nishantha De Silva

Senior Regional Manager – Matara

Nishantha has over 28 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 21 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 10 years experience in the field of Accounting, Auditing and Finance.

He is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka, Associate Member of 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 15 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 an MBA at University of Cardiff Metropolitan – UK. Prior to joining Singer Finance, he worked at Nations Trust Bank and Seylan Merchant Bank PLC.



Ms. Radhika Perera

Manager – Deposits

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. She is an Associate Member of Chartered Institute of Management Accountants, [CIMA UK] and a Certified Global Management Accountant [CGMA] and has a Certificate IV in Business by Australian Apprenticeships.



Mr. Nadeesha Liyanagamage

Regional Manager – Colombo

Nadeesha has over 16 years experience in the field of Finance and Leasing. He has completed 10 years service at Singer Finance.

He has partly completed Diploma in Brand Marketing from Sri Lanka Institute of Marketing and currently reading for MBA at Anglia Ruskin University (UK). Prior to joining Singer Finance, he has worked at The Finance & Guarantee (Pvt) Ltd.



Mr. Saminda Peiris

Manager – Card Operations

Saminda has over 11 years of experience in the banking and finance industry and prior joining the Singer Finance team, he worked at Commercial Bank of Ceylon PLC where he handled operations relating to cards, retail banking and electronic banking including card operations, settlement and reconciliation, dispute & fraud management, electronic payments and retail banking operations.

He is currently reading for a MBA from Australian Institute of Business [AIB] Adelaide.



Mr. Deepthi Sandaruwan

Accountant

Deepthi has over 7 years of experience in the field of Accounting, Auditing and Finance. He is an Associate member of the Institute of Chartered Accountants of Sri Lanka and holds a Degree in BSc. Accounting [Sp] with a Second Class from the University of Sri Jayewardenepura. Deepthi joined Singer Finance (Lanka) PLC from Samson International PLC, where he was employed as Accountant/Head of Finance. Prior to that he worked as an Assistant Accountant at Capital Maharaja Organization Limited, Trade Finance & Investments PLC and completed his articles at KPMG.

**Mr. Supun De Costa***Manager- Deposit Operations*

Supun has over 10 years' experience in Accounting and Deposits in the field of Banking and Finance. He has completed BSc Honours Banking and Finance Degree from the University of Northumbria (UK) and holds an Executive Diploma in Business Administration from the University of Colombo.

**Mr. Dharshana Samaranayake***Assistant Regional Manager- North Central Region*

Darshana has over 17 years experience in the field of Leasing and Marketing.

He has passed licentiate part II of Institute of Chartered Accountants of Sri Lanka. Prior to joining Singer Finance, he worked at LOLC and LB finance.

**Mr. Bimal De Silva***Assistant Regional Manager- Southern Region*

Bimal has over 18 years experience in the field of Finance & Banking. He has completed 7 years of service at Singer Finance.

He has partly completed Banking Exam of IBSL. Prior to joining Singer Finance, he has worked at Central Finance PLC and Seylan Merchant Bank.

**Mr. Sanka Fernando***Manager Recoveries*

Sanka has over 15 years of experience in the field of Credit and Recoveries.

He holds Credit Management diploma from the Institute of Bankers of Sri Lanka.



Ms. Ruchira Mendis
Confidential Secretary



Mr. Muditha Gunawardena
*Senior Branch Manager -
Wennappuwa*



Mr. Hewage Premakumara
*Senior Assistant Manager
- Consumer Finance*



Ms. Nadeesha Sanjeevanie
*Senior Assistant
Accountant - Finance*



Mr. Ajith Warna
Branch Manager - Embilipitiya



Mr. Viraj Wijeyesinghe
Branch Manager - Anuradhapura



Mr. Shervin Perera
Branch Manager - Kaduwela



Mr. Nilantha Rathnasiri
Assistant Branch Manager - Giriulla



Mr. Mahinda Wasala
Branch Manager - Thambuttegama



Mr. Dilan Shaminda
Branch Manager - Tissamaharama



Mr. Samantha Herath
Assistant Branch Manager -
Medawachchiya



Mr. Chaminda Peiris
Branch Manager - Ampara



Mr. Chandramohan Thanushan
Assistant Branch Manager - Jaffna



Ms. Lois De Alwis
Assistant Manager - Card Centre



Mr. Shanaka Sandaruwan
Assistant Branch Manager -
Negambo



Mr. Roshan Janaka
Assistant Branch Manager - Kurunegala



Mr. Lalith Samarakoon
Assistant Branch Manager -
Mahiyanganaya



Ms. Roviena Xavier
Assistant Manager - Credit Cards



Mr. Thilina Galapitagedera

Assistant Manager – Risk & Settlements



Mr. Indunil Kankanmge

Assistant Branch Manager – Kiribathgoda



Ms. Dilini Gunasekara

Assistant Manager – Operations



Mr. Bandara Paththamperuma

Assistant Branch Manager – Nikaweratiya



Mr. Dinesh Gunadasa

Assistant Branch Manager – Kuliyaipitiya



Mr. Tiron Attapattu

Assistant Branch manager – Matara



Mr. Subash Seneviratne

Assistant Manager Recoveries



Mr. Tyrrel Kumarapetiya

Assistant Branch Manager- Wattala



Mr. Darshi Manawathilake

Branch Manager- Union Place

How We Generate Value

VALUE CREATING PROCESSES

Value Creating Processes

Service Delivery

FINANCIAL CAPITAL

Shareholders
Funds: LKR 3,335 Mn

Customer
Deposits: LKR 5,356 Mn
Borrowings: LKR 5,991 Mn

MANUFACTURED CAPITAL

No of branches: **24**

Investment in IT
systems : LKR 22 Mn

HUMAN CAPITAL

No of
employees:
389

SOCIAL & RELATIONSHIP CAPITAL

Relationships built
with the customers,
business partners
and other
stakeholders.

INTELLECTUAL CAPITAL

Brand image,
trust, confidence
and ethics

NATURAL CAPITAL

Our
environmentally
friendly business
practices

Diversified
product
portfolio

Deposit
mobilization

Lending
activities

41

No of touch
points

24

Branches

02

Service Centres

15

Mega Service
Centres



389

No of employees

Operating Environment

Macro -economic fundamentals

Fiscal and monetary policy

Demographic changes

Adoption of new technology

Environmental implications

New rules, regulations and
governance requirement of the
regulator and other governing
bodies

Customer Base

No of Customers

102,255

Deposit Customers

15,763

Strategic Priorities

Market growth and profitability

Customer centricity

Geographical expansion

Employee development & engagement

Corporate governance and risk management

Corporate social responsibility

OUTPUTS AND OUTCOMES

Shareholder Value Creation

Dividend per share : **LKR 0.97**
Net asset value per share: **LKR 16.50**
Earnings per share: **LKR 2.52**

Employee Value Creation

Payments to employees: **LKR 366 Mn**
Promotions in 2017/18: **42**

Customer Value Creation

Total loan disbursements: **LKR 13,750 Mn**
Interest paid to depositors: **LKR 579 Mn**

Government

Tax contributions: **LKR 311 Mn**

Community

Engaging with the community through CSR activity

Environmental Impact

Responsible lending practices and environmentally friendly business practices.

GRI 103-1 Explanation of the material topic and its Boundary

GRI 103-2 The management approach and its components

GRI 103-3 Evaluation of the management approach

Singer Finance selects material topics following a systematic analysis of numerous issues and concerns highlighted by our stakeholders. Many of the material concerns are concerns that have been identified through the stakeholder engagement process outlined in pages 37 to 38 to this report. Other topics are those arising out of our risk management processes, performance reviews and a continuous evaluation of our operating environment.

IDENTIFYING MATERIAL CONCERNS



The material topics we have chosen to address in pages 39 and 46 are the ones that have a high impact on both the Company and its stakeholders.

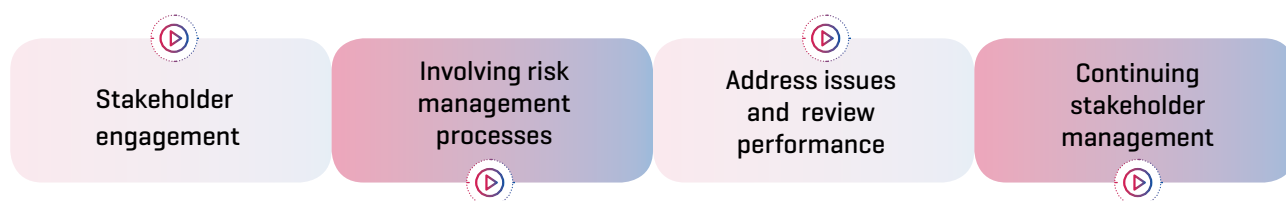
PRIORITISING MATERIAL CONCERNS

The material topics we have chosen to address are the ones that could potentially create a significant impact on the ability of Singer Finance to create value.

We have prioritized material concerns by considering their impact on our stakeholders, their significance towards the company and their decision processes regarding the Company and at the same time, considering their impact, positive or negative on the Company and its operations.



ADDRESSING MATERIAL TOPICS



We place the highest priority on addressing material concerns with high levels of impact both within and outside of the Company by setting strategic priorities to address them, involving the risk management processes on addressing these topics and continuing to review performance.

Continuing stakeholder engagement will also help us determine whether our chosen strategies and means of addressing these concerns have borne fruit, or whether we need to reassess our strategies to ensure that we deal with the material topic of ongoing concern effectively.

Connecting with our stakeholders is vital for the development and performance of the Company. Singer Finance engages with its stakeholders through formal and informal engagement modes. The key stakeholder groups of the Company are shareholders, employees, customers. The other external stakeholders such as government, local communities also play a pivotal role in the operations of the Company.

The Company places a significant emphasis on understanding and effectively and responding to the concerns of the various stakeholders.

The mechanisms we use to engage with our stakeholders are given below:

Stakeholder	Level of engagement	Engagement mode	Frequency
Investors / Shareholders	Consult	Annual General Meeting/Shareholder meetings	Annual
	Consult	Extraordinary General Meeting	Ad hoc as and when necessary
	Inform	Annual Report	Annual
	Inform	Interim financial statements	Quarterly
	Passive	Press conference and media releases	As necessary
	Passive	Website and social media updates	On a regular basis
	Consult	One-to-one meetings	As necessary
Customers	Involve	Customer hotline	As necessary
	Consult	Customer surveys	As necessary
	Consult	One-to-one meetings	As necessary
	Consult	Direct customer feedback	On a regular basis
	Passive	Media campaigns/Advertisements	As necessary
	Passive	Website updates	On a regular basis
	Involve	Social media updates	On a regular basis
	Involve	Below-the-line promotions	Frequency
	Involve	SMS promotions	As necessary
	Involve	SMS reminders	As necessary
	Involve	Email - Promotions	As necessary
	Involve	Email-reminders	As necessary
Employees	Consult	Monthly review meetings	Monthly /when required
	Consult	Annual review meetings	Annual
	Inform	Employee notice boards	Ongoing
	Collaborate	Company social events	As planned
	Consult	Direct meetings with employees	On a regular basis
	Consult	Employee surveys	As necessary
	Consult	Employee suggestions box	As necessary

Stakeholder	Level of engagement	Engagement mode	Frequency
Business partners	Consult	Suppliers meetings	As necessary
	Involve	Letters, email, SMS	On a regular basis
	Involve	Telephone conversations	On a regular basis
	Transact	Supplier get togethers/annual conventions	Annual
	Consult	One-to-one meetings	As necessary
	Consult	Periodic visits	As necessary
Regulatory bodies and Government	Consult	Directives and circulars	As necessary
	Consult	On-site review by Central Bank of Sri Lanka	Annual
	Passive	Press releases	As necessary
	Inform	Submission of returns and status reports	According to periodic deadlines
	Consult	Training and workshops organized by regulatory bodies	As necessary
	Consult	Meetings and discussions with Board and Senior Management	As necessary
Society	Passive	Media advertisements and press releases	As necessary
	Collaborate	Public events and community projects	As necessary
	Consult /Inform	Call center conversations	As necessary
	Collaborate	Interactions through branch and service center network	As necessary
	Passive /Inform	Website updates	On a regular basis
	Involve	Social media updates	On a regular basis

Stakeholder Group	Impact on Singer Finance (Lanka) PLC	External Impact	Boundary of impact	Our Approach	Strategic Response
CUSTOMERS					
1. Customer access	High	Low	We are operating in highly competitive environment. Hence if we do not provide sufficient access, customer will go to competitors who provide such facilities.	We are laser focused on improving customer access and convenience as part of our unique customer proposition.	Expanding channel access, via branch network, Singer Mega service centers and Singer's island wide retail network. We are leveraging technology to offer better customized products and more flexible payment terms to improve convenience.
2. Customer convenience	High	Medium	We are operating in highly competitive environment. Hence if we do not provide superior levels of convenience, customers will go to others who offer the desired level of service.		Launching of a Debit Card further enhances access and convenience as card customers can utilize the island wide Visa network ATMs to access savings. Enabling payment of utility bills via our branch network enhances customer convenience. We are on the lookout for similar value adding features that would enhance customer convenience.
3. Speed and efficiency of service	High	High	Today's customers value and expect speed and efficiency from service providers. If we do not compete on these aspects, we will lose customers to more nimble competition.		Expanding channel access, via branch network, Singer Mega service centers and Singer's island wide retail network. Streamlining internal processes to enhance speed and efficiency of service. Leveraging technology and adopting new and better systems to enhance speed and efficiency of internal and customer-facing operations. Setting metrics or delivery parameters to enhance speed of service. Training staff to focus on improving customer service.
4. Customer privacy and data security	High	High	Trust is a key component of our unique customer proposition. Privacy and data breaches are an increasing threat to financial service organisations. A breach will cause us to lose our customer trust, which is difficult to regain. It may take us years to recover from the damage to reputation.		Our backend service provider of Cards is certified with the latest Payment Card Industry Data Security Standard V3.2 [PCI DSS]. Routine measures ensuring confidentiality and privacy of customer data Training staff members with access to customer information Overall employee awareness on the importance of customer privacy and data security ensuring the use of computer and online best practice. Employees are restricted to connect unauthorized personal devices to the Company network

	Stakeholder Group	Impact on Singer Finance (Lanka) PLC	External Impact	Boundary of impact	Our Approach	Strategic Response
5.	Complaint management	Medium	Medium	Customers are our ambassadors. Unhappy customers will talk poorly about our products and services and damage our reputation in the market.	Customer confidence is critical for the sustainable growth of our Company. It is of paramount importance to us that customers are happy with our products and services. We take customer complaints seriously.	We have a robust customer complaints and feedback mechanism to deal promptly with issues raised by our customers. Customer can contact us by telephone, in writing by post, or use our website and Facebook page to voice their concerns and lodge their complaints. When a customer complaint reaches us, we first refer the matter to the relevant Department Head for an impartial investigation. The reply, following such investigation is required to ensure the resolution of the complaint or issue raised. Matters of a more serious nature are channeled to the Chief Executive Officer or the Chief Operating Officer, who would personally intervene and provide redress to the affected customer.
6.	Business continuity – from a customer's perspective	High	High	Without business continuity, we cannot create and deliver sustainable value. Business survival is critical. Deposit customers will suffer the consequences of closure, threatening their lifestyle and savings.	Ensuring that the Company delivers profitability and growth consistently, on a sustainable basis.	We continuously work to have smooth and sustainable profit growth of the Company. To achieve this, we set relevant KPIs, introduce new products, develop existing products and continuously look for new opportunities.
INVESTORS AND SHAREHOLDERS						
7.	Profitability and financial performance	High	High	Critical to both business continuity and sustainable value creation. Important for all stakeholders.	In our highly competitive business environment, companies have to work hard just to sustain their current levels of performance and must reach beyond that threshold to find and create sustainable ways to grow shareholder value.	Constantly seeking optimal growth opportunities that will help strengthen our financial performance and profitability.
8.	Wealth creation for shareholders	High	High	Shareholder funds enable us grow and expand our business, giving us the opportunity to pursue further value creation. If we do not deliver on this promise of growth and profitability, our shareholders can always find alternative places in which to invest.	At Singer Finance we are committed to delivering on this challenge.	We have already started to reach full potential of the company by increasing the branch network, product and market development in order to create wealth for shareholders.

	Stakeholder Group	Impact on Singer Finance (Lanka) PLC	External Impact	Boundary of impact	Our Approach	Strategic Response
9.	Business continuity – from a shareholder’s perspective	<i>High</i>	<i>High</i>	Without business continuity, we cannot create and deliver sustainable value. Business survival is critical.	We ensure the satisfaction of shareholders through increasing the wealth.	We endeavour to Increase wealth of our shareholders by focusing sustainable profits.
10.	Ethical business (anti-corruption) practices	<i>High</i>	<i>Medium</i>	Investors, as well as all other stakeholders like being associated with an ethical business. Failure on this front can cause much reputational damage in the financial markets as well as in the market for our goods and services. It would be difficult to recruit, find new financing or business partners willing to work with us.	The Company eschews corruption. The Company has put in place many measures, which together will act as a strong deterrent to corrupt behavior.	<p>Our management and staff are bound by an elaborate and strict Code of Ethics, with specific requirements pertaining to corrupt behavior.</p> <p>All employees adhere to the Code and comport themselves according to norms of acceptable behavior and company values.</p> <p>We have in place a good corporate governance culture, systems and procedures, including a strong internal audit function to ensure that all systems and processes work as expected; that ethical lapses such as corrupt behavior are promptly highlighted.</p> <p>A strong whistle blower policy acts as a deterrent to corrupt behavior.</p> <p>Any stakeholders, including customers, shareholders and members of the general public can utilize our channels for making complaints and be assured of a prompt and fair hearing.</p> <p>Our website and the social media channels can also be used for reporting corrupt behavior by anyone employed or associated with the Company.</p>
11.	Business reputation	<i>High</i>	<i>High</i>	A crucial factor for mutually beneficial business relationships.	Ethics, integrity and responsible behavior form an integral part of the Company’s value structure and brand identity. People place their trust in us for the same reason. Thus, we take our business reputation seriously and safeguarding it is almost a sacred duty.	<p>The first line of defence in safeguarding our business reputation is the strict Code of Ethics that our management and staff are bound by.</p> <p>We have in place a good corporate governance culture, systems and procedures, including a strong internal audit function to ensure that all systems and processes work as expected; that actions that may be damaging to our business reputation and corporate values are promptly highlighted.</p> <p>A strong whistle blower policy and grievance handling procedures act as a deterrent to behavior that may damage our business reputation.</p>

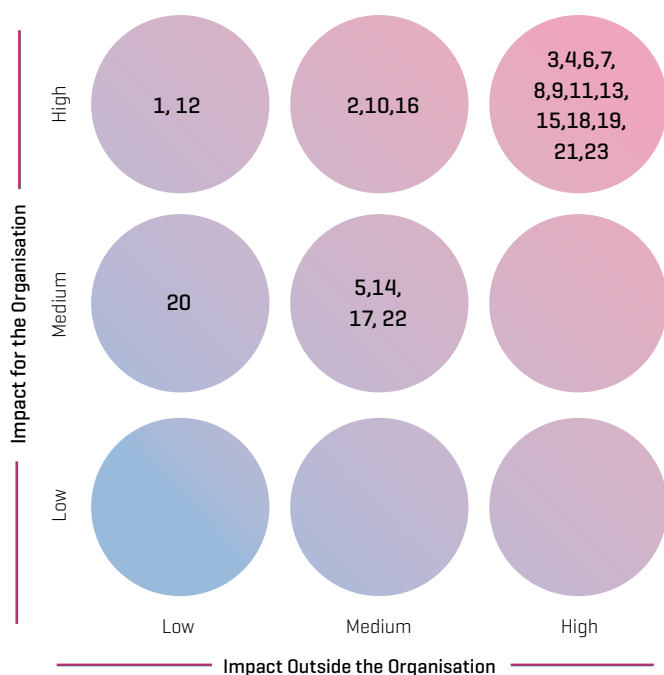
	Stakeholder Group	Impact on Singer Finance (Lanka) PLC	External Impact	Boundary of impact	Our Approach	Strategic Response
EMPLOYEES						
12.	Employee engagement	<i>High</i>	<i>Low</i>	Engaged, committed employees are crucial for business success and for providing a high quality of customer service, an organizational priority.	The Company engages its employees to achieve objectives collectively	We encourage team work in carrying out duties. Non-work related activities are organised by the Company to engage employees.
13.	Growth opportunities and advancement	<i>High</i>	<i>High</i>	Offering opportunities from growth and advancement are critical for retention of top quality, engaged employees. Lack of both can lead to high levels of turnover especially among ambitious, engaged and talented staff who are critical for business success.	The company believes in growing and developing its human talent. We also believe in offering internal promotions whenever possible.	The Company offers a variety of benefits to employees seeking to further their educational and professional qualifications. Employees are actively encouraged to make use of these benefits. Employee reviews identify gaps in knowledge and skills and offer training when necessary. With the growth of the branch network, more and more prospects are opening up for internal promotions. The Company gives priority to internal promotions over new recruiting, whenever possible
14.	Grievances handling	<i>Medium</i>	<i>Medium</i>	Disgruntled employees are unhappy, unproductive and demotivated. Incompetent and unfair handling of employee grievances can damage motivation, productivity and quality of customer service.	Employee grievances must be handled fairly, promptly and confidentially, and settled as soon as possible to reduce potential negative impacts on the individual, the organization and on customer service.	Policies pertaining to grievance handling and sexual harassment ensure the emotional well-being of our employees. The grievance policy provides the right for employees to forward their grievances and dissatisfactions 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 in a fair and impartial manner. The complainant is assured that no punitive action will be taken for lodging the complaint. A robust whistle blower policy further supports the grievance handling process.

Stakeholder Group	Impact on Singer Finance (Lanka) PLC	External Impact	Boundary of impact	Our Approach	Strategic Response
BUSINESS PARTNERS					
15. Ethical business practices – from our partners’ perspective.	High	High	<p>Ethics, integrity and responsible behaviour are an integral part of the Company’s value structure and brand identity.</p> <p>Accordingly, we consider good ethics to be an imperative to success and cultivating mutually beneficial business relationships.</p> <p>Lapses in business ethics can damage relationships and render it difficult to carry on with our business operations.</p>	<p>The Company embraces the highest standards of ethical business practice and expects the same from all of our employees and business partners.</p>	<p>The strict Code of Ethics that our management and staff are bound by ensures ethical behavior.</p> <p>We have in place a good corporate governance culture, systems and procedures, including a strong internal audit function to ensure that all systems and processes work as expected; that unethical actions damaging to our business reputation and corporate values are promptly highlighted.</p> <p>A strong whistle blower policy and grievance handling procedures act as a deterrent to behavior that may damage our business reputation.</p>
16. Business reputation [ours from partners’ perspective]	High	Medium	<p>Ethics, integrity and responsible behaviour are an integral part of the Company’s value structure and brand identity.</p> <p>People place their trust in us for the same reason. We safeguard our reputation as a sacred trust because it is imperative to success and cultivating mutually beneficial business relationships.</p> <p>A damaged business reputation can compromise relationships and render it difficult to carry on with our business operations.</p>	<p>We take our business reputation and have put in place mechanisms that ensure ethical behavior in all employees.</p>	<p>The strict Code of Ethics that our management and staff are bound by ensures ethical behavior.</p> <p>We have in place a good corporate governance culture, systems and procedures, including a strong internal audit function to ensure that all systems and processes work as expected; that unethical actions damaging to our business reputation and corporate values are promptly highlighted.</p> <p>A strong whistle blower policy and grievance handling procedures act as a deterrent to behavior that may damage our business reputation.</p>
17. Business efficiency [ours, as it affects our business partners]	Medium	Medium	<p>Efficiency is a business imperative in good business relationships. Dynamic, efficient business partners will only want to partner with us if we reflect the same qualities.</p>	<p>The Company is in the process of upgrading its business systems which will enhance our operational activities, including our transactions with our business partners.</p>	<p>As we upgrade and streamline our internal business processes, it will also have a direct impact on enhancing the efficiency of our transactions with business partners.</p> <p>We listen to our business partners and are keen to address their complaints.</p> <p>Our internal control system is geared towards identifying obsolete procedures that may impede efficiency. We will listen to our business partners and deal with issues highlighted by the system.</p>

Stakeholder Group	Impact on Singer Finance (Lanka) PLC	External Impact	Boundary of impact	Our Approach	Strategic Response
REGULATORY AND GOVERNMENT AGENCIES					
18. Compliance	High	High	Ethics, integrity and responsible behaviour are an integral part of the Company's value structure and brand identity. Assuring compliance is part of ethical and responsible corporate citizenship.	We hold the need for compliance with all laws, rules and regulations as an utmost priority.	The strong culture of corporate governance and systems and procedures in place guarantee that the Company complies with all relevant laws, rules and regulations that pertain to us. The Compliance Manager of the Company works under the supervision of the Audit Committee and the Integrated Risk Management Committee. The recommendations are submitted to the Board of Directors. At each Board Meeting, a Statement of Compliance is tabled and reviewed by the Board.
19. Cooperation	Medium	Low	Cooperation with regulatory bodies is part of ethical and responsible corporate citizenship.	We extend the fullest cooperation to all regulatory entities seeking our support or information.	The strong culture of corporate governance and systems and procedures in place guarantee that the Company complies with all relevant laws, rules and regulations that pertain to us. All officers of the Company who deal with regulatory bodies are instructed and trained to comply in all instances; and to respond with speed and cooperation.
20. Good corporate citizenship; filing timely returns, prompt payments	Medium	Low	Filing compliance documentation, tax and other statutory returns and making payments as they fall due is an integral part of good governance and good corporate citizenship.	We are committed to good corporate citizenship, and to fulfill all obligations, including filing of statutory returns and making timely payments.	Systems and procedures are in place to ensure all statutory obligations are fulfilled on a timely basis. All officers of the Company who deal with regulatory bodies are instructed and trained to comply in all instances; Compliance function screens all new products, services and systems changes to ensure that they are in compliance with laws, rules and regulations that pertain to us.

	Stakeholder Group	Impact on Singer Finance (Lanka) PLC	External Impact	Boundary of impact	Our Approach	Strategic Response
SOCIETY AT LARGE						
21.	Community relationships and development	High	High	As we operate across the nation, our commitment to the local communities becomes part of our brand	We are committed to support communities to uplift their life	Branches are encouraged to participate in community activities Providing financial support to community activities
22.	Corporate social responsibility projects	Medium	Medium	We consider Corporate Social Responsibility as one of the duties of a responsible corporate citizen.	We extend fullest support to society as a responsible corporate citizen.	Company provides required support in order to uplift the facilities of locality Branches are encouraged to communicate to Head Office of common needs
23.	Ethical business practices	High	High	Trust, ethics, fairness and responsibility are crucial elements of our brand identity. Ethical business is the normal way of doing business for us. Flouting ethics by management or staff can be highly damaging to our brand reputation.	The Company embraces the highest standards of ethical business practice and expects the same from all of our employees and business partners.	Our management and staff are bound by an elaborate and strict Code of Ethics, a written contract, renewed on an annual basis. All employees adhere to the Code and comport themselves according to norms of acceptable behavior and company values in day to day activities We have in place a good corporate governance culture, systems and procedures, including a strong internal audit function to ensure that all systems and processes work as expected; that weaknesses if any stemming from ethical lapses are promptly highlighted. A strong whistle blower policy and customer and employee grievance handling procedures strengthen our ability to conduct activities of a business in an ethical and fair manner.

Stakeholder Group	Impact on Singer Finance (Lanka) PLC	External Impact	Boundary of impact	Our Approach	Strategic Response
					<p>We also adhere to ethical standards in terms of the following:</p> <p>Anti-corruption [GRI 205]</p> <p>Anti-competitive behaviour [GRI 206]</p> <p>Environmental compliance [GRI 307]</p> <p>Employment [GRI 401]</p> <p>Occupational Health and Safety [GRI 403]</p> <p>Training and education [GRI 404]</p> <p>Diversity and equal opportunity [GRI 405]</p> <p>Child labour [GRI 408]</p> <p>Forced or compulsory labour [GRI 409]</p> <p>Security Practices [GRI 410]</p> <p>Human rights assessment [GRI 412]</p> <p>Local communities [GRI 413]</p> <p>Public policy [GRI 415]</p> <p>Customer health and safety [GRI 416]</p> <p>Marketing and labeling [GRI 417]</p> <p>Customer privacy [GRI 418]</p> <p>Socio economic compliance [GRI 419]</p>





“The historic merger of two respected corporate entities in 2017 gives us the strength to move ahead with much vigour and tenacity. This dynamic fusion positions us to extend our trust through our growing reach to serve Sri Lankans with vibrant financial services.”

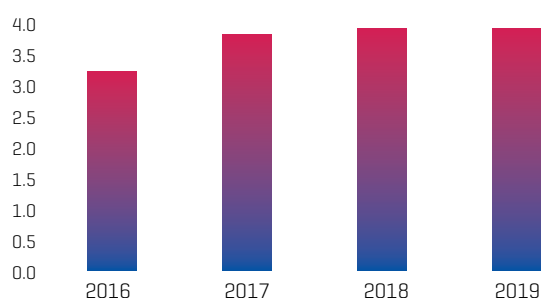
OPERATING ENVIRONMENT

EXTERNAL ENVIRONMENT

The world economy has recovered. The economic upswing that began mid-2016 has widened and strengthened and is expected to remain strong.

GLOBAL GROWTH HAS RECOVERED

Global growth has recovered and is expected to remain strong.



Source: World Economic Outlook, April 2018

Emerging Asia, the most important engine of global growth at present, is forecast to continue growing at about 6½ percent during 2018–19.

Inflation

Headline inflation in emerging market and developing economies is projected to reach 4.6 percent in 2018 from 4.0 percent in 2017. IMF projections indicate that inflation will moderate to about 4.0 percent in 2019 and beyond, with the closing output gaps and stabilizing of energy prices.

Non-economic factors

Non-economic factors clouding the medium-term global outlook includes geopolitical tensions in East Asia and the Middle East and risk of extreme weather conditions with severe economic losses and devastating humanitarian costs to the areas affected. Resulting migration flows may destabilize some economies in the aftermath.

Item	Projection 2019	Projection 2018	2017	2016
World output	3.9	3.9	3.8	3.2
Advanced economies	2.2	2.5	2.3	1.7
United States	2.7	2.9	2.3	1.5
Euro area	2.0	2.4	2.3	1.8
United Kingdom	1.5	1.6	1.8	1.9
Japan	0.9	1.2	1.7	0.9
Emerging market and developing economies	5.1	4.9	4.8	4.4
Emerging and developing Asia	6.6	6.5	6.5	6.5
China	6.4	6.6	6.9	6.7
India	7.8	7.4	6.7	7.1
World trade volume (goods and services)	4.7	5.1	4.9	2.3
Consumer Prices				
Advanced Economies	1.9	2.0	1.7	0.8
Emerging market and developing economies	4.3	4.6	4.0	4.3
Commodity prices (US dollars) Oil	[6.5]	18.0	23.3	[15.7]
Non-fuel (average based on world commodity export weights)	0.5	5.6	6.8	[1.5]
London Interbank Offered Rate (LIBOR) percent On US dollar deposits (six month)	3.4	2.4	1.5	1.1

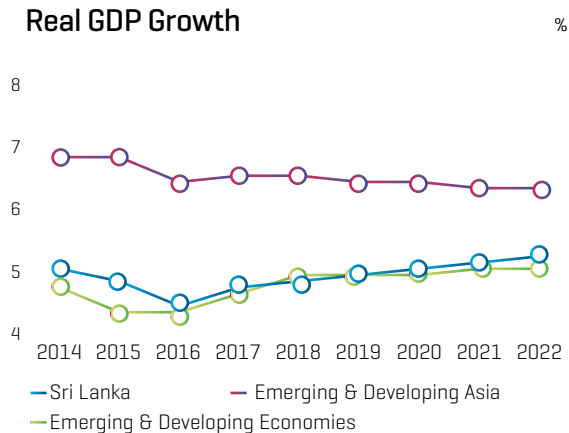
SRI LANKAN ECONOMY

GDP Growth

The Sri Lankan economy grew by 3.1 percent in real terms in 2017, and recorded multi year low, significantly below projections by Sri Lanka and the International Monetary Fund.

Although Sri Lanka's growth rate is closely following the curve for emerging and developing economies, it remains significantly below the growth rates achieved by other emerging and developing economies in Asia.

Real GDP Growth



Improved global investor sentiments resulted in foreign direct investment (FDI) reaching the highest ever inflows during 2017. Despite export earnings reaching the highest recorded levels during the year, increases in imports led to a wider trade deficit compared to 2016. Drought related rice and petroleum imports and an increase in gold imports were the significant contributors to the trade deficit.

Sector Contribution to GDP

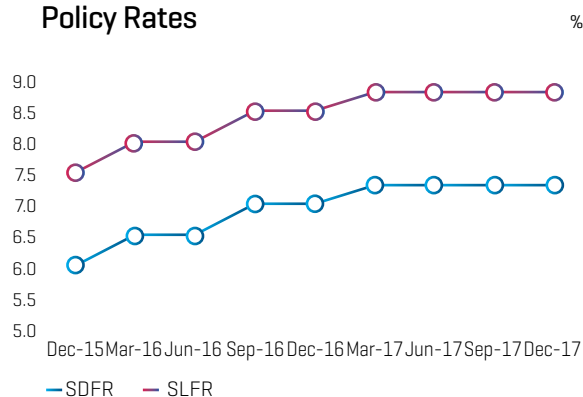
The agriculture sector contribution continued to decline, due to adverse weather conditions around the country affecting agriculture, forestry and fishing. The sector accounted for approximately 7 percent of real GDP in 2017.

There was a slowdown in economic activities in services and industrial sectors. Industry related activities which account for approximately 27 per cent of real GDP, grew by 3.9 per cent in 2017 supported by manufacturing, construction mining and quarrying. There was a notable deceleration in the growth of construction activities during 2017. Services activities account for approximately 57 per cent of GDP, grew by a moderate 3.2 per cent in 2017. The growth was driven by the expansion in financial services as well as wholesale and retail trade, and personal service activities. A contraction in public administration and defence activities and transportation activities during 2017 dampened service sector growth.

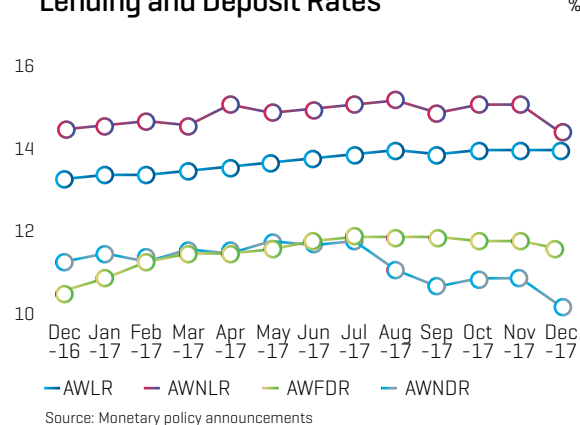
Policy Implications

The stabilization policy measures of the Government that began in 2015 continued during 2017. These included the further tightening of key policy interest rates of the Central Bank, which were raised by 25 basis points in March 2017. Consequent market interest rates increases were allowed to stabilise at high levels.

Policy Rates



Lending and Deposit Rates

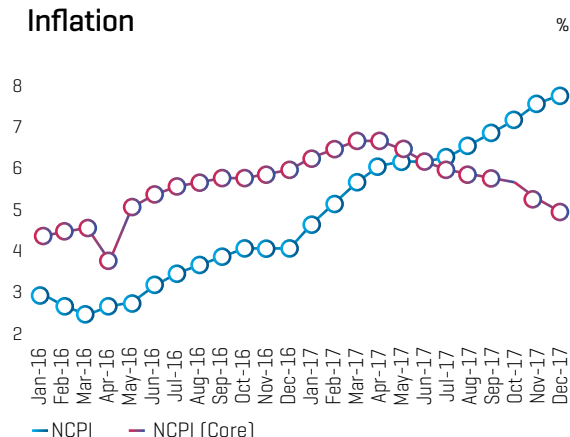


Source: Monetary policy announcements

Interest Rates

The significant gap that existed between policy rates and the yield on government securities saw a correction during the year, with improved market sentiments and the introduction of the new auction system for Treasury bonds. Declining yields on government securities exerted downward effect on market interest rates by the end of 2017. Most market interest rates stabilised at higher levels. Deposit rates however, moderated towards the end of the year.

The Central Bank reduced the Standing Lending Facility Rate (SLFR) by 25 basis points on 4 April 2018 taking into consideration the favourable inflation outlook and the continuing negative output gap.

Inflation**Inflation**

Despite the tight monetary policy stance of the previous two years continuing, inflation remained higher than expected during 2017, driven by high food inflation due to weather related supply disruptions and the non-food inflation effect of tax revisions during 2016. The upward movement of commodity prices in the global market also contributed.

Both the year-on-year headline inflation based on the NCPI and the headline inflation based on the CCPI showed a similar movement peaking in March and October 2017 before moderating at the end of 2017. Thereafter, the deceleration of food inflation caused due to the easing of price volatility contributed to the moderation in inflation the rest of the year. The deceleration continued into early 2018.

MACRO-ECONOMIC IMPACT ON SINGER FINANCE**Weak agriculture sector**

The weakening of the agriculture sector continued to affect our agriculture sector borrowers, further weakening their ability to repay. Increased delinquencies are the result.

Increasing interest rates

As competitors react to the increasing interest rates, pressure continues on Singer Finance to reprice our deposit rates and to do it on a more frequent basis.

Higher inflation

High levels of inflation during 2017 adversely affected levels of consumer spending, contributing to difficulties in collection.

THE NON-BANK-FINANCIAL INSTITUTIONS SECTOR

The Non-Bank-Financial Institutions (NBFI) sector in Sri Lanka comprises 45 Licensed Finance Companies (LFCs) and six Specialized Leasing Companies (SLCs). The sector plays a critical role in the Sri Lankan economy by facilitating access to finance and encouraging entrepreneurship among a customer segment that remains underserved by the banking sector due to relatively higher levels of risk.

NBFI Assets

The assets of the NBFI Sector's total asset grew by a moderate 12 percent over 2017. Loan-to-value restrictions affected leasing, which makes up the core lending portfolio. The rising rates of interest that prevailed during the year also played a role in dampening the growth rate. As a result, total gross loans and advances by NBFIs increased by 10 percent in 2017. There was a deceleration of growth rates of leasing and loan portfolios during the year.

Within this context, many LFCs shifted focus to other lending categories including pawning advances (gold loans). As a result the volume of pawning advances saw a 29 percent increase in 2017.

Profitability Indicators

The total interest income of the NBFI sector increased by 23 over the previous year, spurred on by credit growth and the rising interest rates.

Interest expenses of the sector grew by 32 percent in 2017 with the increased cost of funding, depressing net interest margins (NIMs).

Net Interest Margin

NIMs for the sector have been declining since the implementation of strict policy guidelines since 2015. Net interest margin (NIM) dropped to 7.7 percent in 2017 from the previous period's 7.9 percent.

Non-interest expenses for the Sector increased by 22 percent during the year, putting further downward pressure on profitability. The sector saw an overall decline of 18 percent on profit after tax in 2017.

Liquidity

The relative slow loan growth during the year led many institutions to channel their deposits towards liquid assets improving overall liquidity.

Return on Assets

Return on assets (ROA) of the sector dropped to 3.2 percent in 2017 from the previous year's 4.0 percent. This is an indication that the NBFIs are experiencing challenges in optimizing the returns on their assets.

Return on Equity

Return on equity (ROE) for the sector took a deep dive from the impressive 2016 rate of 23.1 percent to a more moderate 16.1 percent in 2017. The industry overall has to seek strategies that help them deliver healthy returns for their investors going forward, while dealing with challenging market conditions and further government restrictions.

POLICY CHANGES AND IMPACTS

During 2017, the Central Bank of Sri Lanka initiated further prudential policy measures in order to strengthen the supervisory and regulatory framework for the NBFISector. These measures aim to enhance sector stability and soundness while increasing customer confidence in the sector.

Revision of LTV Ratios

CBSL issued a new direction revising the Loan-to-value (LTV) ratio for credit facilities.

Increase in minimum core capital requirement

With a view to strengthen the capital position of the NBFIs sector and to improve its capacity to absorb unexpected internal and external shocks, the minimum core capital for LFCs is to be increased. The revisions, which are to be implemented on a staggered basis, require the minimum core capital to be increased from Rs. 400 million to Rs. 1.0 billion by 01 January 2018; to Rs. 1.5 billion by 01 January 2019; to Rs. 2.0 billion by 01 January 2020 and to Rs. 2.5 billion by 01 January 2021.

Penalties and Caps on Deposits and Borrowings

Penalties and caps on deposits and borrowing were imposed on sector players who were not in compliant with CBSL requirements.

Concessions to aid disaster rehabilitation

A May 2017 circular allowed LFCs and SLCs to grant concessions to their borrowers affected by floods, adverse weather conditions and circumstances connected to those events. This allows affected businesses to resume normal operations in line with the national policy to facilitate their rehabilitation.

Curtailing credit through restriction on motor vehicles

From 2017 licensed banks have to follow LTV ratios, when granting credit facilities for the purchase or use of motor vehicles. This covers finance leases, hire purchase facilities and all other facilities to end-users.

Regulatory framework

A 'Financial Customer Protection Framework' introduced during 2018 for all LFCs and SLCs aims to ensure that rights and interests of financial customers are protected. The framework consists of specific guidelines on disclosure and transparency, education and customer awareness, responsible business conduct, complaint handling and customer privacy among other topics.

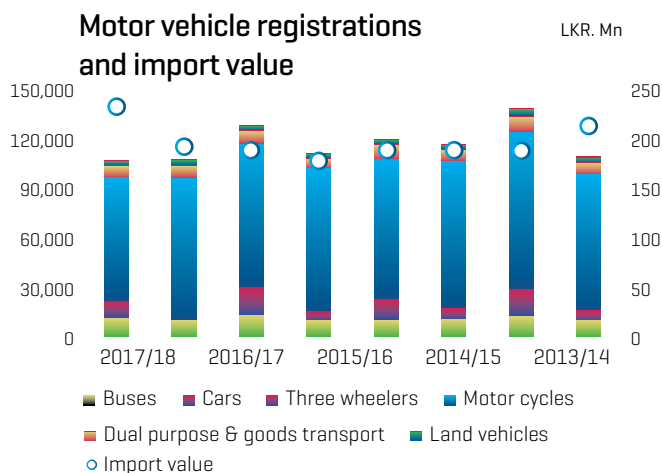
A new capital adequacy framework

There will be a new capital adequacy framework that requires a more risk sensitive focus on covering credit and operational risk under the basic approach of the BASEL accord.

The policy is expected to encourage consolidating within the NBFIs sector through mergers. CBSL envisages further regulations on corporate governance, risk management, liquidity and provision regulations.

Sri Lanka Financial Reporting Standard – 9

Financial institutions are required to adopt to Sri Lanka Financial Reporting Standard – 9, Financial Instruments (SLFRS 9) in January 2018 which requires, among other things, a change in the recognition of loan loss provisions.



FINANCIAL CAPITAL

The Company's Financial Capital consists of the funds that are available for its daily activities and strategic growth initiatives. The Company's key financial parameters are managed efficiently with prudent financial discipline and focused cost controls across the enterprise contributing to the profitability of the Company. The deposits and the savings deposit base of the Company grew by 67% to Rs 5.356 Billion compared to the prior year. Lending growth during the financial year was supported by the increased public deposits.

CAPITAL HIGHLIGHTS



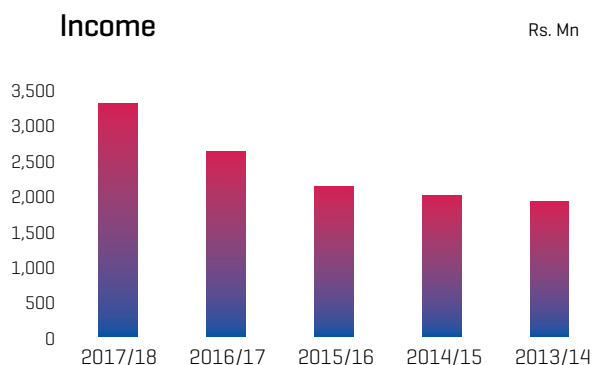
Portfolio growth of **25%** enabling an increase in gross revenue of **25.6%**

Profit for the year of **LKR 443.1 Million** which is a **19.8%** increase.

Increase in deposit base by **67%** to **LKR 5.356 Billion** compared to the previous year.

OVERVIEW OF FINANCIAL RESULTS

Singer Finance posted strong growth in revenue during the year under review and crossed the Rs. 3 billion threshold in gross income, achieving a 26 percent growth rate despite challenging market conditions.

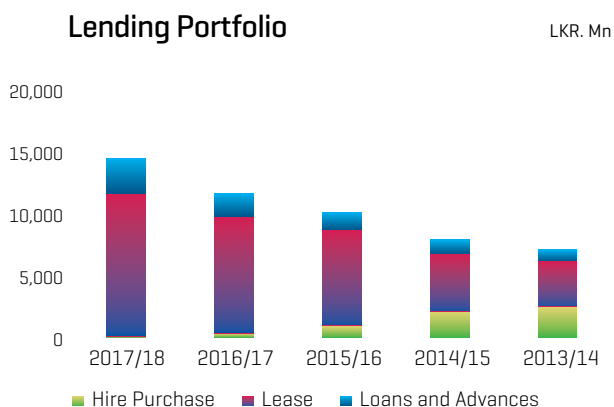


Increase in market interest rates, government policies that continued the credit contraction to the non-bank financial sector combined with restrictions on vehicle imports, impact of adverse weather conditions and relatively high levels of inflation during the period were the key challenges the Company faced.

The growth in income was supported by the growth of the lending portfolio which comprises lease, loans and advances.

The Company achieved a product growth of 24 percent over the period, led by leasing and loans and advances, which grew by 22 percent and 51 percent respectively.

The growth momentum in the lending portfolio was supported by the increase in customer deposits and the growth in total assets.



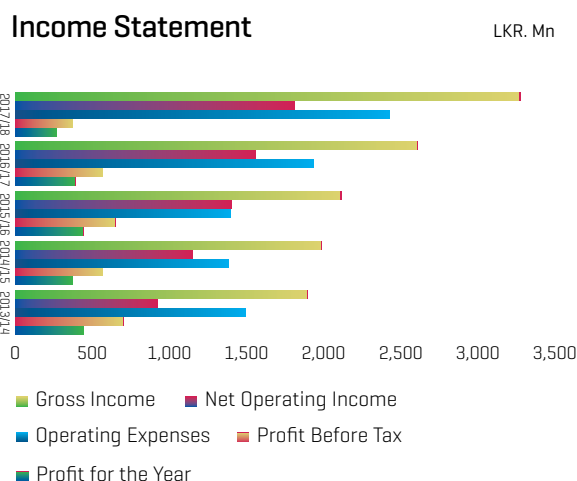
Profit before tax for the period of Rs 700 million is 23 percent above the previous year's and more than compensated for the 12 percent decline experienced in 2016/2017.

The effective tax rate this year was 36.7, higher than the previous period's 34.9 percent. As a result, the profit for the year saw a 20 percent increase from last year's to Rs. 443 million; thereby reaching and exceeding the annual profit reversal (from Rs. 443 Mn to Rs 370 Mn) seen in the last financial period over the immediately preceding period.

Earnings per share rose to 2.52 this period, compared to 2.24 per share in the previous period.

Dividend per share for the period calculates to Rs. 0.97 per share. The corresponding figure for the previous period was Rs. 1.06 per share.

INCOME STATEMENT ANALYSIS



Gross Income

Gross income grew by Rs 667 million over the previous period to reach Rs. 3.278 billion, achieving a 26 percent growth during the period compared to 24 percent the previous year.

The growth in income is mainly due to the strong performance of the leasing and loans portfolio.

The interest income from leasing increased by Rs 444 million this year, recording a 28 percent rise. Interest income from loans grew by 43 percent and Rs. 198 million during the period.

Fees and commissions income grew by 43 percent boosted by credit card related income which now accounts for approximately 24 percent of the Company's fees and commissions income. Service charges, which now account for 52 percent of fees and commissions grew by a healthy 21 percent during the year.

Net Interest Income

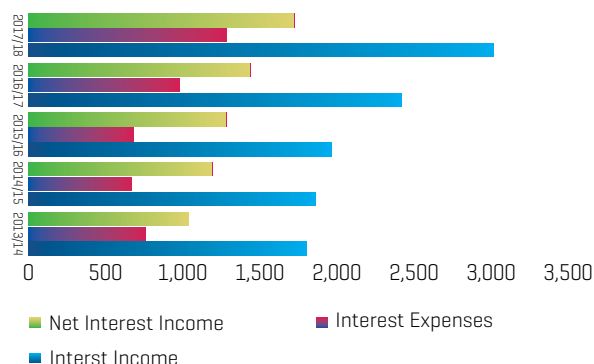
The NII grew by Rs 288 million to Rs 1727 million, a 20 percent growth rate over the previous period. This was the combined result of 25 percent growth in interest income and the 31 percent increase in interest expenses attributed mostly to rises in market interest rates during the year.

The Company achieved this growth through continuous monitoring of Net Interest Margins (NIM) and adjusting lending rates according to market conditions.

The NIM for the year under review is 12.31 percent. The corresponding figure for the previous period was 12.45 percent.

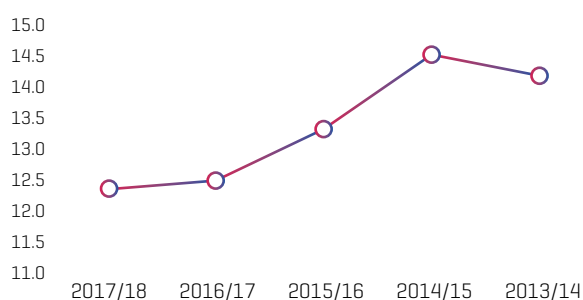
Net Interest Income (NIM)

LKR. Mn



Net Interest Margin

%



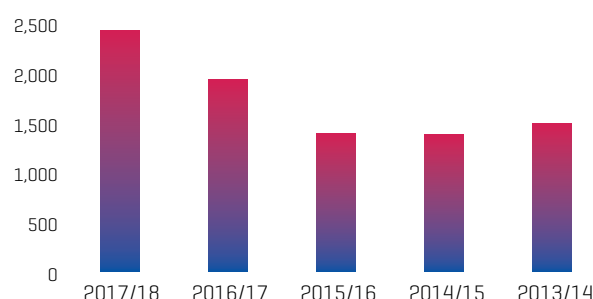
OPERATING EXPENSES

Personnel Costs

Personnel costs for the period of Rs 366 million increased by Rs 12 million year on year, a growth rate of approximately 3 percent. In the same period, the number of employees of the Company grew from 317 as at end of March 2017 to 389 as at end of March 2018, an increase in 23 percent, by number.

Operating Expenses

Rs. Mn



The new recruits were engaged in supplementing income generating activities, backend support to empower business expansion and for strengthening the recoveries and operational functions.

Administration and Selling Expenses

Administration and selling expenses increased by approximately 12 percent to Rs 595 million over the previous period.

The cost increases were mainly attributable to commissions and the traveling and related expenses paid to marketing staff.

Taxation

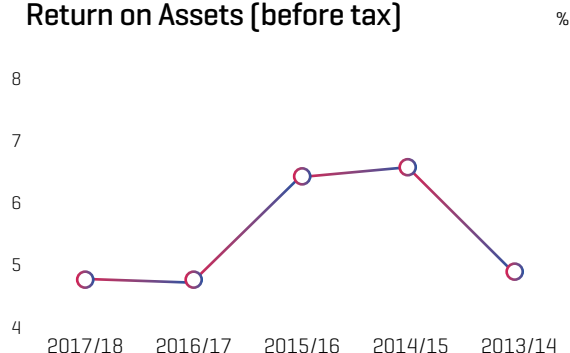
The income tax expense for the period under review stood at Rs. 257 million compared to Rs. 198 million in the previous period. The effective tax rate for the year was 36.7 percent, higher than the previous period's 34.9 percent.

The increase in effective tax rate is due to the increase in permanent add backs which are disallowed for Income tax purposes. 25% of advertising expenses and 100% of Financial Service VAT, NBT and Crop Insurance are added back in computing the profit for income tax and in effect becomes a tax on tax. Further, the company has paid Rs.9.5 million as an income tax settlement in respect of prior year.

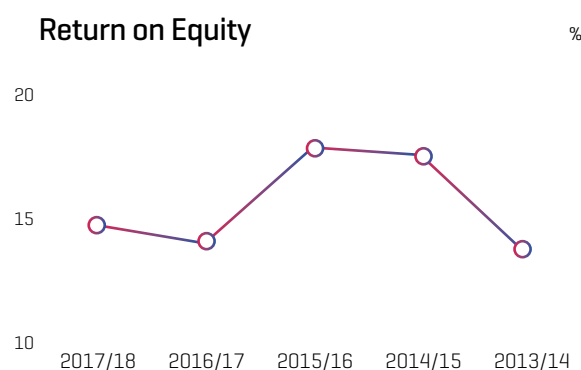
Return on Assets (before Tax) (ROA)

The Company sustained the previous year's level of Return on Assets before tax (4.75) and managed to marginally increase it during the year under review to 4.82.

Return on Assets (before tax)



Return on Equity (ROE)



ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Total Assets

From Rs 12.900 billion at the beginning of the financial year, total assets of the Company grew by 25 percent to reach Rs.16.132 billion by 31 March 2018. This is a significant improvement on the growth rate of 17 percent that was achieved in the previous period.

Growth in Lending

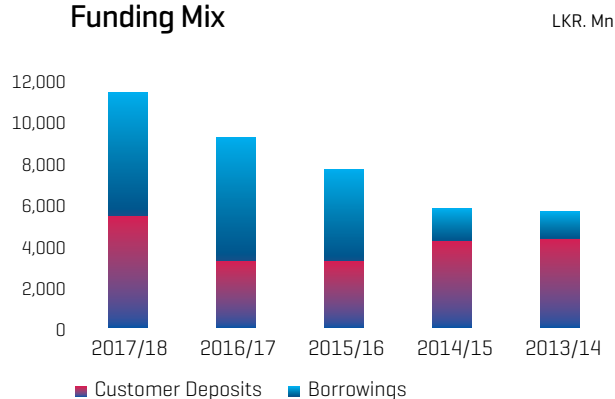
The 24 percent growth rate achieved across the overall lending portfolio during the year was the net result of increases in Loans and Advances [51%] and Lease Rental receivables [22%], and a decline in Hire Purchase receivables [74%].

In the previous financial period, the lending portfolio grew by 15 percent, as a net result of increases in Loans and Advances [31%] and in Lease Rental [21%] and a 65 percent drop in Hire Purchase receivables.

Advances Mix

The growth is mostly attributable to the growing leasing operation and to a lesser degree to loans and advances.

Funding Mix



Non-performing Assets

The Company has consistently managed to limit its non-performing advances (NPA) levels to a minimum with careful attention to customer evaluations and loan approvals.

During the year under review increasing interest rates and difficult market conditions created a tendency to increase the level of payment default among both individual and business customers. This was particularly so in the case of consumer advances, credit cards and advances to the agriculture sector.

To overcome this challenge, the Company took a proactive stance on collection of payments and installments as they fall due. As a result, there are only slight increases in the ratios during the current year.

Both the gross and the net NPA levels of the Company are well below the average NPA levels in the industry. They are also significantly lower than the NPA levels required by the Central Bank.

Funding Base

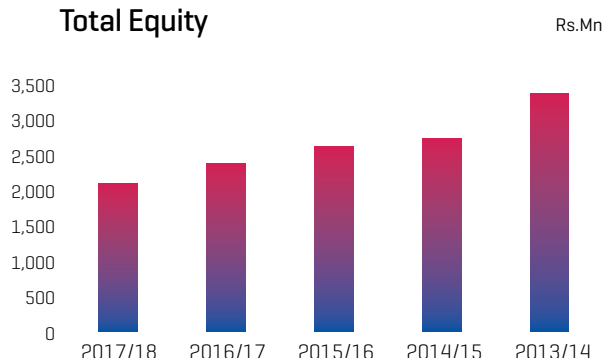
The strong growth in customer deposits at 67 percent helped the Company cross the Rs. 5 billion threshold to reach Rs 5.356 billion by end of March 2018. In the previous year, deposits grew only marginally, at less than 2 percent.

The significant growth in deposit levels reduced the need for relying on debentures and bank borrowings. The level of borrowings declined by 14 percent in the period under review.

Shareholder Funds

The Company issued 36,740,741 ordinary shares through a right issue amounting to Rs. 551,111,115 during the year, to augment its capital base. The shareholder funds were further boosted by the retained earnings for the period.

Total Equity



Liquidity

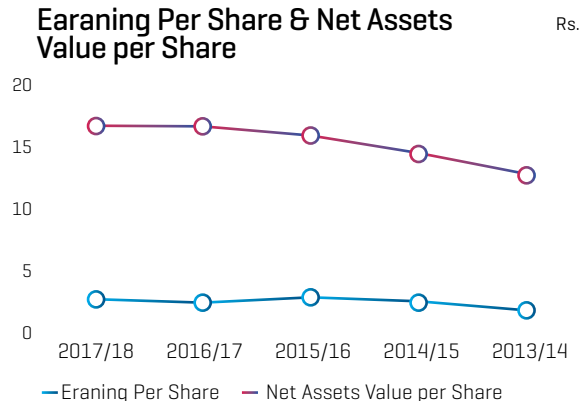
During the year under review, Singer Finance complied with all statutory liquidity requirements and exceeded the basic requirements.

	2018	2017
Liquid Assets [%]	11.74	12.59
Core Capital Ratio [%] [Minimum Requirement 5%]	19.52	19.00
Regulatory Capital to Risk Weighted Assets [%] [Minimum Requirement 10%]	19.52	19.00
Shareholders' Funds : Public Deposits % [Minimum Requirement 10%]	62.27	84.74

Earnings Per Share & Net Asset Value Per Share

	2018	2017
Earnings Per Share (Rs)	2.52	2.24
Net Asset Value Per Share (Rs)	16.50	16.46
Weighted Average Number of Shares	175,845,635	165,333,334

Earnings Per Share & Net Assets Value per Share

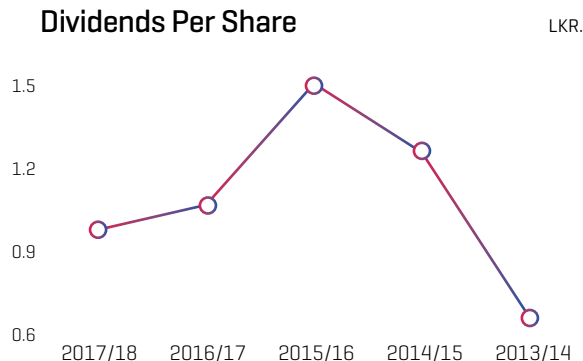


The Company sustained the EPS levels from the previous period, and marginally increased the rate to 2.52 over previous period's 2.24.

Net Asset Value Per Share in Singer Finance has been on a sustainable growth trend over the past four years. The trend continued during the year under review. This indicates that the Company's ability to effectively convert its investments into net income is gradually improving.

Dividend

Dividends Per Share



An Interim dividend of Rs. 0.97 per share was approved by the Board of Directors which was paid on 29th March 2018. The Company has paid out Rs 196 million against dividends paid of Rs 175.2 in the preceding financial year. The YoY dividend per share decrease is mainly attributable to the increase in the number of shares due to the new shares issued in December 2017.

PERFORMANCE OF SINGER FINANCE IN COMPARISON TO THE INDUSTRY

Singer Finance outperformed the industry in terms of profitability this year as a result of prudent growth strategies balancing growth with risk without compromising shareholder interests. The Company achieved a significant edge over the industry averages in terms of net interest margins (NIMs) and return on assets (ROA) during the year under review.

In most years since 2013, the Company has consistently outperformed the industry in profitability measures. The exceptions are in terms of return on equity in the current year, and the preceding year in which the industry recorded a phenomenal growth in terms of ROE.

MANUFACTURED CAPITAL

The Manufactured Capital of Singer Finance (Lanka) PLC comprises of its physical and IT infrastructure. Physical infrastructure is defined by our branch network and service centres located island wide which ensures reach and connectivity across the island. IT infrastructure consists of the information systems which support the business operations of the Company.

CAPITAL HIGHLIGHTS



Branch network



24
Branches



Relocation of Kurunegala branch

Value creating activities in 2017

- Investment in new specialized IT system
- Leveraging IT for service enhancement and productivity improvement

Outputs

- Total income generation from branches – **LKR 2,886 Mn**
- Customer growth **18%**

New branch opened in Kuliyaipitiya



BRANCH NETWORK AND SERVICE CENTRES

The branch network of Singer Finance comprises of 24 branches spread over 14 administrative districts in Sri Lanka.

Our network is supported by 15 Singer Mega service centres and 2 independent service centres across the country. This extensive network enables the Company to offer access to financial services to a wide spectrum of customers thus promoting financial inclusivity in the Sri Lankan financial landscape.

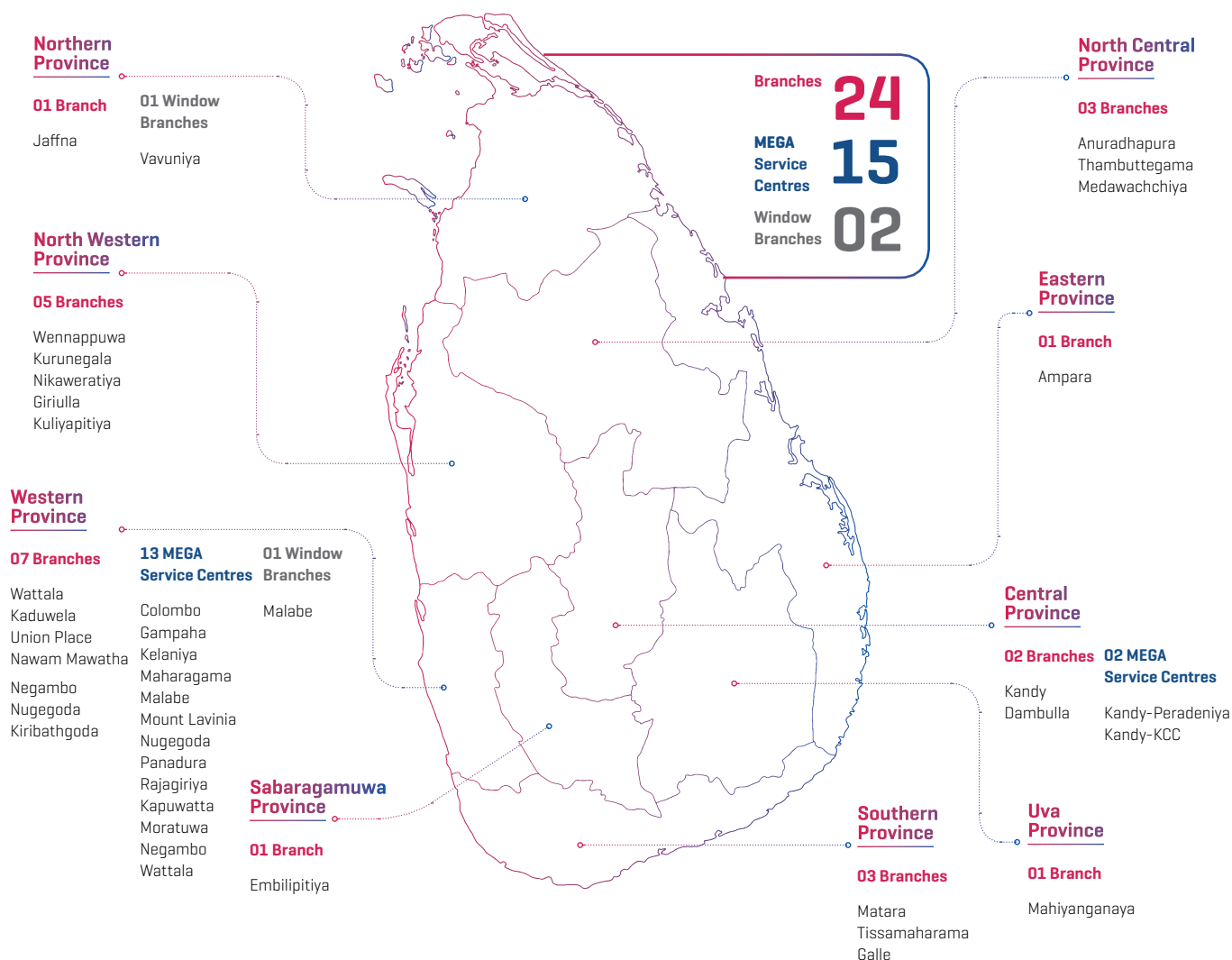
Easy access and speedy service is a critical success factor in the financial services industry. Our branch and service center network allows us to serve our customers at a location closer to their business, workplace or residence through value added products and services.

Leveraging the synergies stemming from our relationship with our holding company, Singer [Sri Lanka] PLC, over the years, we have enhanced convenience for our customers through value adding initiatives.

Customers of Singer Finance have access to the Singer network of 425 customer touch points located island wide to make their monthly rental and installment payments. This network includes Singer Plus, Sisil, Singer Mega and Singer Homes outlets. Some of these locations have extended opening hours, thus increasing both market visibility and customer convenience.

Furthermore, we have facilitated the payment of utility bills for our customers through our branch network, thereby enriching the service experience further with value added services.

During the year under review Singer Finance expanded its geographical footprint to the thriving economic hub of Kuliyaipitiya. The new branch offers much potential to expand our customer base as it strengthens our visibility and customer reach within the Kurunegala district while improving access and convenience to our existing customers in the region. It is envisaged that the Company's presence in Kuliyaipitiya will complement its market presence within the Kurunegala district with the existing branch presence in Kurunegala city, Nikaweratiya and Giriulla.



Singer Finance relocated the Kurunegala branch to a strategic location, in 2017 to be within close proximity to the business hub of the city. The new location enables the Company to expand its clientele whilst providing greater visibility and access. A proposed new Kurunegala City Branch would enable us further harness the latent potential in this growing region.

The Company's branch expansion strategy focuses on an extensive geographical presence which will be further strengthened by opening branches in key cities and towns over the next financial period. The relocation of windows in Panadura and Wellawatta to more spacious locations and the planned new branches in Horana, Gampola, Kegalle and Kurunegala City would set us on a strong footing to achieve our ambitious market development and penetration goals while catering to a wider customer base.

INVESTMENT IN INFORMATION TECHNOLOGY (IT) INFRASTRUCTURE

The Company identified the importance of having a stable, scalable and agile IT system which would support the business strategy and growth potential of the Company.

The Company migrated to a more sophisticated, efficient and feature-rich efinance system during the year. This versatile new system caters to the evolving business needs with the capacity to handle the transactions of an expanding product range, including the debit cards, gold loans and factoring. The total investment in the IT infrastructure was LKR. 50Mn including hardware.

The new system possesses an in-depth management information system facilitating extensive data analysis, thus empowering us to manage internal and external risks more efficiently and effectively. This web-based system is faster and reduces overall transaction processing time for a variety of transactions, improving efficiency in our daily operations. The Company hopes to improve service speed and offer a superior level of service to our customers when the system becomes fully operational.

Some of the more salient features of this new system are as follows:



SMS alerts to customers

We have initiated the SMS alert service to our customers with timely prompts and reminders. This ensures that customers are reminded of their rental and installment payments creating a positive impact on our collections.



Online loan approvals

The efinance system will enable online approval of credit facilities dispensing with the need to send the hard copies of the credit files to Head Office. This will significantly shorten the time taken for approval of a facility thereby improving the overall transaction processing and lead time. We believe that speedy approvals will enhance our competitive edge across our branch network by improving efficiency and the service quality for our customers.

Further cost savings will accrue to the Company over time as the new system eliminates the need to courier files to and from head office.



Speedy cheque issue

We are also planning to further speed up customer service by facilitating the printing of cheques at branch level through the integration of the efinance system and the bank system.

DIGITAL INFRASTRUCTURE

The Company is cognizant of the increasing adoption of digital platforms by the financial services industry. The Company expects to remain competitive by keeping abreast with technology advances by adopting digital transformation strategies so that we can serve our increasingly tech savvy customer segments more effectively.

LEVERAGING MANUFACTURED CAPITAL

The Company leverages its manufactured capital including own branch network and IT infrastructure together with the Singer Mega services centers and the island wide network falling under the trusted excellence of the Singer brand to create value for our stakeholders.

HUMAN CAPITAL

Our employees form the very essence of our competitive advantage. It is their collective commitment, drive, contribution and dedication that continues to power our performance, and take us to ever greater heights year after year. In turn, Singer Finance is committed to ensuring that our employees are empowered, inspired and rewarded for their efforts. For any organization engaged in a highly competitive environment—such as the one in which we operate—the secret to success lies through nurturing and fostering the quality of our human talent.

CAPITAL HIGHLIGHTS



Number of employees

2018 - 389

2017 - 317

Salaries and benefits

2018 - Rs. 366.2 Mn

2017 - Rs. 353.9 Mn

Revenue per employee

2018 - 8.4 Mn

2017 - 8.2 Mn

New recruits

2018 - 119

2017 - 77

Internal promotions

2018 - 42

2017 - 46

Staff turnover

2018 - 14%

2017 - 19%

Investment in training and development cost per employee

2018 - Rs. 4,742

2017 - Rs. 4,132

Number of training programmes

2018 - 27

2017 - 13

A Range of Benefits to Permanent Staff

Leave: We offer 42 days of leave per annum [including the statutory leave entitlement]

Professional subscriptions. As a Company benefit, subscription fees are paid to professional bodies on behalf of our employees who have completed their qualifications. This helps to enrich their careers and many managers in particular have benefitted from this scheme.

Medical expenses. The Company reimburses medical expenses up to predetermined amounts calculated according to the employee grade. If the expenses exceed this specific amount, the employee and the Company share the balance equally.

Singer Finance also provides hospitalisation and OPD treatment coverage to all staff members and their immediate family members.

Travel related benefits. Employees engaged in travel for official purposes are entitled to reimbursement of travel expenses.

Field staff and base staff categories receive travel benefits depending on their responsibilities and their employee grade.

Expenses incurred by field staff when staying at hotels approved by the Company on official business are reimbursed.

Distress loans. Employees can make use of distress loans in cases of emergencies such as sudden illness, a death in the family, damage to homes due to natural calamities, urgent repairs and family weddings.

Vehicle loans. Permanent employees in specified categories are eligible to apply for loans to obtain a vehicle.

A PROACTIVE APPROACH TO HR

In today's challenging business environment with increasing complexity and volatility, we need to be proactive in building and sustaining 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 both Singer Finance and the nation.

EMPLOYEE ENGAGEMENT

We are committed to employee engagement that upholds individual dignity and respect for human rights. Our employment practices are based on attracting and retaining talent based only on merit.

During the year several employee engagement activities were held.

- The annual gents' picnic provided the employees with an opportunity to build strong friendship and bond.



- The annual ladies picnic hosted the female employees and their children for a fun filled day.



- One of our employees of the Company is the President of the Rotaract Club whereby staff were exposed to leadership training programs enabling our young employees to enhance their skills and to excel in their day to day work life. Several events were organized by the club during the year covering the areas of community service, professional development.





Study related benefits. Singer Finance has two mechanisms to support employees pursuing studies.

A lump sum is granted on the condition the employee serves the Company for a given number of years. The facility needs to be repaid only if the employee leaves the Company before the expiration of the given time period.

Our employees use this benefit mostly for postgraduate studies.

Course fees. We reimburse two thirds of the cost of a particular course fee on the successful completion of the final examination.

Death related benefits. In the event of the death of an employee, his or her family receives a donation of Rs. 50,000 in addition to six months salary.

In the event of the death of an employee 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 of Singer Finance. (Maintained both of Singer Finance and Singer Group so on.)

Staff discounts for Singer products

Staff loans are granted at subsidized interest rates. Company grants loans up to reasonable values to employees at the times of need, such as urgent house repairs, children education ect.

Leisure related perks. 3 day excursions and sports activities.

Staffs are taken on a 3 day annual excursion to a star class hotel once a year. The excursions popularly referred to as the Gents Picnic and the Ladies Picnic are much looked forward to by the staff, as they enjoy relax and network with other staff during this excursion. Singer Finance participates in many Mercantile Sports events such as Cricket, Netball, Badminton, Hockey and Athletics and encourage staff to be involved and actively participate in sports.

- Communication and leadership skills are harnessed through the Singer Toasmasters Club. In addition to hosting guest speakers, the members were involved in numerous creative and team building activities.
- The Annual Christmas party organized was patronized by the employees and their immediate family members.
- Children of our employees were able to participate at the art competition organized by Singer Sri Lanka PLC giving wings to the imagination and creative skills of the younger generation.
- Singer Finance Marketing team and the Accounts Division won the championship and the Runner up at the Singer Inter departmental cricket tournament.
- Employees received free medical advice and healthcare at the Free Health Camp organized by Singer HR Division.
- The singer talent show was organized by Singer Sri Lanka to recognize talent, encourage a healthy work life balance and boost employee engagement.
- The annual Singer Finance Awards ceremony appreciates the outstanding service of our employees and their loyalty to the Company.



- Heralding the Sinhala and Tamil New Year with a traditional 'Bakmaha Ulela' with games and other festivities.



Employee skills are enhanced through a context sensitive capability development agenda that includes customised training and development programmes based on need assessments.

RECRUITMENT AND TRAINING

Recruiting and training employees who have leadership potential will enable our business to grow, along with the employees.

In making recruitment and training decisions, we take into consideration a number of factors, going beyond academic credentials and skill levels.

CAREER DEVELOPMENT

Singer Finance places much emphasis on supporting and nurturing career development of our employees. We encourage them to reach their personal as well as professional goals. This not only makes their work lives more satisfying, but it ensures continued success of the Company because when people flourish, companies flourish too.

Even in challenging times, we invest time and money in training and professional development initiatives of our employees.

EMPLOYEE RETENTION

It is vital that a Company possess the ability to recruit and retain strong and committed teams for all aspects of the organisation.

In order to make it attractive to stay and climb up their career ladder with Singer Finance, we offer a wide range of benefits to our permanent staff members.

WORKPLACE QUALITY

In 2017, Singer (Sri Lanka) PLC was ranked among the best places to work in Sri Lanka for the fourth consecutive year by Great Place to Work Institute.

The Human Resource function of Singer Finance operates as part of our parent, Singer (Sri Lanka)'s HR function. As such we are guided by the Group practices on all aspects of human talent management.

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
- Handling Complaints
- Handling Grievances
- Rules of Disciplinary Procedure
- Relatives employment/ Business relationship
- Sexual harassment in the workplace

INTERNAL PROMOTIONS

Singer Finance always looks for internal promotions as the first step and seek new recruits only if we cannot fill the vacancies from within the Company.

ENHANCING UPWARD MOBILITY

We encourage our staff to undertake and/or complete professional studies based on their area of expertise and work. We also provide financial support as lump sums or as reimbursements to start or complete academic or professional education. These discussions form part of the annual appraisals.

REWARDS AND RECOGNITION

The International Labour Organization (ILO) states that decent work is "a source of personal dignity and, peace in the community. It inspires democracies that deliver for people, and fuels economic growth that expands opportunities for productive jobs and enterprise development."

It further advocates that businesses need to increase investments into enhancing productive capacities of people; that businesses must actively promote creativity and innovation at work. Overall, the ILO emphasizes the need for investing in developing a well-trained workforce capable of adapting to changing market conditions.

We are fully in agreement with this philosophy. Hence, at Singer Finance we ensure that people in all job roles within the organization receive adequate reward and recognition and the growth opportunities to develop their natural potential.

COMPLIANCE WITH LABOUR LAWS AND REGULATIONS

The Company complies with local labour statutes and regulations to ensure opportunities for skills development and sustainable livelihoods are assured to our employees to ensure a happy workforce. They have the opportunity to work with dignity, confidence and self-respect.

Singer Finance is an equal opportunity employer. We do not discriminate on the bases of race, age, creed, colour, religion, sex, gender or disability. The ratio of basic salary at the entry level for male and female is 1:1. However, this ratio may change due to different service period of employees in the company and at a particular salary grade. We are fully committed to achieving a diverse workforce and comply with all laws and regulations pertaining to non-discrimination.

EMPLOYING PEOPLE WITH DISABILITY

Visually disabled Ranga Sampath Gunapala, aged 28, hailing from Padaviya was hired as a Customer Service Assistant in 2013, at the Medawachchiya Branch. He has been supported and encouraged in his job role by the Company and by his fellow employees. He has displayed resilience and tenacity by performing his duties effectively and by showing a thirst for knowledge and learning. Ranga Sampath, who hails from a modest family background has been able to enhance the living standards of his family and to grow beyond his visual disability through the continuing employment with Singer Finance over the past five years.

CODE OF CONDUCT

All key and senior managers are bound by the Singer Group's written Code of Business Conduct, an agreement signed as part of their written contract of employment. The Code requires each signatory to comply with the Code personally and to ensure that employees who report to him or her also comply with the code. The Code is signed anew each year, which ensures that its terms are refreshed in the minds of the signees and they get to update themselves on new clauses and amendments to the Code.

NO CHILD LABOUR OR FORCED OR ENFORCED LABOUR

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

EQUAL PAY FOR EQUAL WORK

We offer equal pay for equal work, without discrimination between men and women. Remuneration is determined through a transparent performance evaluation mechanism.

HANDLING EMPLOYEE COMPLAINTS

The Whistle Blower Policy of Singer Finance is the same as that of the Singer Group and is implemented via Group personnel. It provides a guided procedure for any employee to make a written or verbal complaint on any experience or suspicion of illegal or unethical employment or business practices exercised by anyone in any capacity in the Singer Finance governance hierarchy.

Upon induction to the Group, all Singer Finance employees are walked through the whistle blower procedures. They also receive the assurance of confidentiality and anonymity in event of resorting to whistle blowing.

The Group takes necessary actions to prevent corruption or illegal activities. The Company management takes necessary actions keeping in mind the whistle blower procedures.

GRIEVANCE HANDLING AND SEXUAL HARASSMENT

Policies pertaining to grievance handling and sexual harassment ensure the emotional well-being of our employees.

The grievance policy provides the right for employees to forward their grievances and dissatisfactions 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 partiality at all times throughout the process. The complainant is assured that no punitive action will be taken for lodging the complaint.

OCCUPATIONAL HEALTH AND SAFETY

Singer Finance complies with all occupational health and safety laws and regulations that apply to a business of our nature.

A healthy workforce is also a productive and happy workforce. The Company goes beyond mere compliance and seeks opportunities to enhance the health and wellbeing of our employees.

We encourage the health and well-being of our employees by paying attention to ergonomics, quality of light and air and other factors that contribute to a safe, secure, comfortable and productive work environment.

We provide sports and recreation facilities at the workplace which includes a gymnasium for the benefit of employees

ENCOURAGING OPEN DIALOGUE

We encourage open dialogues in our Company. The ability to carry on a sincere and comprehensive dialogue about any issue in the Company is essential to building trust. We believe that trust—in the Company, its leadership, in fellow employees and team members—is a prerequisite to driving operational excellence within our business.

Openness provides a foundation on which to uphold employee integrity and credibility, essential to our value system, as explained under the section on Intellectual Capital.

EMPLOYEE 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 assesses their subordinates' strengths, weaknesses 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 calendar year.

Divisional Heads and Singer Finance are required to give a detailed account of their division's training requirements in the third quarter 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 deliver on company and branch level goals and to navigate future challenges.

The Department Heads, in consultation with the Group Training Department, schedules and implements tailor made programmes to address training needs of our employees. These are met through internal or external training programmes.

INTERNSHIPS

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.

RECOGNITION AT THE ANNUAL CONVENTION

High performing employees and teams are given recognition at the Annual Convention by awarding of accolades.

STRATEGIC HR GOALS

The primary strategic HR goal is to ensure the continuous human resource support to achieve the overall company goals. The following goals are key to the Company's success in the short and medium term:

Maintaining satisfactory levels of employee retention is a key goal. While retention rate has improved from the previous period, further improvement will enable us optimize the investments we make in recruiting, training and development.

Enrolling staff members in training programmes that help fill the identified knowledge gaps in respect of direct work functions.

Hiring quality staff members needed to perform job roles that are vacant at present, or to fill vacancies as they arise.

Hire trained staff for specific businesses, especially those in the new product and service areas such as Gold loans. Although the Company is committed to internal promotions, it is imperative the skilled and experienced staff members need to be recruited especially when expanding into new products and services.

FUTURE PLANS AND STRATEGIC INITIATIVES

Streamlining the HR function

At present most of the human resource functions of Singer Finance are fulfilled by our parent company's HR team. In view of the growth in staff numbers, we believe it is time to set up our own HR department. Plans are under way to hire a HR manager to the Company to lead the HR function.

Once we have recruited a HR manager for the Company, we expect to streamline all HR functions of the company which are currently handled by the parent company with limited staff.

Streamlining our human resources function can bring us many benefits. Streamlining HR would benefit the overall business because it would help reduce the time and cost of non-productive activity enabling the Company deliver higher value for the same cost.

Top management and functional management teams can find more time to focus on value-adding activities and on tasks that help deliver core business outcomes, instead of spending excessive time on administrative tasks. While these tasks are essential to the overall health and wellbeing of the Company, streamlining them would increase overall productivity for all concerned.

All employees stand to benefit with a streamlined HR function because doing so can minimise time and effort spent on risk mitigating activities and box ticking. They can use the times saved on activities that add value to both themselves and the Company.

Age Analysis of Staff as at 31st March 2018

Description	Above 60	51-60	41-50	31-40	21-30	Below 21	Total
Key & Senior Management	1	-	4	2	-	-	7
Middle Management	1	1	7	7	1	-	17
Junior Management	-	-	5	20	2	-	27
Executive Staff	-	-	-	5	2	-	7
Non-Management	-	2	10	111	207	1	331
Grand Total	2	3	26	145	212	1	389

SOCIAL & RELATIONSHIP CAPITAL

Our stakeholders are an integral part of our business environment. Our customers, investors, financiers, business partners, employees, the Government of Sri Lanka and regulatory bodies, our competitors, various interest groups, the media, communities in which we operate and society at large, all play a role, whether big or small, in forming and shaping how we conduct our business operations.

CAPITAL HIGHLIGHTS

		2018	2017
Value added	Rs. Mn	1,251	1,090
Value distribution to investors	Rs. Mn	196.0	175.3
Value distribution to society via Government	Rs. Mn	363.9	322.5
Deposit customers	Rs. Bn	5.4	3.2
Lending customers	Number	102,255	83,028
	Rs. Bn	14.4	11.6

We recognize that in the process of business value creation, we influence and create various impacts on many of our stakeholders.

In turn, some of our stakeholders through their actions, also influence our operations in a multitude of ways.

Dealing with the impact of these influences by us or by others, and whether they are positive, negative or neutral, is an inevitable part of the Company's stakeholder management agenda.

At Singer Finance, we strive to engage positively, and respectfully with all of our stakeholders.

In the next paragraphs, we explain how we engage with each stakeholder group and our approach to working with them as we fulfil our corporate objectives.

CUSTOMERS

Our customers are the reason for our existence. We are able to generate and deliver value on a sustainable basis to all of our stakeholders only because our customers across the nation place their trust in doing business with us and continue to use our products and services.

Over the 14 years of our existence, Singer Finance has strived to deliver value to our customers to the best of our ability.

Singer Finance began business operations by offering leasing and hire purchase of vehicles. Since then we've expanded our customer base. Then we introduced consumer products and loans to individuals and business customers.

We are constantly working on gaining an intimate understanding of their financial needs and delivering products and services that fulfill those needs effectively.

A unique customer proposition

Keeping in mind that we operate in a highly competitive industry, we have strived to offer a unique customer proposition that cannot easily be replicated or bettered by our competitors.

In crafting this unique proposition, we have brought all of our capitals together.

Trust in the Singer brand built over generations, especially in the rural regions of Sri Lanka, is woven together with our ethical business practices, our commitment to speed customer convenience and the way our employees serve and deliver customer solutions and service. Our expertise in creating and delivering competitive products and the ability of Singer Finance to deliver good returns brings to us a continuing flow of customer deposits that we can use to extend our other facilities. Our reputation and integrity helps us in obtaining equity and debt financing and funding from the financial services sector. All of these come together in our unique customer proposition.

Although we may not necessarily compete in price terms, our customers appreciate the value of our unique proposition based on trust, ethics and great customer services to continue transacting with us. Their trust in us enables us deliver continuing value to all of our stakeholders.

Our products and services

Singer Finances offers a range of services to suit the needs of individual and business customers across the nation.

Products

Leasing

Business Loans

Consumer Finance

Fixed Deposits

Foreign Currency Exchanging

Singer Mega Service Centers

Credit Cards

Group Sales

Gold loans

Savings products

Singer "MUTHU" Gift Scheme – Minor Savings

Singer "MUTHU" Minor Savings

Ordinary Savings

Senior Citizen Savings

NEW PRODUCTS AND SERVICES

As a Company focused on competing and thriving in a constantly changing and challenging financial services market, we keep our ears to the ground and seek opportunities and ideas that can help us serve our customers better and more effectively.

As we grew closer to both our individual customers and our small and medium enterprise customers, we realized that we could expand our product portfolio further, serving unserved or under served needs.

Revolving loans, Gold loans and Factoring or invoice discounting were opportunities that we identified to serve the same consumers meeting their pressing needs. With our credit card, we became the first non-banking institution to issue a credit card in Sri Lanka. The new products that we introduced in the recent past are doing well and are appreciated by our customers.

STRATEGIC FOCUS – CUSTOMERS

Our strategic focus on customers continues to be identifying and serving the financial needs of our customers by catering to their specific requirements. We strive to fulfill this mission within a framework of transparency and safeguarding customer privacy.

Migration to a new e-finance system

During the year under review the primary focus was on completing the migration to a more sophisticated, efficient and feature-rich integrated efinance system that enables us expand the product range we offer to our customers and facilitates more flexible payment options.

The new system helps reduce overall transaction processing enabling us offer a speedy, superior service to our customers once the system is fully operational. This systems enables us engage with our customers through SMS alerts, prompts and reminders of their rental and installment payments.

The online loan approvals and decentralized cheque printing feature that we expect to put into operation in the next financial year will further improve service quality by significantly reducing time from facility application to cheque issue.

Focus in the coming year

The key focus on the customer front in the coming year will be on developing the Gold loans facility launched in March 2018 in a branch. We expect to offer this product throughout our network in the coming year.

Another key initiative for the next financial year is the introduction of a Company branded debit card for savings customers. While enhancing the convenience of savings customers they will no longer need to visit a branch or service center to obtain cash the debit card also enhances the financial inclusion, especially among customer segments who are yet to join the cashless society.



CUSTOMER PROFILES

A significant number of our customers are repeat customers. This is proof of our goodwill among the customer base.

Our loan portfolio consists mainly of individuals and small and medium enterprises (SMEs).

The savings customers, those who count on us to deliver a good return on their savings deposits include senior citizens, high net worth individuals, and businesses.

The majority of our revenue, - 80 percent, comes from mass market individual customers spread across the nation.

MARKETING AND COMMUNICATIONS

Below the line marketing

The Company focuses mainly on below the line marketing and promotional activities.

We work on improving brand and product awareness through advertising campaigns in the media and with below the line initiatives.

SCHEME	SENIOR CITIZENS (ABOVE 55 YEARS)
15 Months Maturity	13% p.a (AER 12.80%)
15 Months Monthly	12% p.a (AER 12.68%)

☎ 011-2 316 612-5 | 011-2 316 637-8

Joint promotions with corporates

We conduct joint promotions with corporate partners around the country to keep the Singer Finance brand top of the mind for our potential customers. These promotions improve our brand image and brand visibility in cities and towns where we operate.

Social media marketing

In the year under review the Company initiated social media marketing and was very active in Facebook. The initiatives covered our traditional business segments such as leasing and deposits as well as the credit cards, engaging customers frequently.

The deposits products engaged the customer with promotions and gifts targeting events like Father's Day and Mother's Day.



CUSTOMER ENGAGEMENT

The exact mode of customer engagement depends on the type of product and customer. There are two distinct types of customer journeys for lending products and deposit products.

Our relationship with the customer begins at the point where the MO educates the customer on our financials products according to the customer's requirement.

The Customer Journey for Deposits and Savings products

In the branch network, the first point of customer contact is the Cashier or a CSA. The Head Office Deposits Division in Colombo has a dedicated team of individuals who are well trained to cater to the individual needs of high net worth individuals and corporate customers.

This team maintains a close relationship with customers and engage them often inquiring after their investment needs as well inquiring whether the customer is satisfied with our services and products.

When deposits are time deposits, the customers are encouraged to reinvest their savings and to add to the value of their deposits.

CUSTOMER LOYALTY

Our customers are also our most valued ambassadors. They spread the word about our products, the trust they place in us and the quality of our service among their friends, peers and family members.

Customer complaints and grievance handling

Nurturing, developing and safeguarding customer confidence is critical for the sustainable growth of our Company. This is why we are committed to ensuring that our customers are happy with our products and services. We treat this as a matter of paramount importance.

Customer complaints or feedback can be forwarded to us by telephone or in writing by post. Customers can also use our website and Facebook page to voice their concerns and lodge their complaints.

When a customer reaches to us through any of the above communication channels, we first refer the matter to the relevant Department Head, who is entrusted with the task of impartially investigating complaints or issues raised. He or she is then responsible for drafting a suitable reply, while ensuring that the customers issue is resolved.

If the matter is of a more serious nature, the complaint is brought to the notice of the Chief Executive Officer or the Chief Operating Officer, who would then personally intervene and provide redress to the affected customer or stakeholder.

Product responsibility, fairness and transparency

The Company operates and encourages product responsibility and fairness. Singer is a brand name with a rich heritage and trust. Therefore, it is of supreme importance that the Company's financial products are sold with transparency and the customer is aware of the product features and conditions.

Portfolio screening and compliance

Before the Company introduces any new product to the market, our compliance function carries out an extensive analysis to ensure that the products conform with relevant laws and regulations of the CBSL and other stakeholders.

Compliance also looks into product features and rates to ensure whether the product is ethical, fair and sustainable. All products are required to be socially and environmentally adaptable.

Any issues highlighted as contravening the above requirements need to be adequately resolved with alternative options. This process is a collaborative effort between Compliance and Business Department Heads.

Anti-competitive behavior

The Company does not engage in anti-competitive practices. Our values and the Code of Ethics we adhere to prevents this occurring.

Anti-corruption

Singer Finance's Code of Business Conduct, as well as accepted professional norms and values prohibit our employees from engaging in corrupt activities such as bribing, obtaining political favors or making political donations.

There is a whistle blower program that makes it possible for any employee to report such activities to designated independent personnel in the Company and the Group.

CUSTOMER PRIVACY

Privacy and data security compliance and certifications

As customer privacy and data security are key priorities at Singer Finance, we have chosen a backend service provider (for Credit Cards) certified with the latest Payment Card Industry Data Security Standard V3.2 [PCIDSS].

This, together with other routine measures ensuring confidentiality and privacy of customer data, and training of all our staff members who have access to customer information helps us provide a guarantee of utmost confidence to all of our customers.

Data and business recovery

As part of implementing our Business Continuity Plan [BCP], Singer Finance maintains a real time, online data replication system, a comprehensive disaster recovery center, in an off-site location. This enables the company continue its operations without setbacks in the event of any unforeseen disability of the main Company IT system.

INVESTORS

INVESTOR HIGHLIGHTS

	2018	2017
Equity Investors (numbers)	7,031	7,139
Value Allocated to Shareholders as Dividends (Rs.)	196,011,853	175,253,334
Earnings Per Share	2.52	2.24
Market Price Per Share – Rs. Maximum	21.00	23.60
Market Price Per Share – Rs. Minimum	14.90	16.60
Share Price as at Year End – Rs.	15.40	17.10
Annual Income Growth (%)	25.56	23.51
Growth in Profit after Tax (%)	19.80	[16.11]
Growth in Advances (%)	24.36	15.11
Growth in Deposits (%)	66.83	1.16
Growth in Shareholders funds (%)	22.59	4.73
Equity to Assets (%)	20.67	21.69
Debt: Equity (times)	3.40	3.38

Our investors include individual and corporate equity shareholders and the holders of secured and unsecured debentures.

Through the provision of equity and debt capital, our investors support the growth and expansion of the Company as opportunities arise. In turn, we work diligently to offer the optimal returns on their investments through sustained growth and profitability. We achieve this by embracing sound diversification and growth strategies, policies and procedures. The Company operates in compliance with all relevant laws and regulatory requirements applicable to it.

Singer Finance has paid out a consistent dividend to its shareholders throughout its history. This practice continues the year under review.

The Company's relationships with investors have always been cordial and warm. The Company has immense respect for its minority shareholders and all other stakeholders. The Management and Board members are committed to allocate sufficient time to our investors whenever required.

Engaging with investors

Our primary modes of communicating with investors are through our annual reports and at the Annual General Meeting.

We also use the corporate website, announcement through the Colombo Stock Exchange, press conferences and media releases as channels to inform and engage with our investors.

BUSINESS PARTNERS

Maintaining good business relationships with our partners is integral to the success and sustainability of our business.

In all our relationships with our business partners, the Company practices the procedures and policies of the financial manual of the Singer Group which embeds processes for transparency and good governance.

All Singer Finance employees entrusted with sourcing products or services for the Company are bound by these policies.

The Company outsources functions such as courier services, Call Centre, Janitorial and tea services and Scanning process etc.

IT and vendor selection process

The Company outsources vendor evaluations on major projects pertaining to Information Technology and business systems. The evaluations are outsourced to independent professional service providers such as reputed consulting firms specializing in offering these services to similar businesses.

Non-Disclosures Agreements

The Company employs non-disclosure agreements [NDAs] when it is necessary to share sensitive and confidential information with a service provider or vendor, such as in IT software design and applications. The NDAs must be signed before the company shares information.

Evaluating suppliers

Company takes a number of factors into account when assessing suppliers. These include their experience in the relevant field, business reputation, skills, expertise, their past and present clients and the type and nature of work done on behalf of those clients.

Business partner engagement

Singer Finance strives to maintain close relationships with our business partners. We treat them with respect and conduct our business ethically, fairly and in accordance with our values of trust and integrity.

We have always maintained an open door policy for our business partners.

Annual events

We reward and entertain our top performing business introducers and dealers by organizing regional events on an annual basis.

RELATIONSHIPS WITH REGULATORS

As a well-established Company, we have a responsibility to the people of the nation and all our stakeholders to comply with laws of the land and rules and regulations laid out by the government and various regulators.

During the year under review, we have complied with all laws, rules and regulations applicable to us.

Our relationships with the Government of Sri Lanka and the relevant regulators—such as the Central Bank of Sri Lanka, the Colombo Stock Exchange, the Securities and Exchange Commission—have always been cordial and spontaneous.

The Company leadership ensures that the employees who are entrusted with the task of engaging with regulators are well trained and competent in their areas of work. They are expected to work closely, accommodate regulatory requirements, furnish details as sought and to work with utmost care, sensitivity and urgency.

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 per capita income and living standards of citizens. We support national goals of reducing unemployment and improving access to financial services via our islandwide network. Our target group consists of agriculture sector and rural economies, which is 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 of Sri Lanka, Securities and Exchange Commission and the Colombo Stock Exchange as well as other national regulatory bodies and provide necessary information when requested whilst maintaining high standards of financial reporting.

During the year under review no legal actions or actions on regulatory non-compliance against Singer Finance except as stated in page 140 were recorded. Details about our compliance framework is provided in the Corporate Governance section of this report.

MEMBERSHIP OF ASSOCIATIONS

The Company is committed to working with industry, business and professional associations and uses these associations to network and to contribute towards improving our industry overall.

Participating in industry, business and other events and contributing in meetings and at other gatherings, group studies and various other fora also help us strengthen our business value creation capabilities. But beyond that, such participation also paves way for working with like minded businesses to further national, social and other important goals that have a positive impact on our nation.

We also see memberships of associations and being able to represent the Company in such forums as a way of enriching the professional experience and reputation of our key officers.

Singer Finance is happy to be the employer of many talented professional members belonging to a wide range of reputed institutes and associations in Sri Lanka.

In fact, we pay annual membership fees for our professional members in these organisations.

Contribution to Society

We have always believed that our long-term success is reliant on our commitment to fulfilling the needs of our society. We put our effort to create long-term value by balancing the need of the organization with the need of future generations.

The Company enabled a gifted student to take the decision to enter prestigious school in Colombo 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. His progress and needs are continuously monitored by the Head Office of Singer Finance and consistent aid is provided on a need basis.

Singer Finance donated special educational sets to Galewela zonal education office to overcome the difficulties and barriers in teaching to the children with special needs. It is conducting special educational units in eight schools.

INTELLECTUAL CAPITAL

We, at Singer Finance, realize that it is our intellectual capital that binds together all our other capitals-financial, manufacturing, human, social and relationship and natural-thus enabling us create sustainable value for our stakeholders over the long term.

The most noteworthy elements of our intellectual capital include the value and reputation of our own brand-Singer Finance, our association with the Singer brand, our corporate values and the code of ethics we adhere to in all our endeavours.

CAPITAL HIGHLIGHTS



Awards

Gold Award

*Institute of Chartered
Accountants of Sri Lanka at
the 53rd Annual Report Awards*



New product launches/brands 2018

Gold Loans

Revolving
Loans



SINGER
TRUSTED EXCELLENCE



We count the attitudes, knowledge, skills, and the creativity that our employees bring into our operations an indispensable element of our intellectual capital. We strive to work on supporting their personal and professional development in order to enable each member of our team reach their full and true potential, because that inevitably enriches the Company and its intellectual capital base. More about our efforts on this front are described under the Human Capital heading.

From September 2017, due to the change in ownership of Singer (Sri Lanka) PLC, Hayleys PLC became the ultimate holding company of Singer Finance. With a long history over 140 years serving Sri Lankans around the country in a wide variety of sectors, the widely trusted and respected Hayleys brand further strengthens our ability to create sustainable value to our stakeholders.

OUR BRAND

Credit rating

Singer Finance, with a BBB credit rating from Fitch, is a growing and flourishing player in the leasing and financial services sector, constantly innovating to remain competitive.

Awards

We received a Gold Award from the Institute of Chartered Accountants of Sri Lanka at the 53rd Annual Report Awards Ceremony – 2017 Annual Report Awards in the Finance & Leasing Companies category with total assets up to LKR 20Bn.



A pioneering credit card in Sri Lanka

In 2015 we became the first non-bank financial institution in Sri Lanka to issue a credit card.

The Company's credit cards were targeted at a market segment where it is difficult for a financial institution to assess credit worthiness. However, our strategy has been to issue cards to individuals with whom Singer (Sri Lanka) PLC has a transaction history. By issuing such a card, Singer Finance contributes to increasing the financial inclusion in Sri Lanka, an objective of the Central Bank.

This initiative has paid off handsomely, not just in monetary terms but also in helping us balance our product portfolio by extending our reach into consumer financing. It adds value to our brand, broadens our customer reach and supports us in our efforts to prudently balance growth potential and risk.

Gold loans

Singer Finance launched Gold loan facilities in March 2018 in Wennappuwa branch. We expect to extend this facility through all of our branch network in the near future as we are confident that the market is hitherto untapped, especially in the rural areas in which our branches operate.

Our Gold loans offer high security for the customers' gold items, matched with a high value and no hidden charges. Customers are drawn to our Company as we offer a highly personalized service and maintain strict confidentiality.

Previously, the customer segment we are targeting with Gold loans tended to go to local money lenders, paying extremely high interest rates to meet their urgent financing needs. This facility helps consumers pay a lower rate of interest rate and peace of mind as the security of their gold articles is ensured.

SINGER®

TRUSTED EXCELLENCE

THE SINGER BRAND

As a subsidiary of Singer (Sri Lanka) PLC, the Company enjoys and benefits from the immense brand value and the unmatched reputation for excellence and trust the Singer brand has earned in Sri Lanka. From inception, as an organization offering financial services across the regions, Singer Finance has benefited from this association. The power of the Singer brand is an overwhelming presence in our strategic and operational decision making and in our day to day interactions with customers, suppliers and in our engagement with the community. It is an immensely powerful foundation for our marketing efforts, whether in our leasing and financing operations or in the consumer financing and card operations.

The power of the Singer brand is providing us a competitive edge in our Gold Loan operations since customers throughout the nation, place great trust in it.

We anticipate a similar positive effect on our proposed Debit Card savings product when it is launched in the coming year.



THE HAYLEYS BRAND

From this year onwards, the intellectual capital of Singer Finance is further strengthened and supported by coming under the wing of the esteemed Hayleys Group. The Hayleys brand, just like the Singer brand, has a long history in Sri Lanka, especially in the agricultural sector, and across rural Sri Lanka.

We anticipate with much excitement the many possibilities and synergies that open up for us in terms of new products and services we can offer, especially in areas where there is potential for further financial inclusion.

OUR VALUES AND THE CODE OF ETHICS

Our code of ethics, and our values—two key elements of our intellectual capital—have also been nurtured under the Singer umbrella as we adhere to the code of ethics and values as a subsidiary of Singer (Sri Lanka) PLC in all of our activities.

With the Singer name recognition, Sri Lankans throughout the country trust us to do the right thing, to be just and fair in our dealings and to be conscious of our responsibility to society and local communities in which we maintain a presence. We are expected to play fair, and we do.

We are committed at Singer Finance to go beyond rupees and cents and to always use our ethics and values at the forefront in both decision making and in our operations.

Integrity and fairness are key values we emphasize in all our business undertakings. Serving all customers in the best possible way, on time delivery and customer convenience take precedence in our business, over short term profit. We recognize that our reputation, and the value of our brand are reinforced with every event and every encounter we have with our current and potential customers.

We require honesty from our staff members, not just in dealing with customers. Customers are the cornerstone of our business. They are the reason we exist. In recognizing this, our employees are taught to go beyond the call of duty to provide the best solution to the customer in order to keep the customer happy. Happy customers are our best growth prospects and brand ambassadors. The high number of repeat customers the company serves throughout its branch network is proof that we are living the promise.

HANDLING CUSTOMER COMPLAINTS

Every branch has contact numbers on display that our customers can use to make their complaints to the relevant person who is then responsible for dealing with each issue. If such concerns go unattended, customers can escalate the complaints. The company website and the Facebook page act as deterrents for employees who may ill-treat customers.

WHISTLE BLOWER POLICY

At Singer Finance we adhere to the same whistle blower policy as our parent company, Singer (Sri Lanka) PLC. Head of Risk of the parent company is the contact point for all whistleblowers concerning companies of the group. The confidentiality of the whistle blower is maintained by the Head of Risk, as part of his responsibility.

ENSURING COMPLIANCE

There is a separate manager charged with compliance who has access to expert advice when necessary.

The Audit Committee and the Board of Directors review the monthly compliance statement to ensure there are no instances of non compliance. If any are found, they are promptly rectified. The Company discloses such instances of non compliance in our Annual Report.

Singer Finance Corporate Governance report is audited by an external auditor. Any instances of non compliance are pointed out by the auditors. The Corporate Governance report forms part of the Annual Report of the Company.

COMMITMENT TO EXCELLENCE

Our commitment to excellence, as a subsidiary of Singer (Sri Lanka) PLC, is part of our culture and work ethic.

A UNIQUE CUSTOMER PROPOSITION

Singer Finance brings together the key components of our intellectual capital as outlined above to offer a distinctive value proposition for our customers instead of competing on price points and anti-competitive behavior. The strength of our value proposition comes from the fact that it cannot easily be replicated or bettered by our rivals in the industry.

FINANCIAL STRENGTH AND STABILITY

The financial stability of an institution is a key consideration for savings depositors. With the trusted Singer brand name in the forefront, we are able to open more doors and more wallets, harnessing the latent savings potential in our chosen geographical markets to widen our savings deposit base. Our association with Singer is a key reason why Fixed deposit customers seek out Singer Finance as a home for their savings.

Over and above the solid backing from Singer (Sri Lanka) PLC, your Company has demonstrated a prudent approach to balancing business growth and risk. This fact is demonstrated in our strong balance sheet and is recognized by our financiers and investors who support us.

COMMITMENT TO SERVICE EXCELLENCE AND CUSTOMER CONVENIENCE

Sri Lankan customers are increasingly becoming more sophisticated, discerning and demanding in their choices. When choosing a financial institution for loans or deposits, many prudently place great value, as they have always done so, in the financial strength of an institution and a name they trust. But they also place much emphasis on easy access, speedy customer service and convenience.

In the ultra competitive sector of non-bank financial institutions in which your Company operates, we cannot grow and flourish, and sustain that momentum unless we continually demonstrate our commitment to serving our customers by offering an unmatched quality of service.

Your Company has demonstrated this commitment in a number of ways.

Growing branch network

Our growing network of 24 branches is one way of taking our services close to our customers.

An unmatched level of access

Our customers need not visit a branch to make their payments. In offering our services through 15 Singer Mega service centers in addition to the 24 branches and enabling repayments across the island wide Singer retail network of over 425 outlets is

an unmatched level of access that even the biggest banks in the nation cannot easily surpass. Some of these outlets have extended opening hours, another boon to our busy customers.

Utility bill payments

We have enabled our customers a further convenience by enabling them make utility bill payments at Singer Finance branches.

Credit cards and consumer financing

Singer Finance made history, becoming the first non-bank financial institution in Sri Lanka to issue a credit card. Well received by our target market, the credit cards and consumer financing products enable our customers enjoy the lifestyle they aspire to, but do so within a financially secure environment.

Factoring

The Factoring services of Singer Finance support our business customers to make the maximum use of their working capital in order to pursue business growth and profits.

Gold loans

Gold loan facilities from Singer Finance offer our customers a quick, easy, stress free means to obtain cash for short term needs, without the fear of losing one's valuable gold items.

Revolving loans

The Revolving loans facility enables customers to obtain loans when necessary up to the limit of pre-approved, asset backed, revolving loan limit.

Harnessing technology to speed up service

We face stiff competition in all of the product, service and geographical areas in which we operate. Under such challenging conditions, we cannot succeed unless we back our reputation and the positive associations with the Singer brand with an unmatched level of service.

Because our customers value speed of service and convenience, the Company resorted to harness the power of technology and innovation to improve service levels. While this process involves redesigning and rethinking how we serve the needs of our customers our services with the aid of technology.

Faster processing of loans and facilities

With the installation of our new IT package and infrastructure we can now process loan applications faster and grant head office approval without having to courier all the customer files to head office.

The Company can further improve the efficiency of its back-office processes. This system is expected to enhance employee productivity and thus bring in further savings.

Decentralized cheque printing

The new system also enables us to decentralize cheque printing facilities, enabling us disburse loans with equal speed, improving customer service times and satisfaction.

DIGITAL AND MOBILE INITIATIVES

Handheld devices for collection of installments and savings deposits

We are well on our way to employing mobile handheld technology to improve service levels to our customers and speed up processing of transactions. During the year, we successfully completed a trial for using hand held devices for use in collections of debt. Once the devices are issued, our sales and collections staff will be able to issue receipts to customers on the spot, improving speed and service quality. Customers have the confidence that their payments and deposits have been securely recorded by the company.

MARKETING AND PROMOTIONS

We work on improving brand and product awareness through advertising campaigns in the media and with below the line initiatives.

JOINT PROMOTIONS WITH CORPORATES

We routinely engage in carrying out joint promotions with corporate partners around the country to create a buzz and keep the Singer Finance brand top of the mind among potential customers.

In the year under review, we carried out promotions with DIMO, David Pieris Motor Company, Stafford and with other vehicle trading companies scattered throughout the country.

These promotions help improve our brand image and brand visibility in cities and towns where we operate. The expectation is that the improved brand presence will help generate more business.

ONLINE INITIATIVES AND SOCIAL MEDIA ENGAGEMENT

Singer Finance has an official up to date website and an official Facebook page. Through online initiatives, the Company engages customers via competitions.

Our online channels are also a customer touch point, which can be used by our customers to highlight and escalate complaints.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Our Corporate Social Responsibility (CSR) initiatives are further intended to support and enhance the positive brand associations.

The Company has supported and continues to support schools for differently abled children by providing specialised equipment.

Singer Finance is sponsoring a child who faced financial hardships to continue his education in Colombo after gaining entrance to a Colombo school after passing the year 5 scholarship examination.

PRIVACY AND DATA SECURITY COMPLIANCE AND CERTIFICATIONS

Customer privacy and data security is a key priority at Singer Finance. Consequently, we have chosen a backend service provider certified with the latest Payment Card Industry Data Security Standard V3.2 (PCI DSS). This, and other routine measures ensuring confidentiality and privacy of customer data, and training of all our staff members with access to customer information helps us provide a guarantee of utmost confidence to all of our customers.

As noted at the beginning of this section we recognize the important role that our intellectual capital plays in continually binding together all our other capitals and enabling the Company create and deliver sustainable value to our stakeholders.

NATURAL CAPITAL

At Singer Finance we recognize the importance of sustainability in all aspects of our operations so that we contribute to the creating of a sustainable future for all our stakeholders. We believe that operating ethically and sustainably is not just a responsibility, but a fundamental enabler of our commercial success. As an environmentally conscious corporate citizen, your Company is cognizant of the fact that we benefit from and, in turn, influence with our actions, the natural capital of which we are stewards.

CAPITAL HIGHLIGHTS



1976 KG's of waste paper recycled.

Reducing **395.2 KG's** of carbon emission

The impact on the environment
through recycling of paper:

Saved



34
trees

62,797
Litres of waters

7,904 kWh
of electricity

3468
Liters of oil

5929
Cubic meters of landfill

The Company's business creates only a limited impact on the environment. In operating our service business, we consume natural resources such as energy, water, paper products on a continuing basis. As we open new branches to carry on operations we also consume various natural materials that go into construction of office buildings, furniture and fitting, office equipment including computers and communications equipment and devices.

As a direct result of our operations we generate waste paper, e-waste and carbon emissions due to the usage of vehicles in our operations.

PROMOTING ENVIRONMENTALLY FRIENDLY PRACTICES

With a view to minimizing our carbon footprint and any negative impacts on the environment, Singer Finance encourages environmentally friendly practices at the head office and in the branch network.

Many of our routine activities are carried out along with the basic premise to "Reduce, Reuse and Recycle." Company has been encouraging energy and water saving measures among employees and will continue to raise awareness of their importance on an ongoing basis.

SAVING ENERGY

Electricity

At head office and in the branch network, employees are constantly reminded of the need to save electricity by switching off unnecessary lights.

The Company has started using CFL bulbs to reduce the energy consumption on an ongoing basis. All new branches have energy efficient lighting installed. Low energy consumption LCD monitors are used throughout the company to minimize energy consumption.

Air conditioners are set at appropriate levels to reduce the energy consumption while ensuring an optimal level of comfort for employees.

We are assured of energy efficiency in our new equipment purchases as all electronic equipment are purchased through Singer and Singer is intent on improving energy efficiency of their products on an ongoing basis.

Fuel consumption

The company does not own a fleet of vehicles. The employees are given loan facilities to acquire their own vehicles. The Branch Managers are responsible for monitoring transport and travel cost reimbursements and will highlight unusual consumption patterns. As such, fuel consumption records are minimal at head office and not available at the corporate level in respect of branch expenses.

When branch employees attend meetings, the Company encourage the practice of vehicle pooling to reduce energy use.

Water consumption and saving

The company constantly remind employees of the need to save water, and to turn off taps when not in use. These have become standard practice, but we continue to raise awareness in order to sustain environmentally friendly practices.

E-Waste disposal

Service organizations such as ours are highly reliant on computer and electronic equipment including communication devices and telephones. We are also planning to add mobile handheld devices to the mix, further increasing our levels of e-waste. Going paperless will reduce some types of e-waste—printers, faxes and photocopiers—while increasing the need for other devices, such as scanners and more computer access to employees.

Our E-Waste management initiative are being undertake as a group measure in collaboration with Singer (Sri Lanka) PLC, considered a pioneer in this area.

Since 2010, Singer has worked with the Central Environmental Authority (CEA) to assist local authorities in the management of e-waste on a national scale. As a result, Singer Group follows UN BASEL convention regulations in collecting, transporting and storing e-waste for recycling.

When the Company wishes to dispose e-waste from Head Office or from a branch, we inform the Singer Distribution center which sends a lorry to collect e-waste which is then channeled via the Distribution center to the CEA to be disposed in an environmental friendly manner.

RECYCLING OF PAPER

The waste paper generated by the Company is given for recycling.

Paperless initiatives

We strive to reduce our carbon footprint to a minimum by taking steps to save paper both in our operations and in our routine communications with our customers.

E-Bills for Credit Card Customers

We have encouraged our Credit Card customers to opt into using e-bills, foregoing paper bills, thus reducing paper usage.

Bill payments online

The company pays bills online—for electricity, water, telephone, internet and other facilities—in order to cut down on generating paper bills.

Moving towards paperless operations

Our new leasing and finance IT infrastructure together with reengineered processes both at the back end and the front end, enables us to significantly reduce our paper consumption on a daily basis.

The Company expects to adopt a centralized electronic filing system in the near future, for all customer files. Branches may access files at branch level as the need arises. This will eliminate the need for transporting files to and from branches, as is the case with the present system.

Granting loan approvals online and decentralizing cheque printing

Although we have not fully implemented the process change, we are planning to review loan applications of customers online, through the system and grant approval to branches to disburse loans. The usual practice was for each branch to send their customer loan application files through courier to head office for approval. Once approvals were made, the cheques were printed at head office and sent to the branches for disbursement.

We expect to fully adopt these re-engineered processes for loan approvals and disbursements in the next financial period. Our new IT infrastructure has empowered us and made it possible to significantly cut down not just paper use, but also on transport costs bringing files and cheques to and from branches thus reducing our carbon footprint on two fronts.

The planned changes will significantly speed up time to process a loan from application to disbursement, improving speed of customer service and enhancing customer satisfaction and convenience.

Mobile handheld technology adoption

Employing handheld devices in collections and savings efforts will also help reduce the amount of paperwork generated by our staff while also providing instance assurance to the customers of the safety of their deposits and the certainty of a completed instalment payment.

COMMUNICATING WITH CUSTOMERS AND POTENTIAL CUSTOMERS

SMS promotions

We send SMS promotions to customers regarding our Gold loan and credit card promotions. Using this channel of communications to reach our customers enable us to further cut down on the need for written communication and paper consumption. It is also a very cost effective means of getting our promotional messages across to a wide audience.

Email and mobile messages

Almost all of our corporate deposit customers communicate with us via either email or mobile.

Payment reminders via SMS

We send customers reminders on payment due dates and arrears via SMS, further reducing the need for printed paper documents and stationery.

The website and Facebook page also strengthen our paperless communication efforts with current and potential customers.

Committed to reducing our impact

Although Singer Finance, by the nature of the Company's business creates only a limited carbon footprint through our operations, we recognize that as responsible corporate citizens we must take on some responsibility for reducing our impact where possible

The Company takes measures on a continuing basis to do so, and with the planned reengineering of front and back office operations within an improved technology platform, we are poised to make great strides in significantly limiting our paper consumption and use of transport and courier services.

Going paperless means less printing and the need for printers, photocopiers and faxes. In turn, this means generating far less electronic waste in the long run.

Environmental Compliance

Singer Finance has not identified any instances of non-compliance with Sri Lankan environmental laws and regulations.



As we realize our true potential, we **move ahead to empower the financial aspirations of Sri Lankans** backed by the strength and stability of two trusted and respected corporate entities.



Singer Finance (Lanka) PLC is committed to maintaining integrity, transparency and ethical conduct by adopting the right governance practices. The Company strongly believes that sustainability of the Company's future depends greatly on the management practices adopted based on sound governance principles. The Company goes beyond the parameters set by the regulators to be compliant with the rules and regulations, by adopting a principles based approach which is primarily driven by the Company's heritage and culture of safeguarding ethical practices.

The Company's internal audit function is conducted by different entities with all the branches being audited once a year by recognized Chartered Accountants. The Accounting, Credit and Recoveries functions, Credit Card Department, IT controls and system access reviews and re-possessed vehicles in the yard are subject to a periodical audit by the internal audit function of the Parent Company.

These reports are forwarded for review of the Audit Committee of Singer Finance who in turn report to the Board of Directors of the Company.

The Company's Senior Managers and other key managers are bound to sign the Code of Business Conduct of the parent company Singer [Sri Lanka] PLC on an annual basis. As per the section D 4.2 of the Combined Code of Best Practice on Corporate Governance during the year there have not been any violation of the provisions of the Code of Business Conduct ethics by the Company.

GOVERNANCE FRAMEWORK

The Company's governance framework complies with the rules and regulations of the Code of Best Practice issued in 2017 jointly by The Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission, The Central Bank of Sri Lanka, and The Colombo Stock Exchange.

Internal	External	Governance Systems
Vision, mission and values	Companies Act No 7 of 2007	Stakeholder engagement
Articles of Association	Finance Companies [Corporate Governance] Direction No 3 of 2008	Risk Management, Compliance
Terms of Reference of the Board Sub-Committees	Listing Rules of the Colombo Stock Exchange Directives/ Regulations of the Securities and Exchange Commission of Sri Lanka.	Compliance
Code of Business Conduct	Sri Lanka Accounting Standards	People Management
	Integrated Reporting Framework issued by the International Integrated Reporting council (IIRC)	Internal and external audit
	Code of Best Practices issued by the Institute of Chartered Accountants of Sri Lanka.	Related party transactions

Board Sub-Committee	Mandate
Audit Committee	Ensures the integrity of the financial statements of the Company. Reviews the internal control practices of the Company. Ensures that internal audit activities are carried out as in an independent and objective manner.
Integrated Risk Management Committee	Develop and implement a robust risk management framework. Ensures compliance with the relevant regulations and legislations. Review and monitor the contingency plans of the Company.
Remuneration Committee	Makes recommendations to the Board on the remuneration paid to Executive Directors and CEO.
Related Party Transactions Review Committee	Review existing and new policies, procedures on related party transactions of the Company. Determining whether related party transactions to be entered into by the Company should be submitted to the Board of Directors or shareholders of the Company for approval.

The Board is supported by the other management committees: namely the Asset Liability Management Committee, IT Steering Committee and Credit Committee.

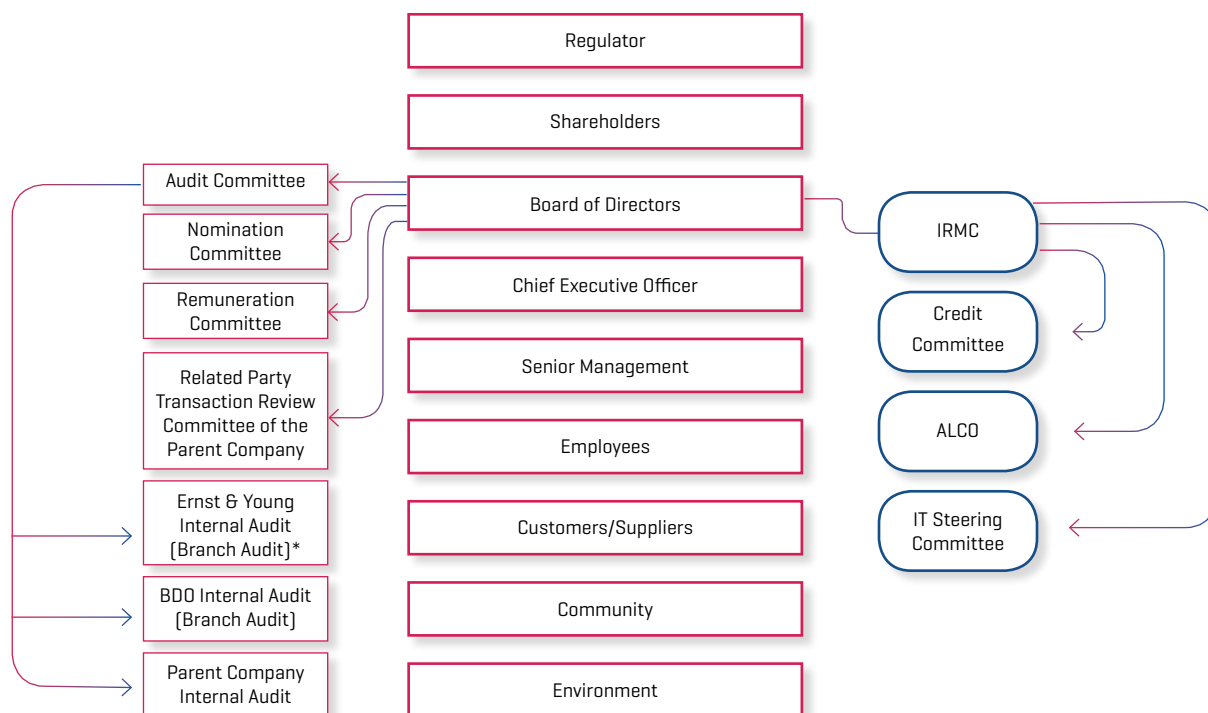
BOARD MEETINGS

Board meetings are held on a monthly basis with special meetings convened on a need basis. Board papers are circulated well in advance to the Board meeting, providing sufficient time for review and perusal.

The corporate management team is responsible for ensuring timely, reliable and accurate information presentation to the Board.

In the ensuing section from pages 84 to 129 we aim to set out the corporate governance practices adopted and practiced by the Company, the extent of adoption with the Direction No. 03 of 2008 of CBSL and of the Code of Best Practice on Corporate

Governance issued in year 2017 jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka and the Rule set out in Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance.



* Internal Audits performed up to September 2017.

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 above shows the governance structure of the company which ensures the integral performance and long term sustainability.

Business Ethics

The Company enshrines the highest ethical standards in the conduct of its business affairs and its Board of Directors are tasked with ensuring that the resultant regime of exemplary governance across all aspects of business are in the best interests of stakeholders. Ethically correct conduct comprising integrity, honesty, fair play and loyalty pervade all actions. Transparency is encouraged in all public disclosures, as well as in the way business and communication take place with all stakeholders. A 'whistle-blowing policy' introduced internally in 2009 has increased the level of transparency towards a wider dimension. All employees are bound by the Company's written Code of Ethics that includes the following aspects:

- Exercise honesty, objectivity and diligence when performing one's duties.
- Avoid situations where personal interest might conflict with the interest of the Company; and if so, disclose such interest in advance.
- Maintain confidentiality of commercial and price-sensitive information.
- Work within applicable laws and regulations.
- Safeguard the Company's assets.

- Avoid conduct that will reflect badly on the person concerned or the Company's image.
- Strictly avoid giving or accepting any kind of a bribe, either directly or indirectly.
- Strictly avoid making contributions for political funds, either directly or indirectly.
- Strictly avoid any kind of sexual harassment.

The Company has implemented a formal whistle-blowing procedure and encourages any employee who suspects misconduct at work, whether by management, peers or any other employee, to raise their concerns.

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 issued by 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, 2013 and the present code in practice is "Code of Best Practice on Corporate Governance 2017" issued by the ICASL.

Joint code issued in 2017 carried more extensive best practice provisions that corporates are encouraged to adopt in discharging their corporate governance activities in following areas.

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

Central Bank of Sri Lanka

The Monetary Law Act [Chapter 422] established the Central Bank of Sri Lanka [CBSL] as the authority responsible for the administration, supervision and regulation of the monetary, financial and payment system of Sri Lanka. By the same Act,

CBSL has been charged with the objectives of economic and price stability, with a view to encouraging and promoting the development of the productive resources of Sri Lanka.

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

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

Listing Rules of the Colombo Stock Exchange

Colombo Stock Exchange has issued Listing Rules to ensure the creation and maintenance of a market in which Securities can be issued and traded in an orderly and fair manner and which secures efficiency and confidence of all stakeholders in the operation and conduct of the market. The CSE has issued rules on Corporate Governance under its ruling 7.10 to be complied by the companies listed in the Exchange. This report sets out the Company's adherence to the aforementioned Directions on Corporate Governance as illustrated from pages 81 to 129.

IT Governance

IT governance process of the Company ensures that IT objectives are aligned with the business objectives that will meet its strategic and operational objectives. IT governance is an integral part of the corporate governance process and which deals primarily with optimising the linkage between Strategic Directions and Information Management of the Company. Competent and dedicated staff are deployed to support this need. Company investment in IT resources covers resources operated and managed centrally and resources deployed in various places. IT resources include Core-Banking system, other related business systems, internet, emails and other Company-wide data communication systems. Impact of the IT governance to diverse functional areas of the Company is driven by certain core objectives which are set in the table below.

Compliance	Investing in licensed software deployed in compliance with Intellectual Property Law with a view to educate and mandate compliance to such laws throughout the Company.
Operational Efficiency	Streamlining of the credit management process and MIS reporting so that integrity is maintained across the value chain through near real-time processing.
Prudent Capital Expenditure	All major IT investments are carefully evaluated by the IT team and built into the business plan and carefully scrutinised at the planning level, and approval is granted by both, Board and Intermediate Parent Company. Final approval of IT capital expenditure is sought from the CEO-Singer Group and Intermediate Parent Company.
Customer Convenience	Ensuring process efficiencies to increase the contribution to customer convenience. All Singer Finance customers could pay their rental outstanding at any Singer Plus, Singer Mega, or Sisil World branches in addition to 24 Singer Finance branches islandwide. This is arguably the largest payments network in Sri Lanka with over 500 touch points.
Green IT	Protecting the environment by reducing print through migration to emails and soft copies.

This Section (pages 84 to 98) Sets out the Corporate Governance Principles under CBSL Regulations and Compliance with the same

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
2. The Responsibilities of the Board of Directors	2 [1]	a) Approving and overseeing Strategic objectives and values are communicated throughout the Company network. Decisions taken at the board meetings are communicated to Senior Management, Senior Management Communicates Same to Operational Levels as appropriate.	Complied
		b) Approving the overall business strategy of the Company, including the risk policy and risk management procedures and mechanisms with measurable goals for at least immediate next three years. Senior Management of the Company formulates the annual plan and it is approved by parent Company, Ultimate parent Company and the Board of Directors of the Company.	Complied [Company prepares the business strategy for two years]
		c) Identifying risks and ensuring implementation of appropriate systems to manage the risks prudently; The Risk Portfolio of the Company is overseen by the IRMC and its deliberations	Complied
		d) Approving a policy of communication with all stakeholders, including depositors, creditors, share-holders and borrowers	Complied Please Refer Board Communication Policy on page 150.
		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 on page 148.
		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.
		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;	Complied This direction is overseen by the function of the Board and the Board Nomination Committee

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
		j) Ensuring that the finance company has an appropriate succession plan for key management personnel.	<p>Complied</p> <p>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>
		k) Meeting regularly with the key management personnel to review policies, establish lines of communication and monitor progress towards corporate objectives.	<p>Complied</p> <p>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>
		l) understanding the regulatory environment;	<p>Complied</p> <p>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>
		m) Exercising due diligence in the hiring and oversight of external auditors.	<p>Complied</p> <p>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>
	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	Requirement of the Regulation	Status of Compliance
	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 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>
	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 as there was no necessity to do so.</p>
	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 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>
	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.	<p>Not Applicable</p> <p>Such a situation did not arise during the year under review</p>
	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.	<p>Complied</p> <p>Please refer pages 81 to 129</p>
	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	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

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	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.
	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
	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
	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
	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
	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.
	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

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	3 [9]	<p>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:</p> <p>[a] a summary of data and information used by the Board in its deliberations;</p> <p>[b] the matters considered by the Board;</p> <p>[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;</p> <p>[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;</p> <p>[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</p> <p>[f] the decisions and Board resolutions.</p>	Complied
4. Composition of the Board	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
	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
	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
	4 [4]	With effect from three years from the date of this Direction, the number of independent non-executive directors of the Board shall be at least one fourth of the total numbers of directors.	Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
		<p>A non-executive director shall not be considered independent if such director:</p> <ul style="list-style-type: none"> a) has shares exceeding 2% of the paid up capital of the finance company or 10% of the paid up capital of another finance company; b) has or had during the period of two year immediately preceding his appointment as director, any business transactions with the finance company as described in paragraph 9 hereof, aggregate value outstanding of which at any particular time exceeds 10% of the capital funds of the finance company as shown in its last audited balance sheet; c) has been employed by the finance company during the two year period immediately preceding the appointment as director; d) Has a relative, who is a director or Chief Executive Officer or key management personnel or holds shares exceeding 10% of the paid up capital of the finance company or exceeding 12.5% of the paid up capital of another finance company e) represents a shareholder, debtor, or such other similar stakeholder of the finance company f) is an employee or a director or has a shareholding of 10% or more of the paid up capital in a Company or business organization <ul style="list-style-type: none"> i) Which has a transaction with the finance company as defined in paragraph 9, aggregate value outstanding of which at any particular time exceeds 10% of the capital funds as shown in its last audited balance sheet of the finance company, or ii) In which any of the directors of the finance company is employed or is a director or holds shares exceeds 10% of the capital funds, as shown in its last audited balance sheet of the finance company, or; iii) In which any of the other directors of the finance company has a transaction as defined in paragraph 9, aggregate value outstanding of which at any particular time exceeds 10% of the capital funds, as shown in its last audited balance sheet of the finance company. 	
	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.	<p>Not Applicable</p> <p>There are no Alternate Directors appointed to represent independent non-executive directors</p>
	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.	<p>Complied</p> <p>Please refer the profiles of the Non-executive directors given in pages 20 to 25</p>

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	4 [7]	With effect from three years from the date of this Direction, a meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present, unless at least one half of the number of directors that constitute the quorum at such meeting are non-executive directors.	Complied
	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 129.
	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 is complied by the function of the Board Nomination Committee
	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
	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	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
	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	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
	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
7. The Chairman and the Chief Executive Officer	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

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	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
	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
	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
	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
	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
	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
	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
	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
	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
	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

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
8. Board appointed Committees	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, in the Annual Report of the Company.	<p>Complied</p> <p>Company has six sub committees namely Audit Committee, Remuneration Committee, Nomination Committee, Integrated Risk Management Committee, Credit Committee & Related Party Transactions Review Committee.</p> <p>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</p>
Audit Committee	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
	8 [2] (b)	The Board members appointed to the committee shall be non-executive directors.	Complied
	8 [2] (c)	<p>The committee shall make recommendations on matters in connection with:</p> <p>(i) the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes;</p> <p>(ii) the implementation of the Central Bank guidelines issued to auditors from time to time;</p> <p>(iii) the application of the relevant accounting standards; and</p> <p>(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</p>	Complied
	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
	8 [2] (e)	<p>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.</p> <p><i>The committee reviews the scope of the non-audit services provided by the external auditors to ensure the compliance of independence and objectivity.</i></p>	Partially Complied

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	8 (2) (f)	<p>The committee shall, before the audit commences, discuss and finalise with the external auditors the nature and scope of the audit, including:</p> <ul style="list-style-type: none"> (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
	8 (2) (g)	<p>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:</p> <ul style="list-style-type: none"> (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
	8 (2) (h)	<p>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.</p>	Complied
	8 (2) (I)	<p>The committee shall review the external auditor's management letter and the management's response thereto.</p>	Complied
	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

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	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
	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.	Partially Complied [Although, the frequency of meetings were not within the requirement to meeting once in six months, the Chairman of the Audit Committee met with the external auditors without the presence of the Executive on the 29th of May 2017 and on the 16th of May 2018]
	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
	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 129.
	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 Please refer pages 129 & 141
	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
	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

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
Integrated Risk Management Committee	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
	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 This process is carried out once a quarter
	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
	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
	8 [3] [e]	The committee shall meet at least quarterly to assess all aspects of risk management including updated business continuity plans.	Complied
	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
	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 IRMC submitted a risk report to the Board, however, the deadline period of within a week was not met.
	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.	Partially Complied [The Compliance Officer is not primarily dedicated for Compliance as he is also involved with Reporting]

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
9. Related party transactions	9 [2]	<p>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:</p> <ul style="list-style-type: none"> 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 ; f) A shareholder who owns shares exceeding 10% of the paid up capital of the finance company; 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>Complied</p> <p>There were no such transactions that gave rise to a conflict of interest during the year under review.</p>
	9 [4]	<p>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 relevant establishment. For the purpose of this paragraph, "more favourable treatment" shall mean</p> <ul style="list-style-type: none"> a) Granting of "total net accommodation" to a related party, exceeding a prudent percentage of the finance company's regulatory capital, as determined by the Board. The "total net accommodation" shall be computed by deducting from the total accommodation, the cash collateral and investments made by such related party in the finance company's share capital and debt instruments with a remaining maturity of 5 years or more. b) Charging of a lower rate of interest than the finance company's best lending rate or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counterparty; c) Providing preferential treatment, such as favourable terms, covering trade losses and/or waiving fees/commissions, that extends beyond the terms granted in the normal course of business with unrelated parties; d) Providing or obtaining services to or from a related-party without a proper evaluation procedure; e) Maintaining reporting lines and information flows between the finance company and any related party which may lead to share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate duties and functions. 	<p>Complied</p> <p>No "Such" transactions took place with a related party during the year under review.</p>

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
10. Disclosures	10 [1]	<p>The Board shall ensure that:</p> <p>(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</p> <p>(b) such statements are published in the newspapers in an abridged form, in Sinhala, Tamil and English.</p>	<p>Complied</p> <p>The financial statements are prepared in accordance with the LKASs / SLFRs/ and the formats prescribed by the regulators.</p> <p>Annual financial statements are disclosed in the annual report; biannual (unaudited) financials are published in the newspapers in all three languages and the quarterly statements are posted on the CSE website.</p>
The Board shall ensure that at least the following disclosures are made in the Annual Report:	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
	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.	<p>Complied</p> <p>Please refer Directors' Statement On Internal Control on pages 148 to 149.</p>
	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.	<p>Complied</p> <p>The Company obtains a certification from the External Auditors during finalizing of the Annual Audit but does not publish the same</p>
	10 [2] (d)	Details of directors, including names, transactions with the finance company.	Complied
	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
	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.	<p>Not Applicable</p> <p>The Company has not granted loans to Related Parties during the year under review</p>
	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.	<p>Complied</p> <p>Please refer page 210.</p>

Corporate Governance Principle	Reference to CBSL Regulation	Requirement of the Regulation	Status of Compliance
	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.	<p>Please refer the Disclosure Report under Finance Companies Corporate Governance Direction No.3 of 2008 in page 140.</p> <p>Under the Finance Companies (Single Borrower Limit) Direction No. 4 of 2006/1, the value of unsecured accommodations granted to and outstanding at any point of time from all borrowers should not exceed 5% of the capital funds as shown in the last audited balance sheet. However, as of 31/03/2018, this balance has been exceeded in the Credit Card product by Rs.386.8 Mn. Therefore, the Company is not complying with Direction No.4 of 2006/1</p>
	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.	Please refer the Disclosure Report under Finance Companies Corporate Governance Direction No.3 of 2008 in page 140.
	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.	<p>Complied</p> <p>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</p>

This Section (pages 99 to 128) Sets Out the Code of Best Practice on Corporate Governance Principles Under ICASL Principles and the Extent of Compliance with the Same

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
Section 1: The Company A. Directors A.1 The Board	Principle of Code A.1	Every public Company should be headed by an effective Board, which should direct, Lead and control the Company:-	Complied
Meetings of the Board	A.1.1	Although the Code of best practice recommends that the Board meets quarterly, the CBSL requires the Boards of Finance Companies to meet once a month. The Board met 13 times during the financial year concerned, having met twice in the month of June 2017 and twice in the month of October 2017, the Board was not able to meet in the month of May 2017. Individual participation of each Director at Board meetings is provided in the chart given under The heading of "Board meetings".	Complied
Responsibilities of the Board	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:	Complied
		<ul style="list-style-type: none"> The formulation and implementation of a sound business strategy:- Company formulates the annual plan and it is approved by the board of directors of the Company, parent Company and ultimate parent Company. Decisions taken at the board meetings are communicated to senior management and further filtered down to operational levels as appropriate. 	Complied
		<ul style="list-style-type: none"> The Board of Directors of the company has appointed the chair and the senior independent directors as required; 	Complied
		<ul style="list-style-type: none"> Ensuring that the Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy: This has been proven by the Company's success throughout the years with a low turnover ratio in key positions and the consistent performance being delivered by the same CEO and Key Management since inception. Ensuring the adoption of an effective CEO and Key Management Personnel succession strategy:- The Company's second and third layers are well experienced and skilled to take over a key role Ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management. 	Complied
		<ul style="list-style-type: none"> Approving budgets and major capital expenditure:- Budgets and major capital expenditure are reviewed and approved by the board 	Complied
		<ul style="list-style-type: none"> Determining the matters expressly reserved to the board and those delegated to the management including limits of authority and financial delegation:- The board has agreed and reserved power to determine matters including approving of major capital expenditure, appointing the secretary to the board and seeking professional advice as and when needed. Credit facility approval is delegated to the management by the board under the recommendation of the credit committee. Cheque signing limits are determined by the board and delegated to management as required to allow proper functioning of the business. 	Complied
		<ul style="list-style-type: none"> Ensure effective systems to secure integrity of information, internal control and risk management. 	Complied
		The Board has delegated the reviewing and monitoring the financial reporting process of the Company, reviewing of effectiveness of internal controls of the company to the Audit Committee.	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
		Reviewing of Risk Management process of the company has delegated to the Integrated Risk Management Committee of the Company.	Complied
		Audit Committee framework, composition, duties and responsibilities are given in Audit Committee Report on page 141 and Integrated Risk Management Committee framework, composition, duties and responsibilities are given in Integrated Risk Management Committee Report on page 144.	Complied
		<ul style="list-style-type: none"> Ensuring compliance with laws, regulations and ethical standards :-A lot of emphasis is placed to safeguard internal controls , ensure integrity of information, business continuity and risk management by way of the internal audit function, Quarterly risk meetings , Quarterly Credit Committee meetings and Integrated Risk Management Committee Meetings monthly IT meetings, quarterly AML/CFT meetings and monthly ALCO meetings. 	Complied
		<ul style="list-style-type: none"> Ensuring all stakeholder interests are considered in corporate decisions:- Company has conducted its affairs with a sense of respect for all stakeholders and this can be proven by the fact that there have been no significant complaints or legal action initiated against the Company. 	Complied
		<ul style="list-style-type: none"> Recognizing sustainable business development in Corporate Strategy, decisions and activities: - This has been proven by the past track record and success of the Company. Sustainability is a core area of focus in the strategy formulation process of the Company. 	Complied
		<ul style="list-style-type: none"> Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations; 	Complied
		<ul style="list-style-type: none"> Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks :- All the criteria's are monitor and evaluated through formal reporting process. 	Complied
		<ul style="list-style-type: none"> Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the company- The board ensures compliance to annual and quarterly corporate reporting requirements. In addition, the reporting requirement to the CBSL from weekly to annually is ensure by the board. 	Complied
		<ul style="list-style-type: none"> Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned. : This has been proven by the past track record and success of the Company and the Boards sub Committees such as the Audit and IRMC functions regularly and deliberates at length thus contributing to Compliance and Financial regulations. 	Complied
Professional advice to the Board	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:- 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.	Complied
Company Secretary	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
Independent judgment of Directors	A.1.5	All Directors should bring independent judgment to bear on issues of strategy, performance, resources allocation (including key appointments), risk management, compliance and standards of business conduct.	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
Adequate time and effort of Directors	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
	A.1.7	One third of Directors can call for a resolution to be presented to the board where they feel it is in the best interest to the company to do so	Complied No such situations have arose
Training for Directors	A.1.8	Directors receive appropriate orientation when first appointed to the board and subsequently as necessary: - Newly appointed chairman is well experienced ex-banker of a large bank where it has a subsidiary Finance Company. Also, newly appointed directors are informed by the Company Secretary about disclosure requirements, regulatory requirements to be complied. Directors are also briefed on changes in laws and regulations, tax laws and accounting standards from time to time.	Complied
A.2 Chairman and Chief Executive Officer (CEO)	Principle of Code A.2	There are two key tasks at the top of every public Company – Conducting of the business of the Board, and facilitating executive responsibility for management of the Company's business. There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision :- The positions of Chairman and Group CEO are separated to ensure a balance of power and authority and to prevent any one individual from possessing unfettered decision-making authority	Complied
	A.2.1	A Decision to combine the posts of Chairman and CEO in one person should be justified and highlighted in the Annual Report The position of Chairman and CEO is separated in the Company	Complied
A.3 Chairman's Role	Principle of Code A.3	The Chairman's role in preserving good corporate governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.	Complied
	A.3.1	The Chairman should conduct Board proceedings in a proper manner and ensure, inter alia, that:	Complied
		<ul style="list-style-type: none"> The agenda for board meetings is developed in consultation with the CEO, directors and the company secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance 	Complied
		<ul style="list-style-type: none"> Sufficiently detailed information of matters included in the agenda should be provided to Directors in a timely manner 	Complied
		<ul style="list-style-type: none"> All directors are made aware of their duties and responsibilities and the board and committee structures through which it will operate in discharging its responsibilities 	Complied
		<ul style="list-style-type: none"> All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company; 	Complied
		<ul style="list-style-type: none"> The effective participation of both Executive and Non-Executive Directors is secured. The Chairman conducted Board proceedings in a proper manner and ensured the effective participation of all Directors 	Complied
		<ul style="list-style-type: none"> All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company; - 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. 	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
		<ul style="list-style-type: none"> A balance of power between Executive and Non-Executive Directors is maintained 	Complied
		<ul style="list-style-type: none"> The views of Directors on issues under consideration are ascertained; and the Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders:- 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
A.4 Financial Acumen	Principle of Code A.4	<p>The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance</p> <p>Qualifications of the Directors are given under the Directors profiles in pages 20 to 25.</p>	Complied
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.5.1	<p>The Board should include – Non-Executive Directors of sufficient calibre and number for their views to carry significant weight in the Board's decisions. The Board should include at least two Non-Executive Directors or such number of Non-Executive Directors equivalent to one-third of total number of Directors, whichever is higher. In the event, the Chairman and CEO is the same person, Non-Executive Directors should comprise a majority of the Board:-</p> <p>Seven out of the Eight Directors are Non-Executive Directors which is well above the minimum prescribed by the Code. This ensures views of Non-Executive Directors carry a significant weight in the decisions made by the Board.</p>	Complied
	A.5.2	Where the constitution of the Board of Directors includes only two Non-Executive Directors, both such Non-Executive Directors should be 'independent'. In all other instances two or one third of Non-Executive Directors appointed to the Board of Directors whichever is higher should be 'independent'	Complied
	A.5.3	<p>For a Director to be deemed 'independent' such Director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment:-</p> <p>The Company obtains a signed statement of independence from each Director once a year.</p>	Complied
	A.5.4	<p>Each Non-Executive Director should submit a signed and dated declaration annually of his/ her independence or non-independence against the specified criteria set out in the Specimen in Schedule K.</p> <p>Every Non-Executive Independent Director of the Company has made written submissions as to their independence against the specified criteria set out by the Company, which is in line with the requirements of Schedule K of this Code</p>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	A.5.5	<p>The Board should make a determination annually as to the independence or non-independence of each Non-Executive Director based on such a declaration made of decided criteria and other Information available to the Board, and should set out in the Annual Report the names of Directors determined to be 'independent'. The Board should specify the criteria not met and the basis for its determination in the Annual Report, if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which indicate the contrary:</p> <p>The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence, as a fair representation and will continue to evaluate their independence on this basis annually. No circumstances have arisen for the determination of independence by the Board, beyond the criteria set out in the Code. Independent on-Executive Directors are:</p> <p>Mr. J.A Setukavalar- Senior Independent Director</p> <p>Mr. J.M.J.Perera- Independent Director</p> <p>Mr. M.P.A.Salgado- Independent Director</p>	Complied
	A.5.6	<p>If an alternate Director is appointed by a Non-Executive Director such Alternate Director should not be an executive of the Company. If an Alternate Director is appointed by an Independent Director, the person who is appointed also should meet the criteria of independence and the provision on minimum number of Independent Directors also should be satisfied.</p> <p>Independent Non-Executive Directors have not appointed Alternate Directors. Alternative Directors to the Non-Executive Directors are executives of the Company. However, Board balance is not affected since the Board complies with Code A.5.2.</p>	Complied
	A.5.7	<p>In the event the Chairman and CEO is the same person, the Board should appoint one of the Independent Non-Executive Directors to be the 'Senior Independent Director' [SID] and disclose this appointment in the Annual Report .The roles of Chairman and Group CEO are separated.</p>	Complied
	A.5.8	<p>The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company.</p>	Not Applicable
	A.5.9	<p>The Chairman should hold meetings with the Non- Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.</p> <p>Chairman meets with NEDs without the presence of Executive Directors, whenever necessary.</p>	Complied
	A.5.10	<p>Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure that their concerns are recorded in the Board minutes.</p> <p>Concerns raised by the Directors during the year, if any, are recorded in the minutes of Board meetings with adequate details by the Company Secretary.</p>	Complied
A.6 Supply of Information	Principle of Code A.6.	<p>The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.</p> <p>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.</p>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	A.6.1	<p>Management has an obligation to provide the Board with appropriate and timely information, but information volunteered by management may not be enough in all circumstances and Directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meetings.</p> <p>The Company ensures that the Directors receive adequate information in a timely manner. On urgent matters, every effort is made to provide the information, as early as possible. The Board receives a standard set of documents, which are timely, accurate, relevant and comprehensive. These papers include a detailed analysis of financial and non-financial information. The Board may call for additional information or clarify issues with any member of the Executive Committee. If necessary, all Directors are adequately briefed by the CEO or CFO on matters arising at Board meetings. The Secretary and the Compliance Officer ensure that Board papers are circulated in advance prior to Board meeting. If necessary, members of the Executive Committee, External Auditors and Outside Consultancies makes presentations to the Board when required. The Chairman ensures that all Directors are briefed adequately on issues arising at Board meetings.</p>	Complied
	A.6.2	<p>The minutes, agenda and papers required for a Board meeting should ordinarily be provided to Directors at least seven (7) days before the meeting, to facilitate its effective conduct.</p> <p>The minutes, agenda and papers required for Board meeting are provided in advance to facilitate its effective conduct.</p>	Complied
A.7 Appointments to the Board	Principle of Code A.7	<p>There should be a formal and transparent procedure for the appointment of new Directors to the Board.</p> <p>Board nomination committee recommends the new board appointments. In recommending a new appointee to the Board, 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 his/her Independence</p>	Complied
	A.7.1	<p>A Nomination Committee should be established to make recommendations to the Board on all new Board appointments. Terms of Reference for Nomination Committees are set out in Schedule A of Code of Best practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka. The Chairman and members of the Nomination Committee should be identified in the Annual Report.</p> <p>The Committee consists of Two Independent Non-Executive Directors and a Non Executive Director.; The Chairman of the Committee is an Independent Non-Executive Director. Secretary to the Nomination Committee of the parent company acts as the secretary to the Committee [Please refer page 143 for composition of the Board]</p>	Complied
	A.7.2	<p>The Nomination Committee or in the absence of a Nomination Committee, the Board as a whole should annually assess Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings of such assessment should be taken into account when new Board appointments are considered and when incumbent Directors come up for re-election.</p> <p>Board as a whole annually assesses the composition of the Board to ensure that the combined knowledge and experience of the Board matches the strategic demand facing the Company. The findings of such assessments are taken into account when new Board appointments are considered.</p>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	A.7.3	<p>Upon the appointment of a new Director to the Board, the Company should forthwith disclose to shareholders</p> <ul style="list-style-type: none"> - a brief résumé of the Director; - the nature of his expertise in relevant functional areas; - the names of companies in which the Director holds directorships or memberships in Board Committees; and - whether such a Director can be considered 'independent'. <p>All new appointments are communicated to the shareholders via the Colombo Stock Exchange website. The details of the current Board of Directors and new appointments are provided on pages 20 to 25 in this Annual Report.</p>	Complied
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. Chairman/ CEO is not subject to re-election.	Complied
	A.8.1	<p>Non-Executive Directors should be appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their reappointment should not be automatic.</p> <p>In terms of the Articles of Association, one-third of the Directors, except for Chairman, /CEO, retire in rotation and may offer themselves for re-election at the AGM. By virtue of being the Chairman,/CEO are not required to make themselves available for re-election as the Articles of Association.</p>	Complied
	A.8.2	<p>All Directors including the Chairman of the Board, should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years. The names of Directors submitted for election or re-election should be accompanied by a résumé minimally as set out in paragraph A.7.3 above, to enable shareholders to make an informed decision on their election.</p> <p>The Company's Articles of Association provides that any Director appointed by the Board to hold office until the next Annual General Meeting, may seek reappointment by the shareholders at the said AGM. Based on the article and the current composition of the Board, a Director has to come forward for re-election, every three years. A résumé of the Directors coming up for re-election at the AGM, 2018 is available on pages 20 to 25. Also as stated in above A.8.1, In terms of the Articles of Association, one-third of the Directors, except for Chairman, /CEO, retire by rotation and may offer themselves for re-election at the AGM</p>	Complied
	A.8.3	<p>In the event of a resignation of a director prior to completion of his appointed term, the director should provide a written communication to the board of his reasons for resignation.:</p> <p>Written communications are provided to the board by directors who resign prior to completion of his appointed term</p>	Complied
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
	A.9.1	<p>The Board should annually appraise itself on its performance in the discharge of its key responsibilities as set out in A.1.2.</p> <p>The performance of the Board and the subcommittee is reviewed and evaluated by the Board and Chairman based on a self-appraisal basis.</p>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	A.9.2	<p>The Board should also undertake an annual self-evaluation of its own performance and that of its Committees.</p> <p>The performance and deliberations of the Audit and IRM Committees are frequently discussed at Board Meeting, thereby carrying out a effective self-evaluation.</p>	Complied
	A.9.3	<p>The board should have a process to review the participation, contribution and engagement of each director at the time of re-election</p> <p>The individual self-evaluations are carried out by the respective Board Members in submitted in writing to the Secretary for the record. And as explained above in A.9.2 self-evaluation of the Board and its committee occur during the proceedings of Board Meetings.</p>	Complied
A.10 Disclosure of Information in Respect of Directors	Principle of Code A.10	Shareholders should be kept advised of relevant details in respect of Directors	Complied
	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	Principal of Code A.11	The Board should be required, at least annually, to assess the performance of the CEO.	Complied
	A.11.1	<p>At the commencement of every fiscal year, the Board in consultation with the CEO should set, in line with the short, medium and long-term objectives of the Company, reasonable financial and non-financial targets that should be met by the CEO during the year.</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. This process is carried out as mentioned in above A.11</p>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	A.11.2	<p>The performance of the CEO should be evaluated by the Board at the end of each fiscal year to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.</p> <p>This process happens when the CEO's performance appraisal is carried out at the year end.</p>	Complied
B. Directors' Remuneration	Principal of Code B.1.	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.	Complied
	B.1.1	<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]The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year:</p> <p><i>The scope of the Committee is to consider and recommend to the Board, remuneration and perquisites of the CEO and Independent Directors of the Board of the Company</i></p>	Complied
	B.1.2	<p>Remuneration Committees should consist exclusively of Non-Executive Directors, and should have a Chairman, who should be appointed by the Board:</p> <p><i>The Committee consists of Two Independent Non-Executive Directors and One Non-Executive Director. The Committee is chaired by an Independent Non-Executive Director. Secretary of the Remuneration Committee of the parent company acts as the Secretary to the Committee. The Group CEO attends by invitation and the Finance Director of the Parent Company assist the Committee by providing the relevant information and participating in its analysis and deliberations.</i></p>	Complied
	B.1.3	<p>The Chairman and Members of the Remuneration Committee should be listed in the Annual Report each year:</p> <p><i>Please refer page 146.</i></p>	Complied
	B.1.4	<p>The Board as a whole, or where required by the Articles of Association the shareholders, should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted by the Articles, the Board may delegate this responsibility to a subcommittee of the Board, Which might include the CEO:</p> <p><i>The Non-Executive Directors receive a comprehensive fee for being a Director of the Board and either chairing or being a member of a Board subcommittee. They do not receive any performance/incentive payments. Deciding on the remuneration of Non-Executive Directors are delegated to the Remuneration Committee by the Board.</i></p>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	B.1.5	<p>The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and have access to professional advice from within and outside the Company, in discharging their responsibilities:</p> <p><i>The Committee has the authority to seek internal and external independent professional advice on matters falling within its purview, at the Company's expense. Views of the Chairman and Group CEO are obtained as they too are members of the said Board Subcommittee.</i></p>	Complied
B.2 The Level and Make Up of Remuneration	Principle of Code B.2	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.	Complied
	B.2.1	<p>The Remuneration Committee should provide the packages needed to attract, retain and motivate Executive Directors of the quality required but should avoid paying more than is necessary for this purpose:</p> <p><i>The Board Remuneration Committee and also the Board ensure that Executive Director –CEO is provided with an attractive remuneration package.</i></p>	Complied
	B.2.2	Executive Directors' remuneration should be designed to promote the long-term success of the company	Complied
	B.2.3	<p>The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance:</p> <p><i>The committee ensures that compensation packages are designed to attract and retain a highly qualified and experienced workforce and reward performances. These compensation packages should provide compensation appropriate for each business within the Group and commensurate with each employee's level of experience and contribution, bearing in mind the business performance and long-term Shareholder returns.</i></p>	Complied
	B.2.4	<p>The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the Company or Group of which it is a part, especially when determining annual salary increases:</p> <p><i>The Remuneration Committee takes into consideration and is sensitive about the conditions of the Group when determining annual salary increases.</i></p>	Complied
	B.2.5	<p>The performance-related elements of remuneration of Executive Directors should be designed and tailored to align their interests with those of the Company and main stakeholders and to give these Directors appropriate incentives to perform at the highest levels. The performance related elements should be transparent, stretching and rigorously applied:</p> <p><i>Objectives for Executive Director is set at the beginning of the year and the remuneration including the performance bonus is decided based upon the degree of achievement of such pre-set targets.</i></p>	Complied
	B.2.6	<p>Executive share options should not be offered at a discount [i.e., less than market price prevailing at the time the exercise price is determined], save as permitted by the Listing Rules of the Colombo Stock Exchange:</p> <p><i>Presently the Company does not have an Executive Share Option Scheme.</i></p>	Not Applicable

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	B.2.7	In designing schemes of performance-related remuneration, Remuneration Committees should follow the provisions set out in Schedule E of Code of Best Practice on Corporate Governance: <i>Please refer Remuneration Committee Report on page 146.</i>	Complied
	B.2.8	Remuneration Committees should consider what compensation commitments (including pension contributions) their Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committee should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts: <i>Not applicable to the Board except for Chief Executive Officer and other Executive Directors (Alternate Directors to the Non-Executive Directors) who are employees of the Company, and their terms of employment are governed by the contract of service/employment.</i>	Complied
	B.2.9	Where the initial contract does not explicitly provide for compensation commitments, Remuneration Committees should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.	Not Applicable
	B.2.10	Levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of their role, taking into consideration market practices. Remuneration for Non-Executive Directors should not normally include share options. If exceptionally options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the Non-Executive Director leaves the Board. Holding share options could be relevant to the determination of a Non-Executive Director's independence. (as set out in provision A.5.5): <i>Non-Executive Directors of the Company are paid nominal fees commensurate with their time and role in the Company and taking into consideration market practices and recommendations made by the parent company and ultimate parent company. Non-Executive Directors are not included in share options as there is no scheme in existence.</i>	Complied
B.3 Disclosure of Remuneration	Principle of Code B.3	The Company's Annual Report should contain a Statement of Remuneration Policy and details of Remuneration of the Board as a whole.	Complied
	B.3.1	The Annual Report should set out the names of Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Remuneration Committee, contain a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors: <i>Please refer pages 146 & 210.</i>	Complied
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: <i>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.</i>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	C.1.1	Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.	Complied
	C.1.2	Companies should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the adoption of the report and accounts: <i>Company proposes a separate resolution at the AGM on each substantially separate issues. Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.</i>	Complied
	C.1.3	The company should ensure that all valid proxy appointments received for general meetings are properly recorded and counted. For each resolution where a vote has been taken on a show of hands, the company should ensure that the following information is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the company. - The number of shares in respect of which proxy appointments have been validly made; - The number of votes for the resolution; - The number of votes against the resolution; and - The number of shares in respect of which the vote was directed to be withheld. When, in the opinion of the board, a significant proportion of votes have been cast against a resolution at any general meeting, the board should take steps to understand the reasons behind the vote results and determine if any actions are required: <i>The company ensures that all valid proxy appointments received for general meetings are properly recorded and counted</i>	Complied
	C.1.4	The Chairman of the Board should arrange for the Chairmen of the Audit, Remuneration, Nomination and Related Party Transaction Review Committee and the Senior Independent Director are to be available to answer questions at the AGM if so requested by the Chairman: <i>The Chairman of the Company ensures that Chairmen of all Board subcommittees namely, Audit, Remuneration, Nomination and Related Party Transactions Review Committee are present at the AGM to answer the questions under their purview.</i>	Complied
	C.1.5	Companies should circulate, along with every Notice of General Meetings, a summary of the procedures governing voting at General Meetings: <i>A summary of the procedures governing voting at General Meetings is circulated to shareholders with every Notice of General Meetings.</i>	Complied
C.2 Communication with Shareholders	Principle of Code C.2	The Board should implement effective communication with shareholders.	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	C.2.1	<p>There should be a channel to reach all shareholders of the Company in order to disseminate timely information:</p> <p><i>The primary modes of communication between Company and the shareholders are the Annual Report and AGM. Information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the business of Company, either Verbally or in writing prior to the AGM. The Company used the following channels to disseminate timely information;</i></p> <ul style="list-style-type: none"> - Shareholders meetings - Financial and other notices as and when - Required through the Colombo Stock Exchange - Corporate website - Press notices. 	Complied
	C.2.2	<p>The Company should disclose the policy and methodology for communication with Shareholders:</p> <p><i>Please refer the Board Communication Policy on page 150.</i></p>	Complied
	C.2.3	<p>The Company should disclose how they implement the above policy and methodology:</p> <p><i>Printed copies of Annual Report are provided to shareholders as per request or could be downloaded from the CSE website.</i></p>	Complied
	C.2.4	<p>The Company should disclose the contact person for such communication:</p> <p><i>The contact person is the Company Secretary</i></p>	Complied
	C.2.5	<p>The Company should have a process to make all Directors aware of major issues and concerns of shareholders, and this process has to be disclosed by the Company:</p> <p><i>The Company Secretary shall maintain a record of all correspondence received and will deliver as soon as practicable such correspondence to the Board or individual Director/s as applicable. The Board or individual Director/s, as applicable, will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretary to send the response to the particular shareholder.</i></p>	Complied
	C.2.6	<p>The Company should decide the person to contact in relation to shareholder matters. The relevant person with statutory responsibilities to contact in relation to shareholders matters is the Company Secretary or in his/her absence should be a designated member of the Board of Directors.</p>	Complied
	C.2.7	<p>The process of responding to shareholder matters should be formulated by the Board and disclosed:</p> <p><i>Please refer the Board Communication Policy on page 150.</i></p>	Complied
C.3. Major and Material Transactions	Principle of Code C.3	<p>Further to compliance with the requirements under the Companies Act, Securities and Exchange Commission law and Colombo Stock Exchange regulations as applicable, Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/vary the Company's net assets base or in the case of a Company with subsidiaries, the Consolidated Group Net Asset Base.</p>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	C.3.1	<p>Prior to a Company engaging in or committing to a 'Major Related Party Transaction', with a related party, involving the acquisition, sale or disposition of greater than one third of the Company's assets or that of a subsidiary which has a material bearing on the Company and/or consolidated net assets of the Company, or a transaction which has or is likely to have the effect of the Company acquiring obligations and liabilities, of greater than one third of the value of the Company's assets, the Directors should disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by ordinary resolution at an Extraordinary General Meeting. It also applies to transactions or series of related transactions which have the purpose or effect of substantially altering the nature of the business carried on by the Company:</p> <p><i>During the year, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007 which materially affect the Net Assets Base of the Company. Transactions which materially affect the net assets base of the Company will be disclosed in the Quarterly/Annual Financial Statements, if any.</i></p>	Complied
	C.3.2	Public listed companies should in addition comply with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulations of the Securities and Exchange Commission and by the Colombo Stock Exchange.	Not Applicable
D. Accountability And Audit	Principle of Code D.1	The Board should present a balanced and Understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal control and challenges, opportunities and prospects.	Complied
D.1. Financial and Business Reporting	D.1.1	<p>The board should present an annual report including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained:</p> <p><i>An annual report is presented including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations.</i></p>	Complied
	D.1.2	<p>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:</p> <p><i>The Board is well aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 158 confirming this position. The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Further, Company has complied with the reporting requirements prescribed by the regulatory authority such as the Colombo Stock Exchange.</i></p>	Complied
	D.1.3	The board should, before it approves the company's financial statements for a financial period, obtain from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the system of risk management and internal control was operating effectively	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	D.1.4	<p>The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that</p> <ul style="list-style-type: none"> - The Company has not engaged in any activity which contravenes laws and regulations; - The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested; - The Company has made all endeavours to ensure the equitable treatment of shareholders; - The directors have complied with best practices of corporate governance - Property, Plant and equipment is reflected at fair value, where it is different from fair value adequate disclosures are made; - They have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith; and - The business is a going concern, with supporting assumptions or qualifications as necessary; <p>and if it is unable to make any of this declarations, to explain why it is unable to do so.</p> <p><i>The Annual Report of the Board of Directors on the Affairs of the Company given on pages 153 to 157 covers all of these sections. In addition to that Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements. A compliance statement is tabled at each Board meeting by the Compliance Officer. The Company's compliance with Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance and details of such compliance are discussed on pages 84 to 129 of this Report.</i></p>	Complied
	D 1.5	<p>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:</p> <p><i>The "Statement of Directors' Responsibility" is given on page 158</i></p> <p><i>The Directors' Statement on Internal Control is given on page 148</i></p> <p><i>The 'Independent Auditors Report' on pages 159 to 161 states the Auditors responsibility.</i></p>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	D.1.6	<p>The Annual Report should contain a "Management Discussion & Analysis", discussing, among other issues:</p> <ul style="list-style-type: none"> - business model - Industry structure and developments; - Opportunities and threats; - Risks and concerns; - Internal control systems and their adequacy; - Governance - stakeholder relationships - social and environmental protection activities carried out by the Company; - financial performance; - investment in physical and intellectual capital - human resource/industrial relations activities carried out by the company - Prospects for the future. <p><i>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 pages 48 to 56.</i></p>	Complied
	D.1.7	<p>In the event the net assets of the Company falling below 50% of the value of the Company's shareholders' funds, the Directors shall forthwith summon an Extraordinary General Meeting of the Company to notify shareholders of the position and of remedial action being taken:</p> <p><i>Likelihood of such occurrence is remote. However, should the situation arise, an EGM will be called for and shareholders will be notified.</i></p>	Complied
	D.1.8	<p>The Board Should adequately and accurately disclose the related party transactions in its Annual Report</p> <ul style="list-style-type: none"> • Each related party to submit signed and dated quarterly declarations mentioning whether they have related party transactions with the Company's defined in this Code; • It should be the responsibility of the Company Secretary to keep a record on related party transactions and make necessary disclosures accordingly; • There should be a process to capture related parties and related party transactions. This process needs to be operationalized and related party transactions should be properly documented; • A record /register either in hard or soft form on related party and related and related party transactions should be maintained by the Company; • This record should ensure that the Company captures information to comply with the respective related party disclosure requirements imposed by the SEC/ Accounting Standards/Auditing Standards and similar regulations 	Complied
D.2. Risk Management and Internal Control	Principle for Code D.2	<p>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:</p> <p><i>The Board has delegated this authority to Audit Committee and IRM Committee and timely reviews make sure the fulfilment of above requirement.</i></p>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	D.2.1	The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.	Complied
	D.2.2	The directors should confirm in the annual report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity. The directors should describe those risks and explain how they are being managed or mitigated.	Complied
	D.2.3	Company should have an internal audit function: <i>The Parent Company's Internal Audit conducts the internal audit function of the Company, and the branches are outsourced to two audit firms.</i>	Complied
	D.2.4	The Board should require the Audit Committee to ensure carrying out reviews of the process and effectiveness of risk management and internal controls, and to document to the Board and Board takes responsibility for the disclosures on risk management and internal controls: <i>The Internal Audit Division of the Company carries out regular reviews on the risk management function and internal control system including internal control Over financial reporting. The Audit Committee monitors, reviews and evaluates the effectiveness of internal control system including the internal controls over financial reporting. In the year 2017/18, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Refer the Directors' Statement on Internal Control on pages 148 to 149.</i>	Complied
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 for financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's Auditors.	Complied
	D.3.1	The board should establish an audit committee exclusively of non-executive directors with a minimum of three non-executive directors of whom at least two should be independent. If there are more non-executive directors, the majority should be independent. The committee should be chaired by an independent non-executive director. The board should satisfy itself that at least one member of the audit committee has recent and relevant experience in financial reporting and control: <i>All members of the Board Audit Committee are Non-Executive Directors. Three out of four Directors are Independent Directors. Details of Committee are given in pages 141 to 142.</i>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
Terms of Reference of the Audit Committee	D.3.2	<p>The Audit Committee should have a written Terms of Reference, dealing clearly with its authority and duties. The Audit Committee's written Terms of Reference must address:</p> <ul style="list-style-type: none"> • The Committee's purpose- which, at minimum, must be to: <ul style="list-style-type: none"> ○ Assist Board oversight of the: <ul style="list-style-type: none"> • Preparation, presentation and adequacy of disclosures in the financial statements, in accordance with the Sri Lanka's Accounting Standards; • Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements; • Process to ensure that the Company's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards; ○ Assessing the Company's ability to continue as a going concern in the foreseeable future: <ul style="list-style-type: none"> • Performance of the Company's internal audit function; • Process to the identification, monitoring and management of significant business/financial risk and • Independence and performance of the company's external audit. • The duties and responsibilities of the Audit Committee-should at a minimum include those set out below:Making recommendations to the Board, pertaining to appointment, re-appointment and removal of external Auditors and to approve the remuneration and terms of engagement of the external Auditors; • To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; • To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Sri Lankan professional and regulatory requirements; • Discussion of the audit plan, key audit issues, their resolution and management responses; • Review the Company's annual audited financial statements and quarterly financial statements with management and the Auditor to ensure compliance with the Sri Lanka Accounting Standards and other relevant laws and regulations; • To review significant financial reporting judgments ; • Review the company's earnings press releases and financial information and earnings guidance provided to analysts and rating agencies; • Discussion of policies and practices with respect to risk assessment and risk management; 	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
		<ul style="list-style-type: none"> To review the companies internal financials controls and unless expressly addressed by a separate board risk committee composed of independent directors or by the board itself to review the company's internal control and risk management system; Ensuring that a process of sound system of internal control is in place; Ensuring that at least once in every three years an review of the board's risk management, internal controls, business continuity, planning and information security systems are carried out and appropriate remedial action recommended to the board; Ensuring that an effective internal audit function is in place and monitor and review the internal audit activities; Meeting separately, periodically, with management, auditors and internal auditors; Ensuring that there is a mechanism for the confidential receipt, retention and treatment of complaints alleging fraud, received from internal/external sources and pertaining to accounting, internal control or other such matters; Assuring confidentiality to whistle-blowing employees; Setting clear hiring policies for employees or former employees of the Auditors; and Reporting regularly to the Board of Directors. <p><i>As stated in the Report of the Audit Committee of the Company , the Committee regularly reviews scope, results and effectiveness of the Audit.</i></p>	
Disclosures	D.3.3	<p>A separate section of the annual report should describe the work of the committee in discharging its responsibilities. The report should include:</p> <ul style="list-style-type: none"> The names of the Directors (persons in the Parent Company's Committee in the case of a Group Company) comprising the Audit Committee The number of meetings held and attendance of each director; The scope of work and how its roles and responsibilities were discharged; The significant issues that the committee considered in relation to the financial statements, and how these issues were addressed An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length; If the external auditor provides non-audit services, an explanation of how auditor objectivity and independence are safeguarded ;and 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>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><i>Names of the members of the Audit Committee are given on pages 141 to 142 under the section on the 'Composition of the Committee' and disclosure on the independence of the Auditors is found on pages 159 to 161 under the 'Auditors' in the 'Annual Report of the Board of Directors on the Affairs of the Company' on pages 153 to 157.</i></p>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
D.4 Related Party Transactions Review Committee	Principle of Code D.4	The Board should establish a procedure to ensure that the company does not engage in transactions with 'related parties' in a manner that would grant such parties 'more favourable treatment' than that accorded to third parties in the normal course of business.	Complied
	D.4.1	A related party and related party transactions will be as defined in LKAS 24.	Complied
	D.4.2	<p>The Board should establish a Related Party Transactions (RPT) review committee consisting exclusively of non-executive directors with a minimum of three non-executive directors of whom the majority should be independent. Executive directors may attend by invitation. The chairman should be an Independent non-executive director appointed by the board.</p> <p><i>Senior Independent Director represents the Company in the Group Related Party Review Committee (where parent company is a public quoted company).</i></p>	<p>Complied</p> <p>The RPT Review Committee of Singer (Sri Lanka) PLC, the parent Company acts as the RPT Review Committee of the Company.</p>
	D.4.3	<p>RPT Review committee should have written terms of reference dealing clearly with its authority and duties which should be approved by the Board of Directors. The RPT review Committee's written terms of reference must address;</p> <ul style="list-style-type: none"> • A procedure for documenting related parties in accordance with the definitions in LKAS 24 and the CSE Listing Rules. • A procedure to obtain a statement of related party interest from each such related party at least once in each quarter, when there's a change in the status and in any event prior to entering into any transaction between such related parties and the company, its parent or any of subsidiaries, sub-subsidiaries, fellow subsidiaries, associates, joint ventures and any other entities which are considered related parties as defined in LKAS 24 unless they are exempted related party transactions as defined in CSE Listing Rules. • Key management personal of the company responsible for contracting, procurement, payments, and any other channel through which an inflow or outflow of resources can result, should have a list of all related parties and have a process in place to capture and report any related party transaction within their area of responsibility. • A procedure to inform all related parties of what constitutes exempted related party transactions. • A procedure to identify and for directors to report recurrent and non-recurrent related party transactions and to obtain Board or shareholder approval by special or ordinary resolution as required by the CSE Listing Rules. • A procedure and guideline to delegate to key management personnel to deal with recurrent related party transactions as defined in the CSE Listing Rules. • A procedure for the RPT review committee to review and recommend to the board matters relating to such transactions. • Any interested directors should not participate at the meeting at which the transaction relating to him/her is discussed unless invited to seek clarification/ information. • A procedure and definition of disclosure required to be made by the company on an annual basis, those requiring immediate disclosure and those requiring shareholder approval. 	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
		<ul style="list-style-type: none"> • A procedure to identify related party transactions which require immediate disclosure as per the CSE listing rules and to ensure that required disclosures are made by the company to the Colombo Stock Exchange in accordance with the CSE listing rules. • A procedure to identify related party transactions which require shareholder approval by special resolution at an extra-ordinary general meeting. • The company secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals and minutes. • Review and recommend to the Board the related party disclosures to be made in the Annual Report of the Company. <p><i>The Related Party Transactions Review Committee Report on page 147 sets out the functions of the Committee.</i></p>	
D.5 Code of Business Conduct & Ethics	Principle of Code D.5	Companies must adopt a Code of Business conduct & ethics for Directors, Key management personnel and all other employees' including but not limited to; dealing with shares of the company; compliance with listing rules; bribery and corruption; confidentiality; encouraging that any illegal, fraudulent and unethical behaviour be promptly reported to those charged with governance. The company must disclose waivers of the code for Directors, if any. The company adopts the code of business conduct and ethics of its immediate parent, Singer (Sri Lanka) PLC.	Complied
	D.5.1	<p>All companies must disclose whether they have a Code of Business Conduct and Ethics for Directors and Key Management Personal and if they have such a Code, make an affirmative declaration in the Annual Report that all Directors and Key Management Personal have declared complied with such Code, and if unable to make that declaration, state why they are unable to do so. Each Company may determine its own policies in the formulation of such a code, but all companies should address the following important topics in their respective codes:</p> <ul style="list-style-type: none"> • conflict of interest; • bribery and corruption; • entertainment and gifts; • accurate accounting and record keeping; • Fair and transparent procurement practices; • corporate opportunities; • confidentiality; • fair dealing; • protection and proper use of Company assets; Including information assets; • compliance with laws, rules and regulations (including insider trading laws); and • encouraging the reporting of any illegal or unethical behaviour. 	Complied
	D.5.2	The company should have a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	Complied
	D.5.3	The company should establish a policy, process for monitoring and disclosure of shares purchased by any director, key management personnel or any other employee involved in financial reporting.	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
D.6. Corporate Governance Disclosures	Principle of Code D.6	Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good corporate governance.	Complied
	D.6.1	<p>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:</p> <p><i>This Report from pages 81 to 129 sets out the manner and extent to which Singer Finance [Lanka] PLC has complied with the principles and Provisions of the Code.</i></p>	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
	E.1.1	<p>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:</p> <p><i>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.</i></p>	Complied
E.2 Evaluation of Governance Disclosures	Principle of Code E.2	<p>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:</p> <p><i>The Institutional Investors are at liberty to give due weight to matters relating to the Board structure and composition, when they consider resolutions relating to Board structure and composition.</i></p>	Complied
F. Other Investors F.1. Investing /Divesting Decision	Principle of Code F.1	<p>Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions:</p> <p><i>All individual investors are invited to the annual general meeting regardless of the investment size and they are entitled with voting rights.</i></p>	Complied
F.2. Shareholder Voting	Principle of Code F.2	<p>Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights:</p> <p><i>Individual shareholders are encouraged to participate in General Meetings of the Company and exercise their voting rights.</i></p>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
G Internet of things and Cybersecurity	Principle of Code G.1	<p>The Board should have a process to identify how in the organization's business model, IT devices within and outside the organization can connect to the organization's network to send and receive information and the consequent cyber security risks that may affect the business.</p> <p>Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the company's network to send and receive data. Such access could be authorized or unauthorized.</p> <p><i>A process is in place to identify how in the organization's business model, IT devices within and outside the organization can connect to the organization's network to send and receive information and the consequent cyber security risks that may affect the business. This process is handled by IT division of the parent company.</i></p> <p><i>Board gets updates through internal and external audits regarding adequacy of controls in place to mitigate cyber risks, and on possible cyber risks that the company is exposed to.</i></p> <p><i>This responsibility is assigned to the Information Technology Division of the parent company. The company has an IT Policy in place. The cyber security risks are also partly get covered in the IT policy. However, the Board expects to implement a comprehensive cyber security policy together with the parent company in 2018/2019 financial year.</i></p>	Partially Complied
	Principle of Code G.2	<p>The Board should appoint a Chief Information Security Officer [CISO] with sufficient expertise, authority and budgetary allocation to introduce and implement a cyber security risk management policy which should be approved by the Board.</p> <p>The policy should include a robust cyber security risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting and the need for cyber security insurance:</p> <p><i>The company uses the servers of the parent company. Director IT of the parent company has been appointed by the parent company as the Chief Information Security Officer.</i></p> <p><i>The company has an IT policy and cyber security policy is being developed as at the reporting date.</i></p>	Partially Complied
	Principle of Code G.3	<p>The Board should allocate regular and adequate time on the board meeting agenda for discussions about cyber-risk management. The matters taken up for the discussion on the board meeting agenda may include;</p> <ul style="list-style-type: none"> • Potential cyber security risks in the company's business model • CISO's security strategy and status of the current projects • Compliance with the cyber security risk management process and incident report • Findings and recommendations from independent reviewers <p><i>It is being developed and the Board expects to implement in the year 2018/2019.</i></p>	Not Complied.
	Principle of Code G.4	<p>The Board should ensure the effectiveness of the cyber security risk management through independent periodic review and assurance.</p> <p>The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, company's business model and incident findings:</p> <p><i>Will be implemented after implementation of cyber security policy.</i></p>	Not Complied.

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	Principle of Code G.5	The Board should disclose in the annual report, the process to identify and manage cyber security risks.	Not Complied.
H. Environment Society and Governance [Esg] H.1 ESG Reporting	Principle of Code H.1	<p>The Company's annual report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported.</p> <p>Environmental, social and governance considerations can affect a company's ability to execute its business strategy and create value. While many ESG factors are 'non-financial', their management and likely impact have financial consequences. Hence, they are important factors to be built into a company's business model, strategy, governance and risk management framework. ESG factors relevant to the company could impact the followings;</p> <ul style="list-style-type: none"> • Access to financial capital • Cost savings and productivity • Brand value and reputation • Employee recruitment • Employee retention • Access to markets • License to operate • Market capitalization <p>Integrating ESG policies and practices into a company's strategy, business model, governance and risk management, and reporting its likely impact and implications are increasingly seen by investors as material to their investment decisions. Further, investors want to understand how well companies are managing the risks associated with ESG issues, as this is seen as a key test of the long term sustainability of the company. They are also increasing interested in the opportunities presented by low carbon economy, and are allocating capital to companies that are well equipped to benefit from this.</p>	
	H.1.1	<p>Companies should provide information in relation to:</p> <ul style="list-style-type: none"> • The relevance of environmental, social and governance factors to their business models and strategy • How ESG issues may affect their business, • How risks and opportunities pertaining to ESG are recognized managed, measured and reported. <p><i>Sustainability principles related to ESG factors are embedded in the operations of the Company and initiatives implemented to ensure adherence by the Company are discussed in the Management Discussion and Analysis and compliance.</i></p>	Not Complied.

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
H 1.2. Environmental Factors	H.1.2.1	<p>Environmental governance of an organization should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health, and health and environmental implications of their decisions and activities, including;</p> <ul style="list-style-type: none"> • pollution prevention, • sustainable resource use (eg: water, energy) • climate change • protection of environment • bio diversity • restoration of natural resources <p><i>Sustainability principles related to environmental factors are embedded in the operations of the company and initiatives implemented to ensure adherence to environmental governance by the company are discussed in the sustainability report.</i></p>	Not Complied
H 1.3 Social Factors	H.1.3.1	<p>Social governance of an organization should include its relationship with the community, customers, employees, suppliers, outsourced providers and any other party that can influence or be influenced by the organization's business model.</p> <ul style="list-style-type: none"> • The organization should adopt an integrated approach to building a relationship with the community and striving for sustainable development including responsible community engagement, fair competition, thereby demonstrating corporate social responsibility. • The organization should adopt an integrated approach to building a relationship with customers. This includes establishing a process for customer engagement, product responsibility and product recall and other matters relevant to the organization's business model. • The labour practice related governance of an organization should encompass all policies and practices in relation to work performed by or on behalf of the organization in accordance with its business model, and should also include policies and practices such as equal opportunity, career development and training, reward and recognition, conditions of work, work-life balance and industrial relations. • The organization should have policies and procedures to ensure that suppliers and outsourced providers comply with social governance norms of the company. 	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
H.1.4. Governance	H.1.4.1	<p>Companies should establish a governance structure to support its ability to create value and manage risks in the short, medium and long term, recognizing managing and reporting on all pertinent aspects of ESG..</p> <ul style="list-style-type: none"> • The company should recognize the key resources/capitals deployed in its business and establish financial and non-financial measures for resource/capital management and related outputs and outcomes. • The company should have a process to ascertain, assess and manage risks which have an impact on the sustainability of the company. • The company should have a process to recognize material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence. • The disclosures should deal with how the company has complied with the mandatory and voluntary codes of corporate governance and how its leadership structure, organizational culture, code of conduct and business model supports sustainability of the company in the short, medium and long term. <p><i>Process of managing risks in line with ESG aspects is discussed in the Risk management report.</i></p>	Complied
H 1.5. Board's Role On ESG Factors	H.1.5.1	<p>ESG reporting is a Board's responsibility and it is designed to add value by providing a credible account of the Company's economic, social and environmental impact.</p> <p>ESG reporting and disclosure should be formalized as part of the Company's reporting process and take place on a regular basis.</p> <p>ESG reporting should link sustainable issues more closely with strategy.</p> <p>ESG reporting may be built on a number of different guidelines, such as:</p> <ul style="list-style-type: none"> • Integrated Reporting Framework • The Global Reporting Initiative Guidelines <p><i>ESG reporting and disclosure is done as part of the Company's reporting process based on Integrated Reporting Framework and The Global Reporting Initiative Guidelines</i></p>	Complied

Corporate Governance Principle	Reference ICASL Code	Requirement of the Code and Extent of Compliance	Status of Compliance
	Section B	<p>This section covers the Company's extent of adherence to the requirements of the Continuous Listing Requirements Section 7.10 on Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange. This reflects the Company's level of conformity to CSE's Listing Rules which comprise the following fundamental principles:</p> <ul style="list-style-type: none"> • Non-Executive Directors • Independent Directors • Disclosures Relating to Directors • Remuneration Committee • Audit Committee <p>The following table presents the details of the Company's compliance with Section 7.10 and Section 9 of the CSE Listing Rules on Corporate Governance as at 31st March 2018.</p>	

Section	Rule No	Corporate Governance Rule	Details of Compliance
Board of Directors Non-Executive Directors	7.10.1	Number of Non-Executive Directors – One-third of the total number of Directors, subject to a minimum of two.	The Board of Directors comprises eight Directors seven of whom are Non-Executive Directors.
Independent Directors	7.10.2 (a)	Number of Independent Directors – One-third of Non-Executive Directors, subject to a minimum of two.	Three of the Non- Executive Directors are independent.
	7.10.2 (b)	Each Non-Executive Director should submit a declaration of independence/ non-independence.	Independent Non-Executive Directors have submitted declarations confirming their Independence.
Disclosures relating to Directors	7.10.3 (a)	Names of Independent Directors should be disclosed in the Annual Report.	Please refer pages 20 to 25.
	7.10.3 (b)	The Board shall make a determination annually as to the Independence or Non-Independence of each Non- Executive Director.	Not Applicable.
	7.10.3 (c)	A brief résumé of each Director should be included in the Annual Report including the area of experience.	Please refer Board of Directors section of this report on pages 20 to 25.
	7.10.3 (d)	Provide brief resume of any new Director appointed to the Board.	Please refer Board of Directors section of this report on pages 20 to 25.
Remuneration Committee Composition	7.10.5 (a)	Number of Independent Non-Executive Directors in the Committee to be – <ul style="list-style-type: none"> a minimum of two (where a Company has only two Directors on the Board), or in all other instances majority of whom to be independent. 	The Committee Includes of two Independent Non-Executive Directors
		Separate Committee to be formed for the Company or the Listed Parent's Remuneration Committee to be used.	A separate Remuneration Committee was formed for the Company.
		Chairman of the Committee to be a Non-Executive Director.	The Board of Directors has appointed an Independent Non-Executive Director as the Chairman of the Committee.
Function	7.10.5 (b)	Function of the Committee.	The Remuneration Committee Report sets out the functions of the Committee.
Disclosure in the Annual Report	7.10.5 (c)	The Annual Report should set out – <ul style="list-style-type: none"> Names of Directors comprising the Remuneration Committee 	Please refer page 146
		<ul style="list-style-type: none"> Statement of Remuneration policy 	Please refer page 146
		<ul style="list-style-type: none"> Aggregate remuneration paid to Executives and Non-Executive Directors 	Please refer page 210

Section	Rule No	Corporate Governance Rule	Details of Compliance
Audit Committee Composition	7.10.6 [a]	Number of Independent Non-Executive Directors in the Committee to be –	The Committee comprises four Directors of whom three are Independent Non-Executive Directors.
		<ul style="list-style-type: none"> a minimum of two (where a Company has only two Directors on the Board), or in all other instances majority of whom to be independent. 	
		Separate Committee to be formed for the Company or the Listed Parent's Committee to be used.	
		Chairman of the Committee to be a Non-Executive Director.	
		Chairman or one member of the Committee to be a member of a recognised professional accounting body.	
		CEO and CFO to attend Committee meetings, unless otherwise determined by the Audit Committee.	CEO and CFO attend by invitation.
Function	7.10.6 [b]	Function of the Committee.	The Audit Committee Report sets out the functions of the Committee.
Disclosure in the Annual Report	7.10.6 [c]	<p>Names of Directors comprising the Audit Committee</p> <p>The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination</p> <p>The Annual Report shall contain a Report of the Audit Committee in the prescribed manner.</p>	Please refer pages 141 to 142.
Public Holding	7.13.1[a]	In case of float adjusted market capitalization is below Rs. 2.5bn, public holding percentage should maintain minimum at 20%.	Not complied. Please refer page 217.
Related Party Transactions Review Committee			
Composition	9.2.2	Combination of non-executive directors and independent non-executive directors	<p>The Committee comprises of two Independent Non-Executive Directors, one Non-Executive Director and one Executive Director of the parent company.</p> <p>The Senior Independent Non Executive Director of the company attend the meetings by invitation</p>

Section	Rule No	Corporate Governance Rule	Details of Compliance
	9.2.3	Separate Committee to be formed for the Company or the Listed Parent's Committee to be used.	Board of Directors of Singer Finance have resolved to permit the Related Party Transactions Review Committee of the parent Company to function as the Related Party Transactions Review Committee of the Company and appointed Mr. J.A Setukavalar – Senior Independent Non-Executive Director to represent the Company at the BRPTRC. Mr. Gavin Walker who is Non-Executive Director of the Company is also a member of the RPT review Committee
		Function of the Committee.	The Related Party Transactions Review Committee Report sets out the functions of the Committee.
	9.2.4	Related Party Transactions Review Committee - Meetings	Partly Complied Refer Committee Report on page 147.
Disclosure in the Annual Report	9.3.2 (a)	Non-recurrent Related Party Transactions if aggregate value exceeds 10% of the equity or 5% Total assets whichever is lower	Complied
	9.3.2 (b)	Recurrent Related Party Transactions – If aggregate value exceeds 10 % Gross/income as in the latest audited accounts	Complied
	9.3.2. (c)	The Annual report shall contain a Report of the Related Party Transactions Review Committee in the prescribed manner.	Please refer Related Party Transactions Review Committee report on page 147.
	9.3.2 (d)	A declaration by the Board of Directors as an affirmative statement of the compliance with the rules pertaining to related party transactions	Complied Please refer page 147.

Attendance at Board and Sub Committee meetings are given below.

Name of Director	Board Meetings	Audit Committee	Integrated Risk Management Committee	Related Party Transaction Review Committee	Nomination Committee	Remuneration Committee	Credit Committee
Mr. Aravinda Perera - Chairman/NED	4/4	-	-	-	-	-	-
Dr. Saman Kelegama - Former Chairman/INED	2/2	-	-	-	1/1	-	-
Mr. Jayendra A Setukavalar - Senior INED	12/13	6/6	1/2	2/2**	2/2	1/1	-
Mr. Priyath Salgado- INED	4/4	1/1	2/2	-	-	-	2/2
Mr. Jayanth Perera- INED	4/4	1/1	2/2	-	-	-	-
Ms. Darshi Talpahewa- NED	3/4	-	-	-	-	-	-
Mr. Sandeep Perera- NED	3/4	-	-	-	-	-	-
Mr. Gavin Walker- NED	3/13	-	-	1/2	-	1/1	-
Mr. R S Wijeweera- Chief Executive Officer/ED	10/13	-	-	-	-	-	2/3
Mr. Deepal Sooriyarachchi*- INED	-	-	-	2/2	-	-	-
Mr. Ranil De Silva*- INED	-	-	-	2/2	-	-	-
Mr. Asoka Pieris****- ED	-	-	-	2/2	-	-	-
Mr. Lalith Yatiwella- Alternate Director to Mr. Gavin Walker	9/13***	-	-	-	-	-	1/3
Mr. Thushan Amarasuriya- Alternate Director to Mr. R.S Wijeweera	12/13***	-	-	-	-	-	-
Mr. Shyam Ramanathan- Alternate Director to Mr. Sandeep Perera	0/4***	-	-	-	-	-	-
Mr. Chandana Samarasinghe- Alternate Director to Ms. Darshi Talpahewa	0/7***	-	-	-	-	-	-
Mr. Russell De Mel- INED	6/6	4/4	2/2	-	2/2	1/1	-
Mr. John Hyun- NED	4/6	-	-	-	-	-	-
Mr. Janaka Mendis- ED	3/6	-	-	-	-	-	1/1
Mr. Jagath Dissanayake- NED	5/6	-	-	-	-	-	-
Mr. Shyam Ramanathan- Alternate Director to Mr. John Hyun	2/6***	-	-	-	-	-	-
Mr. Chandana Samarasinghe- Alternate Director to Mr. Jagath Dissanayake	1/6***	-	-	-	-	-	-
Mr. Iman Perera- Alternate Director to Mr. Janaka Mendis	2/6***	-	-	-	-	-	-

* Independent Non Executive Director of Parent Company

** Attended by Invitation

***Principal director has attended the meetings

**** CEO-Singer Group/ Executive Director of parent Company

Note - Date of appointment are given in respective committee report

Singer Finance takes a proactive approach to risk. We recognize that all opportunities that come our way are accompanied by risk. While maintaining a prudent approach to risk is necessary, in both strategy making and operational management, we strive to balance opportunities and growth prospects for the Company with a calculated approach to risk management and mitigation.

A structured and disciplined approach to risk management requires aligning business strategy, our processes, people, technology and knowledge in pursuance of our organizational strategies and objectives. This is what the Integrated Risk Management Framework advocates. In all our endeavours, we strive to operate within this framework in order to create and deliver sustainable value to our stakeholders.

Our risk management philosophy and how we put that into daily operation in the Company are explained in detail over the next pages.

RISK ENVIRONMENT

As with any business, the risk landscape confronted by Singer Finance is defined by the trends and forces at work in both the global and the local business environments. To effectively manage risk, the Company must consider these myriad forces, recognize the ones that may have a material effect on our survival and the ability to create sustainable value and work on managing and mitigating those risks effectively.

Global outlook

The period under review was characterized by unrest and upheaval on political, economic and environmental fronts.

Geo-political unrest and economic uncertainty

Typically, the geo-political uncertainty in any period comes from predictable hot spots around the world, such as the Middle east. But in the period under review, geo-political uncertainty plagued even the stable regions of the world including the US and Europe. The political changes and upheaval led by the relatively new Trump administration in the US and the far-right forces attempting to destabilize the liberal political economies of Europe were concerns.

Although things have settled down since and entered a more stable path, at least for now, the global business environment is yet to reconcile fully to the effects of a post-Brexit Europe and more importantly, a global power shift from the US relinquishing the taken-for-granted global economic and political leadership status are yet to be settled. Consolidating its one party power further, the leadership in China appears to be ready to step into the global leadership position.

Towards the end of the period, the levels of uncertainty exacerbated with fears of trade wars between the US and China, threat of nuclear war from North Korea and prospects of war in the Middle East, involving Syria, Iran, Saudi Arabia, UAE and Israel.

The potential for US sanctions on Iran, subsequent to the US pulling out of the Iran nuclear deal may have far reaching consequences for Sri Lanka, since Iran has become one of our largest trading partners on account of fuel imports.

Political unrest in the Middle East too can have destabilizing influences on the global development outlook. This can affect our trade partners negatively, in turn affecting demand for our products and services.

Global equity markets readjusted in early 2018 to more sustainable levels from their earlier bubble-like trends. The US Fed increased interest rates for the eighth successive time, since 2015.

Environmental impacts

Each successive year we are observing more erratic and drastic global weather patterns. Floods, tornadoes, droughts and wildfires—all of these pose direct or indirect consequence on global growth, commodity and energy prices and inflation.

Move towards digital transformation

The demand for digital and online services is growing in all spheres across the global economy. More and more companies and countries are undertaking digital transformation initiatives to cater to the growing demand of consumers moving online and seeking easier, faster digital services, to do everything from banking transactions to shopping.

Digital transformation is an imperative today for companies that wish to remain competitive in both global and local markets.

Threat of cyber attacks

As in the previous year, the threat of cyber attacks on business systems remain a high level concern for global business executives. But the levels of threat are escalating with malicious actors targeting business and government systems for various nefarious ends.

Cyber security is no longer an IT issue. It has become a critical business issue, worthy of attention at the Board level. Organizations affected by cyber threats can take many years to recover from them, and suffer business losses in the short term and loss of credibility and reputation with lasting consequences.

All of the above forces, and more are likely to create ongoing impacts on the global business and economic trends in the latter part of 2018 and beyond.

IMPACT ON SINGER FINANCE

Geo-political and economic uncertainty

Geo-political risk and economic uncertainty may deflate the economic performance in key markets thus deflating the demand in local market for our services, particularly in the services and transportation sectors. At present our tourism exposure is minimal.

Foreign exchange transactions

We are earning commissions in foreign exchange as a result of credit card operations. The strengthening of key global currencies, including the dollar, against the Sri Lankan Rupee may impact our foreign exchange commissions from credit cards positively.

Gold prices

The price of gold increased in the global market during the year under review. While the increase in gold prices may encourage more gold borrowings, the decline may have a negative impact by discouraging borrowers from redeeming their items. Although the risk of default for gold loans remained low during the year, the Company nevertheless continues to monitor the loan-to-value ratio against market prices.



LOCAL ECONOMIC OUTLOOK AND RISK

Impact on Singer Finance

Inflation

Inflation, led primarily by food inflation increased significantly during the year and somewhat moderated toward the end of the financial period. The resulting pressure on disposable incomes may have had a negative impact on our business growth during the year since Singer Finance has significant exposure to consumer credit. This may have created ongoing pressure on our consumer credit segments of the portfolio.

The popularity of the newly introduced Gold loans may have also been partially due to the declines in disposable incomes, resulting in additional cash requirements by borrowers to meet regular needs.

Foreign exchange

When the dollar strengthens against the Sri Lankan rupee, this tends to affect imports, especially high value imports such as vehicles. The business of Singer Finance is reliant to a large degree on leasing facilities offered to the transport and agricultural sector.

This may have impacted our leasing business over the financial period, and beyond.

Moderate credit growth

According to the Central Bank statistics, the sector performance for Licensed Finance Companies (LFCs) and Specialised Leasing Companies (SLCs) moderated during the year with low credit growth, declining profitability and increase in non-performing loans. The policy measures curtailing motor vehicle importation, moderate economic growth and the impact of floods and drought conditions that prevailed during 2017 had a significant depressing effect on the industry overall.

These market realities applied to the Company in a similar manner, but the Company has managed to retain a healthy ratio on non-performing assets despite challenges. The bad debt provisioning remained higher than anticipated during the year, for the same reason. The company adopted mitigating measures to recover amounts due, including regional recovery drives and aggressive repossession campaigns.

Cyber security threats

Cyber Security is an increasingly important area of focus globally. Hacking of Security System by Cyber intruders are twofold, foremost for monetary gains, secondly to flaunt and satisfy the egos of these culprits. Sri Lanka is yet to experience serious cyber threats of disruptive magnitude. Singer Finance has the necessary IT security policies in place in order to prevent possible

intrusion by Hackers. The parent company's IT division overseas and assesses the ongoing IT security levels.

Increasing demand for mobile and online services

The ever increasing demand by consumers for digital services is a clear trend in the local market for financial services as well. In Sri Lanka, there were 11 mobile subscriptions for each fixed-access telephone line as at end of March 2018. And this disparity is growing.

As more and more consumers, both rural and urban become mobile users, they are increasingly more likely to demand the ease, speed and convenience of digital mobile and online service features from companies such as ours. Many of our competitors are eagerly catering to their needs in various degrees. Hence offering digital services is no longer a matter of choice, but an imperative for success.

RISK GOVERNANCE

Board of Directors

The Board is responsible for upholding of prudent risk management mechanisms and systematic implementation of the risk framework in the Company. The Board provides oversight over the risk management function through the Integrated Risk Management Committee and the corporate management of the Company.



Integrated Risk Management Committee

The Integrated Risk Management Committee (IRMC) of Singer Finance is a Board subcommittee responsible to the Board for overseeing the risk management function in accordance with Board approved policies and strategies. IRMC is responsible for ensuring that suitable policies are developed for risk management company-wide. The Committee interacts with the Board of Directors, the Credit Committee, the ALCO and the IT Steering Committee on risk management related activities.

Besides the Board representatives, the IRMC has as members, the CEO, COO, Heads of Finance, Business Development, Credit as well as the Managers of Credit, Financial Reporting and Compliance and Operations.

Risk Management Framework

In order to effectively and efficiently deliver its core purpose, Singer Finance has a comprehensive risk management framework to identify, measure, monitor and control the principal risks assumed in conducting its activities. The risk exposures we face as a financial services firm on a containing basis include Strategic, Credit, Market, Operational and Liquidity risks.

A culture of awareness and responsibility

Our employees understand that risk is an inherent part of business. The Company conducts routine training and awareness on risk management to staff at all levels. We also maintain an effective ongoing dialogue across functional departments to ensure that people are aware of the risks inherent in their areas of responsibility and cognizant of their roles as individuals in managing and monitoring risk.

CREDIT RISK

Credit risk is the most significant risk faced by a financial institution like Singer Finance, engaging in offering a portfolio of business and consumer credit products.

Credit risk refers to the risk that a borrower may not repay what is due on a loan, lease or a credit card and the loss of the principal of the loan or the interest associated with it.

These losses that create a negative impact on the value of our credit portfolio may arise due to default or an overall deterioration in credit quality.

The major drivers of credit risk are default risk, concentrations risk and correlation risk. The latter arises from common risk factors between different borrowers, industries, or sectors which may lead to simultaneous default.

In recognizing that effective credit risk management is a critical component of risk management essential to the sustainable success of the Company, we have adopted comprehensive credit risk management practices that strengthen our assets quality and optimise the capital charge.

Managing Credit Risk

The Credit Risk Management [CRM] Policy and Manual governing all credit risk related activities of the Company is the foundation for creating awareness among employees at all levels. From top management to those at the operational level, our employees are required to be familiar with the credit risk policies and procedures of the Company.

The highest authority in credit approval is vested with the Board of Directors. Under the purview of the Board, the Credit Committee regularly reviews the exposure limits of the Company in order to maintain credit quality and recommends appropriate measures to the Board.

Singer Finance has a structured and standardised credit approval process and a borrowers evaluation model that we use to assess risk associated with credit proposals.

We have introduced a risk-based pricing approach to achieve an appropriate balance between risk and reward while continuing to enhance our risk management capabilities to support the achievement of corporate objectives.

Portfolio management

Taking a portfolio management approach to credit risk enables us reap the benefits of diversification and to limit concentration of exposure and associated adverse impacts.

Singer Finance has systems in place for identifying credit weakness and deterioration in credit quality well in advance through periodic monitoring, evaluating portfolio quality and tracking the migration of borrowers from one rating scale to another. These measures enable us effectively manage the Company's credit portfolio.

Segmentation

The geographic spread of risk for Singer Finance is broad and island wide as our loan portfolio consists of credit originating from all branches of the Company and from the Head Office.

We are in the process of refining the segmentation of our loan book further with a view to improving the assessment of the portfolio credit risk in a more proactive manner. This means developing even more effective strategies for risk management and mitigation.

Continuing emphasis on asset quality

The Company continuously emphasises the critical value of good asset quality. From the inception, the management of Singer Finance has maintained a laser focus on the effectiveness of our systems and controls for identifying, monitoring and addressing asset quality in a timely manner.

This focus has certainly borne fruit, as Singer Finance non-performing asset levels are significantly below the industry.

Provisioning policies

We make provisions for non-performing loans and advances based on a continuous review of our portfolio in accordance with applicable Accounting Standards and Regulations imposed by the Central Bank of Sri Lanka. The provisioning policy of the Company is elaborated under the Accounting Policies in page 166 in this Annual Report.

Concentration Risk

Identifying the concentration of exposures in our credit portfolio is an important aspect of credit risk management. Concentration risk arises due to two forms of imperfect diversification.

Name Concentration risk relates to the imperfect diversification of idiosyncratic risk in the portfolio due to large exposures to specific individuals.

We manage Name Concentration by monitoring and stipulating prudential risk limits on various risk parameters including single and related party borrower limits.

Sector Concentration Risk arises from imperfect diversification across sectors.

At Singer Finance, we manage Sector Concentration Risk by setting sector and industry exposure limits. The wide geographical spread of our branches and the service center network also plays a key role in helping manage the potential risks of sector concentration. We are continuing the drive to open new branches in new areas with growth potential, as it also helps spread our risks among various sectors. This is particularly helpful in mitigating risks arising from natural disasters, floods, droughts, landslides that affect the agricultural sector.

At present, the Company's credit portfolio is split between consumer and business sectors. The new products, credit cards and gold loans further reduces our reliance on business customers, spreading risk.

MARKET RISK

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

Managing Market Risk

Singer Finance uses a multi-pronged approach to managing market risk.

We manage interest rate risk arising from our day to day lending activities and deposit acceptance using proper classifications, valuation, accounting and reporting measures.

We exercise effective controls over the operation and execution of market-related transactions while facilitating business growth within our transparent risk management framework.

We keep a critical focus on ensuring that the Company's overall risk exposure so that it is maintained at prudent levels and remains consistent with available capital at point in time.

We place great emphasis on compliance with regulatory requirements as we recognize that they have been established especially for the purpose of limiting risk for non-bank financial institutions such as ours.

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 movement in the market interest rates.

Managing Interest Rate Risk

We closely monitor the Company's Net Interest Margin (NIM) for variance, and take appropriate remedial action. This has enabled Singer Finance maintain our NIM at an acceptable level, ensuring that projected earnings of the Company fall well within the expected levels. The Company uses gap analysis to measure the re-pricing risk of our assets and liabilities. This gives us an indication of the impact of interest rate changes on the profitability of the Company. Based on the outcome of the gap analyses, the Company takes measures to mitigate potential adverse impacts.

LIQUIDITY RISK

Liquidity risk is the risk that the Company may encounter difficulties in meeting its obligations on financial liabilities as and when they fall due. Liquidity risk brings with it the possibility that the Company may need to sell assets at a value below their underlying worth, or may result in inability to exit from the liabilities.

Managing Liquidity Risk

The Company manages liquidity risk in accordance with the regulatory guidelines set by the Central Bank of Sri Lanka. Efficient cash flow management, maintaining a highly liquid assets portfolio as required by regulations and adopting a prudent funding strategy helps the company manage liquidity risk effectively. We monitor our liquidity ratios continuously to adhere to internal guidelines and regulatory requirements.

The Company ensures it has access to diverse sources of liquidity to allow us the flexibility in meeting our obligations as they fall due.

Fixed deposits form a significant part of the Company's ongoing sources of funding. In recognizing the importance of this segment to our overall profitability as well as liquidity, the Company strives to sustain and grow this segment of our portfolio.

Singer Finance 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 to managing liquidity by having in place a healthy governance structure, policy framework and review mechanism that ensures the availability of adequate liquid resources even under stress market conditions.

OPERATIONAL RISK

Operational risk is the direct or indirect losses resulting from inadequate or failed internal processes, people, systems and the impact of external events. The Company recognises the significance of operational risk inherent in all areas of our business.

As part of the Integrated Risk Management Committee reviews, the Company prepares an Operational Risks Heat map in which

identified risks are rated in terms of their potential impact, likelihood of occurrence, level of vulnerability and the speed of onset.

Besides the potential adverse changes in the business environment in which the Company operates, the Integrated Risk Management Committee of Singer Finance has identified, at the end of the period under review, a number areas that pose a significant level of operational risk to the company.

These include information security breaches, potential privacy violations, credit card tampering, risks stemming from outsourced operations and contractors, potential issues with compliance in respect of Anti-Money Laundering and Combating Terrorist Financing especially in respect of corporate customers and the implementation of Customer Due Diligence procedures.

Fire hazards at some Company locations, inadequacies in certain operational procedures, inadequate knowledge and training on new products and the inability to attract suitable personnel have been highlighted in the Company's Operational Risks Heat Map.

On an ongoing basis, the Company is committed to minimising the exposure to operational risks. This is achieved by implementing improved management and measurement approaches including systems that ensure operational risks highlighted are promptly dealt with in a suitable manner to mitigate their effects.

Operational Risk Management Framework

The Company's Operational Risk Management Framework ensures the consistent application policies, procedures and systems for identifying, measuring, monitoring, reporting and controlling operational risk. It is also geared towards ensuring that all new or changed activities--such as the introduction of new products, new services, system conversions and implementations--are evaluated for operational risks prior to implementation.

The Company organization culture places a high priority on effective operational risk management and adherence to sound operational controls. Ownership, management and accountability of operational risk rests with the business and functional heads.

Information Security

Securing and protecting Singer Finance against data breaches, online privacy violations and safeguarding the Company and its operations overall from the adverse effects of malicious actors operating in the cyber environment is an ongoing challenge.

A well-defined, up to date, and strong IT Security Policy ensures that all critical systems are protected against known cyber security threats.

Other information security measures

The Company educates employees on the importance of data security, integrity and privacy and enforces secure password algorithms.

The company has installed and maintains up to date anti-virus software for servers, at Head Office, at branches and in all mobile devices used on Company business.

Regular IT audits and disaster recovery drill testing are part of company IT Security procedures.

As part of the Business Continuity Plan, regular database backups are taken and stored at an offsite location from the Head Office. The company also maintains encrypted database backups to secure company and customer information.

The IT Security Policy also ensures that any new products and services to be introduced by the company and new systems that are integrated into the Company IT infrastructure are validated and tested thoroughly before implementation. The Company's Information Technology Division proactively implements policies and puts in place procedures that enhance and maintain information security controls and systems.

The Company implements policies and procedures to safeguard the confidentiality of information. All Singer Finance 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 ensure business continuity; ensuring that the company is able to recover with speed from any crises it encounters and get back to normal operations.

The Business Continuity Plan (BCP) of Singer Finance 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 disasters, defined by several levels of severity.

As part of its BCP, Singer Finance maintains a real time, online data replication system in an external location. In the event of any unforeseen disability of the main system, the Company is now in a position to operate the IT system to continue its operations without setbacks.

As a key requirement of the Company's BCP, a comprehensive disaster recovery center has been commissioned 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

Audits—internal, external and corporate—are crucial elements in our risk management process.

The Board appointed Audit Committee of the Company reviews and takes prompt action on significant risks that have been identified and highlighted by audit reports. The reporting structure of the Internal Audit function the pages 141 to 142.

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

Insurance

The Company uses insurance effectively as part of its risk mitigation toolbox. Where feasible and appropriate, the Company uses insurance policies to transfer the risk of high severity losses arising from fraud and external events beyond the Company's control, including natural disasters, theft, burglaries,

Compliance

Compliance risk is the risk of failure 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.

At Singer Finance, 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 to internal regulations is the foundation of all our business activities.

The Company strives to 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).

The Compliance Officer of Singer Finance 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 Directives of the Central Bank, 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 the Disclosures Report under the Finance Companies Corporate Governance Direction No. 3 of 2008. Please refer page 140.

Anti-Money Laundering and Combating Terrorist Financing

The Company complies with the directives and legislative requirements of the Government of Sri Lanka including the due completion of the Know Your Customer (KYC) and Customer Due Diligence (CDD) documentation in respect of all our customers and transactions. Since the introduction of the Anti-Money Laundering (AML) and Combating Terrorist Financing (CTF) rules the Company continues to implement policies that enable us fulfill our obligations in terms of customer identification and verification, record keeping, monitoring and the establishment and maintenance of an effective AML/CTF programme.

Capital Adequacy Ratio

The Capital Adequacy Ratio (CAR) is an indication of a company's financial stability. Singer Finance complies with regulatory requirement for CAR as required by the CBSL, and applies the standardised measurement method for Market Risk and basic indicator approach for Operational Risk. On these bases, our CAR is at a strong position, which is above the minimum required by the regulator for providing a healthy cushion against any potential losses.

Caveat

Although the key sources of risk and their mitigation procedures 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 intervals. 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.

GRI Standard	Disclosure	Page number	Remarks
GRI 101: Foundation 2016 [does not include any disclosures]			
General Disclosures			
GRI 102: General Disclosures 2016	102-1 Name of Organisation	Inner Back Cover	
	102-2 Activities, brands, products and services	67	
	102-3 Location of headquarters	Inner Back Cover	
	102-4 Location of operations	58	
	102-5 Ownership and legal form	Inner Back Cover, 166	
	102-6 Markets served	58	
	102-7 Scale of the organisation	6-7	
	102-8 Information on employees and other workers	60	
	102-9 Supply chain	Please use the QR code in page 5	
	102-10 Significant changes to the organisation and supply chain	N/A	There are no significant changes to the supply chain during the reporting period
	102-11 Precautionary principle	Please use the QR code in page 5	
	102-12 External initiatives	4,71	
	102-13 Membership of associations	71	
	102-14 Statement from senior decision maker	16	
	102-16 Values, principles, norms and standards of behaviour	3,74,81-83	
	102-18 Governance Structure	82	
	102-40 List of stakeholder groups	37 - 38	
	102-41 Collective bargaining agreements	N/A	The Company does not have collective bargaining agreements in place
	102-42 Identifying and selecting stakeholders	37-38	
	102-43 Approach to stakeholder engagement	39-46	
	102-44 Key topics and concerns raised	36	
	102-45 Entities included in the consolidated financial statements	N/A	We do not have subsidiaries or associates
	102-46 Defining report content and topic boundary	36-46	
	102-47 Material topics	36	
	102-48 Restatement of information	N/A	There are no restatements in sustainability reporting criteria
	102-49 Changes in reporting	N/A	First time adaptation of sustainability reporting
	102-50 Reporting period	4	
	102-51 Date of most recent report	5	
	102-52 Reporting cycle	4	
	102-53 Contact point for questions regarding Report	5	
	102-54 Claims of reporting in accordance with GRI Standards	4	
	102-55 GRI context index	137-139	
	102-56 External assurance		Voluntary reporting under GRI guidelines

GRI Standard	Disclosure	Page number	Remarks
Management Approach			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	36	
	103-2 The Management Approach and its components	39-46	
	103-3 Evaluation of the Management Approach	39-46	
Material topics			
Economic Performance			
GRI 201: Economic Performance	201-2- Financial implications and other risks and opportunities due to climate change	N/A	Being in the industry of Financing , climate change does not have a significant impact on our business. Accordingly during the reporting period, no records were maintained to catalogue the effect of climate change on our business.
	201-3 Defined benefit plan obligations and other retirement plans	175	
Market Presence			
GRI 202: Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	64	There is no entry level wage rate Imposed on financing industry. However, Company's entry level wage is higher than the national minimum wage rate
	202-2 Proportion of senior management hired from the local community	N/A	All senior managers of the Company are local hires [Sri Lankan].
Anti - Corruption			
GRI 205: Anti - Corruption	205-3 Confirmed incidents of corruption and actions	N/A	No incidents of corruption were reported in 2017/18 financial year
Energy			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	78	Head office located within parent company office
Employment			
GRI 401: Employment	401-1 New employee hires and employee turnover	60	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part time employees	61-62	
	401-3 Parental leave	N/A	No incidents reported
Labour / Management Relations			
GRI 402: Labour / Management Relations	402-1 Minimum notice periods regarding operational changes	N/A	Adequate notice given as required
Occupational Health and Safety			
GRI 403: Occupational Health and Safety	403-1 Workers representation in formal joint management-worker health and safety committees	N/A	We do not have an occupational health and safety committee, we have set-out clear guidelines to ensure the safety of all those within our premises at any given time.

GRI Standard	Disclosure	Page number	Remarks
	403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	N/A	No reported incidents during the reporting period.
	403-3 Workers with high incidence or high risk of diseases related to their occupation	N/A	Being a Finance Company, no such employee categories observed. No reported incidents during the reporting period.
	403-4 Health and safety topics covered in formal agreements with trade unions	N/A	No collective agreement in force. Singer Finance complies with all occupational health and safety laws and regulations that apply to a business of our nature..
Training and Education			
GRI 404: Training and Education	404-1 Average hours of training per year per employee	63	
	404-2 Programmes for upgrading employee skills and transition assistance programmes	60	
	404-3 Percentage of employees receiving regular performance and career development reviews	64,65	
Diversity and Equal Opportunity			
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	65	
	405-2 Ratio of basic salary and remuneration of women to men	64	
Local Communities			
GRI 413: Local Communities	413-2 Operations with significant actual and potential negative impacts on local communities	78-79	No any incident reported during the reporting period.
Customer Health and Safety			
GRI 416 : Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	N/A	As a service organization, health and safety impacts of our products & service categories cannot be assessed.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	N/A	
Marketing and labelling			
GRI 417: Marketing and labelling	417-1 Requirements for product and service labelling	46	
	417-2 Incidents of non-compliance concerning product and service information and labelling	N/A	No any incident reported during the reporting period in this regard.
	417-3 Incidents of non-compliance concerning marketing communications	68	No any incident reported during the reporting period in this regard.
Customer Privacy			
418-1 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	76	

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 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

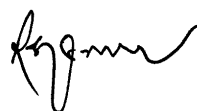
- It is hereby certified that the Company is in compliance with prudential requirements, regulations, laws and internal controls. There was no necessity to take any corrective action on non-compliance during the period under review.
- It is hereby certified that no supervisory concerns on lapses in the finance company's risk management, or non-compliance with the Act, and rules and directions that have occurred that required communication to the Director of the Department of Supervision of Non-Bank Financial Institutions, except for an instance of Non Compliance in relation to Finance Companies (Single Borrower Limit) Direction No.4 of 2006/1 which is disclosed below, under Deviations with the Act, Rules and Directions.
- 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, except for the deviation mentioned below.

Deviations with the Act, Rules and Directions

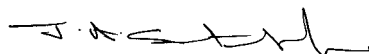
Under the Finance Companies (Single Borrower Limit) Direction No. 4 of 2006/1, the value of unsecured accommodations granted to and outstanding at any point of time from all borrowers should not exceed 5% of the capital funds as shown in the last audited balance sheet. However, as of 31/03/2018, this balance has been exceeded in the Credit Card product. Please refer page 98 (section 10[2] (h)) for more details.

Measures taken by the Company to Address the Reported Deviation

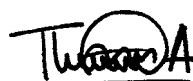
The Company has written to the Central Bank of Sri Lanka, proposing alternate options of overcoming the limitation placed by this direction. At the same time, Management is working on a course of action to align within the framework of the above direction.



R S Wijeweera
Chief Executive Officer



Jayendra Setukavalar
Chairman Audit Committee



Thushan Amarasuriya
Chief Operating Officer



Suranga Jayaweera
Manager Financial Reporting and Compliance

Colombo
16th May 2018

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

Mr. Jayendra Setukavalar [Senior INED] -Chairman

Mr. Priyath Salgado [INED] – appointed 7th December 2017

Mr. Aravinda Perera [NED] – appointed 7th December 2017

Mr. Jayanth Perera [INED] – appointed 7th December 2017

Mr. Russell De Mel [INED]- ceased to be member on 7th December 2017.

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 Three Independent Non-Executive Directors and One Non Executive Director of the Board. Hayleys Group Services (Pvt) Ltd functions as the Secretary to the Committee. Chief Operating Officer, 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 and Internal 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, preparation, presentation and adequacy of disclosure in the financial statements and Compliance with Statutory and Corporate Governance requirements. The Committee also assess the company's ability to continue as a going concern in the foreseeable future.

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 reviews the Quarterly Financial Results to ensure compliance with mandatory, statutory and other regulatory requirements laid down by the authorities.

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

Internal Audit

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

Meetings of the Committee

During the year, Six Audit Committee meetings were held to discuss the reports of the Internal and External Auditors, quarterly and Annual Financial Accounts. The draft accounts were also discussed and recommended at the meeting held on 16th May 2018. The minutes of the meetings are tabled at the meeting of the Board of 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.

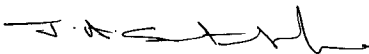
The Audit Committee recommended to the Board of Directors that Messrs KPMG Chartered Accountants be reappointed as the External Auditors for the year ending 31st March 2019 subject to the approval of the Shareholders at the Annual General Meeting.

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 Chairman last met with the external auditors without the presence of the Executive Directors and Management on the 16th May 2018.

Conclusion

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



Jayendra Setukavalar
Chairman – Audit Committee

Colombo
16th May 2018

Role of the Committee

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

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

Composition and Quorum

Committee comprise of two Independent Non-Executive Directors and one Non-Executive Director. Chief Executive Officer of the Group attends by invitation. The Chairman of the Committee is an Independent Non-Executive Director appointed by the Board.

Mr Jayanth Perera [INED]-Chairman
appointed 7th December 2017

Mr. Aravinda Perera [NED]
appointed 7th December 2017

Mr. Priyath Salgado [INED]
appointed 7th December 2017

Dr. Saman Kelegama [INED]-Chairman
deceased on 23rd June 2017

Mr. Jayendra Setukavalar [Senior INED]
ceased to be member on 7th December 2017

Mr. Russell De Mel [INED]
ceased to be a member on 7th December 2017

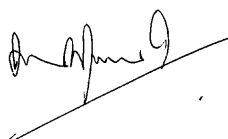
An Alternate Director who is also the Finance Director of the parent company functions as the Secretary to the Committee.

Meetings and Activities

The Committee met twice during the year under review.

Conclusion

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



Jayanth Perera

Chairman – Board Nomination Committee

Colombo
16th May 2018

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:

Mr Jayanth Perera (INED)-Chairman
appointed 7th December 2017

Mr. Priyath Salgado (INED)
appointed 7th December 2017

Mr. Russell De Mel (INED)-Chairman
ceased to be a member on 7th December 2017

Mr. Jayendran Setukavalar (Senior INED)
Ceased to be a member 7th December 2017

Four executives representing different risk areas of the Company participate for the meeting. 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.

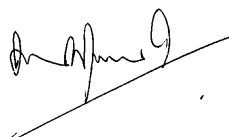
The Committee reports to the Board by way of minutes and provides recommendations when necessary. All minutes of the Committee meetings are tabled and ratified at meetings of the Board and follow up action is taken on outstanding matters.

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. The Committee comes under the aegis of the IRMC. The Chairman of this 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.

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.



Jayanth Perera

Chairman - Integrated Risk Management Committee

Colombo

16th May 2018

Purpose

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

Committee Authority and Responsibilities

In performing its oversight responsibilities as set forth above, the Committee shall oversee Management's establishment of policies and guidelines, to be adopted by the Board, articulating the Company's tolerances with respect to credit risk, and shall oversee management's administration of, and compliance with, these policies and guidelines. The Committee shall oversee Management's establishment of appropriate systems [including policies, procedures and management committees] that support measurement and control of credit risk, and shall periodically review management's strategies, policies and procedures for managing credit risk, including credit quality administration, and the establishment and testing of allowances for credit losses.

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

The members of the Committee were:

Mr. Priyath Salgado [INED] - Chairman
[appointed 7th December 2017]

Mr. Janaka Mendis
[Ceased 7th December 2017]

Mr. Jeevaka Jayawardena - Secretary

Mr. R S Wijeweera

Mr. Lalith Yatiwella

Mr. Thushan Amarasuriya

Mr. Iman Perera

Mr. Ruwan Jayasuriya

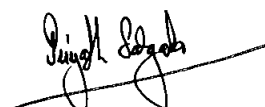
Mr. Thilan Rupasinghe

Mr. Eraj Fernando

Conclusion

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

For and on behalf of the Credit Committee.



Priyath Salgado

Chairman - Credit Committee

Colombo

16th May 2018

Remuneration Committee Report

The Remuneration Committee is appointed by the Board of Directors of the Company.

The Members of the Remuneration Committee;

Mr. Jayanth Perera (INED)-Chairman
appointed 7th December 2017

Mr. Aravinda Perera (NED)
appointed 7th December 2017

Mr. Priyath Salgado (INED)
appointed 7th December 2017

Mr. Gavin Walker (NED)-Chairman
ceased to be member on 7th December 2017

Dr. Saman Kelegama (INED)
deceased on 23rd June 2017

Jayendra Setukavalar (Senior INED)
ceased to be member on 7th December 2017

Mr. Russell De Mel (INED)
ceased to be member on 7th December 2017

The Remuneration Committee consists of two Independent Non-Executive Directors and one Non-Executive Director. An Alternate Director who is also the Finance Director of the parent company functions as the Secretary to the Committee by Invitation. Group Chief Executive Officer attends the Committee by invitation. The Committee is chaired by a Independent Non-Executive Director. The Group Chief Executive Officer assists the Committee by providing the relevant information and participating in its analysis and deliberations.

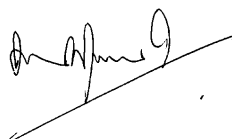
The scope of the Committee is to "look into fees, remuneration and perquisites of the Chief Executive Officer, Independent Directors, Non Executive Directors and Executive Director of the Board of the Company and approve recommendations made by the Group Chief Executive Officer.

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

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

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

I wish to thank members of the Committee and Mr. Asoka Pieris, for their valuable contributions to the deliberations of the Committee.



Jayanth Perera

Chairman - Remuneration Committee

Colombo

16th May 2018

Board Related Party Transactions Review Committee Report

Composition of the Board Related Party Transactions Review Committee

The Board of Singer (Sri Lanka) PLC, the Parent Company established the Board Related Party Transactions Review Committee (BRPTRC) for Singer Group of Companies with effect from 25th February 2016 in terms of the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka (the "Code") and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules"). The establishment of a BRPTRC with effect from 1st January 2016 is mandatory in terms of the Code. In terms of section 9.2.3 of the listing rules, in a situation where both the parent company and the subsidiary are listed entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary. Sighting this section of the listing rules, the Board of Directors of Singer Finance have resolved to permit the BRPTRC of the parent company to function as the Related Party Transactions Review Committee of the Company and appointed Mr. J.A Setukavalar – Senior Independent Non-Executive Director to represent the Company at the BRPTRC by Invitation. The Board Related Party Transactions Review Committee comprises of Two Independent Non-Executive Directors, One Non Executive Director and one Executive Director. The following Directors serve on the Committee.

Mr. Deepal Sooriyaarachchi – Chairman (INED)

Mr. Gavin Walker (NED)

Mr Ranil De Silva (IND)

ceased to be member w.e.f. 31st March 2018

Mr. Asoka Pieris (ED)-CEO-Singer Group

Mr. Dilip K De S Wijeyerathne (INED)

appointed on 14th May 2018

Mr. Jayendra Setukavalar (Senior INED of Singer Finance (Lanka) PLC) (By Invitation – Represents Singer Finance (Lanka) PLC)

The above composition is in compliance with the provisions of the Code regarding the composition of the Board Related Party Transactions Review Committee. Brief profiles of the members are given on pages 20 to 25 of this Annual Report.

Hayleys Group Services (Pvt) Ltd functions as the Secretary to the Parent Company's Board Related Party Transactions Review Committee.

Meetings

During 2017/18 the committee met thrice. Attendance by the Committee members at this meeting is given in the table on page 129 of the Annual Report.

Role and Responsibilities

The mandate of the Committee is derived from the Code and the Rules and includes the following

1. Developing a Related Party Transaction Policy consistent with the provisions of the Code and the Rules for adoption by the Board of Directors of the Company and its listed subsidiaries.
2. Reviewing in advance all proposed Related Party Transactions ("RPTs") in compliance with the provisions of the Code
3. Advising the Board on making Immediate Market Disclosures and Disclosures in the Annual Report where necessary, in respect of RPTs, in compliance with the provisions of the Code and the Rules.

Policies & Procedures Adopted by the BRPTRC for reviewing Related Party Transactions (RPT's)

1. Relevant information to capture RPTs is fed into the Company data collection system.
2. All officers concerned are informed of the applicable regulatory requirements relating to the reporting of RPTs
3. Key Management Personnel (KMPs) and their Close Family members (CFMs) are identified half yearly together with their NIC numbers and business registration numbers. This information is in the system.
4. Systems are updated with KMP and their CFM details on a half yearly basis or as and when the need arises in the event of a material change.
5. Data is extracted from the system, verified and validated.
6. All managers are advised to report RPTs to the Secretary to RPTRC of the parent company who has been identified as the Focal Point, for this purpose.
7. Data is shared with the Finance Director of the parent company to meet the regulatory requirements if required.

Review Function of the Committee

Review of the relevant related party transactions was done commencing 15th November 2016. Further it has communicated its observations to the Board on the RPTs published in the Note No. 35 to the Financial Statements.

Reporting to the Board

The Minutes of the BRPTRC meetings are tabled at Board meetings enabling all Board members to have access to same.

On behalf of the Board Related Party Transactions Review Committee



Deepal Sooriyaarachchi
Chairman – Board Related Party Transactions Review Committee

Colombo
14th May 2018

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 in accordance with the Guidance for Directors of Company on the Directors' Statement on Internal Control issued by the Institute of Chartered Accountants of Sri Lanka. The Board has assessed the internal control system taking into account principles for the assessment of internal control system as given in that guidance.

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

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

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

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

- Various appointed committees are established by the Board to assist the Board in ensuring the effectiveness of Company's daily operations and that the Company's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.
- The Internal Audit Division of the Company checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non compliance. Audits are carried out on all units and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report. The annual audit plan is reviewed and approved by the Board Audit Committee. Findings of the internal audit are submitted to the Board Audit Committee for review at their periodic meetings.
- The Board Audit Committee of the Company reviews internal control issues identified by the Internal Audit Division, regulatory authorities and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The Minutes of the Board Audit Committee meetings are tabled at the meetings of the Board of Directors of the Company. Further, details of the activities undertaken by the Board Audit Committee of the Company are set out in the 'Board Audit Committee Report' which appears on pages 141 & 142.
- The comments made by the External Auditors in connection with internal control system during the financial year 2017/2018 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.

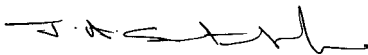
Confirmation

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.

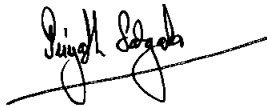
Review of the Statement by External Auditors

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 2018 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.

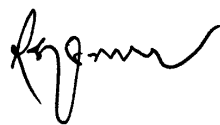
By order of the Board



Jayendra Setukavalar
Chairman – Audit Committee



Priyath Salgado
Director



R S Wijeweera
Director/CEO

Colombo
16th May 2018

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 written communications should be submitted by mail to the following address,

Hayleys Group Services (Pvt) Ltd

Company Secretaries
No 400, Deans Road,
Colombo 10

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 parent Company's Audit Committee has established a Group 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.

Hayleys Group Services (Pvt) Ltd

Company Secretaries
No 400, Deans Road,
Colombo 10

Financial Information

Financial Calendar - 2017/18

Annual Report 2016/17	02nd June 2017
Tenth Annual General Meeting	27th June 2017
First And Final Dividend Payment	23rd June 2017
Interim Financial Statements in terms of listing Rule 8.3 of the Colombo Stock Exchange.	

1st Quarter

For the three months ended 30th June 2017	
(Unaudited)	14th August 2017

2nd Quarter

For the six months ended 30th September 2017	
(Unaudited)	02nd November 2017

3rd Quarter

For the nine months ended 31st December 2017	
(Unaudited)	15th February 2018

4th Quarter

For the twelve months ended 31st March 2018	
(Unaudited)	31st May 2018

Annual Report & Annual General Meeting

Annual Report 2017/18 Approved on	16th May 2018
Eleventh Annual General Meeting	28th June 2018
Interim Dividend Payment	29th March 2018

Proposed Financial Calendar 2018/19**1st Quarter**

For the three months period ending 30th June 2018	
(Unaudited)	August 2018

2nd Quarter

For the six months period ending 30th September 2018	
(Unaudited)	November 2018

3rd Quarter

For the nine months period ending 31st December 2018	
(Unaudited)	February 2019

4th Quarter

For the twelve months period ending 31st March 2019	
(Unaudited)	May 2019

Annual Report & Annual General Meeting

Annual Report 2018/19	
(audited)	June 2019
Twelveth Annual General Meeting	June 2019

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 2018.

Review of the Year

The Chairman's Letter [pages 8 to 11], the Group Chief Executive Officer's Review [pages 12 to 15], Chief Executive Officer's review [Pages 16 to 19] and Operations Review [pages 66 to 71], describe the Company's affairs and mention important events that occurred during the year, and up to the date of this Report. The Financial Review on pages 52 to 56 elaborates the financial results of the Company. These reports together with the Audited Financial Statements reflect the state of affairs of the Company.

Principal Activities

The principal activities of the Company consist of finance leasing, mobilizing of fixed and saving deposits, financing of consumer durables under loan scheme, providing gold loans, factoring business including invoice discounting, granting loans including Micro Loans and credit card business.

Independent Auditors' Report

The independent Auditors' report on the Financial Statements is given on pages 159 to 161 in this Annual Report.

Financial Statements

The Financial Statements for the year ended 31st March 2018 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 pages 162 to 211 in this Annual Report.

Accounting Policies

The accounting policies adopted in preparing the Financial Statements are provided in detail in the notes to the Financial Statements on pages 166 to 178. The accounting policies adopted are consistent with the previous financial year.

Property, Plant & Equipment

During the year under review, the Company invested Rs. 25.5 million [including Capital Working Progress] [2016/17, Rs. 38.9 million] in Property, Plant & Equipment. Rs. 10.5 million was spent on renovating and upgrading leasehold premises. Further Rs. 7.8 million, Rs. 2.7 million, and Rs. 1.5 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 No. 20 to the Financial Statements.

Intangible Assets

During the year under review, the Company acquired Rs 22.2 million worth of software to develop the IT infrastructure of the Company. Total investment in software as at Balance Sheet date was Rs. 122.8 million. Details of intangible assets are given under Note No. 19 to the Financial Statements.

Directors' Responsibilities

The Statement of Directors' Responsibility is given on page 158.

Corporate Governance

The Company has complied with Corporate Governance Rules laid down under the Listing Rules of the Colombo Stock Exchange, Code of best practice on Corporate Governance issued in year 2017 by the Institute of Chartered Accountants of Sri Lanka 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

Profit and Appropriations

	2018	2017
	Rs.	Rs.
Company profit before tax for the year ended 31st March after deducting all expenses, known liabilities and depreciation amounts to	700,298,861	568,213,878
From this has to be deducted the provision for income tax cost	257,153,321	198,384,575
Making a profit after tax for the year of	443,145,540	369,829,303
To this has to be added a balance brought forward from the previous year	1,161,430,932	1,056,934,366
Interim dividend of Rs. 0.97 per share [2017/18]		
Final dividend of Rs. 1.06 per share [2016/17]	371,265,186	248,000,001
Leaving a total available for appropriation of	1,233,311,286	1,178,763,668
The following appropriations have been proposed:		
Transfer to Reserve fund	22,157,277	18,491,465
Direct Cost on Right Issue	1,989,651	-
First and Final Dividend Proposed	-	175,253,334
Actuarial Loss/(Gain) on Retirement Benefit Obligation	9,036,592	[1,609,346]
Tax on Other Comprehensive Income	[2,530,246]	450,617
Making a total appropriation before Other Comprehensive Income	30,653,274	192,586,070
Leaving a balance on Company basis to be carried forward of	1,202,658,012	1,161,430,932

governance section on pages 81 to 129 describes the good corporate governance principles adopted by the Company.

Dividend

In terms of Article 7 of the Articles of Association of the Company, an interim dividend of Rs. 0.97 per share was approved by the Directors for the Financial Year 2017/2018, and paid on 29th March 2018.

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 has obtained the Certificate of Solvency in accordance with section 57 of the Companies Act No.07 of 2007 from the Auditors in respect of the dividend paid, and forwarded such copies to the CSE prior to the date of dispatch of the dividend payment.

Reserves

The Company's Reserves and Retained Equity as at 31st March 2018 amounted to Rs. 1,339 million vs Rs. 1,275 million as at 31st March 2017. 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. 1,996,444,457 as at 31st March 2018. Details and movement of the stated capital are given in Note No 28 to the Financial Statements on page 193.

Events after the Reporting Period

No circumstances have arisen since the reporting date, which would require adjustment or disclosure.

Statutory Payments

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 158.

Directors Interests and Interest Register

Details of transactions with Director- related entities are disclosed in Note No 35 to the Financial Statements on pages 208 to 210 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. Jayendra Setukavalar
[Senior Independent Non-Executive Director] - Chairman

Mr. Priyath Salgado
[Independent Non-Executive Director]
Appointed on 7th December 2017

Mr. Aravinda Perera
[Non-Executive Non Independent Director]
Appointed on 7th December 2017

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

Mr. Jayanth Perera
[Independent Non-Executive Director]
Appointed on 7th December 2017

Mr. Russel De Mel
[Independent Non-Executive Director]
Ceased to be a member on 7th December 2017

The Report of the Audit Committee on pages 141 & 142 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:

Mr. Jayanth Perera
[Independent Non - Executive Director]-Chairman
Appointed on 7th December 2017

Mr. Priyath Salgado
[Independent Non - Executive Director]
Appointed 7th December 2017

Mr. Russell De Mel
[Independent Non - Executive Director]-Chairman
Ceased to be a member on 7th December 2017

Mr. Jayendra Setukavalar
[Senior Independent Non - Executive Director]
Ceased to be a member 7th December 2017

Mr. Priyanjith Meegoda
Secretary

Mr. R S Wijeweera
Chief Executive Officer/ [Executive Non-Independent Director]

Mr. Thushan Amarasuriya
Chief Operating Officer/ [Executive Non-Independent Director]

Mr. Iman Perera
Head of Business Development

Mr. Eraj Fernando
Head of Finance

Mr. Jeevaka Jayawardena
Senior Credit Manager

Mr. Suranga Jayaweera
Manager Financial Reporting and Compliance

The Report of the Integrated Risk Management Committee on page 144 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. Jayanth Perera
[Independent Non-Executive Director] -Chairman
Appointed on 7th December 2017

Mr. Aravinda Perera
[Non-Executive Director]
Appointed on 7th December 2017

Mr. Priyath Salgado
[Independent Non-Executive Director]
Appointed on 7th December 2017

Mr. Gavin Walker
[Non-Executive Director] – Chairman
Ceased to be member on 7th December 2017

Dr. Saman Kelegama
[Independent Non-Executive Director]
Deceased on 23rd June 2017

Mr. Jayendra Setukavalar
[Senior Independent Non-Executive Director]
Ceased to be member on 7th December 2017

Mr. Russel De Mel
[Independent Non-Executive Director]
Ceased to be member on 7th December 2017

Mr. Lalith Yatiwella
Secretary

The Report of the Remuneration Committee on page 146 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 35.4 to the Financial Statements on pages 180 and 210.

Board Nomination Committee

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

Mr. Jayanth Perera
[Independent Non-Executive Director]-Chairman
Appointed 7th December 2017

Mr. Aravinda Perera
[Non-Executive Non Independent Director]
Appointed 7th December 2017

Mr. Priyath Salgado [Independent Non-Executive Director]
Appointed 7th December 2017

Dr. Saman Kelegama
[Independent Non-Executive Director]
Deceased on 23rd June 2017

Mr. Jayendra Setukavalar
[Senior Independent Non-Executive Director]
Ceased to be member on 7th December 2017

Mr. Lalith Yatiwella
Secretary

The Report of the Board Nomination Committee on page 143 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued in 2017 by the Institute of Chartered Accountants 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 and Listing Rules of the Colombo Stock Exchange. Mr. Jayendra Setukavalar represents Singer Finance [Lanka] PLC at the BRPTRC by Invitation and following are the other Directors comprising the Board Related Party Transaction Review Committee from the parent company, Singer [Sri Lanka] PLC.

Mr. Deepal Sooriyaarachchi
[Independent Non-Executive Director]-Chairman

Mr. Gavin Walker
[Non-Executive Non Independent Director]

Mr. Dilip K De S Wijeyeratne
[Independent Non-Executive Director]

Mr. Ranil De Silva
[Independent Non-Executive Director]
Ceased to be member on 31st March 2018

Mr. Asoka Pieris
[Group Chief Executive Officer]

Mr. Lalith Yatiwella
Secretary

The report of the Board-Related Party Transactions Review Committee on page 147 sets out the manner of compliance by the Company.

The Board of Directors has given the following statement;

"The related party transactions of the Company, during the financial year have been reviewed by the Related Party Transactions Review Committee of Singer [Sri Lanka] PLC and are in compliance with the Section 09 of the Listing Rules."

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 Company.

Share Information and Substantial Shareholdings

The distribution of shareholding, Public holding percentage, market value of shares, twenty largest Shareholders are given on pages 214 to 218 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.

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

Retirement, Re-election, Resignation and Appointment of Directors

Mr Aravinda Perera was appointed as Chairman with effect from 7th December 2017 to fulfil the vacancy created by Dr Saman Kelagama who demised on 23rd June 2017.

On the recommendation of the Nomination Committee, the following appointments were made by the Board.

Mr Priyath Salgado and Jayanth Perera were appointed as Independent Non-executive Directors and Ms Darshini Talapahewa and Mr Sadeep Perera were appointed as Non-Executive Directors with effect from 7th December 2017.

In terms of Article 24(9) of the Articles of Association of the Company, Chairman and all the above Directors who were appointed since the last Annual General Meeting are subject to re-election by the shareholders and the relevant resolutions are put the shareholders at the Annual General Meeting.

In terms of Article 24(4) of the Articles of Association of the Company, Mr Gavin Walker retires by rotation and being eligible himself for re-election.

Messrs. Russel De Mel, John Hyun, Jagath Dissanayake, Janaka Mendis and Iman Perera ceased to be Directors w.e.f. from the Board on 7th December 2017.

Directors' Interest in Ordinary Shares and Debentures

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:

Name of the Director	Shareholding		Debenture Holding	
	31.03.2018 No of shares	01.04.2017 No of shares	31.03.2018 No of Debenture	01.04.2017 No of Debenture
Mr. Aravinda Perera*	-	-	-	-
Dr. Saman Kelagama (Deceased on 23rd June 2017)	-	-	-	-
Mr. Jayendra Setukavalar	-	-	-	-
Mr. Priyath Salgado*	12,224	-	-	-
Mr. Jayanth Perera*	-	-	-	-
Mr. R S Wijeweera	37,892	31,003	10,000	10,000
Mr. Gavin Walker	-	-	-	-
Mr. Darshini Talapahewa*	-	-	-	-
Mr. Sadeep Perera*	-	-	-	-
Mr. Thushan Amarasinghe	50,155	43,555	-	-
Mr. Lalith Yatiwella	-	15,000	10,000	10,000
Mr. Shyamsunder Ramanathan	-	-	-	-
Mr. Chandana Samarasinghe	-	-	-	-
Mr. John Hyun**	-	-	-	-
Mr. Russell De Mel**	-	-	-	20,000
Mr. Jagath Dissanayake**	-	-	-	-
Mr. Janaka Mendis**	-	59,000	-	15,000
Mr. Iman Perera**	-	8,000	-	-

* Appointed w.e.f. 7th December 2017

** Resigned w.e.f. 7th December 2017

The names of Directors of the Company as at 31st March 2018 and their brief profiles are shown on pages 20 to 25.

Employment

The number of persons employed by the Company as at 31st March 2018 was 389 (2017 – 317).

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, Mr. Jayendra Setukavalar, Mr. Priyath Salgado & Mr. Jayanth Perera who are Independent 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.

The Board has designated Mr. Jayendra 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

Mr. Jayendra Setukavalar
[Senior Independent Non-Executive Director]

Mr. Priyath Salgado
[Independent Non-Executive Director]

Mr. Jayanth Perera
[Independent Non-Executive Director]

Corporate Governance

Director's Declaration

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

- The Company complied with all applicable laws and regulations in conducting its business
- The Directors have declared all material Interest in contracts involving the Company and refrained from voting on matters in which they were materially interested
- The Company has made all endeavour to ensure the equitable treatment of shareholders
- The business is a going concern with supporting assumptions or qualifications as necessary, and
- 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 made Rs. 239,200/- as donations. [2017 - Rs. 107,000]

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 2018/19.

A resolution proposing Messrs KPMG as Auditors of the Company and authorise Director to determine their remuneration will be put to the shareholders at the Annual General Meeting.

The audit and non-audit fees paid to the Auditors by the Company is disclosed in Note No 10 on page 180 in this Annual Report.

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

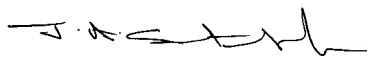
The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditors. Details on the work of the Audit Committee are set out in the Audit Committee Report.

Notice of Meeting

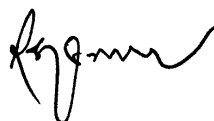
The 11th Annual General Meeting will be held at Sri Lanka Foundation Institute, No. 100, Independence square, Colombo 07, Sri Lanka, on Thursday, 28th June 2018 at 3.00 p.m.

The Notice of the Annual General Meeting of the shareholders is given on page 221.

For and on behalf of the Board,



Jayendra Setukavalar
Senior Independent Non-Executive Director



R S Wijeweera
Director/CEO



Hayleys Group Services [Pvt] Ltd
Secretaries for
Singer Finance [Lanka] PLC

Colombo
16th May 2018

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 & Loss 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, 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 the Board of Directors obtained a Certificate of Solvency in accordance with section 57 of the Companies Act No.07 of 2007 from the Auditors in respect of the interim dividend paid, and forwarded such copies to the CSE prior to the date of dispatch of the dividend payment.

Messrs KPMG, Chartered Accountants, the Auditors of the Company, have examined the Financial Statements made available by the Board of Directors together with all relevant financial records, related data, minutes of Shareholders' and Directors' meetings and express their opinion in their Report on pages 159 to 161 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



Hayleys Group Services (Pvt) Ltd
Company Secretaries

Singer Finance (Lanka) PLC

Colombo
16th May 2018



KPMG
(Chartered Accountants)
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To the Shareholders of Singer Finance [Lanka] PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singer Finance [Lanka] PLC ("the Company"), which comprise the statement of financial position as at March 31, 2018, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at March 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of loans and advances

Risk Description	Our responses
Singer Finance [Lanka] PLC, has recognized Impairment of loans and advances amounting to LKR 177.6 million. Refer note 10.1 to the Financial statements.	Our audit procedures included
Impairment allowances represent management's best estimate of the losses incurred within the loan portfolios at the balance sheet date. They are calculated on a collective basis for portfolios of loans of a similar nature.	Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in respect of the loans and advances which includes credit control procedures.
The calculation of collective impairment allowances is inherently judgmental for any financial institution.	On a sample basis, reviewing credit files for controls and substantive purposes and challenge the valuation of underlying collateral.
Collective impairment allowances are calculated using statistical models concurrent with the past settlement pattern which approximate the impact of current economic and credit conditions on large portfolios of loans. The inputs to these models are subject to management judgment and model overlays are often required.	Evaluating the model methodology and key assumptions by testing the completeness and accuracy of key inputs in to models and assessed the appropriateness of other assumptions. We substantively tested the completeness and accuracy of key inputs in to models and assessed the appropriateness of assumptions.
The audit was focused on impairment due to the materiality of the balances and the subjective nature of the calculation.	Assessing the adequacy of the Company's disclosures regarding impairment allowances.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

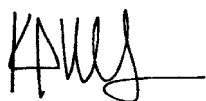
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3272 [FCA].



KPMG

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

16th May 2018

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31st March

	Note	2018 Rs.	2017 Rs.
Gross Income	4	3,277,570,034	2,610,297,455
Interest Income	5	3,014,717,882	2,418,122,004
Interest Expense	6	[1,287,377,991]	[978,996,146]
Net Interest Income		1,727,339,891	1,439,125,858
Fee and Commission Income	7	176,666,121	123,610,504
Trading Income	8	902,944	558,091
Other Operating Income	9	85,283,087	68,006,856
Total Operating Income		1,990,192,043	1,631,301,309
Allowances for Impairment charges for Loan and Other Losses	10.1	[177,669,292]	[70,540,741]
Net Operating Income		1,812,522,751	1,560,760,568
Expenses			
Personnel Cost	10.2	[366,150,665]	[353,893,133]
Administration & Selling Expenses		[562,012,326]	[470,407,309]
Depreciation & Amortization		[33,333,771]	[58,929,810]
Operating Profit Before Value Added Tax	10	851,025,989	677,530,316
Value Added Tax on Financial Services		[150,727,128]	[109,316,438]
Profit Before Income Tax		700,298,861	568,213,878
Income Tax Expense	11	[257,153,321]	[198,384,575]
Profit for the Year		443,145,540	369,829,303
Other Comprehensive Income			
Items that will never be Classified to Profit or Loss			
Employee Benefit Plan Actuarial (Loss)/Gain	27.1	[9,036,592]	1,609,346
Related Tax	26.1	2,530,246	[450,617]
Total Other Comprehensive [Expenses]/Income for the Year		[6,506,346]	1,158,729
Total Comprehensive Income for the Year		436,639,194	370,988,032
Earnings per Share	12	2.52	2.24
Dividend per Share	13	0.97	1.06

The Notes on pages 166 through 211 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

As at 31st March

	Note	2018 Rs.	2017 Rs.
ASSETS			
Cash and Cash Equivalents	14.1	295,702,611	166,811,200
Placement with Banks		81,504,012	81,128,395
Hire Purchase Receivables	15.1	82,844,908	320,895,390
Lease Rental Receivables	15.2	11,383,225,317	9,305,471,330
Loans and Advances	15.3	2,900,362,915	1,926,093,526
Financial Instruments - Available-for-Sale	16	41,300	41,300
Financial Instruments - Held-to-Maturity	17	671,382,640	549,255,803
Due from Related Companies	24	336,268,877	201,865,366
Other Debtors and Prepayments	18	210,265,262	192,113,184
Intangible Assets	19	49,420,130	32,010,696
Property, Plant and Equipment	20	120,587,371	124,657,736
Total Assets		16,131,605,343	12,900,343,926
LIABILITIES & EQUITY			
Liabilities			
Other Financial Liabilities Due to Customers	21	5,356,078,444	3,210,547,585
Interest Bearing Loans and Borrowings	22	4,313,599,993	5,015,163,634
Trade and Other Payables	23	764,415,449	539,819,082
Due to Related Companies	24	1,465,346,129	771,234,850
Bank Overdraft	14.2	676,917,150	478,180,936
Current Tax Liabilities	25	10,046,896	87,997,648
Deferred Tax Liabilities	26	154,875,874	39,941,693
Retirement Benefit Obligations	27	55,213,488	36,842,050
Total Liabilities		12,796,493,423	10,179,727,478
Equity			
Stated Capital	28	1,996,444,457	1,445,333,342
Statutory Reserves	29	136,009,451	113,852,174
Retained Earnings		1,202,658,012	1,161,430,932
Total Equity		3,335,111,920	2,720,616,448
Total Liabilities & Equity		16,131,605,343	12,900,343,926

The Notes on pages 166 through 211 form an integral part of these Financial Statements.

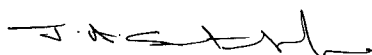
I certify that the financial statements of the Company comply with the requirements of the companies Act 07 of 2007



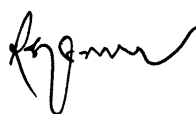
Eray Fernando
Chief Financial Officer

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

Signed for on behalf of the board,



Jayendra Setukavalar
Senior Independent Director



R S Wijeweera
Director/Chief Executive Officer

Colombo
16th May 2018

	Attributable to Equity Holders of the Company			
	Stated Capital	Reserve Fund	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2016	1,445,333,342	95,360,709	1,056,934,366	2,597,628,417
Total Comprehensive Income for the Year				
Profit for the Year	-	-	369,829,303	369,829,303
Other Comprehensive Income				
Employee Benefit Plan Actuarial Gain	-	-	1,609,346	1,609,346
Related Tax	-	-	[450,617]	[450,617]
Total Comprehensive Income for the Year	-	-	370,988,032	370,988,032
Transactions with Owners, Recognized Directly in Equity				
Distribution to Owners of the Company				
Transferred to/(from) during the year	-	18,491,465	[18,491,465]	-
Dividends	-	-	[248,000,001]	[248,000,001]
Total Transactions with Equity Owners	-	18,491,465	[266,491,466]	[248,000,001]
Balance as at 31st March 2017	1,445,333,342	113,852,174	1,161,430,932	2,720,616,448
Balance as at 1st April 2017	1,445,333,342	113,852,174	1,161,430,932	2,720,616,448
Total Comprehensive Income for the Year				
Profit for the Year	-	-	443,145,540	443,145,540
Other Comprehensive Income				
Employee Benefit Plan Actuarial Loss	-	-	[9,036,592]	[9,036,592]
Related Tax	-	-	2,530,246	2,530,246
Total Comprehensive Income for the Year	-	-	436,639,194	436,639,194
Transactions with Owners, Recognized Directly in Equity				
Right Issue of Shares (Note 28.1.1)	551,111,115	-	-	551,111,115
Direct Cost on Right Issue	-	-	[1,989,651]	[1,989,651]
Distribution to Owners of the Company				
Transferred to/(from) during the year	-	22,157,277	[22,157,277]	-
Dividends	-	-	[371,265,186]	[371,265,186]
Total Transactions with Equity Owners	551,111,115	22,157,277	[395,412,114]	177,856,278
Balance as at 31st March 2018	1,996,444,457	136,009,451	1,202,658,012	3,335,111,920

The Notes on pages 166 through 211 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

For the Year Ended 31st March

	Note	2018 Rs.	2017 Rs.
Cash Flows from Operating Activities			
Profit Before Tax		700,298,861	568,213,878
Adjustments for			
Non-Cash Items Included in Profit Before Tax			
Interest Income from Investing Activities		[67,053,679]	[55,017,243]
Interest Income from Placement with Banks		[9,437,702]	[8,566,703]
Finance Cost		1,135,096,084	908,112,061
Depreciation/Amortisation		33,333,771	28,620,043
Software Impairment		-	30,309,767
Provision for Define Benefit Plans - Gratuity	27.1	11,417,050	8,457,338
Allowances for Impairment Charges for Loan and Other Losses	10.1	177,669,292	70,540,741
Debenture Issue Cost		8,581,584	10,029,901
Operating Profit Before Changes in Operating Assets And Liabilities		1,989,905,261	1,560,699,783
Changes in;			
Increase in Lease Rentals Receivables		[2,125,405,069]	[1,677,667,249]
Decrease in Hire Purchase Receivables		247,606,471	593,025,598
Increase in Loans and Advances		[1,113,843,588]	[502,064,130]
Increase in Other Debtors And Prepayments		[14,271,922]	[4,124,055]
Increase in Due From Related Companies		[134,403,511]	[201,865,366]
Increase in Inventory		-	21,960,000
Increase/ (Decrease) in Public Deposits		2,041,137,893	[6,890,753]
Increase in Amounts Due To Related Companies		194,111,279	350,035,722
Increase/ (Decrease) in Trade and Other Payables		190,792,496	[129,352,952]
Cash Flows from Operations		1,275,629,310	3,756,598
Finance Costs Paid		[1,028,008,211]	[802,774,498]
Retiring Gratuity Paid		[2,082,204]	[521,140]
ESC Paid		[42,125,664]	[29,000,834]
Income Tax Paid	25	[172,904,627]	[231,833,998]
Net Cash Flows from/(Used in) Operating Activities		30,508,604	[1,060,373,872]
Cash Flows from Investing Activities			
Acquisition of Property Plant & Equipment		[24,471,821]	[38,951,210]
Incurred on Software Development		[22,201,019]	[29,372,174]
Net Change in Investment Securities		[125,000,009]	[5,000,009]
Net Change in Bank Deposits		-	5,000,000
Interest Income Received		72,499,426	55,787,756
Net Cash Flows Used in Investing Activities		[99,173,423]	[12,535,637]
Cash Flows From Financing Activities			
Proceeds from issuance of Right Issue	28	551,111,115	-
Direct Cost on Right Issue		[1,989,651]	-
Issue of Debenture		-	991,482,053
Issue of Commercial Papers	22.3	6,404,398	534,362,906
Loans Obtained During the Year Other Than Related Party	22.2	4,650,000,000	2,200,000,000
Loans Obtained During the Year from Related Party	24.6.1	1,100,000,000	500,000,000
Repayment of Loans Other Than Related Party	22.2	[4,840,000,000]	[1,560,000,000]
Re-Payment of Interest Bearing Loans - Related Party	24.6.1	[600,000,000]	[500,000,000]
Re-Payment of Commercial Papers	22.3	[112,578,530]	[431,220,832]
Re-Payment of Debenture		[416,666,000]	[416,666,000]
Dividends Paid		[337,461,316]	[246,735,312]
Net Cash Flows (Used in)/ from Financing Activities		[1,179,984]	1,071,222,815
Net decrease In Cash and Cash Equivalents		[69,844,803]	[1,686,694]
Cash and Cash Equivalents at the beginning of the Year		[311,369,736]	[309,683,042]
Cash and Cash Equivalents at the end of the Year	14	[381,214,539]	[311,369,736]

The Notes on pages 166 through 211 form an integral part of these Financial Statements.

Figures in the brackets indicate deductions.

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 2018 was 389 [317 as at 31st March 2017].

1.1.2. Principal Activities and Nature of Operations

The principal activities of the Company consist of finance leasing, hire purchase financing, gold loan, financing of consumer durables under loan scheme and granting loans, factoring, credit card, authorised foreign currency dealer 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.

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 Hayleys PLC, which is incorporated in Sri Lanka.

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.

1.2.3. Approval of Financial Statement

The Financial Statements for the year ended 31st March 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 16th May 2018.

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.

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 2.1.9 - Determination of Fair Value

Note 2.1.10.1 - Impairment of Financial Assets

Note 2.2.3 - Useful life of PPE

Note 2.5 - Impairment of Non Financial Assets

Note 2.12 - Employee Benefit

Note 2.14.2 - Deferred Taxation

Note 2.21 - 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 through the profit or loss.

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 de-recognised. The ‘Day 1 loss’ arising in the case of loans granted to employees at concessionary rates under uniformly 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 Lease Rental Receivables, Hire Purchase Receivables, Loans and Advances and other debtors 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 Profit or Loss 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 Profit or Loss Statement. The losses arising from impairment of such investments are recognised in the Profit or Loss 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.

2.1.4.1 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 de-recognised 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 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.

During the year, the Company has not reclassified any financial asset.

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 de-recognised 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 de-recognised 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. The valuation technique is to arrive at a fair

value measurement that reflect the price that would be 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 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 de-recognition 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,
- rescheduling 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.

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 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.

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 de-recognised.

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 de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition 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 de-recognised. 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 de-recognised as required by Sri Lanka Accounting Standard – LKAS 16 on 'Property, Plant & Equipment'.

2.2.6 Capital Work-in-Progress

These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation. These are stated in the Statement of Financial Position at cost.

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 De-recognition of Intangible Assets

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from their use. Gains or losses arising from de-recognition 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.

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.

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.

2.8 Deposit Insurance Scheme

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

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

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

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

2.9 Debt Securities Issued and Subordinated Term Debts

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.

2.10 Other Liabilities

Other liabilities are recorded at amounts expected to be payable at the Reporting date.

2.11 Provisions

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.

2.12 Employee Benefits

2.12.1 Defined Benefit Plan (DBP) – Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan.

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.

The defined benefits obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by LKAS-19, "employee benefits".

Actuarial gains and losses in the period in which they occur have been recognised in the other Comprehensive income (OCI).

The assumptions based on which the results of actuarial valuation was determined, are included in notes to the financial statements.

Gratuity liability was computed from the first year of service for all employees in conformity with Sri Lanka Accounting Standards 19- "Employee Benefits".

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.

The Company is liable to pay gratuity in terms of the relevant statute.

The gratuity liability is not externally funded.

2.12.2 Defined Contribution Plans (DCPs) – Employees' Provident Fund/ Mercantile Services Provident Society and Employees' Trust Fund

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.

2.12.2.1 Mercantile Services Provident Society (MSPS)

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

2.12.2.2 Employees' Trust Fund (ETF)

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund managed by the Central Bank of Sri Lanka.

2.13 Recognition of Income and Expenses

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

2.13.1 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;

2.13.2 Over Due Interest

Over Due Interest have been accounted for on a cash received basis.

2.13.3 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.

2.13.4 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.

2.14 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.

2.14.1 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'.

The Company estimates and provides for potential losses and settlements that arise out of uncertain income tax positions to the extent that such losses are probable and can be estimated.

2.14.2 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 assets and liabilities are 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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 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 about resource allocation and performance assessment.

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.

2.21 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.

2.22 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the “Indirect Method” of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard LKAS - 07 “Cash Flow Statements”. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand and favourable 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.

3.1 SLFRS 9 Financial Instruments

SLFRS 9, issued in 2014 which replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of SLFRS 9. SLFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. SLFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early

application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

For the Company SLFRS 09 is applicable from 01 April 2018 and it plans to adopt the new standard on the required effective date and will restate comparative Information. During the period, the Company has performed a high level impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018 when the Company will adopt SLFRS 9. Overall, the Company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9.

[a] Classification and measurement

The Company does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of SLFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value

Loans and Investments in debt instruments are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company has reviewed the arrangements and the objectives of assets portfolios to evaluate whether any of the condition triggers change in the classifications. However, the Company has not identified any significant changes to the measurement rules based on impact analysis performed. Therefore, reclassification for these instruments is not required.

For The equity investment securities that are classified as available for sale under LKAS 39, the Company will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a significant impact.

Since the Company does not have liabilities designated at fair value, SLFRS 9 does not change the measurement rules of financial liabilities.

[b] Impairment

SLFRS 9 brings out the concept of expected loss against the incurred loss principle used in LKAS 39. Accordingly, SLFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and receivables, either on a 12-month or lifetime basis. Further, if loans credit risk has increased significantly from the grant date, life time expected loss should be recognized.

The most significant impact on the Company's financial

statements from the implementation of SLFRS 9 is expected to result from the new impairment requirements. Impairment losses will increase and become more volatile for financial instruments within the scope of SLFRS 9.

The Company has employed statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposure and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationship between changes in default rates and changes in key macro-economic factors as well as analysis of the impact of certain other factors on the risk of default.

The Company has estimated LGD parameters based on the history of recovery rates of claims against defaulted counterparties. EAD for lending commitments and financial guarantees, include the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which has been estimated based on historical observations and forward looking forecasts.

Under SLFRS 9, the Company has incorporated forward looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Company has completed the initial high level assessment of the potential impact on its Financial Statements for the year ended 31st March 2018 resulting from the application of SLFRS 9 with the assistance of an external consultant.

Based on the preliminary assessments undertaken to date which is yet to be audited, the total estimated additional loan loss provision on the Financial Statements for the year ended 31st March 2018 on adoption of SLFRS 9 is expected to be in the range of 25% to 35% of the total impairment provision as per the current LKAS 39.

The above assessment is preliminary (and is yet to be audited) because not all transition work has been finalised.

(c) Hedge accounting

Hedge accounting guidelines prescribed by SLFRS 9 do not have any impact to the company as hedge accounting is not applied currently.

3.2 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 01st January 2018.

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

3.3 IFRS 16 "Leases"

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) assets representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short term leases and leases of low value items. Lessor accounting remains similar to the current standard.

The standard is effective for annual periods beginning on or after 01st January 2019.

The Company's is assessing the potential impact on its Financial Statements resulting from the application of IFRS 16.

For the Year Ended 31st March

	2018	2017
	Rs.	Rs.
4 GROSS INCOME		
4.1 Summary		
Gross Income	3,277,570,034	2,610,297,455
4.2 Analysis of Gross Income		
Interest Income [Note 5]	3,014,717,882	2,418,122,004
Fee and Commission Income [Note 7]	176,666,121	123,610,504
Trading Income [Note 8]	902,944	558,091
Other Operating Income [Note 9]	85,283,087	68,006,856
	3,277,570,034	2,610,297,455
5 INTEREST INCOME		
Interest Income on Hire Purchase	34,544,984	125,764,109
Interest Income on Lease	2,053,494,512	1,609,610,789
Interest Income on Loans & Advances	656,431,523	458,454,004
Income on Financial Instruments - Held-to-Maturity	67,053,679	55,017,243
Interest Income on Placements with Banks	9,437,702	8,566,703
Interest Income on Inter Company Receivable	52,340,345	39,424,117
Over Due Interest Income	141,415,137	121,285,039
	3,014,717,882	2,418,122,004
6 INTEREST EXPENSE		
Interest on Other Financial Liabilities Due to Customers	578,795,907	320,709,995
Interest on Bank Loans	194,188,280	152,766,468
Interest on Commercial Papers	7,530,543	22,541,139
Interest on Inter Company Payable	119,495,448	38,983,019
Interest on Debenture	363,162,937	422,097,419
Interest on Bank Overdrafts	24,204,876	21,898,106
	1,287,377,991	978,996,146
7 FEE AND COMMISSION INCOME		
Service Charge	91,475,425	75,687,557
Commission Income	3,266,267	3,787,364
Reimbursement Fee Credit Card	9,670,979	5,203,669
Insurance Commission	30,155,082	28,431,247
Other Credit Card Related Income	42,098,368	10,500,667
	176,666,121	123,610,504
8 TRADING INCOME		
Foreign Exchange from Others Customers	902,944	558,091
	902,944	558,091
9 OTHER OPERATING INCOME		
Gain on Translation of Foreign Currency	569,624	185,813
Unwinding Interest Income on Employee Loans	5,101,421	5,452,349
Loan Loss Recoveries	19,385,913	11,580,359
Credit Income	34,088,864	7,675,090
Other Income	26,137,265	43,113,245
	85,283,087	68,006,856

For the Year Ended 31st March

	2018	2017
	Rs.	Rs.
10 PROFIT FROM ORDINARY ACTIVITIES BEFORE VAT ON FINANCIAL SERVICES AND TAX STATED AFTER CHARGING ALL EXPENSES INCLUDING THE FOLLOWING:		
Directors' Emoluments	27,304,165	18,794,830
Auditors' Remuneration - Statutory Audit	450,000	450,000
- Audit Related Services	1,500,000	1,380,000
- Non-Audit Services	640,000	275,000
Amortization of Intangible Assets	4,791,585	3,093,193
Impairment of Intangible Asset [Note 19.2]	-	30,309,767
Impairment Charge for Loan and Other Losses [Note 10.1]	177,669,292	70,540,741
Depreciation on Property Plant & Equipment	28,542,186	25,526,850
Legal Expense	7,560,000	7,213,316
Personnel Cost [Note 10.2]	366,150,665	353,893,133
Operating Lease Rentals	49,099,373	47,218,157
10.1 Impairment Charge for Loan and Other Losses		
Impairment Reversal on Hire Purchase Receivable [Note 15.1.3]	[9,555,989]	[5,613,481]
Impairment Charge on Lease Receivable [Note 15.2.4]	47,651,080	33,927,423
Impairment Charge on Loans & Advances [Note 15.3.4]	139,574,201	42,226,799
	177,669,292	70,540,741
10.2 Personnel Cost		
Staff Cost	326,204,548	321,808,358
Defined Benefit Plan Costs -Retiring Gratuity [Note 27.1]	11,417,050	8,457,338
Defined Contribution Plan Costs - MSPS & ETF	28,529,067	23,627,437
	366,150,665	353,893,133
11 INCOME TAX EXPENSE		
Current Income Tax Expense [Note 11.2]	130,161,599	212,705,425
Income Tax Settlement related to prior years	9,527,295	-
Prior period under provision	-	532,617
	139,688,894	213,238,042
Deferred Tax Expenses [Note 26.1]	117,464,427	[14,853,467]
Income Tax Charge for The Year [Note 11.1]	257,153,321	198,384,575
11.1 Reconciliation Between Income Tax Expenses and the Accounting Profit		
Accounting Profit Before Tax	700,298,861	568,213,878
Tax expenses as per Accounting Profit	196,083,681	159,099,886
Tax effect of Capital Portion of Lease Rentals	[112,184,121]	30,038,584
Tax effect of Disallowed Expenses	64,426,845	57,868,270
Tax effect of Deductible Expenses	[18,164,806]	[34,301,315]
Deferred Tax Expenses	117,464,427	[14,853,467]
Income Tax Settlement Related to Prior Years	9,527,295	-
Prior Period Under Provision [Note 11]	-	532,617
Income tax expenses reported in the statement of comprehensive income at the effective tax rate	257,153,321	198,384,575

For the Year Ended 31st March 2018		Leasing Business	Other Business	Total
		Rs.	Rs.	Rs.
11.2	A Reconciliation between Tax Expense and the Accounting Profit based on the Statutory Tax Rate			
	Accounting profit before tax	533,722,135	166,576,726	700,298,861
	Adjustments			
	Capital portion of leasing rental due	5,944,397,345	-	5,944,397,345
	Disallowable expenses	153,093,873	77,002,006	230,095,879
	Allowable expenses	[6,388,218,926]	[21,710,305]	[6,409,929,231]
	Total statutory income	242,994,427	221,868,427	464,862,854
	Taxable income	242,994,427	221,868,427	464,862,854
	Income tax rate (%)	28	28	28
	Income tax [Note 11]	68,038,440	62,123,160	130,161,599
	Effective tax rate (%)	12.75	37.29	18.59

For the Year Ended 31st March 2017		Leasing Business	Other Business	Total
		Rs.	Rs.	Rs.
	A Reconciliation between Tax Expense and the Accounting Profit based on the Statutory Tax Rate			
	Accounting profit before tax	479,089,730	89,124,148	568,213,878
	Adjustments			
	Capital portion of leasing rental due	3,048,031,029	-	3,048,031,029
	Disallowable expenses	139,824,297	66,848,100	206,672,397
	Allowable expenses	[3,023,630,979]	[39,624,093]	[3,063,255,072]
	Total statutory income	643,314,077	116,348,155	759,662,232
	Taxable income	643,314,077	116,348,155	759,662,232
	Income tax rate (%)	28	28	28
	Income tax [Note 11]	180,127,942	32,577,483	212,705,425
	Effective tax rate (%)	37.60	36.55	37.43

Deferred tax has been computed using the enacted tax rate of 28%

12 EARNINGS PER SHARE

The Company's Basic Earning Per Share is computed on the net profit attributable to equity holders of the Company during the year as required by LKAS 33 "Earning Per Share"

For the Year Ended 31st March

	2018	2017
	Rs.	Rs.
Amount Used as the Numerator		
Net Profit Attributable to Equity Holders of the Company	443,145,540	369,829,303
Amount Used as the Denominator		
Weighted Average number of Ordinary Shares in issue (Note 12.1)	175,845,635	165,333,334
Basic Earnings per Share	2.52	2.24
12.1 Weighted Average Number of Ordinary Shares		
Issued Ordinary Shares at the beginning of the Year	165,333,334	165,333,334
Effect of Rights issued in December 2017	10,512,301	-
Number of Ordinary Shares at the end of the Year	175,845,635	165,333,334
Weighted Average number of Ordinary Shares at the end of the Year	175,845,635	165,333,334

For the Year Ended 31st March

	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
13 DIVIDEND PER SHARE				
Dividend Paid				
Interim Dividend	196,011,853	-	0.97	Nil
Final Dividend	-	175,253,334	Nil	1.06

As at 31st March

	2018	2017
	Rs.	Rs.
14 CASH AND CASH EQUIVALENTS		
14.1 Favorable Cash and Cash Equivalent Balances		
Cash in Hand	46,850,221	26,924,372
Cash at Banks in Local Currency	222,427,489	120,893,864
Cash at Banks in Foreign Currency	26,424,901	18,992,964
	295,702,611	166,811,200
14.2 Unfavorable Cash and Cash Equivalent Balances		
Bank Overdrafts	(676,917,150)	(478,180,936)
Net Cash and Cash Equivalents for the purpose of Cash Flow Statement	(381,214,539)	(311,369,736)

As at 31st March		2018	2017
		Rs.	Rs.
15	LOANS AND RECEIVABLES FROM CUSTOMERS		
15.1	Hire Purchase Receivables		
	Rentals Receivable	105,210,733	394,896,938
	Unearned Interest Income	[10,575,790]	[50,533,673]
	Gross Receivable	94,634,943	344,363,265
	Collective Impairment Allowance for Hire Purchase Receivables [Note 15.1.3]	[11,790,035]	[23,467,875]
	Net Receivables	82,844,908	320,895,390
15.1.1	Hire Purchase Rentals Receivable within One Year from Reporting Date		
	Rentals Receivable within One Year	84,024,724	259,287,079
	Unearned Interest Income	[8,097,085]	[37,979,040]
	Net Receivables within One Year	75,927,639	221,308,039
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	21,186,009	135,609,859
	Unearned Interest Income	[2,478,705]	[12,554,633]
	Net Receivables after One Year but before Five Years	18,707,304	123,055,226
	Gross Receivable	94,634,943	344,363,265
15.1.3	Movement in Collective Impairment Allowance for Hire Purchase Receivables		
	Balance as at 1st April	23,467,875	31,790,978
	Reversal for the year	[9,555,989]	[5,613,481]
	Written off during the year	[2,121,851]	[2,709,622]
	Balance as at 31st March	11,790,035	23,467,875
15.2	Lease Rentals Receivables		
	Rentals Receivable	15,301,521,280	12,314,455,306
	Unearned Interest Income	[3,791,984,855]	[2,897,566,624]
	Gross Receivable	11,509,536,425	9,416,888,682
	Collective Impairment Allowance for on Lease Rentals Receivables [Note 15.2.4]	[126,311,108]	[111,417,352]
	Net Receivables	11,383,225,317	9,305,471,330

As at 31st March		2018	2017
		Rs.	Rs.
15.2.1	Lease Rentals Receivable within One Year from Reporting Date		
	Rentals Receivable within One Year	5,885,410,675	4,807,387,334
	Unearned Interest Income	[1,721,535,607]	[1,399,084,259]
	Net Receivables within One Year	4,163,875,068	3,408,303,075
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	9,404,430,913	7,505,262,447
	Unearned Interest Income	[2,069,657,977]	[1,498,450,241]
	Net Receivables after One Year but before Five Years	7,334,772,936	6,006,812,206
15.2.3	Lease Rentals Receivable after Five Years from Reporting Date		
	Rentals Receivable after Five Years	11,679,692	1,805,525
	Unearned Interest Income	[791,271]	[32,124]
	Net Receivables after Five Years	10,888,421	1,773,401
	Gross Receivable	11,509,536,425	9,416,888,682
15.2.4	Movement in Collective Impairment Allowance for Lease Rentals Receivables		
	Balance as at 1st April	111,417,352	101,888,423
	Charge for the year	47,651,080	33,927,423
	Written off during the year	[32,757,324]	[24,398,494]
	Balance as at 31st March	126,311,108	111,417,352
15.3	Loans and Advances		
	Loans and Advances	3,389,443,769	2,204,908,473
	Unearned Interest Income	[362,976,971]	[249,091,212]
	Receivables on Loans against Fixed Deposits	42,000,184	29,734,568
	Gross Receivable	3,068,466,982	1,985,551,829
	Collective Impairment Allowance for Loans and Advances (Note 15.3.4)	[168,104,067]	[59,458,303]
	Net Receivables	2,900,362,915	1,926,093,526
15.3.1	Loans and Advances Receivable within One Year from Reporting Date		
	Loans and Advances Receivable within One Year	2,909,032,850	1,897,247,180
	Receivables on Loans against Fixed Deposits	42,000,184	29,734,568
	Unearned Interest Income	[285,970,584]	[215,493,540]
	Net Receivables	2,665,062,450	1,711,488,208

As At 31st March		2018	2017
		Rs.	Rs.
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	479,188,752	307,286,059	
Unearned Interest Income	[76,914,968]	[33,597,632]	
Net Receivables after One Year but before Five Years	402,273,784	273,688,427	
15.3.3 Loans and Advances Receivable after Five Years from Reporting Date			
Loans and Advances Receivable after Five Years	1,222,167	375,234	
Unearned Interest Income	[91,419]	[40]	
Net Receivables after Five Years	1,130,748	375,194	
Gross Receivable	3,068,466,982	1,985,551,829	
15.3.4 Movement in Collective Impairment for Loans & Advances			
Balance as at 1 April	59,458,303	42,325,330	
Charge for the year	139,574,201	42,226,799	
Written off during the year	[30,928,437]	[25,093,826]	
Balance as at 31 March	168,104,067	59,458,303	
15.4 Allowance for Impairment			
15.4.1 Movement in Collective Allowance for Impairment			
Balance as at 1st April	194,343,530	176,004,731	
Charge for the year	177,669,292	70,540,741	
Written off during the year	[65,807,612]	[52,201,942]	
Balance as at 31st March	306,205,210	194,343,530	
15.4.2 Allowance for Impairment consist of Provisioning Against			
Hire Purchase Receivables [Note 15.1.3]	11,790,035	23,467,875	
Lease Receivable [Note 15.2.4]	126,311,108	111,417,352	
Loans and Advances [Note 15.3.4]	168,104,067	59,458,303	
	306,205,210	194,343,530	

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

	2018		2017	
	Rs.	%	Rs.	%
Agriculture	1,715,192,471	11.9	1,823,024,455	15.8
Tourism	127,229,909	0.9	94,834,963	0.8
Transport	4,526,930,941	31.5	3,308,123,073	28.6
Construction	98,062,299	0.7	89,219,836	0.8
Services	1,908,655,130	13.3	2,589,791,879	22.4
Individual	5,990,362,390	41.7	3,647,466,040	31.6
	14,366,433,140	100.0	11,552,460,246	100.0

16 FINANCIAL INSTRUMENTS - AVAILABLE-FOR-SALE

As At 31st March

	No. of Ordinary Shares	2018	2017
		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

	2018	2017
	Rs.	Rs.

17 FINANCIAL INSTRUMENTS - HELD-TO-MATURITY

Investment in Treasury Bills	580,351,485	460,383,227
Investment in Treasury Bond	91,031,155	88,872,576
	671,382,640	549,255,803

18 OTHER DEBTORS AND PREPAYMENTS

Loans to Employees [Note 18.1]	53,980,821	44,596,899
Notional Tax Receivable	6,489,511	5,309,230
Economic Service Charges Receivable	32,497,543	29,000,834
Prepayments	92,806,901	82,472,514
Advance and Other Receivables	24,490,486	30,733,707
	210,265,262	192,113,184

18.1 Loans to Employees

Balance as at 1st April	44,596,899	47,014,217
Loans granted during the year	38,666,600	11,410,000
Loan recoveries during the year	[28,342,677]	[13,604,717]
Provision for Impairment [Note 18.2]	[940,001]	[222,601]
Balance as at 31st March	53,980,821	44,596,899
Due within One Year	14,660,226	17,082,584
Due after One Year	39,320,595	27,514,315
	53,980,821	44,596,899

As At 31st March

	2018	2017
	Rs.	Rs.
18.2 Movement In Provision for Impairment		
Balance as at 1st April	222,601	177,117
Charge for the year	717,400	45,484
Balance as at 31st March	940,001	222,601
19 INTANGIBLE ASSETS		
19.1 Cost		
Balance as at 1st April	100,624,951	71,252,777
Additions	22,201,019	29,372,174
Balance as at 31st March	122,825,970	100,624,951
19.2 Accumulated Amortization		
Balance as at 1st April	[68,614,255]	[35,211,296]
Amortization During the Year	[4,791,585]	[3,093,192]
Impairment During the Year [Note 19.6]	-	[30,309,767]
Balance as at 31st March	[73,405,840]	[68,614,255]
19.3 Carrying Amount		
At Cost	49,420,130	32,010,696
Total Carrying Amount of EDP Software	49,420,130	32,010,696

19.4 During the financial year, the company acquired Software to the aggregated value of **Rs. 22,201,019** [2016/17 - Rs. 29,372,174]

19.5 EDP Software included fully amortized assets having gross carrying amount of **Rs. 64,695,264** [2016/17 - Rs. 64,695,264]

19.6 During the year 2016/17 the company has fully impaired the old inbank system due to migration to the new system eFinancial.

	Balance as at 1st April 2017	Additions & Transfers	Disposal	Balance as at 31st March 2018
	Rs.	Rs.	Rs.	Rs.
20 PROPERTY, PLANT AND EQUIPMENT				
20.1 Cost				
Improvement on Leasehold Premises	111,917,211	10,495,766	-	122,412,977
Equipment	31,801,033	2,640,567	-	34,441,600
EDP Equipment	57,880,821	7,834,331	-	65,715,152
Motor Vehicles	10,180,000	-	-	10,180,000
Furniture and Fittings	25,312,186	1,483,838	-	26,796,024
	237,091,251	22,454,502	-	259,545,753

	Balance as at 1st April 2017	Additions	Transfer	Balance as at 31st March 2018
	Rs.	Rs.	Rs.	Rs.
Capital Work in Progress	249,883	3,039,704	[1,022,385]	2,267,202
	237,341,134	25,494,206	[1,022,385]	261,812,955

	Balance as at 1st April 2017	Depreciation	Disposal	Balance as at 31st March 2018
	Rs.	Rs.	Rs.	Rs.
20.2 Accumulated Depreciation				
Improvement on Leasehold Premises	(58,425,263)	(13,381,986)	-	(71,807,249)
Equipment	(11,038,964)	(3,079,351)	-	(14,118,315)
EDP Equipment	(28,536,648)	(8,732,444)	-	(37,269,092)
Motor Vehicles	(3,252,619)	(1,025,919)	-	(4,278,538)
Furniture and Fittings	(11,429,904)	(2,322,486)	-	(13,752,390)
	(112,683,398)	(28,542,186)	-	(141,225,584)

As At 31st March	2018	2017
	Rs.	Rs.
20.3 Carrying Amount		
Improvement on Leasehold Premises	50,605,728	53,491,948
Equipment	20,323,285	20,762,069
EDP Equipment	28,446,060	29,344,173
Motor Vehicles	5,901,462	6,927,381
Furniture and Fittings	13,043,634	13,882,282
Capital Work in Progress	2,267,202	249,883
	120,587,371	124,657,736

20.4 During the Financial Year, the Company acquired Property, Plant and Equipment to the aggregated value of **Rs. 21,432,117/-** [2016/17 - Rs. 38,701,327] 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	2018	2017
	Rs.	Rs.
Improvement on Leasehold Premises	26,426,341	19,612,510
Equipment	2,887,226	1,959,660
EDP Equipment	18,595,593	13,204,078
Furniture and Fittings	3,849,877	1,557,519
	51,759,037	36,333,767

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

As At 31st March

		2018	2017
		Rs.	Rs.
21	OTHER FINANCIAL LIABILITIES DUE TO CUSTOMERS		
	Fixed Deposits at Amortized Cost	5,287,905,003	3,169,265,018
	Saving Deposits	68,173,441	41,282,567
		5,356,078,444	3,210,547,585

As At 31st March

		2018		2017		
		Amount	Amount	Amount	Amount	Total
		Repayable	Repayable	Repayable	Repayable	
		Within 1 Year	After 1 Year	Within 1 Year	After 1 Year	
		Rs.	Rs.	Rs.	Rs.	Rs.
22	INTEREST-BEARING LOANS AND BORROWINGS					
	Debenture [Note 22.1]	508,336,422	2,487,538,575	2,995,874,997	507,730,323	2,895,847,269
	Bank Loans [Note 22.2]	1,105,424,996	212,300,000	1,317,724,996	1,143,111,910	362,300,000
	Commercial Papers [Note 22.3]	-	-	-	106,174,132	-
		1,613,761,418	2,699,838,575	4,313,599,993	1,757,016,365	3,258,147,269
						5,015,163,634

As at 31st March

		No of		Interest					
Type		Debenture	Face Value	Rate			2018	2017	
		Listed	Rs.	%	Issued Date	Maturity Date	Rs.	Rs.	
22.1	Debenture								
48 Months Unsecured redeemable Debentures		B	4,166,660	416,666,667	14.25	10th Sep 2013	10th Sep 2017	-	415,596,330
60 Months Unsecured redeemable Debentures		C	4,166,680	416,666,666	14.50	10th Sep 2013	10th Sep 2018	415,595,720	413,816,347
60 Months Secured Debentures		D	15,000,000	1,500,000,000	9.95	17th June 2015	16th June 2020	1,527,337,926	1,523,509,174
36 Months Secured Debentures		E	4,093,000	409,300,000	11.50	06th April 2016	06th April 2019	430,773,373	429,657,608
48 Months Secured Debentures		F	5,907,000	590,700,000	12.00	06th April 2016	06th April 2020	622,167,978	620,998,133
			33,333,340	3,333,333,333				2,995,874,997	3,403,577,592

	As at 1st April 2017	Loans Obtained	Repayments	Accrued Interest	As at 31st March 2018
	Rs.	Rs.	Rs.	Rs.	Rs.
22.2	Bank Loans				
	Movement of Bank Loans				
	Sampath Bank	893,899,450	1,100,000,000	[1,699,600,000]	[1,503,433]
	Nations Trust Bank	490,944,936	3,550,000,000	[3,090,000,000]	4,001,448
	Seylan Bank	120,567,524	-	[50,400,000]	[184,929]
		1,505,411,910	4,650,000,000	[4,840,000,000]	2,313,086
					1,317,724,996

(a) Bank Loan Repayable within One Year

As At 31st March				2018	2017
Bank	Rate of Interest [p.a.]	Repayment Terms	Security	Rs.	Rs.
Sampath Bank	AWPLR + 1.50%	Monthly Repayment	Lease Receivable	99,896,017	601,399,450
Seylan Bank	AWPLR + 2.00%	Monthly Repayment	Lease Receivable	50,582,595	50,767,524
Nations Trust Bank	AWPLR + 1.50%	Monthly Repayment	Lease Receivable	954,946,384	490,944,936
				1,105,424,996	1,143,111,910

(b) Bank Loan Repayable after One Year

As At 31st March				2018	2017
Bank	Rate of Interest [p.a.]	Repayment Terms	Security	Rs.	Rs.
Sampath Bank	AWPLR + 1.50%	Monthly Repayment	Lease Receivable	192,900,000	292,500,000
Seylan Bank	AWPLR + 2.00%	Monthly Repayment	Lease Receivable	19,400,000	69,800,000
				212,300,000	362,300,000

	As at 1st April 2017 Rs.	New Issues Rs.	[Repayments] Rs.	Accrued Interest Rs.	As at 31st March 2018 Rs.
22.3 Commercial Papers					
Commercial Papers	106,174,132	6,404,398	[112,578,530]	-	-
	106,174,132	6,404,398	[112,578,530]	-	-

As At 31st March		2018	2017
		Rs.	Rs.
23 TRADE AND OTHER PAYABLES			
Trade Payables		368,397,931	266,924,558
VAT on Financial Services		14,118,584	12,231,780
VAT Payable		2,478,731	3,005,500
Accrued Expenses		108,765,816	120,856,508
Insurance Payable		97,155,241	43,611,923
Dividend Payable		37,918,530	4,114,659
Other Payables		135,580,616	89,074,154
		764,415,449	539,819,082

As At 31st March

As At 31st March			2018	2017
			Rs.	Rs.
24	AMOUNT DUE TO/(FROM) RELATED COMPANIES			
	Amount due from Related Companies			
24.1	Trade	Relationship		
	Singer (Sri Lanka) PLC	Parent Company	291,235,004	201,865,366
24.2	Advance Paid			
	Singer (Sri Lanka) PLC	Parent Company	44,245,873	-
24.3	Trade			
	Hayleys Travels (Pvt) Ltd	Affiliate Company	788,000	-
			336,268,877	201,865,366
	Amount due to Related Companies			
24.4	Non-Trade	Relationship		
	Hayleys PLC	Ultimate Parent	1,116,163	-
24.5	Non-Trade			
	Singer (Sri Lanka) PLC	Parent Company	464,229,966	271,234,850
24.6	Loan from Related Party			
	Singer (Sri Lanka) PLC	Parent Company	1,000,000,000	500,000,000
		[Note 24.6.1]	1,465,346,129	771,234,850

	As at 1st April 2017	Loans Obtained	Repayments/ Transfer	As at 31st March 2018
	Rs.	Rs.	Rs.	Rs.
24.6.1				
Movement of Loan from Related Party				
Singer (Sri Lanka) PLC	500,000,000	1,100,000,000	(600,000,000)	1,000,000,000
	500,000,000	1,100,000,000	(600,000,000)	1,000,000,000

24.7 Singer (Sri Lanka) PLC

Company obtained this facility based on the fund requirement as a short term loan and will be settled with in 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 +0.5%

As At 31st March

	2018	2017
	Rs.	Rs.
25	CURRENT TAX LIABILITIES	
Balance as at 1st April	87,997,648	111,517,483
Expenses recognised in Profit or Loss [Note 11]	139,688,894	213,238,042
Income Tax Paid	(172,904,627)	(231,833,998)
WHT Setoff	(796,834)	(613,889)
Notional Tax Setoff	(5,309,230)	(4,309,990)
ESC Setoff	(38,628,955)	-
Balance as at 31st March	10,046,896	87,997,648

As At 31st March

	2018	2017
	Rs.	Rs.
26 DEFERRED TAX LIABILITIES		
26.1 Deferred Tax Liability		
Balance as at 1st April	39,941,693	54,344,543
Origination of timing differences - recognized in Profit or Loss (Note 11)	117,464,427	[14,853,467]
Origination of timing differences - recognized in Other Comprehensive Income	[2,530,246]	450,617
Balance as at 31st March	154,875,874	39,941,693

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

	2018		2017	
	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Property, Plant and Equipment	-	21,034,082	-	18,014,662
Intangible Assets	-	10,044,110	-	5,169,468
Retirement Benefit Obligation	15,459,777	-	10,315,774	-
Lease Rental Receivables	-	139,257,459	-	27,073,337
	15,459,777	170,335,651	10,315,774	50,257,467
Net Deferred Tax		154,875,874		39,941,693

As At 31st March

	2018	2017
	Rs.	Rs.
27 RETIREMENT BENEFIT OBLIGATIONS		
Present Value of Unfunded Gratuity	55,213,488	36,842,050
	55,213,488	36,842,050
Provision for Retiring Gratuity		
Balance as at 1st April	36,842,050	30,515,198
Expenses recognised in Profit or Loss (Note 27.1)	11,417,050	8,457,338
Actuarial Loss/(Gain) in Other Comprehensive Income	9,036,592	[1,609,346]
	57,295,692	37,363,190
Benefits Paid during the Year	[2,082,204]	[521,140]
Balance as at 31st March	55,213,488	36,842,050

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 Mr. Pushpakumara Gunasekara of Smiles Global (Pvt) Limited who is a qualified Actuary, Associate of the Institute of Actuaries of Australia [AIAA].

For the Year Ended 31st March

	2018	2017
	Rs.	Rs.
27.1 Expense recognized in Profit or Loss:		
Current Service Cost	6,336,478	4,593,422
Interest Cost	5,080,572	3,863,916
	11,417,050	8,457,338
Actuarial Loss/(Gain) in Other Comprehensive Income	9,036,592	(1,609,346)

27.2 Actuarial Assumptions

Following key assumptions were made in arriving at the above figures

	2018	2017
As At 31st March		
[a] Rate of Discount	11% p.a. [net of tax]	11.5% p.a. [net of tax]
[b] Salary Increment Rate	10%	10%
[c] Retirement Age		
Males	60 years	60 years
Females	60 years	60 years

- [d] Assumptions regarding future mortality are based on A1967/70 Mortality Table, issued by the Institute of Actuaries, London. The demographic assumptions underline the valuation are with respect to retirement age, early withdrawal from service and retirement on medical grounds.

	As at 1st April 2017 Number	Issued for Cash during the Year Number	Issued for Non-Cash Consideration Number	As at 31st March 2018 Number
28 STATED CAPITAL				
28.1 Issued and Fully Paid				
Number of Ordinary Shares	165,333,334	36,740,741	-	202,074,075
	165,333,334	36,740,741	-	202,074,075
	Rs.	Rs.	Rs.	Rs.
Rupee - Ordinary Shares	1,445,333,342	551,111,115	-	1,996,444,457
	1,445,333,342	551,111,115	-	1,996,444,457

- 28.1.1** The Company has issued 36,740,741 of ordinary shares through a right issue amounting to Rs. 551,111,115 in order to augment the capital base and enable the company to further grow its loan book.

As At 31st March

	2018	2017
	Rs.	Rs.
29 STATUTORY RESERVES		
Reserve Fund (Note 29.1)	136,009,451	113,852,174
	136,009,451	113,852,174
29.1 Reserve Fund		
Balance as at 1st April	113,852,174	95,360,709
Amount Transfer during the year	22,157,277	18,491,465
Balance as at 31st March	136,009,451	113,852,174

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.

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

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

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]

For the Year Ended 31st March	Finance Lease		Hire Purchase		Loan & Advances		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Interest	2,176,107	1,709,275	40,975	141,201	668,804	464,638	128,832	103,008	3,014,718	2,418,122
Net Fee and Commission Income	96,374	83,867	702	2,892	79,590	36,852	-	-	176,666	123,611
Net Trading Income	-	-	-	-	-	-	903	558	903	558
Other Operating Income	15,873	15,603	960	1,156	14,817	7,403	53,633	43,845	85,283	68,007
Total Revenue	2,288,354	1,808,745	42,637	145,249	763,211	508,893	183,368	147,411	3,277,570	2,610,298
Interest Expense	(970,644)	(747,772)	(7,064)	(25,787)	(245,468)	(154,778)	(64,202)	(50,659)	(1,287,378)	(978,996)
Depreciation & Amortization	(26,452)	(47,468)	(193)	(1,637)	(6,689)	(9,825)	-	-	(33,334)	(58,930)
Administration & Selling Expenses	(736,639)	(663,971)	(5,361)	(22,897)	(186,163)	(137,432)	-	-	(928,163)	(824,300)
Allowances for impairment charges for loans & other losses	(47,651)	(33,927)	9,556	5,613	(139,574)	(42,227)	-	-	(177,669)	(70,541)
Value Added Tax on Financial Services	(113,644)	(83,497)	(827)	(2,879)	(28,740)	(17,283)	(7,516)	(5,657)	(150,727)	(109,316)
Profit Before Income Tax	393,324	232,110	38,748	97,662	156,577	147,348	111,650	91,095	700,299	568,214
Income Tax Expense	(143,712)	(60,027)	(14,395)	(27,105)	(57,511)	(52,601)	(41,535)	(58,652)	(257,153)	(198,385)
Profit for the Year	249,612	172,083	24,353	70,557	99,066	94,747	70,115	32,443	443,146	369,829
Segment Assets	11,383,225	9,305,471	82,845	320,895	3,239,165	2,127,959	1,426,370	1,146,019	16,131,605	12,900,344
Segment Liabilities	9,322,660	7,624,943	65,617	256,157	2,790,422	1,864,792	617,794	433,835	12,796,493	10,179,727
Segment assets include the additions to non current assets	35,436	54,833	258	1,891	8,962	11,350	-	-	44,656	68,074

31 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

An analysis of the interest bearing assets and liabilities employed by the Company as at 31st March 2018, based on the remaining period at the reporting date to the respective contractual maturity date is given below.

	As at 31 March 2018					
	Less than 3 months	3-12 months	1-3 years	3-5 years	over 5 years	Total
Interest Earning Assets						
Cash and Cash Equivalents	295,702,611	-	-	-	-	295,702,611
Placement with Banks	81,504,012	-	-	-	-	81,504,012
Hire Purchase Receivables	24,519,855	39,617,749	16,621,729	2,085,575		82,844,908
Lease Rental Receivables	1,098,056,091	2,939,507,869	5,727,781,941	1,606,990,995	10,888,421	11,383,225,317
Loans and Advances	743,438,664	1,753,519,719	336,626,139	65,647,645	1,130,748	2,900,362,915
Financial Instruments - Held-to-Maturity	-	589,139,712	13,218,933	69,023,995	-	671,382,640
Due From Related Companies	291,235,004	-	-	-	-	291,235,004
Total Interest Earning Assets	2,534,456,237	5,321,785,049	6,094,248,742	1,743,748,210	12,019,169	15,706,257,407
Percentage[%]	16.1	33.9	38.8	11.1	0.1	100.0
Interest Bearing Liabilities						
Other Financial Liabilities Due to Customers	2,767,563,033	2,184,663,710	279,720,244	111,990,210	12,141,247	5,356,078,444
Interest Bearing Loans and Borrowings	992,924,996	620,836,422	2,699,838,575	-	-	4,313,599,993
Due to Related Companies	1,465,346,129	-	-	-	-	1,465,346,129
Bank Overdraft	676,917,150	-	-	-	-	676,917,150
Total Interest Bearing Liabilities	5,902,751,308	2,805,500,132	2,979,558,819	111,990,210	12,141,247	11,811,941,716
Percentage[%]	50.0	23.8	25.2	0.9	0.1	100.0

As at 31 March 2017

	Less than 3 months	3-12 months	1-3 years	3-5 years	over 5 years	Total
Interest Earning Assets						
Cash and Cash Equivalents	166,811,200	-	-	-	-	166,811,200
Placement with Banks	81,128,395	-	-	-	-	81,128,395
Hire Purchase Receivables	62,539,254	135,300,910	122,344,336	710,890	-	320,895,390
Lease Rental Receivables	950,162,581	2,346,723,142	4,696,044,746	1,310,767,460	1,773,401	9,305,471,330
Loans and Advances	658,817,935	993,211,970	258,273,026	15,415,401	375,194	1,926,093,526
Financial Instruments - Held-to-Maturity	227,012,876	240,000,000	-	13,218,932	69,023,995	549,255,803
Due From Related Companies	201,865,366	-	-	-	-	201,865,366
Total Interest Earning Assets	2,348,337,607	3,715,236,022	5,076,662,108	1,340,112,683	71,172,590	12,551,521,010
Percentage[%]	18.7	29.6	40.4	10.7	0.6	100.0
Interest Bearing Liabilities						
Other Financial Liabilities Due to Customers	926,631,926	1,835,457,188	370,939,695	66,133,252	11,385,524	3,210,547,585
Interest Bearing Loans and Borrowings	1,136,786,042	528,096,330	682,816,347	2,667,464,915	-	5,015,163,634
Due to Related Companies	271,234,850	500,000,000	-	-	-	771,234,850
Bank Overdraft	478,180,936	-	-	-	-	478,180,936
Total Interest Bearing Liabilities	2,812,833,754	2,863,553,518	1,053,756,042	2,733,598,167	11,385,524	9,475,127,005
Percentage[%]	29.7	30.2	11.1	28.9	0.1	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 counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and advances to customers and other banks and investment debt securities. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

[a] The Board of Directors has delegated responsibility for the oversight of credit risk to its Company Delegated Credit Committee (DCC). A separate Credit evaluation department, reporting to the Company Credit Committee, is responsible for managing the Company's 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 Company credit, the Head of Credit, 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 counter-parties, geographies and industries (for loan and advances, financial guarantees and similar exposures) and by issuer, credit rating band, market liquidity and country (for investment securities).

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

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 business units and 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)	
	2018	2017
	Rs.	Rs.
Cash at Banks	248,852,390	139,886,828
Placement with Banks [Note 32.1.1 (v) (a)]	81,504,012	81,128,395
Loans & receivables from Customers [Note 32.1.1 (c)]	14,366,433,140	11,552,460,246
Financial Instruments - Held-to-Maturity [Note 32.1.1 (v) (b)]	671,382,640	549,255,803
Due From Related Companies	336,268,877	201,865,366
	15,704,441,059	12,524,596,638

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]	
	2018	2017
	Rs.	Rs.
Individual Customers	14,234,550,919	11,369,923,726
Corporate Customers	131,882,221	182,536,520
	14,366,433,140	11,552,460,246

(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]			
	2018		2017	
	Rs.	%	Rs.	%
Leasing	11,383,225,317	79%	9,305,471,330	81%
Hire Purchase	82,844,908	1%	320,895,390	3%
Loans and Advances	2,900,362,915	20%	1,926,093,526	17%
	14,366,433,140	100%	11,552,460,246	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]			
	2018		2017	
	Rs.	%	Rs.	%
Central	1,804,728,046	12%	1,623,471,987	15%
Eastern	552,568,912	4%	469,310,088	4%
North Central	1,417,924,344	10%	1,192,412,489	10%
North Western	3,694,687,991	26%	2,828,234,938	25%
Northern	136,566,416	1%	137,423,634	1%
Sabaragamuwa	586,460,577	4%	488,581,226	4%
Southern	2,071,287,664	14%	1,667,852,189	14%
Uva	565,283,032	4%	461,571,667	4%
Western	3,536,926,158	25%	2,683,602,028	23%
	14,366,433,140	100%	11,552,460,246	100%

(iii) Sector wise analysis of credit exposures

Company manages its credit exposure to a single industry by regularly 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]			
	2018		2017	
	Rs.	%	Rs.	%
Agriculture	1,715,192,471	12%	1,823,024,455	16%
Tourism	127,229,909	1%	94,834,963	1%
Transport	4,526,930,941	31%	3,308,123,073	29%
Construction	98,062,299	1%	89,219,836	1%
Services	1,908,655,130	13%	2,589,791,879	22%
Individual	5,990,362,390	42%	3,647,466,040	31%
	14,366,433,140	100%	11,552,460,246	100%

(iv) Allowance for Impairment

The Company's exposure to credit risk on installment credit/hire purchase contracts is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base has a lesser influence on credit risk. Geographically, there is no concentration of credit risk. Leased assets, 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	2018			2017		
	Gross Rs.	Impairment Rs.	Net Rs.	Gross Rs.	Impairment Rs.	Net Rs.
Not past due	8,571,520,586	-	8,571,520,586	6,965,922,757	3,376,093	6,962,546,664
Past due 1-30 days	3,002,309,618	90,426	3,002,219,192	2,505,034,184	4,286,154	2,500,748,030
Past due 31-120 days	2,531,844,931	6,169,337	2,525,675,594	1,898,533,093	10,233,330	1,888,299,763
Past due 121-180 days	261,329,342	34,835,225	226,494,117	128,508,332	10,829,964	117,678,368
Past due 181-360 days	129,388,234	90,053,161	39,335,073	103,986,136	29,589,213	74,396,923
Past due more than 360 days	176,245,639	175,057,061	1,188,578	144,819,274	136,028,776	8,790,498
	14,672,638,350	306,205,210	14,366,433,140	11,746,803,776	194,343,530	11,552,460,246

(v) Credit Risk on Other Financial Assets**(a) Placement with Banks**

As At 31st March		2018		2017
		Rs.		Rs.
Rating				
AA+	People's Bank	20,542,368	People's Bank	20,440,000
AA-	HNB/NDB	40,497,534	HNB/NDB	40,541,683
A-	Seylan Bank	20,464,110	Seylan Bank	20,146,712
		81,504,012		81,128,395

(b) Financial Instruments - Held-to-Maturity

As At 31st March

	2018	2017
	Rs.	Rs.
Rating		
AA-	671,382,640	549,255,803
	671,382,640	549,255,803

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

(c) 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 2018	Caring Amount	Contractual Cash flows	6 months or less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Non Derivative Financial Liabilities							
Secured Bank Loans	1,317,724,996	1,484,563,872	1,197,263,872	75,000,000	69,200,000	143,100,000	-
Unsecured Debenture issues	428,496,711	490,628,734	490,628,734	-	-	-	-
Secured Debenture issues	2,567,378,286	2,841,633,400	204,505,843	137,127,557	2,500,000,000	-	-
Due to Related Companies	1,465,346,129	1,739,601,243	1,739,601,243	-	-	-	-
Trade Other payables	764,415,449	742,782,587	742,782,587	-	-	-	-
Other Financial Liabilities							
Due to Customers	5,356,078,444	5,356,078,443	3,573,003,590	1,379,223,153	279,720,244	111,990,210	12,141,246
Bank Overdrafts	676,917,150	676,917,150	676,917,150	-	-	-	-
	12,576,357,165	13,332,205,429	8,624,703,019	1,591,350,710	2,848,920,244	255,090,210	12,141,246

31st March 2017	Caring Amount	Contractual Cash flows	6 months or less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Non Derivative Financial Liabilities							
Secured Bank Loans	1,505,411,910	1,687,278,660	1,159,045,285	165,933,375	150,000,000	212,300,000	-
Unsecured Debenture issues	829,412,677	942,951,817	-	441,916,225	501,035,592	-	-
Secured Debenture issues	2,574,164,915	3,363,939,396	124,323,389	124,102,659	247,886,182	2,867,627,166	-
Unsecured Commercial Papers	106,174,132	109,206,190	109,206,190	-	-	-	-
Due to Related Companies	771,234,850	771,234,850	771,234,850	-	-	-	-
Trade Other payables	539,819,082	539,819,082	539,819,082	-	-	-	-
Other Financial Liabilities							
Due to Customers	3,210,547,585	3,210,547,585	1,716,648,906	1,045,440,208	370,939,695	66,133,252	11,385,524
Bank Overdrafts	478,180,936	478,180,936	478,180,936	-	-	-	-
	<u>10,014,946,087</u>	<u>11,103,158,516</u>	<u>4,898,458,638</u>	<u>1,777,392,467</u>	<u>1,269,861,469</u>	<u>3,146,060,418</u>	<u>11,385,524</u>

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.

Profile

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

As At 31st March	2018 Rs.	2017 Rs.
Fixed Rate Instruments		
Financial Assets	15,714,176,007	12,182,844,444
Financial Liabilities	[9,817,299,570]	[7,774,585,365]
	<u>5,896,876,437</u>	<u>4,408,259,079</u>
Variable Rate Instruments		
Financial Assets	-	-
Financial Liabilities	[1,994,642,146]	[2,038,495,356]
	<u>[1,994,642,146]</u>	<u>[2,038,495,356]</u>

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	1% Decrease	1% Increase	1% Decrease
	Rs.	Rs.	Rs.	Rs.
31st March 2018				
Variable Rate Instruments	[19,946,421]	19,946,421	[14,361,423]	14,361,423
Cash Flow Sensitivity [Net]	[19,946,421]	19,946,421	[14,361,423]	14,361,423
31st March 2017				
Variable Rate Instruments	[20,384,954]	20,384,954	[14,677,167]	14,677,167
Cash Flow Sensitivity [Net]	[20,384,954]	20,384,954	[14,677,167]	14,677,167

[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.

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 31 March 2018		Loans and Other Receivables	Held-to- maturity	Available- for-sale	Other Financial Liabilities	Total	Fair Value	Fair Value Measurement
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Level
Financial Assets								
Cash and Cash Equivalents	14.1	295,702,611	-	-	-	295,702,611	-	-
Placement with Banks		81,504,012	-	-	-	81,504,012	-	-
Hire Purchase Receivables	15.1	82,844,908	-	-	-	82,844,908	-	-
Lease Rental Receivables	15.2	11,383,225,317	-	-	-	11,383,225,317	-	-
Loans and Advances	15.3	2,900,362,915	-	-	-	2,900,362,915	-	-
Financial Instruments - Available-for-Sale	16	-	-	41,300	-	41,300	41,300	Level 3
Financial Instruments - Held- to-Maturity	17	-	671,382,640	-	-	671,382,640	-	-
Total Financial Assets		14,743,639,763	671,382,640	41,300	-	15,415,063,703	41,300	
Financial Liabilities								
Other Financial Liabilities Due to Customers	21	-	-	-	5,356,078,444	5,356,078,444	-	-
Debenture	22	-	-	-	2,995,874,997	2,995,874,997	-	-
Bank Loans	22	-	-	-	1,317,724,996	1,317,724,996	-	-
Due to Related Companies	24	-	-	-	1,465,346,129	1,465,346,129	-	-
Bank Overdraft	14.2	-	-	-	676,917,150	676,917,150	-	-
Total Financial Liabilities		-	-	-	11,811,941,716	11,811,941,716	-	

As at 31 March 2017		Loans and Other Receivables	Held-to- maturity	Available- for-sale	Other Financial Liabilities	Total	Fair Value	Fair Value Measurement
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Level
Financial Assets								
Cash and Cash Equivalents	14.1	166,811,200	-	-	-	166,811,200	-	-
Placement with Banks		81,128,395	-	-	-	81,128,395	-	-
Hire Purchase Receivables	15.1	320,895,390	-	-	-	320,895,390	-	-
Lease Rental Receivables	15.2	9,305,471,330	-	-	-	9,305,471,330	-	-
Loans and Advances	15.3	1,926,093,526	-	-	-	1,926,093,526	-	-
Financial Instruments - Available-for-Sale	16	-	-	41,300	-	41,300	41,300	Level 3
Financial Instruments - Held- to-Maturity	17	-	549,255,803	-	-	549,255,803	-	-
Total Financial Assets		11,800,399,841	549,255,803	41,300	-	12,349,696,944	41,300	
Financial Liabilities								
Other Financial Liabilities Due to Customers	21	-	-	-	3,210,547,585	3,210,547,585	-	-
Debenture	22	-	-	-	3,403,577,592	3,403,577,592	-	-
Bank Loans	22	-	-	-	1,505,411,910	1,505,411,910	-	-
Due to Related Companies	24	-	-	-	771,234,850	771,234,850	-	-
Bank Overdraft	14.2	-	-	-	478,180,936	478,180,936	-	-
Total Financial Liabilities		-	-	-	9,368,952,873	9,368,952,873	-	

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.

32.3 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 to 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.

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

As at 31 March	Balance		Risk-Weighted Factor	Risk-Weighted Balance	
	2018 Rs.	2017 Rs.		2018 Rs.	2017 Rs.
Total Risk - Weighted Assets Computation					
Assets					
Cash and Bank Balance	295,702,611	1,244,292,125	-	-	-
Investment in Government Securities	671,382,400	549,255,803	-	-	-
Bank Deposits	81,504,012	81,128,395	20%	16,300,802	16,225,679
Loans against Fixed Deposits	42,550,184	30,784,568	-	-	-
Staff Loans Secured by Provident Fund Balances	74,962,608	59,352,828	-	-	-
Loans against Real Estate	86,415,980	3,065,465	50%	43,207,990	1,532,733
Loans and Advances	3,943,771,917	2,397,504,595	100%	3,943,771,917	2,397,504,595
Finance Lease Receivable	11,294,077,299	9,253,942,967	100%	11,294,077,299	9,253,942,967
Hire Purchase Receivable	74,762,408	308,722,012	100%	74,762,408	308,722,012
Other Assets	323,859,164	234,684,521	100%	323,859,164	234,684,521
Fixed Assets	170,007,501	156,668,435	100%	170,007,501	156,668,435
Total Risk - Weighted Assets	17,058,996,084	14,319,401,714		15,865,987,081	12,369,280,942
Total Capital Base Computation					
Stated Capital				1,996,444,457	1,445,333,342
Reserved Fund				113,852,174	95,360,709
Published Retained Earnings				986,177,932	808,934,365
Total Core Capital				3,096,474,563	2,349,628,416
Supplementary Capital					
Total Supplementary Capital				-	-
Capital Base				3,096,474,563	2,349,628,416

As At 31st March

		2018	2017
		%	%
Core Capital Ratio	Core Capital	19.52	19.00
	Risk- Weighted Assets		
Total Capital Ratio	Capital Base	19.52	19.00
	Risk- Weighted Assets		

33 COMMITMENTS AND CONTINGENCIES

33.1 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.

(a) Operating Lease commitments as at 31 March 2018, is as follows:

Within one year	Rs. 23.1 million
Between one to five years	Rs. 46.6 million
Over five years	Nil

(b) Unutilized Facilities

	2018	2017
	Rs.	Rs.
Credit card credit limit	722,821,725	420,350,723
Revolving loan facility amount	71,561,460	8,394,986
	794,383,185	428,745,709

33.2 Contingencies

(a) As at 31st March 2018, the Company has provided letters of guarantee totaling to Rs. 550,000/- against Fixed Deposits of Rs. 757,585.86/-

(b) During the year of 2016/17, the Commissioner General of Inland Revenue has issued an assessment notice for the year of assessment 2013/14 on Singer Finance [Lanka] PLC pertaining to an additional tax liability on account of disallowing impairment charge on Leasing business. The assessment is for a value Rs. 31.8 million and a penalty of Rs. 15.9 million totalling to Rs. 47.7 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.

(c) During the year of 2017/18, the Commissioner General of Inland Revenue has issued an assessment notice for the year of assessment 2014/15 on Singer Finance [Lanka] PLC pertaining to an additional tax liability on account of disallowing impairment charge. The assessment is for a value Rs. 56.4 million and a penalty of Rs. 28.2 million totalling to Rs. 84.6 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.

(d) Under the finance companies [single borrowers limit] direction no 4 of 2006/1, the value of unsecured accommodations granted to and outstanding at any point of time from all borrowers should not exceed 5% of the capital funds as shown in the last audited balance sheet. However as of 31/3/2018, the unsecured accommodation granted & outstanding exceeded the said limit due to the credit card portfolio by Rs. 386.8Mn.

33.3 Assets Pledged

Company has given a negative pledge over the Company's Lease receivable and Hire Purchase receivable, for the following banks over the Loans, Overdrafts & Debentures having a carrying value of Rs. 7,494,740,000 against Loans, Overdraft & Trust Deed obtained to the value of Rs. 2,546,800,000 , 800,000,000 & 2,500,000,000 respectively, as at the year end:

Bank	Exposure	Type of Facility	Outstanding Credit Facility Rs.	Carrying Value Rs.
Sampath Bank	135% of the Banks's exposure	Loan Overdraft Facility	1,014,400,000 300,000,000	1,712,620,000
Commercial Bank	150% of the Banks's exposure	Overdraft Facility	200,000,000	300,000,000
Seylan Bank	130% of the Banks's exposure	Loan Overdraft Facility	582,400,000 250,000,000	1,082,120,000
Nations Trust Bank	130% of the Banks's exposure	Loan Overdraft Facility	950,000,000 50,000,000	1,300,000,000
Deutsche Bank	110% of the Debenture exposure	Debenture	2,500,000,000	3,100,000,000
			5,846,800,000	7,494,740,000

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:

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 Hayleys PLC.

35.2 Transactions with Ultimate Parent Company, Parent Company and Affiliate Companies

During the year, the company had the following transactions with its parent company and related entity.

Name of the Company and Relationship	Nature of Transaction	2018	2017
		Rs.	Rs.
Hayleys PLC [Ultimate Parent]	Expenses Paid Through Hayleys PLC	2,699,871	-
	Balance Settlement	1,583,708	-
Singer [Sri Lanka] PLC [Parent Company]	Dividend Paid [Gross]	159,339,193	197,402,615
	Debenture Issued	-	462,090,000
	Debenture Interest Paid	98,665,350	81,289,376
	Debenture Interest Expense	99,282,504	107,073,791
	Withdrawals of Rental Collections From Singer [Sri Lanka] PLC	3,180,080,931	2,586,021,249
	Sales Financed to purchase goods from Singer [Sri Lanka] PLC	766,308,980	620,039,178
	Loans Obtained During The Year	1,100,000,000	500,000,000
	Loans Settled During The Year	600,000,000	500,000,000
	Purchase of Assets	-	3,490,709
	Interest Expense	55,353,167	1,249,661
	Rental Collections through Singer [Sri Lanka] PLC	4,344,695,914	3,422,298,503
	Service Charge Income	18,210,352	14,529,309
	Collection Commission Paid	35,491,040	28,457,646
	Royalty Expense Charged During The Period	29,703,730	25,320,636
	Royalty Paid Through Singer [Sri Lanka] PLC	21,091,067	24,846,849
	Rent Reimbursed	17,308,156	16,200,486
	Expenses Paid Through Singer [Sri Lanka] PLC	403,376,806	331,564,783
	Advance Paid	44,245,873	-
Singer Industries [Ceylon] PLC [Affiliate Company]	Invested in Fixed Deposits	117,903,258	114,200,004
	Deposits Interest Payment [Gross]	15,045,285	4,606,172

35.3 Balances due to / due from related parties as at 31 March 2018, are disclosed in Note 24 of the Financial Statements.

35.4 Transactions with Key Management Personnel

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.

As At 31st March	2018	2017
	Rs.	Rs.
(i) Transactions Key Management Personnel or close Family Members		
Deposite kept by Key Management Personnel or close Family Members	57,030,846	22,911,877

For the Year Ended 31st March	2018	2017
	Rs.	Rs.
(ii) Compensation of Key Management Personnel		
Short-Term Employee Benefits	27,304,165	18,794,830

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.

36 DIRECTORS' RESPONSIBILITY

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

Ultimate Parent, Parent and Affiliate Company

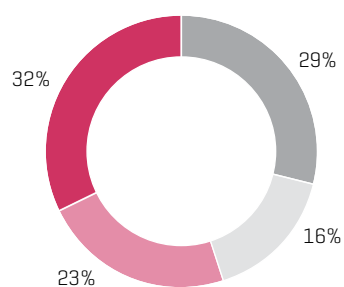
Company Name	Principal Activity	Directors
Hayleys PLC	Global Markets and Manufacturing, Agriculture, Power and Energy, Domestic and Industrial Lighting, Transportation and Logistics, Leisure and Aviation, Consumer, and Investments and Services	A M Pandithage
		K D D Perera
		S C Ganegoda
		H S R Kariyawasan
		Dr. H Cabral
		L T Samarawickrama
		Dr. K I M Ranasoma
		L R V Waidyaratne
		M H Jamaldeen
		M Y A Perera
		N L S Joseph
		J Darmasena
Singer [Sri Lanka] PLC	Trading in Sewing Machines, Industrial Machines, Electrical Equipment & Consumer Durables, Personal Computers, Agricultural Equipment & Furniture	A M Pandithage
		K D D Perera
		G J Walker
		H A Pieris
		L N S K Samarasinghe
		M H Wijewardene
		D T R De Silva [resigned w.e.f.31/03/2018]
		D Sooriyaarachchi
		M H Jamaldeen
		S C Ganegoda
		D H Fernando
		Dilip De S Wijeyeratne
		K K L P Yatiwella
		S H Goodman
		H A P Sujeewa Perera
Singer Industries [Ceylon] PLC	Manufacturing Sewing Machines	A M Pandithage
		H A Peiris
		G J Walker
		M H Jamaldeen
		S C Ganegoda
		D T R De Silva [resigned w.e.f.31/03/2018]
		V G K Vidyaratne
		N L S Joseph
		K D G Gunarathne
		K D Kospelawatta
		A C M Irzan
Hayleys Travels [Pvt] Ltd	Flight Tickets, Holiday Packages, VISA services, Travel Insurance & Rent a car	A M Pandithage
		S C Ganegoda
		S J Wijesinghe
		J G Victoria
		K A Y P Sumanapala
		V Jayasundera
		E J Pietersz
		J A W M Jayasekara

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Year Ended 31st March										
Operating Results										
Income	3,277,570	2,610,297	2,113,396	1,986,040	1,894,761	1,755,601	1,277,360	1,002,382	705,115	460,394
Interest Expense	1,287,378	978,996	688,135	669,413	759,449	742,013	407,774	283,008	316,422	283,228
Non-Interest Expense	1,139,166	953,771	708,648	711,726	732,390	669,288	557,252	459,739	279,974	147,733
Value Added Tax on Financial Services	150,727	109,316	69,800	38,766	28,428	20,908	26,595	34,808	21,700	13,011
Profit Before Tax	700,299	568,214	646,813	566,135	374,493	323,391	285,739	224,826	87,019	16,422
Provision for Taxation	257,153	198,385	205,958	177,469	105,897	66,857	70,058	105,371	32,900	3,691
Profit After Tax	443,146	369,829	440,855	388,666	268,597	256,535	215,681	119,456	54,119	12,731
Other Comprehensive Income for the Year, Net of Taxes	(6,506)	1,159	720	1,563	447	-	-	-	-	-
Total Comprehensive Income for the Year	436,639	370,988	440,135	387,103	268,149	256,535	215,681	119,456	54,119	12,731
Dividends	196,011	175,253	248,000	206,667	107,467	107,467	85,333	42,667	20,000	10,000
As at 31st March										
Assets										
Held-to-Maturity Investments & Liquid assets	1,048,589	797,195	666,325	766,506	815,542	402,973	325,844	211,141	174,094	171,710
Investments	41	41	41	41	41	41	41	41	41	41
Advances	14,366,433	11,552,460	10,036,295	7,841,541	7,047,463	6,590,722	6,182,774	4,007,415	2,981,079	1,791,804
Amount due from Related Companies	336,269	201,865	-	-	-	-	-	-	-	-
Other Assets	210,266	192,113	185,872	141,412	116,219	151,236	174,967	124,203	61,954	81,397
Property, Plant & Equipment	120,587	124,658	111,233	66,728	72,711	53,461	29,554	27,993	22,928	24,566
Intangible Assets	49,420	32,011	36,041	30,728	32,383	25,262	13,650	12,346	7,314	8,978
Deferred Tax Assets	-	-	-	-	-	33,780	11,858	13,420	8,581	-
Income Tax Receivable	-	-	-	-	-	-	9,288	-	-	-
Total Assets	16,131,605	12,900,343	11,035,807	8,846,956	8,084,359	7,257,475	6,747,976	4,396,559	3,255,991	2,078,496
Liabilities										
Interest-Bearing Loans & Borrowings	4,990,517	5,493,345	3,978,929	1,592,323	1,325,231	1,009,276	1,223,338	81,968	40,017	362,126
Deposit from Customers	5,356,078	3,210,548	3,173,767	4,150,193	4,277,335	3,318,927	2,740,998	1,882,620	1,518,043	1,097,979
Amount due to Related Companies	1,465,346	771,235	421,199	51,325	28,679	661,651	1,299,856	1,187,515	997,250	223,781
Retirement Benefit Obligations	55,213	36,842	30,515	22,369	14,947	11,521	7,479	5,572	3,751	2,843
Defferd Tax Liability	154,876	39,942	54,345	31,972	14,543	34,755	4,879	3,986	2,904	8,654
Other Liabilities	774,463	627,815	779,425	634,614	339,100	297,504	359,292	295,779	228,247	161,453
Total Liabilities	12,796,493	10,179,727	8,438,180	6,482,796	5,999,835	5,333,634	5,635,842	3,457,440	2,790,212	1,856,836
Equity										
Stated Capital	1,996,444	1,445,333	1,445,333	1,445,333	1,445,333	1,445,333	800,000	800,000	400,000	200,000
Statutory Reserves	136,009	113,852	95,361	73,318	136,128	108,437	65,161	20,990	10,748	8,042
Retained Earnings	1,202,659	1,161,431	1,056,934	845,509	503,063	370,071	246,973	118,129	55,031	13,618
Total Equity	3,335,112	2,720,616	2,597,628	2,364,160	2,084,524	1,923,841	1,112,134	939,119	465,779	221,660
Total Liabilities & Equity	16,131,605	12,900,343	11,035,808	8,846,956	8,084,359	7,257,475	6,747,976	4,396,559	3,255,991	2,078,496
Investor Information										
Gross Dividend (Rs.)	196,011	175,253	248,000	206,667	107,467	107,467	85,333	42,667	20,000	10,000
Dividend Per Share (Rs.)	0.97	1.06	1.50	1.25	0.65	0.65	0.79	0.40	0.25	0.25
Dividend Cover (Times)	2.26	2.11	1.78	1.88	2.50	2.39	2.53	2.80	2.71	1.27
Net Assets Per Share (Rs.)	16.50	16.46	15.71	14.30	12.61	13.17	10.33	14.83	8.22	11.08
Market Price Per Share (Rs.) -Maximum	21.00	23.60	27.90	21.40	15.70	18.50	44.20	55.70	-	-
Market Price Per Share (Rs.) -Minimum	14.90	16.60	16.50	12.00	10.50	10.90	15.20	35.00	-	-
Price as at Year End (Rs.)	15.40	17.10	18.10	18.30	12.10	12.60	16.20	36.50	-	-
Price Earning Ratio (Times)	6.11	7.64	6.79	7.78	7.45	7.18	8.09	19.35	-	-
Earning Per Share (After Tax)	2.52	2.24	2.67	2.35	1.62	1.76	2.00	1.89	0.96	0.64
Ratios										
Annual Income Growth (%)	25.56	23.51	6.41	4.82	7.93	37.44	27.43	42.16	53.15	78.59
Growth In Interest Expenses (%)	31.50	42.27	2.80	(11.86)	2.35	81.97	44.09	(10.56)	11.72	93.17
Growth In Non Interest Expenses (%)	19.44	34.59	(0.43)	(2.82)	9.43	20.11	21.21	64.21	89.51	56.31
Growth In Profit After Tax (%)	19.80	(16.11)	13.43	44.70	4.70	18.94	80.55	120.73	325.09	(65.04)
Growth In Advances (%)	24.36	15.11	27.99	11.27	6.93	6.60	54.28	34.43	66.37	51.08
Growth In Deposits (%)	66.83	1.16	(23.53)	(2.97)	28.88	21.08	45.59	24.02	38.26	70.97
Growth In Shareholder's Fund (%)	22.59	4.73	9.88	13.41	8.35	72.99	18.42	101.62	110.13	(1.01)
Equity:Assets (%)	20.67	21.69	23.54	26.72	25.78	26.51	16.48	21.36	14.31	10.66
Debt:Equity (Times)	3.40	3.38	2.92	2.45	2.70	2.59	4.73	3.36	5.49	7.60

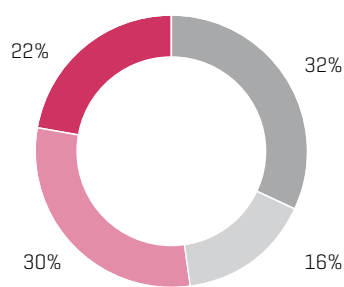
Year Ended 31st March

	2018		2017	
	Rs.		Rs.	
Income earned by providing financial services	3,014,717,882		2,418,122,004	
Cost of Services	[1,849,390,318]		[1,449,403,455]	
Value added by financial services	1,165,327,564		968,718,549	
Non-financial income	262,852,152		192,175,451	
Provision for Impairment Losses	[177,669,292]		[70,540,741]	
	1,250,510,424		1,090,353,259	
Value Allocated				
To employees as remuneration	366,150,665	29%	353,893,133	32%
To shareholders as dividend	196,011,853	16%	175,253,334	16%
To government as tax				
- Income Tax	139,688,893	11%	213,238,042	20%
- FS VAT	150,727,128	12%	109,316,438	10%
To business expansion and growth				
- as Depreciation	33,333,771	3%	58,929,810	5%
- as Retained earnings	247,133,687	20%	194,575,969	18%
- as Deferred Taxation	117,464,427	9%	[14,853,467]	-1%
	1,250,510,424	100%	1,090,353,259	100%

Value Distribution 2017/18



Value Distribution 2016/17



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

1. STATED CAPITAL

	31st March 2018	31st March 2017
Issued and Fully-paid Capital (Rs.)	1,996,444,457	1,445,333,342
No. of Shares- Ordinary Shares	202,074,075	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 2018 No of Shares	31st March 2017 No of Shares
Mr. M.Y.A. Perera [Appointed w.e.f. 7th December 2017]	-	-
Dr. S. Kelegama [Deceased]	-	-
Mr. J.A. Setukavalar	-	-
Mr. M.P.A. Salgado [Appointed w.e.f. 7th December 2017]	12,224	10,002
Mr. J.M.J. Perera [Appointed w.e.f. 7th December 2017]	-	-
Mr. R.S. Wijeweera [Chief Executive Officer]	37,892	31,003
Mr. G.J. Walker [Appointed w.e.f. 7th December 2017]	-	-
Ms. D. Talpahewa [Appointed w.e.f. 7th December 2017]	-	-
Mr. L.S. Sadeep Perera [Appointed w.e.f. 7th December 2017]	-	-
Mr. T.A. Amarasuriya [Alternate Director to Mr. R.S.Wijewera]	50,155	43,555
Mr. K.K.L.P. Yatiwella [Alternate Director to Mr. G.J. Walker]	-	15,000
Mr. S. Ramanathan [Alternate Director to Mr. L.S. Sadeep Perera] [Ceased on 24th April 2018]	-	-
Mr. C.A. Samarasinghe [Alternate Director to Mr. D. Talpahewa]	-	-
Mr. N.I. Russel de Mel [Ceased w.e.f. 7th December 2017]	-	-
Mr. J. Hyun [Ceased w.e.f. 7th December 2017]	-	-
Mr. N.J.K. Dissanayake [Ceased w.e.f. 7th December 2017]	-	-
Mr. J. Mendis [Ceased w.e.f. 7th December 2017]	N/A	59,000
Mr. A.G.I.H.Perera [Ceased w.e.f. 7th December 2017]	N/A	8,000

4. ANALYSIS OF SHAREHOLDERS ACCORDING TO THE NUMBER OF SHARES AS AT 31ST MARCH 2018

No. of Shareholders: **31st March 2018** - 7,031 [31st March 2017 - 7,139]

			Resident Shareholders			Non Resident Shareholders			Total Shareholders		
			No. of Holders	Total Holdings	%	No. of Holders	Total Holdings	%	No. of Holders	Total Holdings	%
1- 1000	Shares		4,970	2,161,526	81.29	13	8,110	-	4983	2,169,636	81.29
1001- 10000	Shares		1,600	5,474,640	1.07	11	56,012	0.03	1611	5,530,652	1.10
10001- 100000	Shares		378	11,230,350	2.71	8	283,245	0.14	386	11,513,595	2.85
100001- 1000000	Shares		48	12,204,605	5.56	-	-	-	48	12,204,605	5.56
1000001- 10000000	Shares		2	6,388,378	6.04	-	-	-	2	6,388,378	6.04
OVER 10000001	Shares		1	164,267,209	3.16	-	-	-	1	164,267,209	3.16
Total			6,999	201,726,708	99.83	32	347,367	0.17	7,031	202,074,075	100.00

5. ANALYSIS OF SHARES

Categories of Shares	31st March 2018		31st March 2017	
	No. of Share Holders	No. of Shares	No. of Share Holders	No. of Shares
Individuals	6,844	22,009,085	6,956	18,931,465
Institutions	187	180,064,990	183	146,401,869
Total	7,031	202,074,075	7,139	165,333,334

6. MARKET VALUE PER SHARE

For the Year Ended 31st March

	2018		2017	
	Rs.	Date	Rs.	Date
Highest Value per share during the Year	21.00	7th June 2017	23.60	16th May 2016
Lowest Value per share during the Year	14.90	29th December 2017	16.60	24th March 2017
Closing Price	15.40	29th March 2018	17.10	31st March 2017

7. DIVIDENDS

Interim Dividend **2017/18** - Rs. 0.97/- [2016/17 - Nil]

Final Dividend **2017/18** - Nil [2016/17 - Rs. 1.06]

8. TWENTY LARGEST SHAREHOLDERS

Name	31st March 2018	
	No of Shares	%
1 Singer (Sri Lanka) PLC	164,267,209	81.29
2 Employees Trust Fund Board	3,440,878	1.70
3 Associated Electrical Corporation Ltd	2,947,500	1.46
4 Mrs. Hemalatha Gracelin Elizabeth Arumugampillai	684,500	0.34
5 United Motors Lanka PLC	679,224	0.34
6 Hatton National Bank PLC/Shakir Asgerally Lukmanjee	569,867	0.28
7 Seylan Bank PLC/Dr.Thirugnanasambandar Senthilverl	569,326	0.28
8 People'S Leasing & Finance PLC/Hi Line Trading (Pvt) Ltd	528,977	0.26
9 Unimo Enterprises Ltd	521,885	0.26
10 Bank of Ceylon A/C NDB Wealth Growth Fund	516,841	0.26
11 Mr. Atapattu Mudiyanseelage Chandrasoma Sunil Atapattu	505,120	0.25
12 A E C Properties (Pvt) Ltd.	440,000	0.22
13 Hatton National Bank PLC/Arunasalam Sithampalam	420,944	0.21
14 Mercantile Investments and Finance PLC	400,000	0.20
15 Mr. Murtazaali Abidhussen Hassanaly Esufally	385,000	0.19
16 Seylan Bank PLC/Lasantha Chandika Ranaweera Pathirana	375,971	0.18
17 Mr. Chelliah Ramachandran & Miss. E. Ramachandran	365,200	0.18
18 Mr. Mushtaq Mohamed Fuad	354,103	0.18
19 Mr. Loku Narangodage Sarath Kumara Samarasinghe	325,000	0.16
20 Mr. Vidyaratne Ganitaguruge Kulatunge Vidyaratne	250,555	0.12
	178,548,100	88.36
Others	23,525,975	11.64
	202,074,075	100.00

Name	31st March 2017	
	No of Shares	%
1 Singer (Sri Lanka) PLC	132,931,054	80.40
2 Employees Trust Fund Board	3,440,878	2.08
3 Associated Electrical Corporation Ltd	2,382,996	1.45
4 Mrs.Hemalatha Gracelin Elizabeth Arumugampillai	556,000	0.34
5 United Motors Lanka PLC	555,729	0.34
6 Ceylon Investment PLC	500,000	0.30
7 Elgin Investments Limited	500,000	0.30
8 Hatton National Bank PLC / Shakir Asgerally Lukmanjee	452,000	0.27
9 Unimo Enterprises Ltd	426,997	0.26
10 Mercantile Investments And Finance PLC	400,000	0.24
11 Seylan Bank PLC / Lasantha Chandika Ranaweera Pathirana	375,956	0.23
12 People's Leasing & Finance PLC / Hi Line Trading (Pvt) Ltd	372,844	0.23
13 Mr.Chelliah Ramachandran	365,200	0.22
14 A E C Properties (Pvt) Ltd.	360,000	0.22
15 Mr.Arunasalam Sithampalam	333,325	0.20
16 Mr.Ganegoda Hitirachchige Sarath Kumara	317,555	0.19
17 Seylan Bank PLC/ Channa Nalin Rajahmoney	288,364	0.17
18 Mr.Loku Narangodage Sarath Kumara Samarasinghe	275,000	0.17
19 Mr.Vidyaratne Ganitaguruge Kulatunge Vidyaratne	205,000	0.12
20 Pan Asia Banking Corporation / A.C.Jayasinghe	185,206	0.11
	145,224,104	87.84
Others	20,109,230	12.16
	165,333,334	100.00

9. PUBLIC HOLDINGS

Public holding as at **31st March 2018** is **18.66%** [31st March 2017 is 19.50%]

No. of Shareholders representing public holding- **7,027**

Float Adjusted Market Capitalization as at 31st March 2018 is **Rs.580,688,144.88**

The Company is not Compliant with option 5 of the Listing Rules 7.13.1 [a] - Less than Rs.2.5Bn Float Adjusted Market Capitalization which requires 20% minimum Public Holding

10. SHARE TRADING

For the Year Ended 31st March	2018	2017
Number of Transactions	4,790	5,073
Number of Shares Traded	8,255,761	10,150,221
Value of Shares Traded [Rs.]	143,850,323	213,049,363

11. RECORD OF SCRIP ISSUES

Year Ended 31 st 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
2018	Rights Issue [at Rs.15.00]	1 : 0.22	202,074,075	1,996,444

12. LISTED DEBENTURES

Details regarding the listed debentures are as follows:	Interest rate of Comparable Government Securities as at Issue Date [%]
Fixed rate 14.50% debentures unsecured redeemable on 10th Sep 2018	11.17
Fixed rate 9.95% debentures secured redeemable on 16th June 2020	8.35
Fixed rate 11.50% debentures secured redeemable on 06th April 2019	13.00
Fixed rate 12% debentures secured redeemable on 06th April 2020	13.00

Interest rate of Comparable Government Securities as at **31st March 2018** was **10.68%**

The Listed Debentures were not traded during the period 01st April 2017 to 31st March 2018. Therefore, Highest Traded price, Lowest Traded Price, Last Traded Price as at 31st March 2018, Interest Yield and Yield to Maturity of trade were not available.

Debt/Equity Ratio, Interest Cover and Quick Asset Ratio are given in Financial Highlights on Page 7 of this report.

13. RIGHTS ISSUE PROCEEDS UTILISATION AS AT 31ST MARCH 2018

Objective Number	Objective as per Circular	Amount allocated as per circular [LKR]	Proposed date of utilization as per circular	Amount allocated from proceeds [LKR] [A]	% of Total proceeds	Amounts utilized [LKR] [B]	% of utilization against allocation [B/A]	Clarification if not fully utilized including where the funds are invested (e.g - whether lent to related parties)
1	Further strengthen the equity base of the company and thereby improve the Capital Adequacy	551,111,115	Upon the allotment of shares through the rights issue	551,111,115	100%	551,111,115	100%	N/A
2	Part finance the growth in the loan portfolio of the Company		Before the end of FY 2017/18					N/A

Singer Finance [Lanka] PLC issued 36,740,741 ordinary voting shares at Rs.15/- per share in December 2017 on the basis of 2 new ordinary voting shares for 9 ordinary voting shares held. Total Capital raised through the Rights Issue was Rs. 551,111,115/- . Proceeds from the Rights Issue were utilized entirely for the Objectives stated in the above table.

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

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 total 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.

ABBREVIATIONS

ED-Executive Director

IND- Independent Director

INED- Independent Non-Executive Director

NED-Non-Executive Director

Senior INED-Senior Independent Non - Executive Director

SINGER FINANCE [LANKA] PLC

[Company Registration No. PB 813 PQ]

NOTICE is hereby given that the Eleventh Annual General Meeting of Singer Finance [Lanka] PLC will be held on Thursday, 28th June 2018, at the Sri Lanka Foundation Institute, No. 100, Independence square, Colombo 07, Sri Lanka, at 3.00 p.m.

AGENDA

1. To receive, consider and adopt the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2018 with the Report of the Auditors thereon.
2. To re-elect Mr. G. J. Walker who retires by rotation at the Annual General Meeting in terms of Articles 24(4) of the Articles of Association of the Company.
3. To re-elect Mr. M. Y. A Perera, who has been appointed to the Board since the last Annual General Meeting a Director, in terms of Article 24(9) of the Articles of Association of the Company
4. To re-elect Mr. M. P. A. Salgado, who has been appointed to the Board since the last Annual General Meeting a Director, in terms of Article 24(9) of the Articles of Association of the Company
5. To re-elect Mr. J. M. J. Perera, who has been appointed to the Board since the last Annual General Meeting a Director, in terms of Article 24(9) of the Articles of Association of the Company
6. To re-elect Ms. D. G. Talpahewa, who has been appointed to the Board since the last Annual General Meeting a Director, in terms of Article 24(9) of the Articles of Association of the Company

7. To re-elect Mr. L. S. S. Perera, who has been appointed to the Board since the last Annual General Meeting a Director, in terms of Article 24(9) of the Articles of Association of the Company
8. To Authorise Directors to determine contribution to charities.
9. 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



Hayleys Group Services [Pvt] Ltd
Secretaries for
Singer Finance [Lanka] PLC

Colombo
16th May 2018

Note

1. 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 Secretaries, Hayleys Group Services [Pvt] Ltd, No. 400, Deans Road, Colombo 10, Sri Lanka not later than 48 hours before the time appointed for holding of the Meeting.
2. 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.

Handwriting practice lines consisting of 20 horizontal dotted lines.

Form of Proxy

I/We*[full name of shareholder**]

NIC No./Reg. No. of Shareholder [**]

of.....

being Shareholder/Shareholders* of SINGER FINANCE (LANKA) PLC hereby appoint:

[1][full name of proxyholder**]

NIC No. of Proxyholder [**]

ofor, failing him/them

[2.] MR. MAHAWADUGE YASALAL ARAVINDA PERERA (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our * proxy to attend and vote as indicated hereunder for me/us* and on my/our* behalf at the Eleventh Annual General Meeting of the Company to be held on Thursday, 28th June 2018 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To adopt the Annual Report of the Directors and the Statements of Accounts for the year ended 31st March 2018 with the Report of the Auditors thereon.	<input type="radio"/>	<input type="radio"/>
2. To re-elect Mr. G. J. Walker who retires by rotation at the Annual General Meeting in terms of Articles 24[4] of the Articles of Association of the Company.	<input type="radio"/>	<input type="radio"/>
3. To re-elect Mr. M. Y. A Perera, who has been appointed to the Board since the last Annual General Meeting a Director, in terms of Article 24[9] of the Articles of Association of the Company	<input type="radio"/>	<input type="radio"/>
4. To re-elect Mr. M. P. A. Salgado, who has been appointed to the Board since the last Annual General Meeting a Director, in terms of Article 24[9] of the Articles of Association of the Company	<input type="radio"/>	<input type="radio"/>
5. To re-elect Mr. J. M. J. Perera, who has been appointed to the Board since the last Annual General Meeting a Director, in terms of Article 24[9] of the Articles of Association of the Company.	<input type="radio"/>	<input type="radio"/>
6. To re-elect Ms. D. G. Talpahewa, who has been appointed to the Board since the last Annual General Meeting a Director, in terms of Article 24[9] of the Articles of Association of the Company	<input type="radio"/>	<input type="radio"/>
7. To re-elect Mr. L. S. S. Perera, who has been appointed to the Board since the last Annual General Meeting a Director, in terms of Article 24[9] of the Articles of Association of the Company	<input type="radio"/>	<input type="radio"/>
8. To authorise the Directors to determine contributions to charities for the financial year 2018/19.	<input type="radio"/>	<input type="radio"/>
9. To reappoint Messrs KPMG as the Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration	<input type="radio"/>	<input type="radio"/>

[**] The proxy may vote as he thinks fit on any other resolution brought before the Meeting of which due notice has been given

As witness my/our* hands this day of2018.

Witnesses: Signature:

Name:

Address:

NIC No:.....

Signature of Shareholder

Notes: [a] * Please delete the inappropriate words.

[b] A shareholder entitled to attend and vote at the Annual General meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the company.

** Full name of shareholder/proxy holder and their NIC Nos and Witness are mandatory. Your Proxy Form will be rejected if these details are not completed

[c] A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.

[d] Instructions are noted on the reverse hereof.

[e] This Form of Proxy is in terms of the Articles of Association of the Company.

INSTRUCTIONS AS TO COMPLETION :

1. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd at No.400, Deans Road, Colombo 10, Sri Lanka not less than 48 hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly Sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at [1] overleaf. The proxy need not be a member of the Company.
4. Please indicate with an X in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy at his discretion will vote as he thinks fit. Please also delete [***] if you do not wish your proxy to vote as he thinks fit on any other resolution brought before the Meeting.
5. In the Case of a Company /Corporation the proxy must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association.

In the case of the individual shareholders, the signature of the shareholder should be witnessed by any person over 18 years of age.
6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
7. In case of Marginal Trading Accounts (slash accounts), the form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

Shareholder Feedback Form

It is the endeavour of the Singer Finance [Lanka] PLC to ensure maximum satisfaction of its shareholders. In order to enable us to continually improve upon the quality of services provided, we try to seek your feedback on the level of satisfaction derived by you on the basis of your interaction with us. Your feedback will help us in further improvement of our services to match your expectations.

Please direct all feedback to the Company Secretary by filling this form:

Company Secretaries,
Hayleys Group Services [Pvt] Ltd
No 400, Deans Road,
Colombo 10

Kindly rate our services on various parameters by ticking any one box in each row:

Timely receipt of:

Annual Reports	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Dividend	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Other documents/ correspondence	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor

Quality and Contents of Annual report:

Report on Corporate Governance	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Management Discussion and Analysis	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Balance Sheet, Profit and Loss Account and other financial statements.	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor

Dissemination of information about the Company:

Through shareholder communication	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Through Annual Reports	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Through newspapers / Press	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Through our website [www.lankaio.com]	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor
Through e-mails [if we have your e- mail ID]	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Poor

Overall quality

☐ Outstanding ☐ Very Good ☐ Good ☐ Poor ☐ Needs Improvement

Comments / Suggestions / Remarks

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

Hayleys Group Services [Pvt] Ltd

Lawyers

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

Directorate

Mr. Aravinda Perera-Chairman/NED
[Appointed on 7th December 2017]
Dr. Saman Kelegama-Former
Chairman/INED
[Deceased on 23rd June 2017]
Mr. Jayendra A Setukavalar-Senior INED
Mr. Priyath Salgado-INED
[Appointed on 7th December 2017]
Mr Jayanth Perera-INED
[Appointed on 7th December 2017]
Ms. Darshi Talpahewa-NED
[Appointed on 7th December 2017]
Mr. Sandeep Perera-NED
[Appointed on 7th December 2017]
Mr. Gavin Walker- NED
Mr. R S Wijeweera-Chief Executive
Officer/ED
Mr. Lalith Yatiwella-Alternate Director to
Mr. Gavin Walker

Mr. Thushan Amarasuriya-Alternate Director
to Mr. R.S Wijeweera
Mr. Shyam Ramanathan- Alternate Director
to Mr. Sadeep Perera
Mr. Chandana Samarasinghe-Alternate
Director to Ms. Darshi Talapahewa

Senior Management

Mr. R. S. Wijeweera
Director/ Chief Executive Officer
Mr. Thushan Amarasuriya
Chief Operating Officer
Mr. Iman Perera
Head of Business Development
Ms. Chandrika De Alwis
Consultant to the Chairman
Mr. Eraj Fernando
Head of Finance
Mr. R. I. Jayasuriya
Head of Credit & Recoveries
Mr. Thilan Rupasinghe
Head of Cards
Mr. Jeevaka Jayawardena
Senior Manager-Credit
Mr. J. Wijeyagoonewardene
Head of Deposits

www.singerfinance.com

