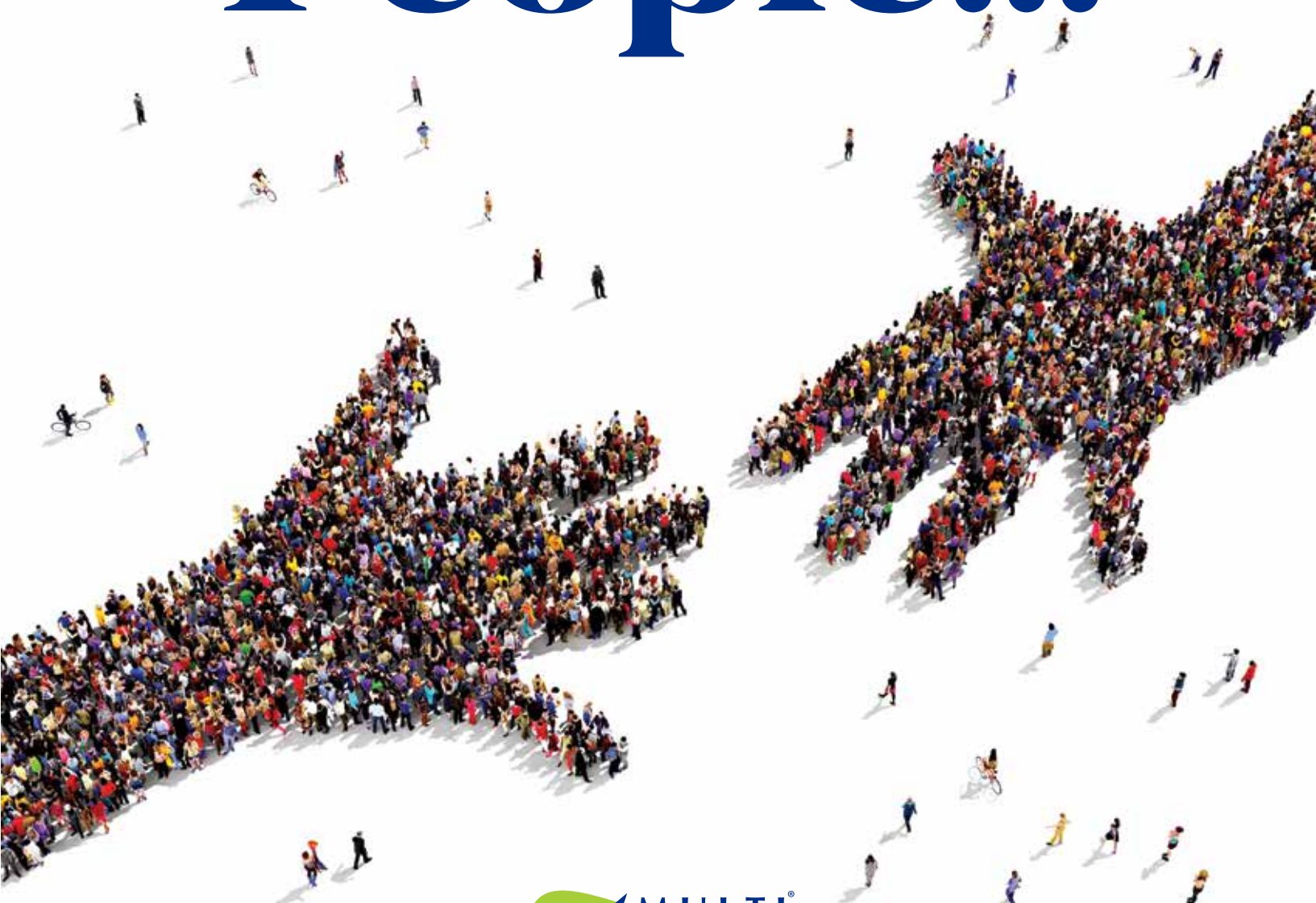


Helping **People...**



Annual Report 2014/15

...to help
themselves

Multi Finance PLC has long been a source of strength and support for people to grow. For over 40 years, we have grown in stature and retained the confidence and trust of thousands of Sri Lankans from all across the island, partnering them in our bold vision 'To be the first choice for financial solutions' for everyone, everywhere.

We are proud of how we have realised this vision today; the passion and commitment we have brought to our work, the good governance and integrity that have enabled us to help so many people to help themselves.



**Scan to view this
Annual Report
online at**
<http://mfplc.entrust.lk/>

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Our Vision

To be the first choice for financial solutions.

Our Mission

- To enhance shareholder value through financial stability and growth.
- To satisfy our valued customers by providing innovative solutions to their financial needs.
- To train, develop and empower employees to give their best.
- To achieve highest operational efficiency through advanced technology.
- To adhere to the highest corporate ethics and social responsibilities.
- To be recognised for our expertise and professionalism.

What We do...

Counted among Sri Lanka's oldest and most respected financial institutions, we offer a full range of financial services from leasing and hire-purchase products to loan and deposit facilities and microfinance while our stringent customer-centric focus ensures the best value to our esteemed clientele and a service delivery that is second to none.



> Fixed Deposits

A part of our core range of products, we have built up 40 years of trust around our fixed deposit products. Offering higher guaranteed return on investment and flexibility on terms and conditions, our fixed deposits are the best path to a stable secure future.



> Suraksha Savings Accounts

Our general savings account that offers a high yield for your hard earned money, the Suraksha account allows for unlimited withdrawals and also offers a special rate for senior citizens while enabling further special rates for leasing and loan facilities.



> Muthuhara Savings Accounts

Our children's savings account, Muthuhara gives higher returns that grow with your child. In addition to protecting and growing your investment, Muthuhara comes with a medical insurance package and also gives you the ability to withdraw money for your child's educational and medical requirements.



> Leasing

Presenting the ideal opportunity for you to capture your dream vehicle, we offer flexible repayment plans to suite any budget. Offering facilities of up-to 100%, our personalised service is delivered speedily and with the utmost professionalism.



> Hire Purchase

Our hire-purchase services offer flexible repayment plans tailored to suit the financing requirements of our individual clients. Our branch network, spread across major Sri Lankan cities, offers financing for any type of vehicle and our services in this field are highly sought after.



> Pawning

Our pawning facilities are designed to satisfy the urgent financial requirements of our clients. We ensure confidentiality and security for all transactions while delivering the highest value for your articles at the lowest interest rates.



> Business Loans

Ideal for catering to the short-term working capital requirements of a range of corporate clients, our structured payment patterns enable speedy cheque disbursement with minimum waiting time.



> Microfinance

A fast-growing business segment, our microfinance products are focused on elevating living standards and livelihoods of underprivileged rural micro-industrialists. Offering capital and advisory services our products are aimed at creating a vibrant entrepreneurial culture among Sri Lanka's small and medium enterprises through best-in-class lending practices.

Financial Highlights

Results	2014 / 2015 Rs.	2013 / 2014 Rs.	Change %
Operating Results - Income Statements			
Income	233,887,617	269,351,143	(13.17)
Net Interest Income	71,030,023	93,579,392	(24.10)
Net Income from Operations	91,227,657	101,682,821	(10.28)
Net Profit after Tax	12,546,406	(47,961,048)	126.16
Accumulated Profit/(Loss)	(33,313,464)	(50,705,708)	34.30
Financial Position			
Total Assets	1,022,174,809	1,378,342,885	(25.84)
Interest Earning Assets	884,264,565	1,183,373,416	(25.28)
Lending Portfolio	773,617,311	1,136,609,657	(31.94)
Share Holders' Funds	332,584,379	317,600,007	4.72
Public Deposits	441,557,169	406,402,837	8.65
Borrowings	202,756,736	588,752,457	(65.56)
Ratios			
Earnings/(Loss) per Share	0.56	(2.14)	126.10
Dividend per Share	-	-	-
Net Assets Value Per Share	14.81	14.14	4.72
Return on Average Shareholders' Funds (%)	3.86	(14.05)	127.47
Debt Equity Ratio	0.59	1.83	(67.76)
		Minimum	Actual Requirement
Statutory Ratios (%) / Requirements			
Core Capital Ratio		5%	44.10%
Total Risk Weighted Capital Ratio		10%	44.10%
Liquid Assets		-	25.03%
			Rs.
Market Value per Share			
Highest value recorded during the Financial Year 2014/15			32.20
Lowest value recorded during the Financial Year 2014/15			19.50
Closing value at the end of Financial Year 2014/15			21.40

It's been a landmark year and we have the financials to prove it. As displayed across our key performance indicators, we have weathered a difficult year and we are moving boldly towards a bright new chapter in the Multi Finance story

Income

Rs. Mn.

15		233.9
14		269.4
13		281.2
12		174.9
11		159.5

> Return on Average Shareholders' Funds

3.86 %

127.5% increase

Return on Equity

Rs.

15		3.86
14		(14.05)
13		(14.61)
12		(0.12)
11		9.83

> Public Deposits

441.6 Mn.

8.7% increase

Earnings Per Share

Rs.

15		0.56
14		(2.14)
13		(2.56)
12		(0.09)
11		1.42

Operational Highlights

Despite facing a year rife with challenges, Multi Finance PLC emerged unscathed and reinvigorated. Our extensive Business Process Re-structure that encompassed several initiatives to improve efficiency and strengthen our core competencies while branching out into new business segments, yielded numerous dividends over the last year.



Multi Finance Kandy City Centre Hybrid Promotion



Ratnapura leaflet campaign



Gampaha leaflet campaign



Muthuhara Art Competition



Chairman's Review

It gives me great pleasure to present to you our Annual Report for the Financial Year ended 31st March 2015. The last financial year has been a transformative one for Multi Finance PLC and we believe that the strategic realignment of the Company that took place during the period in review has already yielded notable results and we anticipate that these changes will prove invaluable to the Company's development moving forward.

As discussed in depth within the following chapters, the last year was one rife with challenges and volatility. However as our exceptional financial performance will demonstrate, Multi Finance PLC successfully navigated these demanding conditions to record a total profit of Rs. 12.5 million thus setting the stage for truly phenomenal growth in the coming financial year.

Macroeconomic conditions were held within generally favourable parameters over the course of the year with the continuation of the Central Bank's low interest rate regime enabling a largely positive environment for the banking and finance industry; particularly in terms of market liquidity which showed a notable increase over the last financial year.

Meanwhile, significant effort, man-hours and resources were channeled into the consolidation process announced by the Central Bank during the last year. However, following landmark changes in Sri Lanka's political sphere, the programme was placed under suspension pending re-evaluation from the regulator, despite the extensive progress made to consolidate Multi Finance PLC with another company under the Entrust Group umbrella.

Subsequently, the consolidation process was reversed, and based on Multi Finance's strong brand image and loyal customer base, we made a policy decision to use this opportunity to restructure and reposition Multi Finance. The theme of our Annual Report: "Helping People" is in essence an acknowledgement of this new direction, which will see our Company entering Sri Lanka's growing microfinance sector.

We believe that Multi Finance holds the potential to make a substantial contribution to this industry in terms of setting new operational and performance benchmarks, but more significantly, we hope to improve access to finance for the sizeable proportion of Sri Lanka's society that remains outside the scope of traditional banking and finance products.

Combined with a stringent streamlining of operational procedures and a bold expansion drive planned for the coming financial year, we are confident that this new approach will offer the best value to our esteemed stakeholders while generating substantial returns for the Company and its shareholders.

In addition to our rising microfinance portfolio, Multi Finance will also be exploring other new product offerings while the implementation of a more stringent and focused credit culture is expected to help strengthen our core business immensely.

Sri Lanka's benign macroeconomic dynamics seem set to continue into the new financial year, particularly in terms of the country's key indicators of economic health: GDP growth, inflation, interest rates and per capita income.

Equipped with a fresh strategic direction, a powerful and dynamic new business model and couched within a positive macro-economic framework, we are confident that we have all the necessary components to build on our unblemished legacy, ultimately transforming Multi Finance into a dynamic leader in Sri Lanka's highly competitive financial industry.

At this juncture, I wish to thank my Board of Directors, senior management and our skilled and dedicated team of employees and finally our loyal and valued customers for extending their fullest support in driving this Company forward.

I also wish to thank the Directors and Governor of the Central Bank of Sri Lanka for their valuable guidance and support extended to us in many ways, which have helped us forge ahead in such a challenging environment. I am confident that we can look forward to the years ahead with courage and optimism.

Thank You



Mr. Kuvera De Zoysa
Chairman

09th July 2015



Chief Executive Officer's Review

It is a great source of pride for Multi Finance that despite the above-mentioned challenges we were nevertheless able to attain a sharp turn-around in profitability during the year, generating a total profit of Rs. 12.5 million during the year in review, as compared with a previous loss of Rs.47.9 million.

Introduction

It is with great pleasure that I present to you the Annual Report of Multi Finance PLC for the financial year ended 31st March 2015. The year under review has been a noteworthy period for the Company which overcame a host of macro-economic and industry-specific challenges to record a truly exceptional financial performance in keeping with our previous year's stated goal of reviving the Multi Finance brand.

Having completed my first full year as CEO of Multi Finance PLC since I assumed the position in August 2013, I am pleased to report that several productivity-improving initiatives that we implemented with a view to returning the Company to profitability and consolidating our position as a trusted leader in the financial industry dedicated to helping people, yielded rich dividends for the Company and our valued stakeholders.

Sri Lankan perspective

Focusing briefly on some of the notable developments that took place during the year in review, our national economy recorded impressive growth reaching 7.4% GDP growth, led by industrial and service sector growth.

Inflation continued to ease through the course of the year reaching 3.3% by the end of December 2014, against a previous 6.9%.

Notably, the Central Bank of Sri Lanka's initiative to consolidate the banking and financial sector during the year concerned was put on hold pending a re-evaluation of the process. Nevertheless, many financial companies by that time had achieved several milestones in the consolidation plan leaving concerned companies with the decision of whether to follow through on their proposed merger despite finance company sector having achieved relatively positive results during the year in review, aided in large part by the favourable low-interest rate regime implemented by the Central Bank. These interest rate dynamics resulted in an overall increase in liquidity while the financial industry itself saw an asset growth of just under Rs. 2 trillion within the Licensed Finance Companies (LFC) and Specialised Leasing Company (SLC) segments combined.

Company Perspective

In that backdrop, it is noteworthy that during the year in review, Multi Finance had been in the process of aligning its strategies towards consolidation with a company within the group as per Central Bank directives in connection with the proposed consolidation of the banking and non-banking sectors.

Consequently day-to-day operations of Multi Finance were somewhat hindered and the Company went through a challenging phase as it sought to infuse the required capital

Chief Executive Officer's Review

Streamlining our organisation's employee and process efficiency also generated tangible benefits to the bottom line as evidenced by the sharp 10% YoY reduction in overhead costs, which brought total overheads down to Rs. 142.6 million

and align its internal processes towards a consolidated entity. Subsequently we were informed that the process of consolidation was being re-evaluated, and as a result, we at Multi Finance had to re-visit our business plan in lieu of such consolidation.

In that context, we believe that it is a great source of pride for Multi Finance that despite the above-mentioned setbacks we were nevertheless able to attain a sharp turn-around in profitability during the year, generating a total profit of Rs. 12.5 million during the year in review, as compared with a previous loss of Rs.47.9 million.

Remarkable performance

This remarkable achievement was brought about as a result of our stringent focus on improving the credit culture within our organisation, complemented by careful monitoring and streamlining of per-employee productivity. Combined with an aggressive recovery-based culture and extensive Business Process Re-engineering (BPR) across the scope of our total operations and throughout our full branch network, we have channelled our resources and energy into inculcating a vibrant new culture at Multi Finance which I believe will hold our Company in good stead for years to come.

In terms of productivity, we have been careful to educate our employees on the importance of Key Performance Indicators

(KPIs) and motivating our team to meet or exceed such KPIs. Meanwhile our drive towards a more exacting recovery-based culture that I implemented upon taking up the position of CEO had already helped push Non-Performing Loans (NPLs) down to 4.02% during FY13/14 to less than 1.0% in the year concerned. Hence, our net impairment for the year, which rapidly fell from Rs. 37 million to just Rs.2 million, the success of our approach was amply showcased and this contributed significantly to the 34% YoY reduction in our accumulated losses for the year.

Streamlining our organisation's employee and process efficiency also generated tangible benefits to the bottom line as evidenced by the sharp 10% YoY reduction in overhead costs, which brought total overheads down to Rs. 81 million during the year in review. Despite a slight reduction in our top-line income, which fell to Rs. 233.9 million during the financial year, our interest expenses also posted a significant reduction, dropping by 24% YoY down to Rs.118.8 million, leading to a net interest income of Rs.71 million, as compared with Rs.93.6 million during the previous year.

During the year, we also introduced several new products including business loans, pledge loans and over draft while on the liability side of our business, our new savings accounts products for minors and general accounts have also recorded steady progress and we anticipate even greater success through these products moving into the new financial year.

> Reduction in Overheads

10%

> Growth in Profits

126%

Helping people

As reflected in the theme of this year's Annual Report and following the extensive internal realignment of our Company, Multi Finance is moving in a new strategic direction that is focused on providing a much more customer-centric business model that offers meaningful value to a wider segment of Sri Lankan society.

Our new strategic direction is built around the concept of helping people. In keeping with Multi Finance and Entrust Group core values, we aim to leverage our products and services to support and develop the Sri Lankan economy in a holistic way that uplifts the living standards of the widest possible segment of our stakeholders.

Most financial institutions have traditionally focused their attention on relatively affluent segments, while ignoring those who can actually benefit. This has also forced such excluded individuals to rely on the informal financial markets, which has prevented them from breaking out of the vicious cycle of poverty and the lack of opportunities for progress. By improving financial literacy and providing financial assistance to such individuals, we can help them escape the poverty trap and uplift their living standards. We have been successful in implementing this model in the rural sector, enhancing service excellence to untapped micro-credit clientele.

In that context, Multi Finance will be making its presence felt within Sri Lanka's dynamic microfinance sector. Despite significant advances in recent years, access to finance remains a critical issue within the Sri Lankan development story and we believe that Multi Finance can play a pivotal role in providing a trustworthy, reliable source of capital to the island's entrepreneurs and Small and Medium Enterprises (SMEs). It is our firm belief that this new direction holds the potential to generate important new revenue streams for the Company while fuelling the country's micro-economy and planting the seeds for wholesome job creation and wealth distribution among the low-middle income strata of our society.

Going beyond what has traditionally been offered in this segment, Multi Finance is in the process of establishing a business model that is firmly centred on ideals of professionalism, equity, trust and integrity. We believe that Multi Finance will set a new standard for the microfinance industry as a whole through strong, methodical operations that ensure the welfare of our clients through sound advisory services and general operational excellence.

The seeds of our microfinance business were planted in the last financial year and are already beginning to show overwhelmingly positive signs of growth with interest income from the segment recording an extremely sharp increase from Rs. 274,611 in the previous financial year up to Rs. 8.93 million.

Consequently during the last financial year, Multi Finance PLC in co-ordination with the Ragama Cricket Club focused on developing sport among underprivileged children. Additionally, using our microfinance operations as a platform, we will aim to take education and skills development to Sri Lanka's rural and SME sector thereby empowering individuals with not only funding, but also the necessary skills and knowledge to develop their livelihoods through micro entrepreneurship. In addition to our continued emphasis on developing sport, we will also be participating in the Entrust Group's common CSR

initiative from the next financial year through which we hope to develop education, financial literacy and entrepreneurship among Sri Lanka's under-served segments of society.

A bright future

With our new strategy well under way for the coming financial year, Multi Finance will be undertaking an aggressive recruitment drive in order to attract the best trained and experienced human capital from across the industry. In order to ensure that our new team members are up to speed with our dynamic new Multi Finance culture, we have also designed further training programmes in order to further integrate our new team members and we believe that our unique combination passionate and driven employees and stringent operational and strategic oversight will help propel Multi Finance into a leading position within the Sri Lankan financial sector in the coming year.

In concluding, I would like to express my gratitude and thanks to our Chairman, Board of Directors, senior management and of course our dedicated team of employees and our esteemed customers for their continued support to Multi Finance PLC. Moving forward, we anticipate previously un-reached levels of success for the Company and we invite you to join us in our journey to greater prosperity.

Thank You



Pushpike Jayasundera
CEO

09th July 2015

Board of Directors

1. **Mr. Kuvera De Zoysa**
Chairman – Independent/ Non-Executive Director
2. **Mr. R. M. M. J. Ratnayake**
Deputy Chairman – Independent/ Non- Executive Director
3. **Mrs Romesha Senerath**
Executive Director / Group Chief Operating Officer
4. **Mrs. C. J. Atapattu**
Director Legal and Recoveries
5. **Mr Manohara S Tillakawardana**
Non-Executive Director
6. **Mr. K. P. N. S. Dayaratne**
Non-Executive Director
7. **Mr. B. N. R. Mendis**
Non-Executive Director
8. **Mr. Isira Dassanayake**
Executive Director
9. **Mr. Chanuka Ratwatte**
Executive Director





Board of Directors

Mr. Kuvera de Zoysa

Chairman/Independent Non-Executive Director

Appointed to the Board as an Independent Non-Executive Director in March 2011 Mr. Kuvera de Zoysa was later appointed as Chairman of Multi Finance PLC in July of the same year.

A President's Counsel of the Supreme Court of Sri Lanka, Mr. De Zoysa has been active in the legal practice since 1993 in areas of Commercial and Civil Law. He holds a Master's Degree (LLM) in International Trade Law from University of Wales.

A well respected figure in Sri Lanka's legal and corporate spheres, Mr. De Zoysa has received significant recognition for his professional achievements including "Young Outstanding Persons" Award by HSBC - JCI TOYP 2007, by the Junior Chamber International Sri Lanka for Legal Accomplishment in recognition of his contribution to the legal profession.

Prior to his tenure at Multi Finance, Mr. De Zoysa served as Chairman / Director of People's Merchant Bank PLC and as a Director of the boards of People's Bank, Export Development Board and Sanasa Development Bank. He has also served as Acting Chairman of People's Bank and as Chairman of the Audit, Legal and Risk Management Committees of People's Bank.

He currently serves on the Boards of several listed companies and non-listed companies in IT, Power, Healthcare and Leisure sectors.

Mr. Mohan Ratnayake

Deputy Chairman/Independent Non-Executive Director

Appointed to the Board as an Independent Non-Executive Director in April 2011, Mr. Mohan Ratnayake was subsequently appointed to the post of Deputy Chairman of Multi Finance PLC in July of the same year.

Holding an MBA in Finance, he is also a Fellow of the Chartered Institute of Management Accountants UK and a Member of the Society of Certified Management Accountants. Mr. Ratnayake holds extensive experience in Tea Exports, Tea Plantations, Telecommunications and the Automotive Industry.

Serving on the Boards of several listed companies, both in an Executive and Non-Executive capacity, Mr. Ratnayake currently serves as Managing Director of Colonial Motors Ceylon Ltd.

Mr. Manohara Tillakawardana

Non-Executive Director

Appointed to the Board in January 2012, Mr. Tillakawardana serves the Company in the role of a Non-Executive Director.

An accomplished professional with over 22 years of mercantile sector exposure, Mr. Tillakawardana holds extensive expertise in fields of financial management, financial analysis, corporate and strategic planning, diagnostic studies, project feasibility studies and appraisals, auditing, research and market surveys.

In addition to his role at Multi Finance PLC, Mr. Tillakawardana also serves as a Non-Executive Director on the Entrust Securities PLC.

Holding an MBA and an MA in Financial Economics from the University of Colombo in addition to a Diploma in Marketing from the Chartered Institute of Marketing (UK) and a Postgraduate Diploma in Marketing from the Post Graduate Institute of Marketing, University of Sri Jayawardenapura, Mr. Tillakawardana is a Fellow of the Chartered Institute of Management Accountants of UK and a Chartered Global Management Accountant.

Additionally, he was also a founding member of the Institute of Certified Professional Managers, a Member of the Institute of Internal Auditors (IIA) of USA, former Vice President of IIASL and presently serves as a Board Member of CIMA – Sri Lanka.

Mrs. Champika Atapattu

Executive Director

Appointed to the Board in August 2002 Mrs. Champika Atapattu serves the Company as Director – Legal and Recoveries.

An Attorney-at-Law & Notary Public, Mrs Atapattu graduated from Sri Lanka Law College in 1991 and holds over 21 years of experience as a practicing lawyer and legal officer holding wide-ranging experience across most aspects of the legal profession including litigation, court work, contract and agreement drafting and advisory services. She also holds further exposure in secretarial work and in addition to her experience in the field of conveyancing.

During her long tenure at Multi Finance, she has served as a Legal Officer, Director and General Manager. Mrs. Atapattu currently overlooks legal and recoveries and has headed operations at our head office and branch network. She has followed several training programs, workshops and seminars conducted by the Central Bank of Sri Lanka.

Mr. Sanjeeva Dayaratne

Non-Executive Director

Appointed to the Board in June 2009 Mr. Sanjeeva Dayaratne currently serves the Company as a Non-Executive Director.

Graduating from the University of Colombo with a 2nd Upper Honours Degree in Statistics (special) in 2001, Mr. Dayaratne obtained an MBA (Finance) from the University of Colombo in 2008 and an Msc in Financial Mathematics from the same university in 2014. After graduation, Mr. Dayaratne commenced his professional career at People's Bank in 2001 before joining Entrust Securities Limited in 2002 as a Management Trainee cum Dealer. He currently serves as General Manager / Chief Dealer at Entrust Securities PLC and counts over 13 years of experience in the financial industry. He has also followed several training programmes conducted by the Central Bank of Sri Lanka, Euro money and Bloomberg and has represented the Company at international debt forums as well. In addition to his role at Multi Finance, Mr. Dayaratne is also a Director of Entrust Limited, Entrust Healthcare Limited and The Standard Credit Finance Limited.

Mr. B. N. R. Mendis*Executive Director*

Appointed to the Board of Directors in September 2009, Mr. Mendis currently serves the Company as a Non-Executive Director.

Holding over 17 years of experience in the Fixed Income Securities Market, Mr. Mendis received his initial training at Waldo Mackenzie Ltd, a merchant banking division of the John Keells Group. Specializing in Treasury Operations, Payment and Settlement systems in Sri Lanka, he also possesses immense training exposure from attendance at overseas training programs conducted by the Reserve Bank of India, the Euromoney Training Institute in Singapore, Anti Money Laundering and Terrorism Financing 'train the trainer' programmes carried out by the World Bank for regional participants representing the country and the Primary Dealer Industry.

In addition to his role at Multi Finance, Mr. Mendis also holds a senior management positions at Entrust Securities PLC and has previously served as the Managing Agent-appointed CEO of a finance company in restructuring and assisting in the consolidation process.

Furthermore, he also currently serves as an Executive Director at The Standard Credit Finance Ltd and as a Director at Entrust Limited and Entrust Healthcare Limited.

Romesha Senerath*Executive Director*

Romesha Senerath joined Entrust group in year 2004 and was appointed to the Board in June 2009 and has been serving the Company as an Executive Director since then.

She holds an MBA from the University of New Buckinghamshire (UK) and is a Member of the Chartered Institute of Marketing (UK). She has also obtained the International Capital Markets Qualifications (ICMQ) conducted by the Securities Institute London (UK) and holds a Diploma in Business Skills and Development conducted by the National Institute of Business Management (NIBM). She has over eighteen years of experience in Fund Management activities and overall management of corporate affairs. Prior to joining Entrust Group, she worked at Nations Lanka PLC as Senior Executive-Investments and at Union Assurance PLC as Acting Head of Investments.

She presently serves as the Group Executive Director/Group Chief Operating Officer of the Entrust Group of Companies namely Entrust Capital Partners (Pvt.) Limited, Entrust Holdings Limited, Entrust Limited, Entrust Wealth Management Limited, Entrust Capital Markets (Private) Limited, Entrust Investments Limited, Entrust Healthcare Limited, The Standard Credit Finance Limited, Western Sports Management (Pvt.) Limited and Multi Finance PLC. In addition to the above mentioned Directorships, she was appointed to the Board of Directors of Lanka Financial Services Bureau Limited (LFSBL) in March 2015.

Isira Dharmapriya Bandara Dassanayake*Executive Director*

Appointed to the Board in November 2012 as an Executive Director, Isira Dassanayake was subsequently appointed Chairman in April 2013.

An established and successful entrepreneur, he possesses a wealth of experience in the mercantile and public sector, with over twenty one years' experience in the public and private sectors, during which time he headed several leading establishments across a diverse range of sectors.

With a Master's Degree in Public Administration, he serves as the Chairman of Entrust group of Companies including Entrust Capital Partners (Pvt.) Limited, Entrust Holdings Limited, Entrust Limited, Entrust Wealth Management Limited, Entrust Capital Markets (Private) Limited, Entrust Investments Limited, Entrust Healthcare Limited, The Standard Credit Finance Limited, Western Sports Management (Pvt.) Limited and as the Executive Director of Multi Finance PLC.

Additionally he also serves on the Boards of Maruthi Estates Limited, Nippon Holdings (Private) Limited, Platinum Capital (Private) Limited and is also the Chairman of Pacific Trust (Private) Limited.

Chanuka Upendra Ratwatte*Executive Director*

Appointed to the Board in November 2012, Chanuka Ratwatte has consistently served as an Executive Director of the Company.

Beginning his career as a Trainee Planter at Kahawatte Plantations PLC in 1993, he subsequently joined India's Tata Tea as a Management Trainee, gaining extensive experience in an organisation of international repute. Leveraging his wide exposure in the field, he returned to join Watawala Plantations PLC in 1997 during which time he served as Head of Exports for four years and subsequently joined Brave Guard Security and Investigation Services as a Director in 2003.

Completing his primary and secondary education at Trinity College Kandy, he is a qualified planter holding accreditation from institutes in India, the United Kingdom and Germany.

In addition to his position at Entrust Securities, he also serves on the Boards of Entrust Capital Partners (Pvt.) Limited, Entrust Wealth Management Limited, Entrust Holdings Limited, Entrust Limited, Multi Finance PLC, Entrust Capital Markets (Private) Limited, Entrust Healthcare Limited, Western Sports Management (Pvt.) Limited, Entrust Investments Limited and The Standard Credit Finance Limited where he serves as Executive Director.

Our Team





Standing Left to Right

1. **Mrs. Gayathri Perera**
Receptionist
2. **Ms. Harshani Fernando**
Manager - Legal
3. **Mr. Asanka Niwantha**
Assistant Manager Recoveries & Investigations
4. **Mr. Thusitha Sampath**
Manager Operations
5. **Ms. Sherine Perera**
Assistant Manager Fixed Deposits
6. **Mr. Gayan Wickramasinghe**
Assistant Accountant
7. **Miss. Dhanushka Maduwanthi**
Assistant Manager- Operations

Seating Left to Right

1. **Mr. Prathap Sritharan**
Credit Analyst/Branch Coordinator
2. **Mr. Asanka Melroy Galbadaarachchi**
Accountant
3. **Ms. Milka Wickramasinghe**
Executive Operations
4. **Mr. Manjula Prabath Perera**
Senior Manager – Business Development

Management Discussion & Analysis

Asset growth was fuelled by growth in liquid assets and the accommodations portfolio with finance and leasing accounting for the majority of assets. While Hire Purchase products had been the second largest source of assets in 2013/14, it was significant to note that secured loans and advances generated more value in 2014/15 than hire purchase products.

The Sri Lankan perspective

Sri Lanka's economic development continued at an even pace through the course of the last financial year reaching GDP growth of 7.4% in 2014 led by a dynamic industrial sector, which contributed recorded 11.4% and followed by the services sector with a steady 6.5% growth and a weakened agriculture sector which saw growth of only 0.3%, largely due to the impact of unfavourable weather conditions during the first half of the year.

The country's trend of benign inflation rates carried through for the sixth consecutive year with annual average inflation being recorded at 3.3% by the end of the calendar year, as compared with 6.9% in 2013, with lower fuel and energy costs

playing an important role in containing inflationary pressure through the year and particularly during the final quarter of the 2014 financial year.

From a fiscal perspective Government revenue continues to be a concern as income fell a full percentage point down to 12.3%. However, a parallel drop in Government expenditure down to 18.3% helped to contain the budget deficit to 1.3% of GDP.

Meanwhile on the external front, the current account deficit was narrowed to 2.7% of GDP with export earnings rising 7.1% to US\$ 11.1 billion in 2014 and imports recording a similar 7.9% increase to a value of US\$ 19.4 billion. Combined



“Our tight recovery policy has enabled a drastic reduction in Non-Performing Loans while marked improvements to the Multi Finance credit culture contributed to significant growth in collections.”

with worker remittances and US\$ 1.69 million in foreign direct investment, the country recorded a US\$ 1.37 billion balance of payments surplus while gross international reserves reached US\$ 8.2 billion, equivalent to 5.1 months of imports during the year under review.

Perhaps the most significant development to take place on the domestic front was the surprise Presidential elections at the start of the final quarter of 2014/15 which saw the ascension of President Maithripala Sirisena to the nation's highest office. The resultant political upheavals had spillover effects into the economic sector as the efficacy of several major infrastructure and construction projects were scrutinised and reassessed as part of the new regime's stated goals of ensuring good governance and inclusive development within a competitive social market economy.

Industry perspective

Sri Lanka's highly competitive financial industry improved moderately over the previous year's performance with the sector's total assets growing from Rs. 10.3 trillion in 2013 up to Rs. 12 trillion of which licensed finance companies (LFC) and Specialised Leasing Companies (SLC) accounted for 7% of total assets. In total there are currently 48 LFCs and 8 SLCs operating within the Sri Lankan market. Both segments of the NBFIs sector recorded a combined asset growth of 18.9% to achieving a total asset base of Rs. 853 billion by the end of the 2014 calendar year, moderating somewhat over the preceding year's 20.3% asset growth and asset base of Rs. 717 billion.

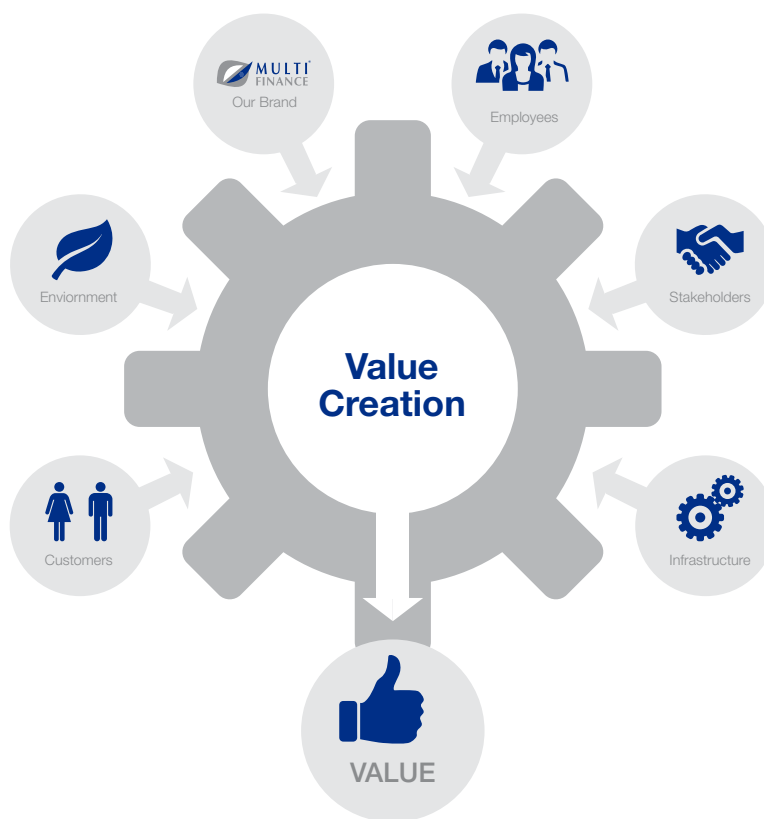
Notably, the LFC segment alone recorded assets of Rs. 779.6 billion as compared with Rs. 653 billion in the previous year according to available data. Lowered demand for credit during the first half of 2014 was the primary driver behind the moderation of asset growth, particularly during the first half of 2014; however credit demand recovered slightly into the latter half of the year, boosted in part by the continued low interest rate regime maintained by the Central Bank of Sri Lanka. The sector's Net interest income rose sharply from Rs. 44.1 billion in 2013 up to Rs. 62.2 billion during the year in review, aided by the re-pricing of the sector's assets and liabilities under current low-interest conditions.

Income		Rs. Mn.
15		233.9
14		269.4
13		281.2
12		174.9
11		159.5

Management Discussion & Analysis

Both segments of the NBFI sector recorded a combined asset growth of 18.9% achieving a total asset base of Rs. 853 billion by the end of the 2014 calendar year, moderating somewhat over the preceding year's 20.3% asset growth and asset base of Rs. 717 billion

Our Value Creation Process



Asset growth was fuelled by growth in liquid assets and the accommodations portfolio with finance and leasing accounting for the majority of assets. While Hire Purchase products had been the second largest source of assets in 2013/14, it was significant to note that secured loans and advances generated more value in 2014/15 than hire purchase products.

Meanwhile in terms of LFC and SLC liabilities, the share of deposits as a source of funding increased to 48.5% in 2014 from 47% recorded in 2013, while the share of borrowings declined to 25.4% in 2014 from 26.8% in 2013 indicating the shift towards lower cost of short term deposits from borrowings. Deposits themselves increased by 22.7% to Rs.

414 billion by the end of 2014, against 32.7% in 2013, likely a result of the relatively higher deposit rates offered by LFCs when compared with banks within the current low-interest rate regime.

Non-performing accommodations (NPA) grew to Rs. 44.3 billion in 2014 reflecting growth of 19.9%, and were attributable to fluctuations in the price of gold that adversely impacted pawning operations. However relative to total outstanding loans, NPAs stood at 6.9%, increasing marginally over a previous 6.7% in 2013.

Perhaps the most significant development that took place over the course of the last year was the extensive programme of financial sector consolidation embarked upon under the direction of the Central Bank of Sri Lanka with the stated aim of reducing the number of LFCs and SLCs operating in Sri Lanka while enhancing the subsequent entities' resilience to internal and external shocks. Under the framework of the proposed consolidation, LFCs and SLCs were required to identify partners for merger and submit and implement their respective plans for consolidation. The plans were carried out in consultation with concerned regulatory agencies – the Securities and Exchange Commission of Sri Lanka (SEC) and the Colombo Stock Exchange – while a separate unit was established within the Central Bank to oversee and facilitate the smooth progress of the consolidation process. Consequently 10 LFCs and SLCs had completed their respected consolidation plans over the year while a further 22 LFCs and SLCs had achieved progress on their proposed plans however these plans were disrupted by the drastic shifts in Sri Lanka's political landscape in the wake of January's Presidential election and the programme was submitted for further review by a committee appointed by the Government as at the end of the 2014 financial year.

Company perspective

Having been directed towards a strategy of consolidation by the regulator, Multi Finance readjusted its business strategies over the last financial year in preparation for such a consolidation with another company under the Entrust Group. Having readjusted our strategies accordingly, Multi Finance began designing business plans more suitable to the larger entity that would have arisen out of the consolidation process.

However, the consolidation process was subsequently placed under review by the Central Bank of Sri Lanka and Multi Finance was thereafter informed that the consolidation process would not be taking place according to the

Debt : Equity Ratio

> 2014/15

0.59

> 2013/14

1.83

% change: (67.8)%-REDUCTION

previously envisioned timelines specified by the Central Bank. Consequently the Company had to make significant readjustments to its business plan in order to once again realign our operational framework towards its original singular framework.

Despite the above described volatility at both the macro-economic and sectoral levels, Multi Finance was able to overcome numerous obstacles in order to deliver commendable financial results over the course of the last year.

Through a focused effort on streamlining our core business, the Company was able to clear previously accumulated losses in order to post a profit of Rs. 12.5 million during the year in review, dramatically improving over the previous year when we recorded a loss of approximately Rs. 48 million. This was implemented through a substantial emphasis on inculcating a dynamic credit culture.

Despite a slight reduction on our top line income which stood at Rs. 233.9 million in FY14/15 just under the previous year's income of Rs. 269.4 million while Net Interest Income (NII) for the year reached Rs. 71 million down from Rs. 93.6 million.

During the last year, we also implemented an aggressive recovery-based culture within the company and this stringent focus on streamlining operations yielded significant benefits to our bottom line. Non-performing loans – which already fell below 4.02% in the previous financial year – dropped

Management Discussion & Analysis

Profits

> 2014/15

12.5 Rs. Mn.

> 2013/14

47.9 Rs. Mn. (Loss)

% Change - 126.1

in further, coming in under 1% during the year in review. Meanwhile expenses from net impairment of available-for-sale financial assets fell from Rs. 887,797 in FY 13/14 down to Rs. 140,000 while the Company posted an impairment reversal for loans & other advances of Rs. 31.7 million during the year in review, as compared with an impairment charge of Rs. 3.1 million previously.

Fluctuations in vehicle taxation policies had a negative impact across LFCs and our Company too saw our core businesses affected by the same with interest income from leasing dipping from Rs. 73.9 million down to Rs. 49.4 million while hire-purchase interest income fell from Rs. 118.1 million down to Rs. 85.8 million.

Having anticipated further volatility in our core products as a result of the previously alluded volatility in taxation policies, Multi Finance took prudent measures to diversify our product portfolio into other related fields with a view to providing a degree of insulation from any further volatility.

Overheads

> 2014/15

142.6 Rs. Mn.

> 2013/14

158.2 Rs. Mn.

10% Reduction

Pursuant to this goal Multi Finance placed significant emphasis and consideration towards improving our ability of our products to contribute to the wider national interest in keeping with our core values of serving as a leading example of a responsible corporate citizen. Therefore, Multi Finance made a strategic decision over the last year to increase its presence in the microfinance segment with a view to improving access to finance and lending a helping hand to the segments of Sri Lankan society that remains outside the scope of the traditional banking and finance sector.

Hence over the last financial year, Multi Finance was able to extend vital assistance to numerous small and medium enterprises and entrepreneurs and our decision has yielded positive rewards with our microfinance segment generating interest income of Rs. 8.93 million during the year and displaying rapid growth over the last year's Rs. 274,611 generated through microfinance operations.

Moving into the new financial year, Multi Finance will be implementing several new measures to further streamline our core business and increase efficiency while introducing new product offerings such as structured leases and combining our vehicle leasing facilities with innovative assistance in securing vehicle imports.

Despite the above described volatility at both the macro-economic and sectoral levels, Multi Finance was able to overcome numerous obstacles in order to deliver commendable financial results over the course of the last year.

Earnings per share

> 2015

0.56 Rs.

> 2014 **(2.14)** Rs.

In addition to enhancements to our core business, we will also be expanding our branch network as we seek to cater to an even wider cross-section of Sri Lankan society with an even greater emphasis on growing our Microfinance business. Additionally we will also be rolling out new savings accounts for adults and minors and will also be looking to expand into margin trading as well. These products are still under evaluation and we aim to make our presence felt in these new segments only after sufficiently prudent planning and market research is conducted under the auspices of pertinent regulatory agencies including the Central Bank of Sri Lanka.

Return on Equity

> 2015

3.86 %

> 2014 **(14.05)** %

Overall, it has been an admittedly challenging year for Multi Finance PLC. However, our company has not been idle through trying conditions but has used this opportunity to carefully re-examine our business model and realign the Company to meet the future requirements of a growing Sri Lankan economy. Backed by the wealth of technical expertise and resources of the Entrust Group of companies, Multi Finance is gearing up for a new year filled with potential. Lending a helping hand to Sri Lankans across the country, we look forward to working together with you to reach a brighter, more prosperous future.

Corporate Governance

Corporate Governance is the framework of rules and practices by which a Board of Directors ensures accountability, fairness and transparency in an organisation's relationship with all its stakeholders. The Board of Directors is responsible for the governance of the Company and has placed considerable emphasis on developing rules, structures and processes to ensure integrity and transparency in all of the Company's dealings and making the best effort in achieving performance and quality profits. At Multi Finance PLC, we adopt best governance practices and strive to satisfy legitimate claims of all stakeholders ensuring transparency and timely financial reporting. We have continuously refined our structure and systems to ensure governance on the lines as defined, all the time and the Company is accountable to its stakeholders and the general public. The Board of Directors have committed themselves to ensure that there is effective overseeing of the business operations and to ensure that all such business affairs of the Company are conducted adhering to the highest standards of good governance, embracing established best practices.

The components of the governance structure are designed in a way that the executive authority is well transferred and delegated through a structure ensuring that the Chairman, CEO, Executive Directors and Senior Management are accountable for the Company's functions. This statement describes the application of the Corporate Governance practices within the Company during the period under review.

Roles and responsibilities of Chairman and CEO

The separation of responsibilities between the Chairman and the CEO is clearly defined. The functions of Chairman and CEO are assigned to two different individuals who ensure that there is a separation of power. The Chairman provides leadership to the Board and ensures that proceedings at meetings are conducted in a proper manner. The Chairman promotes high standards of Corporate Governance.

Board of Directors

The Board is the highest body of Multi Finance PLC that carries the responsibilities of directing the Company. The members of the Board possess the required expertise, skill and experience to effectively manage and direct the Company in order to maintain highest standards of good governance and attain the organisational goals. They are persons with vision, leadership qualities, proven competence and integrity. The individual profiles of the members of the Board are given in pages 16 to 19 of this Report.

Composition and Independence

The Board comprised of nine (09) members during the period under review, five (05) of whom are Non-Executive Directors and two (02) out of that being Independent Directors. This gives the Board of Multi Finance PLC the appropriate balance of skills and experience which is conducive for the business carried out by the Company. There exists a diversity of experience and skill on the current Board and the Directors contribute a balance of financial and banking experience together with business experience and skills. Collectively, the Non-Executive Directors (NEDs) bring a wealth of experience and add value through their knowledge, arising from domestic and/or international experience, and specialised functional know-how, ensuring adequate Board diversity in accordance with the principles of Corporate Governance. In order to avoid potential conflicts or bias, the Independent Directors adhere to best practices as illustrated below in addition to making a general disclosure of interests every year and also changes thereto.

The names of the Directors who served during the year under review are disclosed in the Annual Report of the Board of Directors on the Affairs of the Company on pages 54 to 57.

Tenure, Retirement and Re-election of Directors

At each Annual General Meeting, one of the Directors for the time being, shall retire from office and seek re-election by the shareholders.

The provisions of the Company's Articles of the Association also require Directors appointed by the Board to hold office until the next Annual General Meeting and seek appointment by the shareholders at that meeting.

Board Meetings

The results of the Company are regularly considered and monitored against the budgets at Board meetings, at which a standard agenda is discussed together with any other matters

that require the attention of the Board. The Board meets monthly on a regular basis, and whenever necessary, special meetings of the Board are held.

During the year ended 31st March 2015, twelve (12) meetings of the Board were held. The attendance at the meetings was:

Name of Member	Board Meetings		
	No. of Meetings Held	No. of Meetings Attended	Percentage of Attendance
1. Mr. E. K. I de Zoysa	12	11	91.67%
2. Mr. R. M. M. J. Rathnayake	12	11	91.67%
3. Mr. I. D. B. Dassanayake	12	06	50%
4. Mr. C. U. Ratwatte	12	06	50%
5. Mrs. R. D. Senerath	12	12	100%
6. Mr. R. M. S. Tillakawardana	12	11	91.67%
7. Mrs. C. J. Atapattu	12	11	91.67%
8. Mr. K. P. N. S. Dayaratne	12	12	100%
9. Mr. B. N. R. Mendis	12	12	100%

Board Sub-Committees

The Board strives to ensure that the management of the Company maintains an effective system of internal controls that provides assurance on efficient operations and compliance with applicable laws and regulations. The Board of Directors has delegated some of its functions to Board Sub-Committees, while retaining final decision rights pertaining to matters under the purview of these committees. The following Sub-Committees were appointed by the Board & were in operation during the period under review;

1. Audit Committee
2. Remuneration Committee
3. Integrated Risk Management Committee
4. Nominations Committee

The relevant Sub-Committee Reports are given on pages 46 to 51 in this Report.

Compliance Officer

The Deputy General Manager functioned as the Compliance Officer, to ensure compliance with the Regulatory and Statutory requirements and the laws and regulations governing Finance Companies, Public Listed Companies and generally, in business activities undertaken by the Company.

Management Committees

The Company has identified Committees in-house for Recoveries, Credit and Asset & Liability Management to regulate the relevant areas thereby ensuring that decision-making is on a participatory basis.

Corporate Governance

The Management

The day-to-day operations of the Company are entrusted to the Corporate and Senior Management headed by the Chief Executive Officer. They ensure that risks and opportunities are identified and steps are taken to achieve targets within defined time frames and budgets.

Financial Disclosures and Transparency

The Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards, the Companies Act, Finance Business Act and the directions and rules issued thereunder. Since being listed on the Colombo Stock Exchange, the unaudited provisional quarterly statements of accounts have been published, in compliance with the Listing Rules of the Colombo Stock Exchange.

Messrs. KPMG act as External Auditors of the Company. The Auditors are allowed to act independently and without intervention from the Management or the Board of the Company to express an opinion on the financial statements of the Company. All the required information is provided for examination to the Auditors.

Securities Trading Policy

The Company's securities trading policy prohibits all employees and agents engaged by Multi Finance PLC who are aware of unpublished price sensitive information from trading in the Company's shares or the shares of other companies in which the Company has a business interest. The Board, Senior Management as well as certain identified employees in senior executive roles who are privy to the Company's results, in part or in full, prior to their availability to the public, are prohibited from trading during periods leading up to the release of quarterly and annual results.

Ethical Standards

The Company requires that all its employees maintain the highest standards of integrity in the performance of their duties and dealings on behalf of the Company. The Company focuses on the training and career development of employees for the creation of an empowered and committed group of employees.

Statutory Payments

All statutory payments due to the Government, which have fallen due, have been made, or where relevant, provided for.

Compliance with Central Bank Regulations

As a Registered Finance Company and a Registered Leasing Establishment, the Company is governed by the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka. Accordingly, the Company has to carry out and maintain business activities in compliance with the Directions from time to time issued by the Central Bank of Sri Lanka.

Accountability and Disclosure

The members of the Board of Directors have reviewed in detail the Financial Statements in order to satisfy themselves that they present a true and fair view of the Company's affairs.

COMPLIANCE WITH THE FINANCE COMPANIES DIRECTION NO. 03 OF 2008 (AND SUBSEQUENT AMENDMENTS THERETO) ON CORPORATE GOVERNANCE FOR LICENSED FINANCE COMPANIES IN SRI LANKA

Corporate Governance Principle	Reference to CBSL Rule	Degree of Compliance
2. The Responsibilities of the Board of Directors		
Strengthening the safety and soundness of the Finance Company	2 (1)	<p>Compliant.</p> <p>The Board is responsible for formulating strategy, ensuring the adequacy of the risk management processes, review of the internal control system and defining the responsibilities of Corporate Management.</p> <p>The Board sets and oversees the vision, mission, strategic objectives and corporate values of the company and these are regularly communicated to all levels of the company.</p> <p>A strategic plan covering the overall risk parameters has been set up with regular reviews in place through the Assets and Liabilities Committee (ALCO) and Integrated Risk Management Committee (IRMC).</p> <p>The Board is responsible for ensuring effective communication with all stakeholders including depositors, creditors, shareholders and borrowers. The Annual General Meeting is used to have an effective dialogue with the shareholders on matters which are relevant and of concern to the general membership.</p> <p>Identification and designation of Key Management Personnel is in place and periodically reviewed by the Board.</p> <p>The Board comprises of 4 Executive Directors who have specific areas of responsibility. In addition, Non-executive Directors have specific areas of responsibility through the various Sub-committees of the Board. Similarly, Key Management Personnel have specific areas of responsibility assigned to them through their employment contracts and exigencies of evolving business needs.</p> <p>The Board ensures that effectiveness of Governance practices is periodically assessed. A transparent procedure is in place for selection, nomination and election of Directors and Key Management Personnel. Conflicts of interests are rigidly managed through a balanced Board of Directors. Wherever improvements are necessary, they are made.</p> <p>A documented Succession Plan is in place for all Key Management positions and is being continuously reviewed and formulated to ensure that there is adequate succession capacity at all levels.</p> <p>Regular updating/ trainings are facilitated through various seminars and programmes for the Directors and other Key Management Personnel.</p>

Corporate Governance

Corporate Governance Principle	Reference to CBSL Rule	Degree of Compliance
2. The Responsibilities of the Board of Directors Contd.		
Chairman & CEO	2 (2)	Compliant. The Board has appointed the Chairman and CEO and the roles of the Chairman and the CEO are separate.
Independent advice	2 (3)	Compliant.
Conflict of interests	2 (4)	Compliant. Procedures are in place to ensure that conflicts and potential conflict of interests are properly disclosed to the Board.
Formal schedule of matters to the Board	2 (5)	Compliant. The Board has a formal schedule of matters specifically reserved for it.
Situation of Insolvency	2 (6)	This situation has not arisen during the year.
Corporate Governance Report	2 (7)	Compliant. This report addresses the requirement.
Self-assessment by Directors	2 (8)	Compliant. Each Director performs an annual self-assessment based on the predefined criteria set by the Board.
3. Meetings of the Board		
Board Meetings	3(1)	Compliant. The Board met 12 times during the year at approximately monthly intervals.
Inclusion of proposals by all Directors in the agenda	3 (2)	Partially compliant. Proposals from all Directors on promotion of business and management of risk are included in the agenda for regular meetings as and when they arise. Board papers are circulated 1-2 days in advance of meetings.
Notice of meetings	3 (3)	Partially Compliant. Regular Board Papers are circulated (approximately 1-2 days) in advance but certain Board Papers have been tabled at the meeting itself.
Non-attendance of Directors	3 (4)	Non-Compliant. Mr. I.D. B. Dassanayake & Mr. C. U. Ratwatte have been excused from 06 meetings each during the period, due to unavoidable circumstances.
Board Secretary	3 (5)	Compliant. The Board has appointed a Board Secretary to handle the secretarial services to the Board and to carry out other functions required by Statutes.
Agenda for Board Meetings	3 (6)	Compliant. The Board Secretary prepares the Agenda, which function has been delegated by the Chairman.
Access to the Board Secretary	3 (7)	Compliant. Service of the Board Secretary is available for all Directors in discharging their duties to the company.
Minutes of the Meetings	3 (8)	Compliant. The Company Secretary records the minutes of the Board Meetings and Directors have full access to the Minutes of the Board Meetings which are circulated to all Board Directors.
Details of Minutes	3 (9)	Compliant. Minutes of the Board Meetings are maintained in sufficient detail by the Board Secretary.
4. Composition of the Board		
Number of Directors	4(1)	Compliant. The Board comprised of 9 Directors during the year.
Period of service of Non-Executive Directors	4 (2)	Compliant. Non-Executive Directors serving on the Board have not served on the Board for more than 9 years.
Appointment of an employee as a Director	4 (3)	Compliant. This situation has not arisen during the year.
4. Composition of the Board Contd.		
Independent Non-Executive Directors	4 (4)	Non-Compliant. As per this rule, the Company should have 3 Independent Directors. But as of date, the Board only comprises of 2 Independent Directors namely, Mr. E. K. I. De Zoysa (Chairman) & Mr. R. M. M. J. Ratnayake (Deputy Chairman)

Corporate Governance Principle	Reference to CBSL Rule	Degree of Compliance
Alternate Director	4 (5)	This situation has not arisen during the year.
Credibility, skills & experience of Non-Executive Directors	4 (6)	Compliant. Biographic details of the Directors are given on page 18.
Board Meetings without half the quorum of Non-Executive Directors	4 (7)	Compliant. Articles of the Company provides for same.
Details of Directors	4 (8)	Compliant. Please refer pages 16 to 19 for the biographic details of the Directors
Appointment of new Directors	4 (9)	Compliant. The Board has a formal and transparent procedure in place when appointing Directors to the Board. Nominated individuals are screened in accordance with CBSL and CSE's requirement and submitted for prior approval of the Director - SNBFI of CBSL.
Appointment to fill a casual vacancy	4 (10)	This situation has not arisen during the year.
Resignation/ removal of a Director	4 (11)	This situation has not arisen during the year.
5. Criteria to assess the Fitness and Propriety of Directors		
Directors over 70 Years of age	5 (1)	Compliant. Directors serving on the Board have not reached the age of 70.
Holding of office in more than 20 entities	5 (2)	Compliant. As at 31.03.2015 none of the Directors hold Directorships in more than 20 entities.
6. Management Function delegated by the Board		
Delegation of work to the management	6 (1)	Compliant. The Board annually evaluates the delegated authority process to ensure that the delegation of work does not materially affect the ability of the Board as a whole in discharging its functions.
Evaluation of the delegated process	6 (2)	Compliant. Please refer comments above.
7. The Chairman and the Chief Executive Officer		
Division of responsibilities of the Chairman & CEO	7 (1)	Compliant. The roles of the Chairman and the Chief Executive Officer are separate.
Chairman preferably be an Independent Director and if not appoint a Senior Director	7 (2)	Compliant. The Chairman is an Independent Non-Executive Director.
Relationship between Chairman and CEO & other Directors	7 (3)	Compliant. There are no material relationships between the Chairman and CEO and other Members of the Board which will impair their respective roles.
Role of the Chairman	7(4) to 7(10)	Compliant.
Role of the CEO	7 (11)	Compliant. The CEO performs as the apex Executive-in-Charge of the day-to-day management of company's operations and business.

Corporate Governance

Corporate Governance Principle	Reference to CBSL Rule	Degree of Compliance
8. Board Appointed Sub-Committees		
Board Appointed Sub-committees	8 (1)	Compliant. There are 4 Board appointed Sub-committees namely; Audit Committee, Nominations Committee, Remuneration Committee and Integrated Risk Management Committee. Minutes of the Sub-committee Meetings and matters arising from the minutes as well as reports that require Board's attention and/ or decisions are circulated to the Board members.
Audit Committee	8 (2)	8(2) (a) to 8(2) (h) Compliant. 8(2) (i) Non-Compliant 8(2) (j) to 8(2) (k) Compliant 8(2) (l) Non-Compliant 8(2) (m) to 8(2) (o) Compliant 8(2) (p) Partially Compliant - The Company Secretary as well as the Confidential Secretary to the CEO has recorded minutes of AC meetings. 8(2) (q) Compliant
Integrated Risk Management Committee	8 (3)	8(3) (a) Compliant. 8(3) (b)) Non-Compliant. 8(3) (c) to 8(3) (d) Compliant 8(3) (e) Non-Compliant. 8(3) (f) Compliant. 8(3) (g) Non-Compliant. 8(3) (h) Compliant.
9. Related Party Transactions		
Avoiding conflict of interests in related party transactions and favourable treatment	9 (2) to 9 (4)	Compliant. The Board has taken necessary steps to avoid any conflict of interests that may arise, in transacting with related parties as per the definition of this Direction and Sri Lanka Accounting Standard 24 (LKAS 24) on "Related Party Transactions". The Board also ensures that no related party benefits from favourable treatment
10. Disclosures		
Financial reporting, statutory and regulatory reporting	10 (1)	Compliant. The financial statements for the year ended 31st March 2015 and the bi-annual financial statements are in conformity with all rules and regulatory requirements and applicable accounting standards.
Minimum disclosure in the Annual Report	10 (2)	Partially compliant. The Company has not obtained a certification from the External Auditors on the effectiveness of the internal control mechanism.
11. Transitional Provisions		
Transitional Provisions for the Directors	11 (1) to (6)	Not applicable

COMPLIANCE WITH SECTION 7.10 ON CORPORATE GOVERNANCE OF THE CONTINUING LISTING RULES OF THE COLOMBO STOCK EXCHANGE

Section	Rule No.	Requirement	Compliance Status	Details
Non Executive Directors	7.10.1 (a)	Two or one third of the Directors, whichever is higher, should be Non-Executive Directors	Compliant	Five Directors on Board are Non-Executive Directors
	7.10.1 (b)	The total number of directors is to be calculated based on the number as at the conclusion of the immediately preceding Annual General Meeting	Compliant	No change to the Board was made during the year, from the immediately preceding AGM.
	7.10.1 (c)	Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Not Applicable	-
Independent Directors	7.10.2 (a)	Two or one third of Non Executive Directors, whichever is higher, should be independent	Compliant	The Board comprises two independent Non-Executive Directors
	7.10.2 (b)	Each Non-Executive Director should submit a declaration of independence/ non independence in the prescribed format	Compliant	The Non-Executive Directors have submitted the required declarations.
Disclosures relating to Directors	7.10.3 (a)	Names of independent Directors should be disclosed in the Annual Report	Compliant	The company's Independent Non-Executive Directors are <ul style="list-style-type: none"> • Mr. E.K.I de Zoysa • Mr. R.M.M.J Ratnayake
	7.10.3 (b)	In the event a Director does not qualify as independent as per the rules on corporate governance, but if the Board is of the opinion that the Director is nevertheless independent, it shall specify the basis of the determination in the Annual Report	Not Applicable	No such determination was required to be made by the Board.
	7.10.3 (c)	A brief resume of each Director should be published in the Annual Report including the areas of expertise	Compliant	Please refer Profiles of Directors
	7.10.3 (d)	Provide a brief resume of any new Director appointed to the Board	Not Applicable	-
Criteria for defining 'independence'	7.10.4 (a-h)	Requirements for meeting criteria to be independent	Compliant	-
Remuneration committee	7.10.5	A listed company shall have a Remuneration Committee	Compliant	Please refer the Report of the Remuneration Committee
	7.10.5 (a)	The Remuneration Committee shall comprise a minimum of two Independent Non-Executive Directors or a majority of Independent Non-Executive Directors, whichever is higher.	Compliant	The Remuneration Committee comprises of the 2 Independent Non-Executive Directors

Corporate Governance

Section	Rule No.	Requirement	Compliance Status	Details
Remuneration committee	7.10.5 (a)	One Non-Executive Director shall be appointed as Chairman of the committee by the Board	Compliant	Mr. E.K.I de Zoysa who is an Independent, Non-Executive Director functions as Chairman of the Remuneration Committee
	7.10.5 (b)	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors.	Compliant	Please refer the Report of the Remuneration Committee
	7.10.5 (c)	The annual report shall set out: <ul style="list-style-type: none"> The names of the Directors that comprise the Remuneration Committee A statement of remuneration policy Aggregate remuneration paid to Executive and Non-Executive Directors 	Compliant	Please refer the Report of the Remuneration Committee.
Audit Committee	7.10.6	A listed company shall have an Audit Committee	Compliant	-
	7.10.6 (a)	The Audit Committee shall comprise a minimum of two Independent Non Executive Directors, or a majority of Independent Non-Executive Directors, whichever is higher.	Non Compliant	Mr. R. M. J. Ratnayake who was the Chairman of the Audit Committee during the period under review is an Independent Non-Executive Director. The remaining 2 members of the Committee are Non-Executive Directors.
		One Non-Executive Director shall be appointed as Chairman of the Audit Committee by the Board	Compliant	Mr. R.M.M.J Ratnayake an Independent, Non-Executive Director, functioned as the Chairman of the AC during the year.
		The Chief Executive Officer and Manager Finance shall attend Audit Committee meetings	Compliant	The CEO, and Accountant attended all AC meetings
		The Chairman or one member of the Committee should be a member of a recognised professional accounting body	Compliant	Chairman & one member of the AC are members of a professional accounting body.

Section	Rule No.	Requirement	Compliance Status	Details
Audit Committee	7.10.6 (b)	<p>The functions of the Audit Committee shall include:</p> <p>Overseeing of the preparation and presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards</p> <p>Overseeing the compliance with financial reporting requirements, information requirements as per laws and regulations</p> <p>Ensuring the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards</p> <p>Assessing of the independence and performance of the external auditors</p> <p>Make 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</p>	Compliant	Please refer the Report of the Audit Committee
	7.10.6 (c)	<p>The annual report shall set out; The names of the Directors who comprise 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>A report by the Audit Committee setting out the manner of compliance of the functions set out in section 7.10 of the listing rules</p>	Compliant	Please refer the Report of the Audit Committee

Corporate Governance

COMPANY'S ADHERENCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED JOINTLY BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA AND THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA ("CODE")

Section 1 – THE COMPANY

Corporate Governance Principle	Reference to Code	Degree of Compliance
DIRECTORS		
A.1 The Board		
The Company is headed by an effective Board which comprises of professionals having required professional competence, skills and experience to lead and control the Company. The Board gives leadership in setting the strategic direction and implements sound control environment for the successful functioning of the Company.		
Board Meetings	A.1.1	Complied with. During the year, the Board met 12 times.
Role of the Board	A.1.2	Complied with. The Board engages in providing direction in formulating a sound business strategy and closely monitors the implementation of the strategy effectively.
Compliance with laws & seeking Independent Professional Advice	A.1.3	Complied with. The Board collectively, and directors individually, complied with the laws applicable to the Company. The Directors are permitted to seek independent professional advice at the Company's expense.
Access to advice & services of the Company Secretary	A.1.4	Complied with. All directors have access to the advice & services of the Company Secretary & the appointment/removal of the Company Secretary should be by resolution involving the whole Board.
Independent Judgment of Directors	A.1.5	Complied with. All directors exercise independent judgment on issues of strategy, performance, resources and standard of business conduct.
Dedication of adequate time & effort by the Directors	A.1.6	Complied with. All Directors dedicate their time and effort to ensure their duties towards the Board & the Company are satisfactorily discharged. In addition, Directors function as members of one or more sub-committees & ensure that adequate time & effort is allocated to discharge their duties towards the Board Sub-Committees.
Training for new & existing Directors	A.1.7	Complied with. Every director is provided adequate training when appointed to the Board. The directors are constantly updated on the latest trends and issues facing the Company and the industry in general.

Corporate Governance Principle	Reference to Code	Degree of Compliance
A.2 Chairman & the Chief Executive Officer There should be a clear division of responsibilities at the head of the Company which will ensure balance of power and authority so that no one individual has unfettered powers of decision. The Chairman as well as the CEO have a clear distinction of responsibilities and balance in power and authority.		
Separation of the roles of Chairman & CEO	A.2.1	Complied with.
A.3 Chairman's Role The Chairman's role in preserving good corporate governance is crucial. As the person responsible for running of the Board, the Chairman should preserve order and facilitate the effective discharge of the Board.		
Role of the Chairman	A.3.1	Complied with. The Chairman conducts Board proceedings in a proper manner and ensures that effective participation of both Executive and Non-Executive Directors is secured and the balance of power between Executive and Non-Executive directors is maintained.
A.4 Financial Acumen The Code requires that the Board should be comprised of members with sufficient financial acumen and knowledge to offer guidance on financial matters.		
Financial Acumen & Knowledge	A.4.1	Complied with. The Board comprises of members with academic & professional qualifications in Accounting, Business Finance & Management. Please refer Profiles of the Directors.
A.5 Board Balance The Code requires the Board to maintain a balance between Executive Directors and Non-Executive Directors (NEDs) so that, no individual or small group can dominate the Board's decision making.		
Presence of a Strong Team of NEDs	A.5.1	Complied with. The Board comprised of 5 NEDs during the year, 2 of whom were Independent.
Independence of NEDs	A.5.2 & A.5.3	Complied with. The following 2 NEDs were Independent Directors during the year; Mr. E.K.I de Zoysa Mr. R.M.M.J Ratnayake
Annual Declaration by NEDs on Independence	A.5.4	Complied with. Both Independent Directors above have submitted their written declarations with regard to their independence as required by the Code.
Annual Determination by the Board on Independence of NEDs	A.5.5	Complied with. The Board has determined the independence of the NEDs based on the written declarations submitted.
Appointment of an Alternate Director	A.5.6	Situation did not arise.
Appointment of Senior independent Director & Availability of himself for confidential discussions	A.5.7 & A.5.8	Not relevant.

Corporate Governance

Corporate Governance Principle	Reference to Code	Degree of Compliance
Conducting meetings with NEDs only	A.5.9	Complied with.
Recording in Board Minutes concerns which cannot be unanimously resolved	A.5.10	Complied with. Concerns of the Directors which cannot be unanimously resolved if any, are recorded with adequate details. All minutes are circulated to the members of the Board & formally approved at the subsequent meeting.
A.6 Supply of Information The Code requires the Management to provide timely information in a form and of a quality appropriate to enable the Board members to discharge their duties.		
Obligation of the Management to provide appropriate & timely information to the Board	A.6.1	Complied with.
Adequate Notice for Board Meetings	A.6.2	Not complied with.
A.7 Appointments to the Board The Code requires the Company to have formal & transparent procedure to appoint new Directors to the Board.		
Presence of a Nomination Committee & Annual Assessment of composition of the Board	A.7.1 & A.7.2	Complied with.
Disclosure requirements when new appointments are made to the Board	A.7.3	Not applicable
A.8 Re-Election The Code requires all directors to submit themselves for re-election at regular intervals and at least once in every 3 years.		
Re-election of NEDs	A.8.1	Complied with.
Appointment of Chairman & Directors subject to election by shareholders at the first opportunity	A.8.2	Complied with.
A.9 Appraisal of Board Performance Board should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.		
Appraisal of Board performance	A.9.1	Complied with.
Annual self-evaluation by the Board	A.9.2	Complied with.
Disclosure of Criteria for Performance Evaluation	A.9.3	Complied with.
A.10 Disclosure of Information in respect of Directors Shareholders should be kept advised of relevant details in respect of directors.		
Disclosure of Information on the Directors in the Annual Report	A.10.1	Complied with. Brief Profiles of the Directors with expertise & experience, other business interests, Remuneration & status of independence are disclosed in this Annual Report.

Corporate Governance Principle	Reference to Code	Degree of Compliance
A.11 Appraisal of the Chief Executive Officer (CEO)		
The Code requires that the Board should assess the performance of the CEO at least annually.		
Setting Annual Targets & Appraisal of Performance of the CEO	A.11.1 & A.11.2	Complied with. At the end of the year, the Board evaluates the performance of the CEO and ascertains if the agreed objectives have been achieved.
DIRECTOR'S REMUNERATION		
B.1 Remuneration Procedure		
The Code requires that the Company should establish a formal & transparent procedure for developing an effective remuneration policy for both Executive Directors & NEDs where no director is involved in deciding his/her own remuneration to avoid conflicts of interests.		
Establishment of a Remuneration Committee	B.1.1	Complied with. A Remuneration Committee has been appointed and functions within agreed terms of reference. Refer Report of the Remuneration Committee.
Composition of the Remuneration Committee	B.1.2 & B.1.3	Complied with. Refer Report of the Remuneration Committee.
Determination of Remuneration of the NEDs	B.1.4	Complied with. The NEDs receive a fee for being a director of the Board.
Ability to consult the Chairman and/or CEO and to seek professional advice by the Committee	B.1.5	Complied with.
B.2 Level & Make-Up of Remuneration		
Levels of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the director's needed to run the Company successfully. A proportion of Executive Director's remuneration should be structured to link rewards to corporate and individual performance.		
Remuneration of Executive Directors	B.2.1	Complied with. Executive directors do not set their own remuneration.
Competitiveness of levels of Remuneration	B.2.2	Complied with. When positioning remuneration levels relative to other companies in the industry, due care is taken to ensure that remuneration is commensurate with the comparative performance/scale of other companies in the industry.
Annual Revisions in Remuneration & Comparison with other Group Companies	B.2.3	Complied with. The Remuneration Committee reviews the annual increments provided to Companies within the Group, when deciding on increments for staff.
Performance based Remuneration for Executive Directors	B.2.4	Not applicable
Executive Share Options	B.2.5	Not applicable
Designing schemes of Performance related Remuneration	B.2.6	Complied with. Performance related Remuneration Schemes are approved by the Remuneration Committee.

Corporate Governance

Corporate Governance Principle	Reference to Code	Degree of Compliance
Early Termination of Executive Directors	B.2.7 & B.2.8	Not applicable. Terminations of Executive Directors, CEO & Chief Operating Officer are governed by their contracts of service/employment.
Levels of Remuneration of NEDs	B.2.9	Complied with. NEDs are remunerated in line with market practices.
B.3 Disclosure of Remuneration The Company's Annual Report should contain a statement of Remuneration Policy and details of remuneration of the Board as whole.		
Disclosure of Remuneration	B.3.1	Complied with. Refer the Report of the Remuneration Committee for the Remuneration Policy and details of the Remuneration Committee. Aggregate remuneration paid to the Directors is disclosed in the Financial Statements.
C. RELATIONS WITH SHAREHOLDERS C.1 Constructive Use of the Annual General Meeting (AGM) and Conduct of General Meetings The Code requires that Board uses the AGM to communicate with shareholders and encourage their participation. The Board should encourage all shareholders to attend and actively participate at the AGM. The shareholders may raise any queries they have with the Directors. The Chairman, the CEO and the Chairmen of Board Sub-Committees should be present at the AGM to answer any queries.		
Use of proxy votes	C.1.1	Complied with. As a matter of practice, proxy votes together with the votes of shareholders present at the AGM are considered for each resolution.
Separate resolutions for separate issues	C.1.2	Complied with. Separate resolutions are placed before shareholders for business transactions at the AGM.
Availability of Chairmen of Board Committees	C.1.3	Complied with. Chairman of the Company ensures that all Sub-Committee Chairmen are present at the AGM to answer any queries.
Adequate Notice of AGM to the Shareholders together with the summary of the Procedure	C.1.4 & C.1.5	Complied with. Adequate notice is given to the shareholders for the AGM & a summary of the procedures governing voting at the AGM is provided in the proxy form.
C.2 Communication with Shareholders The Board should implement effective communication with Shareholders.		
Channel to reach all shareholders to disseminate timely information	C.2.1	Complied with. Primary modes of communication with shareholders are the Annual Report & AGM. The following channels were also used; Financial and other notices as and when required through the Colombo Stock Exchange Corporate website Press notices

Corporate Governance Principle	Reference to Code	Degree of Compliance
Policy and Methodology of Communication & Implementation	C.2.2 & C.2.3	Complied with. Refer Section C.2.1 above.
Contact Person	C.2.4	Complied with.
Awareness of Directors on major issues and concerns of Shareholders	C.2.5	Complied with. A process has been adopted to ensure that all Directors are aware of the major issues and concerns raised by Shareholders.
Contact Person for Shareholders	C.2.6	Complied with. The relevant person with statutory responsibilities to contact in relation to shareholders' matters is the Company Secretary.
Process for responding to Shareholders	C.2.7	Complied with. All shareholder correspondence is via company secretarial division.
C.3 Major and Material Transactions The Code requires the Directors to disclose to all shareholders all proposed material transactions which would materially alter the net asset position of the Company.		
Major Transactions	C.3.1	Complied with.
D. ACCOUNTABILITY AND AUDIT		
D.1 Financial Reporting The Code requires the Board to present a balanced and understandable assessment of the Company's financial position, performance and prospects.		
Board's responsibility for Statutory & Regulatory reporting	D.1.1	Complied with. The interim accounts and annual financial statements were published on a timely basis during the year. Regulatory reports were filed by the due dates. Price sensitive information was also disclosed to the Colombo Stock Exchange (CSE) on a timely basis during the year.
Declarations by Directors in the Director's Report	D.1.2	Complied with. Refer Annual Report of the Board of Directors.
Statements by Directors & Auditors on Responsibility for Financial Reporting	D.1.3	Complied with. Refer the Statement of Directors' Responsibility and Report of the Independent Auditors.
Management Discussion and Analysis	D.1.4	Complied with. Refer Management Discussion and Analysis.
Declaration by Directors on the Going Concern of the Business	D.1.5	Complied with. Refer Annual Report of the Board of Directors.
Serious Loss of Capital	D.1.6	Situation has not arisen.
Disclosure of Related Party Transactions	D.1.7	Complied with. Each related party has submitted signed and dated declarations mentioning whether they had related party transactions with the Company during the year3.

Corporate Governance

Corporate Governance Principle	Reference to Code	Degree of Compliance
D.2 Internal Control The Board has overall responsibility for the system of internal controls to safeguard shareholder's investments and the Company's assets and has delegated certain of these responsibilities to the Board appointed Audit Committee (AC).		
Evaluation of internal controls by the Board	D.2.1	Complied with. In order to ensure that a sound system of internal controls is maintained, the AC ensures that an internal audit programme (which is adequate in terms of coverage and scope) is prepared on an annual basis.
Internal Audit function	D.2.2	Complied with. The internal audit function has been outsourced to a leading firm of Chartered Accountants. The Board believes that this provides greater access to global best practices and independence from management. The internal auditors may also carry out any additional tasks they deem necessary to effectively discharge their duties. The Company's internal audit function is carried out by M/s Pricewaterhousecooper – Chartered Accountants
D.3 Audit Committee The Board has delegated its responsibility with regard to financial reporting, internal controls and maintaining an appropriate relationship with the Company's Auditors to the AC. Accounting policies are agreed with auditors and the AC and are applied on a consistent basis.		
Composition of the Audit Committee	D.3.1	Not complied with. All Members of the AC are NEDs & the Chairman of the Committee during the period was Independent. Refer Report of the Audit Committee.
Duties of the Committee	D.3.2	Complied with. As per its charter, the AC is responsible for reviewing the scope and results of the audit and its effectiveness.
Terms of Reference for Audit Committee	D.3.3	Complied with. The AC operates within clearly defined Terms of Reference which have been approved by the Board.
Disclosure of Names of Members of the Audit Committee	D.3.4	Complied with. The details and composition of the AC are provided in the Report of the Audit Committee.
D.4 Code of Business Conduct and Ethics The Code requires the Company to adopt an Internal Code of Conduct & Ethics to be followed by all Directors and Key Management Personnel.		
Code of Business Conduct and Ethics	D.4.1	Complied with. The Company has issued a Code of Conduct & all Directors, Senior Management & all Employees are required to adhere to same.
Affirmation from the Chairman	D.4.2	Complied with. The Chairman is not aware of any violation of the Company's Code of Ethics.

Corporate Governance Principle	Reference to Code	Degree of Compliance
D.5 Corporate Governance Disclosures The company is fully compliant with the Code of Best Practice on Corporate Governance jointly issued by the ICASL and SEC as well as the Corporate Governance Rules for Listed Companies issued by the CSE.		
Annual Corporate Governance Report in the Annual Report	D.5.1	Complied with. This Report from pages 28 to 45 serves this requirement..

Section II – SHAREHOLDERS

Corporate Governance Principle	Reference to Code	Degree of Compliance
E INSTITUTIONAL INVESTORS		
E.1 Shareholder Voting The Code requires institutional shareholders to make considered use of their votes and encourage to ensure that their voting intentions are translated into practice.		
Regular and structured dialogue with Shareholders	E.1.1	Complied with. The AGM is used as a forum to have a structured, objective dialogue with Shareholders. The Chairman ensures that the views expressed at the AGM are communicated to the Board as a whole.
E.2 Evaluation of Governance Disclosures The Code requires the Company to encourage Institutional investors to give due weight to all relevant factors drawn to their attention.		
Due weight by Institutional Investors	E.2.1	Complied with. The Institutional Investors are at liberty to give due weight to the matters related to the Board structure & composition, when they consider resolutions related to same.
F. OTHER INVESTORS		
F.1 Investing/Divesting Decisions The Code requires the Company to encourage other investors to seek independent advice in investing or divesting decisions.		
Seek independent advice in investing or divesting decisions	F.1.1	Complied with. Individual shareholders are encouraged & at liberty to carry out independent analysis & research and seek independent advice prior to making investing or divesting decisions.
F.2 Shareholder Voting The Code requires the Company to encourage individual shareholders to participate at shareholder meetings & exercise their voting rights.		
Encourage voting by Individual Shareholders	F.2.1	Complied with. All shareholders are encouraged to participate at general meetings and cast their votes & notices of meetings are dispatched to them by the Company with adequate time.
G.1 Sustainability Reporting The Code requires the Company to adopt principles in Sustainability Reporting to ensure the maintenance of policies and procedures to develop a sustainable business environment and make disclosures on Sustainability.		
Adopt principles in Sustainability Reporting	G. 1	Moving towards compliance.

Report of the Integrated Risk Management Committee

The Integrated Risk Management Committee (IRMC) is a sub-committee of the Board, established in compliance with the Finance Companies (Corporate Governance) Direction No.03 of 2008 to provide an independent oversight of the Company's Risk management. This is sought to be achieved through reviewing reports on the Company's IRM framework, reports that assess the nature and extent of risks faced by the Company and its risk appetite and reviewing the Risk Strategy Action Plan. The IRMC is required to monitor and review any escalated items and also monitor any outputs of any investigations and the implementation of management activities related to any escalated items. The Committee reports to the Board on the outcome of its monitoring and review of activities.

Composition

The IRMC of the Company during the period under review comprised of the following members:

1. Mr. Sanjeewa Dayarathne - Committee Chairman (Non-Executive Director)
2. Mrs. Romesha Senerath - Executive Director
3. Mr. Pushpike Jayasundera - Chief Executive Officer
4. Mr. Waruna Ranathunge - Deputy General Manager
5. Mr. Asanka Galbadaarachchi - Accountant

Authority

The Committee is authorised to:

1. Investigate any activity within its Terms of Reference
2. Set priorities for the work of the functions related to the IRMC

3. Seek any information it requires from any employee and all employees should co-operate with the requests of the IRMC
4. Obtain outside legal or independent professional advice and such advisors may be requested to attend meetings as necessary.

Responsibilities

The IRMC is responsible for undertaking;

1. The matters specified and to ensure that the Company has a comprehensive risk management framework and to ensure that appropriate compliance policies and systems are in place
2. To assess all risk types, including but not limited to credit, market, liquidity, operational and strategic risks to the Company through appropriate risk indicators and management information
3. To ensure risk decisions are taken in accordance with established delegated authorities and corrective actions are taken to mitigate risks taken beyond the risk tolerance of the Committee on the basis of the Company's policies and regulatory and supervisory requirements
4. To monitor and assess the effectiveness of the Company's Risk Management System and the robustness of the risk management function.
5. To establish a compliance function to assess the Company's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies relating to all areas of business operations.

Other

1. Decide upon appropriate recruitment, training and development for the Board, IRMC, Senior Management, Audit, Finance and Operations Divisions to ensure the requisite skills are available to monitor and control risk
2. Review results of internal audit reports, feedback from external auditors and any other regulations/pronouncements/correspondence from external bodies which, consider the effectiveness and appropriateness of the control environment of the core business function and authorise specific actions arising thereof
3. Review compliance with the appropriate company and regulatory guidelines

Committee Evaluation

1. The Committee members shall conduct an annual review of their effectiveness by the end of each financial year of the Company and any changes to the approved Terms of Reference (TORs) will be documented and reported to the Board.
2. If required the approved TORs can be made available on the Company's website in line with the best practices and to uphold Corporate Governance values.

Meetings

Meetings should be held on a quarterly basis and it should not be less than four (04) meetings per financial year. Additional meetings of the Committee may be held as and when required. The Chairman of the IRMC shall have the authority to convene a special meeting to discuss any urgent business or operational matter that may arise.



K. P. N. S. Dayarathne

Chairman - Integrated Risk Management Committee

09th July 2015

Audit Committee Report

The Audit Committee (AC) assists the Board in carrying out its responsibilities in relation to financial reporting requirements, risk management, internal auditing and the assessment of internal controls. The AC also reviews the effectiveness of the Company's internal controls through review and follow-up of the company's internal audit reports and manages the Company's relationship with the External Auditors.

The Committee's responsibilities in discharging its responsibilities the Committee places reliance on the work to the extent and in the manner it considers appropriate, without prejudicing the independence of the other Committees.

Composition of the Audit Committee

The Audit Committee comprises of three Non-Executive Directors. The Chairman of the Audit Committee is an Independent, Non-Executive Director. The Audit Committee comprises of the following members;

- Mr. R. M. M. J. Ratnayake (Chairman) - Independent, Non-Executive Director
- Mr. R. M. S. Tillakawardana - Non-Executive Director
- Mr. B. N. R. Mendis - Non-Executive Director

Functions

The duties of the Audit Committee include keeping under review the scope and results of the audit and its effectiveness, and the independence and objectivity of the Auditors. Where the Auditors also supply a substantial volume of non-audit services to the Company, the Committee shall keep the nature and extent of such services under review, seeking to balance objectivity, independence and value for money.

Authority, Duties and Responsibilities

1. Assist the Board oversight of the Preparation, presentation and adequacy of disclosures in the financial statements, in accordance with Sri Lanka Accounting Standards.
2. Ensures Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements
3. To ensure that the Company's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards
4. To assess the Company's ability to continue as a going concern in the foreseeable future
5. Assessing the independence and performance of the Company's external auditors
6. To make 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;
7. Discussion of the audit plan, key audit issues and their resolution, management responses and the proposed remuneration of the Auditor
8. Discussion of the Company's annual audited financial statements and quarterly financial statements with management and the Auditor

9. Discussion of the Company's earnings press releases and financial information and earnings guidance provided to analysts and rating agencies
10. Discussion of policies and practices with respect to risk assessment and risk management
11. Ensuring that a process of sound system of internal control is in place
12. Ensuring that an effective internal audit function is in place
13. Meeting separately, periodically, with Management, Internal Auditors and External Auditors
14. Establishing mechanisms for the confidential receipt, retention and treatment of complaints alleging fraud, received from internal/external sources and pertaining to accounting, internal controls or other such matters
15. Assuring confidentiality to whistle blowing employees and formulation of proper 'Whistle-Blowing' Policy
16. Presenting a report to the Board on identified related parties and related party transactions on a regular basis
17. Setting clear hiring policies for employees or former employees of the Auditors
18. Reporting regularly to the Board of Directors.

Financial Reporting System

The Committee reviewed the financial reporting system adopted by the company with particular reference to the following:

- The preparation, presentation and adequacy of the disclosures in the company's annual and interim financial statements in accordance with Sri Lanka Accounting Standards, the Companies Act, No. 7 of 2007 and other applicable statutes.
- The rationale and basis for the significant estimates and judgments underlying the financial statements.

Meetings

The Committee met six (06) times during the period under review. The Chief Executive Officer and the Accountant attend the meetings by invitation. The attendance at the meeting were;

Name of Member	Audit Committee Meetings		
	No. of Meetings Held	No. of Meetings Attended	Percentage of Attendance
1. Mr. R. M. M. J. Ratnayake - Chairman	06	05	83.34%
2. Mr. R. M. S. Tillakawardana - Member	06	06	100%
3. Mr. B. N. R. Mendis	06	05	83.34%

The Committee carried out the following activities;

Financial Reporting

The Audit Committee has reviewed and discussed the Company's quarterly and annual financial statements prior to publication with the management and the external auditors, including the extent of compliance with Sri Lanka Accounting Standards, the appropriateness of its accounting policies and material judgmental matters.

Internal Audit

During the year under review, the Committee reviewed the Audit Reports presented by Messrs. Ernst & Young Chartered Accountants, to whom the Internal Audit function is outsourced together with the management responses. A risk-based audit approach was adopted with the view to rationalise the usage of audit resources.

Audit Committee Report

During the year, audit reports were received by the Committee from the Internal Auditors covering audits and investigations which were reviewed and discussed with management and the Internal Auditors. The recommendations of the Internal Auditors have been followed up and implemented. Formal confirmations and assurances were received from the Management on a quarterly basis regarding the efficacy and status of the internal control systems.

The AC monitored and reviewed the scope, extent and effectiveness of the activity that included updates on audit activities and achievements against the Company's audit plan, advising management to take precautionary measures on significant audit findings and assessment of resource requirements of the Company.

During the year, the AC reviewed the internal audit plan and monitored the progress on a regular basis. The sections covered and the regularity of audits depends on the risk level of each section, with higher risk sections being audited more frequently.

External Audit

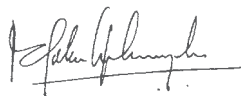
At the conclusion of the audit, the Committee met with the Auditors to discuss the audit findings. The meetings were held without the presence of the Management and the Auditors have assured that they have no cause to compromise their independence.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the Company. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Audit Committee has recommended to the Board of Directors that Messrs. KPMG, Chartered Accountants, be re-appointed as the Auditors of the Company for the financial year ending 31st March 2016, subject to the approval of the Shareholders at the next Annual General Meeting.

Conclusion

The Board appointed Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and to ensure that the financial position and the results disclosed in the Audited Accounts are free from any material mis-statements.



R. M. M. J. Ratnayake
Chairman - Audit Committee

09th July 2015

Remuneration Committee Report

The Board appointed Remuneration Committee (RC) comprises of two (02) Non-Executive Directors both of whom are independent, Non-Executive Directors. The RC comprises of the following members;

1. Mr. Kuvera de Zoysa (Chairman) - Independent, Non-Executive Director
2. Mr. Mohan Ratnayake - Independent, Non-Executive Director

Duties and Responsibilities

The Committee was established for the purpose of recommending the remuneration of the Board of Directors including Chairman, CEO and any other Executive Director or Key Management Personnel. The Committee has acted within the parameters set by its Terms of Reference. No Director is involved in determining his own remuneration. All Non-Executive Directors receive a fee for serving on the Board.

Remuneration Policy

The primary objective of the Remuneration Policy of the Company is to attract and retain highly qualified and experienced staff and reward for their performance commensurate with each employee's level of experience and contribution, bearing in mind the business performance and long term shareholder return.

Attendance and seeking Professional Advice

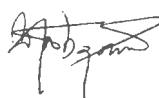
1. The Chief Executive and other relevant Executive Director shall be invited to attend meetings and shall be consulted on the performance and remuneration of Executive Directors and make proposals as necessary.

2. The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Company as and when it considers this necessary.

Frequency of Meetings

The Committee meets as often as necessary and make recommendations on compensation structures and bonuses, increments and also on matters pertaining to recruitment of Key Management Personnel to ensure that the management and staff at all levels are adequately rewarded for their performance and commitment to the Company's goals on a competitive basis.

The total of Directors' remuneration paid during the year under review is set out in Note No. 34 to the Financial Statements.



Kuvera de Zoysa
Chairman - Remuneration Committee

09th July 2015

We have
grown...

...*in* stature

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Annual Report of the Board of Directors

The Directors of Multi Finance PLC have pleasure in presenting the Annual Report for the year ended 31st March 2015 that includes and covers the Audited Financial Statements, Chairman's Statement, CEO's Review, Governance & Risk Management Report, Committee Reports, Statements of Responsibility and other relevant information, Disclosures required by the Companies Act No.07 of 2007 which form part of this Annual Report of the Board of Directors.

General

The Company was initially incorporated as a public limited liability company on 14th October 1974 and re-registered under the Companies Act No.07 of 2007 on 26th February 2009. The Ordinary Shares of the Company were listed on the Diri Savi Board of the Colombo Stock Exchange on 13th July 2011 and accordingly, the status of the Company changed to a public listed company and the new Company Registration Number is PB 891 PQ.

Multi Finance PLC is a finance company registered by the Monetary Board of the Central Bank of Sri Lanka in terms of Finance Business No.42 of 2011 and also a registered leasing establishment under Section 5 of the Finance Leasing Act No.56 of 2000. It is also an Approved Credit Agency under the Mortgage Act No.06 of 1949 and the Trust Receipts Ordinance No.12 of 1947.

Principal Business Activities

The Company's principal business activities during the year were acceptance of deposits, maintenance of savings accounts, granting facilities such as leases, hire purchase, micro-finance, gold loans, pawning, vehicle loans, mortgage loans, business loans and other value added services permitted by the Central Bank of Sri Lanka for a Finance Company.

There was no significant change in the nature of business of the Company during the year under review that may have a significant impact on the state of the Company's affairs.

This Report and the Financial Statements reflect the state of affairs of the Company.

Vision, Mission & Corporate Conduct

The Company's Vision and Mission are available on page 3. The Directors and all the employees conduct their activities with the highest level of ethical standards and integrity in achieving the Vision and Mission.

Review of Business Performance

Review of Business Performance and future outlook of the Company is available in the Chairman's Statement in page 11 and in Chief Executive Officer's Review in pages 13 to 15.

Financial Statements

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRs/ LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka and comply with requirements of the Companies Act No.07 of 2007. The aforementioned Financial Statements for the year ended 31st March 2015 duly signed by two Directors on behalf of the Board are given on pages 59 to 104 which form an integral part of this Annual Report.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company appears on page 59.

Accounting Policies

The Accounting Policies which are adopted by the Company in the preparation of Financial Statements are given on pages 64 to 75 They are consistent with those of the previous period.

The Board of Directors

As at 31st March 2015, the Board of Directors of the Company consisted of nine (09) members. The information on Directors of the Company is available in the Directors' Profile in pages 16 to 19.

The names of the Directors who held office as at the end of the accounting period are given below:

Executive Directors

Mr. I. D. B. Dassanayake
Mr. C. U. Ratwatte
Mrs. R. D. Senerath
Mrs. C. J. Atapattu

Independent, Non-Executive Directors

Mr. E. K. I. de Zoysa - Chairman
Mr. R. M. M. J. Ratnayake - Deputy Chairman

Non-Executive Directors

Mr. R. M. S. Tillakawardana
Mr. K. P. N. S. Dayatahne
Mr. B. N. R. Mendis

New Appointments and Resignations to the Board

There were no new appointments made to the Board during the financial year ended 31st March 2015 and there were no resignations from the Board during the period under review.

Retirement by Rotation and Re-Election of Directors

Mr. R. M. S. Tillakawardana retires by rotation pursuant to Article 87 of the Articles of Association of the Company and being eligible for re-election, offers himself for re-election with the support of the continuing Directors.

The Independence of Directors has been determined in terms of the Listing Rules of the Colombo Stock Exchange.

Related Party Transactions

Related party transactions have been declared at meetings of the Directors and are detailed in Note No. 34 to the financial statements.

Directors' Interests

As required by the Companies Act, No. 7 of 2007, an Interest Register was maintained by the Company during the period under review. All Directors have made declarations as provided for in Section 192 (2) of the Companies Act aforesaid. The Interest Register is available for inspection as required under the Companies Act.

The Company carries out transactions in the ordinary course of business with entities in which a Director of the Company is a Director. The transactions with entities where a Director of the Company either has control or exercises significant influence have been classified as related party transactions and disclosed in Note No. 34 to the Financial Statements.

Remuneration and Fees

Details of Directors remuneration and fees are set out in Note No. 34 to the Financial Statements. All fees and remuneration have been duly approved by the Board of Directors of the Company.

Risk and Internal Control

The Board of Directors has satisfied itself that there exists an effective and comprehensive system of internal controls to monitor, control and manage the risks to which the Company is exposed, to carry on its business in an orderly manner, to safeguard its assets and to secure as far as possible the reliability and accuracy of records.

Corporate Governance

The Directors acknowledge their responsibility for the Company's corporate governance and the system of internal control. The Directors are responsible to the shareholders for providing strategic direction to the Company and safeguarding the assets of the Company. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements. The performance of the Company is monitored by way of regular review meetings. These meetings provide an opportunity to ensure that progress is in line with agreed targets. Regular Board meetings are held to further strengthen the review process and ensure compliance with all statutory and regulatory obligations.

Statutory Payments and Compliance with Laws and Regulations

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government and in relation to the employees have been made on time.

Auditors

The Company's Auditors during the period under review were Messrs. KPMG. The fees paid to auditors are disclosed in Note No. 9 to the Financial Statements.

Based on the declaration from Messrs. KPMG, and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or its subsidiaries, other than as disclosed.

The Auditors have expressed their willingness to continue in office.

In accordance with the Companies Act, No. 7 of 2007, an Ordinary Resolution proposing the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors to the Company will be submitted at the Annual General Meeting.

Independent Auditor's Report

The independent Auditor's report on the Financial Statements is given on page 59 of the Annual Report.

Stated Capital

The Stated Capital of the Company is Rs.346,990,186/-

*Annual Report of the Board of Directors***Directors' shareholding**

The relevant interests of Directors in the shares of the Company as at 31st March 2015 are as follows:

Name of Director	Shareholding as at 31/03/2015	Shareholding as at 31/03/2014
Mr. E. K. I. de Zoysa	Nil	Nil
Mr. R. M. M. J. Ratnayake	Nil	Nil
Mr. I. D. B. Dassanayake	Nil	Nil
Mr. C. U. Ratwatte	Nil	Nil
Mrs. R. D. Senerath	Nil	Nil
Mr. R. M. S. Tillakawardana	Nil	Nil
Mrs. C. J. Atapattu	20,575	20,575
Mr. K. P. N. S. Dayarathne	1,000	1,000
Mr. B. N. R. Mendis	1,000	1,000

Shareholders

There were 865 shareholders registered as at 31st March 2015. The details of the distribution are given on page 107 of this report.

Major Shareholders, Distribution Schedule and other information

Information on the distribution of shareholding, analysis of shareholders, market values per share, twenty largest shareholders of the company, percentage of shares held by the public as per the listing rules of the Colombo Stock Exchange are given on pages 105 to 107 under Investor Information.

Equal Opportunities

The Company is committed to providing equal opportunities to all employees irrespective of their gender, marital status, age, religion, race or disability. It is the Company's policy to give full and fair consideration to persons, with respect to applications for employment, continued employment, training, career development and promotion, having regard for each individual's particular aptitudes and abilities.

Internal Controls

The Board of Directors has taken steps to ensure the implementation of an effective and comprehensive system of internal controls covering financial, operational and compliance controls. The Internal Auditors are responsible to review and report on the efficacy of the internal control system and other regulations and company's accounting and operational policies which are subject to further review by the Audit Committee as elaborated in the report of Audit Committee on pages 48 to 50.

Compliance

The Company has established a permanent and effective compliance function. A dedicated Compliance Officer appointed by the Board independently monitors adherence with all applicable laws, regulations and statutory requirements and reports to the Board and the Integrated Risk Management Committee. Monthly and quarterly compliance reports are submitted confirming compliance with laws and regulations as applicable to the Company.

The Compliance Officer also ensures that compliance reports are submitted to the Central Bank of Sri Lanka confirming the Company's compliance with the directions, rules, determinations, notices and guidelines issued under the Finance Business Act.

Risk Management

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company.

Environmental Protection

The Company has not engaged in any activity that is harmful or hazardous to the environment.

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as

at the Balance Sheet date have been paid or where relevant provided for, except for certain assessments where appeals have been lodged.

Going Concern

The Board of Directors had reviewed the Company's Business Plans and is satisfied that the Company has adequate resources to continue its business operations in the foreseeable future. Accordingly, the Financial Statements are prepared considering the Company as a going concern concept.

Annual General Meeting

The Annual General Meeting will be held at the Rainbow Hall of the Grand Oriental Hotel, No.02, York Street, Colombo 01 at 3.00 p.m. on Friday, 25th September 2015.

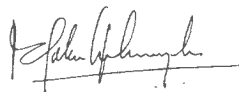
The notice of the Annual General Meeting appears on page 108.

Acknowledgement on the Content of the Report

As required by Section 168(1)(k) of the Companies Act No.07 of 2007, this report is signed on behalf of the Board by two Directors and the Secretary of the Company.



Kuvera de Zoysa
Chairman



Mohan Ratnayake
Deputy Chairman



Sanjani de S. Gamage
Secretary

09th July 2015

Statement of Directors' Responsibility

The responsibility of the Directors, in relation to the Financial Statements of Multi Finance PLC is set out in this Statement.

In terms of Section 150(1) and 151 of the Companies Act, No. 7 of 2007, the Directors of the Company are responsible for ensuring that the Company keeps proper books of accounts of all the transactions and prepare Financial Statements that give a true and fair view of the financial position of the Company as at end of each financial year and place them before a general meeting. The Directors are also responsible to ensure that the financial statements comply with any regulations made under the Companies Act which specifies the form and content of financial statements and any other requirements which apply to the Company's financial statements under any other law.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records, which disclose the financial position of the Company with reasonable accuracy and enable them to ensure that the financial statements have been prepared and presented as aforesaid. They are also responsible for taking measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

It is also the responsibility of the Directors to ensure that the company maintains proper accounting records and to take reasonable steps as far as practical to ensure the accuracy and reliability of accounting records and to prepare Financial Statements using appropriate Accounting Policies applied consistently and supported by reasonable and prudent judgment and estimates in compliance with the Sri Lanka Accounting & Auditing Standards, the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and Finance Business Act No.42 of 2011 and the Directions issued thereunder by the Central Bank of Sri Lanka. Changes in the Accounting Policies where applicable and the rationale for the changes have been disclosed in the 'Notes to the Financial Statements.

The Directors have been responsible for taking reasonable measures and care to safeguard the assets of the company and to prevent and detect frauds and other irregularities. The Directors have instituted an effective and comprehensive system of internal controls and an effective system of

monitoring its effectiveness, internal audit being one of them. The Board has been provided additional assurance on the reliability of the Financial Statements through a process of independent and objective review performed by the Audit Committee.

The Directors continue to adopt the going concern basis in preparing the financial statements. The Directors, after making inquiries and review of the Company's Business Plan for the financial year 2015/2016, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

BY ORDER OF THE BOARD



MULTI FINANCE PLC
Company Secretary

09th July 2015

Independent Auditors' Report



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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MULTI FINANCE PLC Report on the Financial Statements

We have audited the accompanying financial statements of Multi Finance PLC, ("the Company"), which comprise the statement of financial position as at 31st March 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Emphasis of Matter

We draw attention to Note 41 to the Financial Statements which indicates that the company has an accumulated loss of Rs. 33.31 Million as at 31st March 2015 and, as of that date, the company does not meet the minimum core capital requirement of Rs. 400 Million. These conditions, along with other matters more fully described in Note 41, indicate the action and measures that have been and are expected to be adopted by the Directors, for the Company to continue its business activities. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

CHARTERED ACCOUNTANTS

Colombo

09th July 2015

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

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

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

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March

	Note	2015 Rs.	2014 Rs.
Income	4	233,887,617	269,351,143
Interest income	5	189,857,966	250,602,989
Interest expenses	6	(118,827,943)	(157,023,597)
Net interest income		71,030,023	93,579,392
Other operating income	7	20,197,634	8,103,429
Net income from operations		91,227,657	101,682,821
Operating expenses			
Personnel cost		(50,606,174)	(53,460,704)
Net impairment of available-for-sale financial assets		(140,000)	(887,797)
Provision for retiring gratuity		(1,247,798)	(1,224,952)
Depreciation of property, plant and equipment		(9,343,729)	(11,911,341)
Other operating expenses		(81,264,342)	(90,720,568)
Total operating expenses		(142,602,043)	(158,205,362)
Loss before other income		(51,374,386)	(56,522,541)
Other income	8	23,832,017	10,644,724
Loss before impairment and taxation		(27,542,369)	(45,877,817)
Impairment (charge)/reversal for loan and other advances		31,736,905	(3,147,853)
Profit/(loss) before taxation and Value Added Tax	9	4,194,536	(49,025,670)
Value Added Tax on financial services		(5,296,367)	(41,928)
Profit/(loss) before taxation		(1,101,831)	(49,067,598)
Taxation	10	13,648,237	1,106,550
Profit/(loss) for the year		12,546,406	(47,961,048)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		2,252,385	-
Defined benefit plan actuarial gain		257,752	328,782
Tax on actuarial gain		(72,171)	-
Other comprehensive income for the period, net of tax		2,437,966	328,782
Total comprehensive income / (expense) for the period		14,984,372	(47,632,266)
Earnings/(Loss) per share (Rs.)	11	0.56	(2.14)

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Financial Position

As at 31st March	Note	2015 Rs.	2014 Rs.
ASSETS			
Cash and cash equivalents	12	129,639,500	87,015,666
Financial assets held for trading	13	1,821,724	1,565,210
Rental receivables on lease	14	143,271,992	301,364,733
Rental receivables on hire purchase	15	226,571,336	478,442,346
Advance and other loans	16	403,773,983	356,802,578
Trade and other receivables	17	44,947,451	53,717,191
Inventories	18	-	59,200,506
Amount due from related companies	19	-	32,525
Receivable from Inland Revenue		1,299,025	1,299,025
Investment in long term government securities	20	36,317,412	5,989,734
Financial assets available for sale	21	9,354,305	7,281,923
Intangible assets	22	2,881,634	5,909,478
Property, plant and equipment	23	10,852,431	19,721,970
Deferred Tax Asset	29	11,444,016	-
TOTAL ASSETS		1,022,174,809	1,378,342,885
LIABILITIES AND EQUITY			
Bank overdraft	12	10,943,456	13,900,650
Deposits	24	441,557,169	406,402,837
Other borrowings	25	117,024,527	171,714,586
Trade and other payables	26	30,931,535	46,592,395
Amount due to related companies	27	85,732,209	417,037,871
Retirement benefit obligation	28	3,401,534	2,962,488
Deferred tax liability	29	-	2,132,051
TOTAL LIABILITIES		689,590,430	1,060,742,878
EQUITY			
Stated capital	30	346,990,186	346,990,186
Statutory Reserve Fund	31.1	5,389,222	4,761,902
General Reserve	31.2	11,266,050	11,266,050
Investment Fund Reserve	31.3	-	5,287,577
Available For Sale Reserve		2,252,385	-
Accumulated Losses		(33,313,464)	(50,705,708)
TOTAL EQUITY		332,584,379	317,600,007
TOTAL LIABILITIES AND EQUITY		1,022,174,809	1,378,342,885

The accounting policies and notes form an integral part of these financial statements.
Figures in brackets indicate deductions.

It is certified that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007



Mr. A. M. Galbadaarachchi
Accountant



Mr. P. Jayasundara
Chief Executive Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board of Directors of Multi Finance PLC



Mr. Manohara S. Tillakawardana
Non - Executive Director



Mr C. U. Ratwatte
Executive Director

09th July 2015
Colombo

Statement of Changes in Equity

For the year ended 31st March	Stated Capital	Statutory Reserve Fund	General Reserve	Investment Fund Reserve	Available For Sale Reserve	Retained Earnings/ Accumulated Losses	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2013	346,990,186	4,761,902	11,266,050	5,287,577	-	(3,073,442)	365,232,273
Loss for the year	-	-	-	-	-	(47,961,048)	(47,961,048)
Other comprehensive income net of tax for the year	-	-	-	-	-	328,782	328,782
Balance as at 31st March 2014	346,990,186	4,761,902	11,266,050	5,287,577	-	(50,705,708)	317,600,007
Transfer from Investment Fund Reserve	-	-	-	(5,287,577)	-	5,287,577	-
Transfer to Statutory Reserve Fund	-	627,320	-	-	-	(627,320)	-
Profit for the year	-	-	-	-	-	12,546,406	12,546,406
Other comprehensive income net of tax for the year	-	-	-	-	2,252,385	185,581	2,437,966
Balance as at 31st March 2015	346,990,186	5,389,222	11,266,050	-	2,252,385	(33,313,464)	332,584,379

The accounting policies and notes form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Cash Flows

For the year ended 31st March	Note	2015 Rs.	2014 Rs.
Loss Before Taxation		(1,101,831)	(49,067,598)
Adjustments for :			
Provision for Retirement Benefit Plans		1,247,798	1,224,952
Depreciation of Property, Plant and Equipment		9,343,729	11,911,341
Interest Expenses		118,827,943	157,023,597
Amortisation of Intangible Assets		3,027,844	3,130,217
Profit on disposal of Property, Plant & Equipment		(145,319)	(307,923)
Impairment charge/(reversal) for loan and other advances		(31,736,905)	3,147,853
Profit from Sale of Dealing Securities		(90,930)	(80,291)
Provision/(reversal) for diminution in share value		(893,210)	148,712
Loss on pawning auction		11,483,578	-
Loss on disposal of Repossessed Stock		2,635,445	26,621,094
Impairment of AFS Investment		140,000	887,797
Provision for Other Receivables		4,579,376	1,673,482
Interest Income on Government Securities		(4,711,967)	(10,801,234)
Waive off of interest on related party loan		(10,000,000)	-
		102,605,551	145,511,999
Changes in working capital			
(Increase)/Decrease in Investment in Hire purchase, Lease and Other Loans		70,320,162	51,313,300
(Increase)/Decrease in Trade & Other Receivables		3,801,009	5,021,905
(Increase)/ Decrease in Amounts Due from Related Party		32,525	1,388,032
(Increase)/Decrease in Inventories		(31,155,545)	(64,209,530)
Increase/ (Decrease) in Deposits from Customers		35,154,332	(98,744,553)
Increase/ (Decrease) in Other Borrowings		(17,868,433)	(27,109,018)
Increase / (Decrease) in Amounts Due to Related Party		(30,411,066)	156,617,216
Increase/ (Decrease) in Trade & Other Payables		(15,660,766)	(10,572,351)
Cash generated from Operating Activities		116,817,769	159,217,000
Gratuity Paid		(551,000)	(732,500)
Interest Paid		(73,539,451)	(157,023,597)
Net cash used in Operating Activities		42,727,318	1,460,903
Cash flows from Investing Activities			
Purchase of Property, Plant and Equipment		(1,757,621)	(2,428,172)
Proceeds from sale of Property, Plant & Equipment		1,428,655	379,167
Investment in Dealing Securities		(209,699)	-
Cash Received from Pawning Auction		64,463,030	-
Proceeds from disposal of investment securities		40,003	-
Proceeds from sale of dealing securities		937,325	80,291
Purchase of Intangible Assets		-	(8,500,000)
Interest Receipt on Government Securities		4,155,137	13,476,118
Investment in Long term Government Securities		(29,381,494)	-
Net cash generated from Investing Activities		39,675,336	3,007,404
Cash flow from Financing Activities			
Loans obtained during the year		151,468,597	200,000,000
Loan repayments during the year		(188,290,223)	(401,176,396)
Net cash used in Financing Activities		(36,821,626)	(201,176,396)
Net Increase/(Decrease) in Cash and Cash Equivalents		45,581,028	(196,708,089)
Cash & Cash Equivalents at the Beginning of the period		73,115,016	269,823,105
Cash & Cash Equivalents at the end of the period	12	118,696,044	73,115,016

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. REPORTING ENTITY

Multi Finance PLC is a company incorporated and domiciled in Sri Lanka and listed on the Diri Savi Board of the Colombo Stock Exchange. The company is regulated under the Finance Business Act No. 42 of 2011. Its registered office is located at Level 23, East Tower, World Trade Center, Echelon Square, Colombo 01.

The principal lines of business of the Company include acceptance of public deposits in the form of term deposits and savings deposits and providing of financial accommodations in the form of lease finance, hire purchase, trade loans, pledge loans and pawning.

Entrust Limited is the parent company of Multi Finance PLC, which is incorporated and domiciled in Sri Lanka.

The Board of Directors takes responsibility for the preparation and presentation of the Financial Statements. The financial statements for the year ended 31st March 2015 were authorised for issue by the Board of Directors in accordance with the resolution passed on 09th July 2015.

2. BASIS OF PREPARATION

2.1 Responsibility for Financial Statements

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

The Board of Directors acknowledges this responsibility and those includes the following components:

- Information on the financial performance of the company for the year under review.
- Information on the financial position of the company as at the year end.
- Showing all changes in shareholders' equity during the year under review of the Company.
- Information to the users on the movement of the cash and cash equivalents of the Company.
- Notes to the financial statements including the Accounting Policies and other explanatory notes.

2.2 Statement of compliance

The Financial Statements of the Company which comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes thereto have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS and LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka, and comply with the requirements of Companies Act No. 7 of 2007 and Finance Business Act and amendments thereto and provide appropriate disclosures as required by the Central Bank of Sri Lanka.

2.3 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the following;

- Assets and liabilities held for trading are measured at fair value;
- Financial instruments designated at fair value through profit or loss are measured at Fair value;
- Available for sale financial assets are measured at fair value;
- Liability for defined benefit obligations is recognised as the present value of the defined benefit obligation.

2.4 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. Financial Statements are presented in Sri Lankan Rupees, which is the company's functional currency. There was no change in the Company's presentation and functional currency during the year under review.

2.5 Presentation of Financial Statements

The assets and liabilities of the Company presented in its Statement 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. An analysis on recovery or settlement within 12 months after the Reporting date and more than 12 months after the Reporting date is presented in Note 39.

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 liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss and Other Comprehensive Income unless required or permitted by an Accounting standard or interpretation and as specifically disclosed in the Accounting policies of the company.

2.6 Use of Estimate and Judgment

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standards (LKAS/SLFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amount may defer from these estimates.

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

2.7 Materiality and Aggregation

Each material class of similar items are presented separately in the financial statements. Items which are dissimilar in nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard LKAS 1 'Presentation of Financial Statements'.

2.8 Going Concern

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. Therefore, the financial statements continue to be prepared on a going concern basis. (Refer Note 41)

2.9 Comparative Figures

The Company has consistently applied the accounting policies with those used in the previous year. Previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation.

2.10 Fair Value of Financial Instruments

The determination of fair values of financial assets and financial liabilities recorded on the Statement of Financial Position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish their fair values.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Assets and Liabilities and Basis of Measurement

3.1.1 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and balance with banks. They are brought in to account at the face value or the gross value where appropriate. Bank overdraft that are repayable on demand & form an integral part of the Company's cash resources are included as a component of cash equivalents for the purpose of the Statement of Cash Flows.

3.1.2 Financial Assets and Financial Liabilities

3.1.2.1 Recognition and initial measurement

The Company initially recognises all financial assets and liabilities on the settlement date. However for financial assets/liabilities held at fair value through profit and loss any changes in fair value from the trade date to settlement date is accounted in the Statement of Profit or Loss and Other Comprehensive Income while for available for sale financial assets any changes in fair value from the trade date to settlement date is accounted in the Statement of Profit or Loss and Other Comprehensive Income.

A financial asset or a financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Notes to the Financial Statements

3.1.2.2 Subsequent Measurement

(a) Financial assets

At inception a financial asset is classified in one of the following categories:

- at fair value through profit or loss (either as held for trading or designated at fair value through profit or loss)
- Loans and Receivables
- Held to maturity financial assets
- Available for sale financial assets

(b) Financial liabilities

The Company initially recognises all financial liabilities on the date that they are originated and classifies its financial liabilities as measured at amortised cost or fair value through profit or loss.

3.1.2.3 Financial assets and financial liabilities at fair value through profit or loss

A financial asset or a financial liability is classified as fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets and financial liabilities are designated as fair value through profit or loss when;

- The designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis
- A group of financial assets and/or liabilities is managed and its performance evaluated on a fair value basis.
- The assets or liabilities include embedded derivatives and such derivatives are required to be recognised separately.

Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

3.1.2.4 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

Loans and advances, bills of exchange, commercial papers and lease receivables are classified as loans and receivables.

3.1.2.5 Held to maturity financial assets (HTM)

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity, and which were not designated as at fair value through profit or loss or as available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Company from classifying investment securities as held to maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sale or reclassification that are so close to maturity that changes in the market rate of interest would not have a significant effect on that financial assets fair value.
- Sale or reclassification after the company has collected all the assets original principal.
- Sale or reclassification attributable to non recurring isolated events beyond the Company's control that could not have been reasonably anticipated.

3.1.2.6 Available for sale financial assets (AFS)

Available-for-sale investments are non-derivative investments that were designated as available-for-sale or are not classified as another category of financial assets. Unquoted equity securities whose fair value cannot reliably be measured are carried at cost.

All other available-for-sale investments are carried at fair value. Interest income on AFS financial assets is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Company becomes entitled to the dividend. Foreign exchange gains or losses on available-for sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognised in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

Financial Liabilities

3.1.2.7 *Financial liabilities measured at amortised cost*

Financial liabilities not classified as fair value through profit or loss are classified as amortised cost instruments. Deposit liabilities including non interest bearing deposits, savings deposits, term deposits, deposits redeemable at call and certificates of deposit and borrowings are classified as financial liabilities measured at amortised cost.

3.1.2.8 *Amortised cost measurement*

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

3.1.2.9 *Fair value measurement*

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 transaction on the measurement date. When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, then the Company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing 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. Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation.

Technique in a situation in which the valuation is dependent on unobservable parameters is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable. Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Company believes a third-party market participant would take them into account in pricing a transaction.

3.1.2.10 *Reclassifications*

Reclassifications of financial assets, other than as set out below, or of financial liabilities between measurement categories are not permitted following initial recognition. Held for trading non-derivative financial assets are transferred out of the held at fair value through profit or loss category in the following circumstances:

Notes to the Financial Statements

- To the available for sale category where in rare circumstances, there are no longer held for the purpose of selling or repurchasing in the near future.
- To the loans and receivable category where they are no longer held for the purpose of selling or repurchasing in the near term and they would have met the definition of a loan and receivable at the date of reclassification and the Company has the intent and ability to hold the assets for the foreseeable future or until maturity.

Financial assets are transferred out of the available-for-sale category to the loan and receivables category where they would have met the definition of a loan and receivable at the date of reclassification and the Company has the intent and ability to hold the assets for the foreseeable future or until maturity. Held-to-maturity assets are reclassified to the available-for sale category if the portfolio becomes tainted following the sale of other than an insignificant amount of held-to-maturity assets prior to their maturity.

Financial assets are reclassified at their fair value on the date of reclassification. For financial assets reclassified out of the available-for-sale category into loans and receivables, any gain or loss on those assets recognised in shareholders' equity prior to the date of reclassification is amortised to the income statement over the remaining life of the financial asset, using the effective interest method.

3.1.2.11 De recognition

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

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

3.1.2.12 Offsetting

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

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

3.1.2.13 Identification, measurement and assessment of impairment

At each reporting date the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably. Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults in the Company. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Company considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and advances

and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

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

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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

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

3.1.2.14 Rescheduled Loans

Loans whose original terms have been modified including those subject to forbearance strategies are considered rescheduled loans. If the renegotiations are on terms that are not consistent with those readily available on the market, this provides objective evidence of impairment and the loan is assessed accordingly.

3.1.2.15 Inventories

Inventories include new vehicles purchased for the purpose of lease out under finance leases. Those inventories are valued at cost or net realisable value whichever is lower. The cost of an inventory is the purchase price. Net realisable value is the estimated realisable value less estimated cost necessary to make the sale.

(a) Repossessed Stock

Repossessed stock includes assets of facilities which were in default and are now repossessed. Repossessed stocks are valued at outstanding facility balance at the time of closing the facility and net realisable value of the asset whichever is lower. Net realisable value is the estimated selling price less the estimated cost necessary to make the sale.

(b) Vehicle Stock

Vehicle stock represents vehicles purchased for the purpose of granting loan facilities. These are valued at cost or net realisable value whichever is lower.

3.1.2.16 Intangible Assets

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

(a) Basis of Recognition

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

*Notes to the Financial Statements**(i) Software*

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

(b) Subsequent Expenditure

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

(c) Amortisation

Intangible assets, are amortised on a straight line basis in the Statement of Profit or Loss and Other Comprehensive Income from the date when the asset is available for use, over the best estimate of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the Company. The estimated useful life of software is 3 years. Expenditure on an intangible item that was initially recognised as an expense by the Company in previous Annual Financial Statements are not recognised as part of the cost of an intangible asset at a later date. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(d) Retirement and Disposal

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

3.1.2.17 Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period.

(a) Basis of Recognition

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

(b) Measurement

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

(c) Subsequent Costs

The subsequent cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be reliably measured. The costs of day to day servicing of property, plant and equipment are charged to the Statement of Profit or Loss and Other Comprehensive Income as incurred. Costs incurred in using or redeploying an item are not included under carrying amount of an item.

(d) De recognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in Statement of Profit or Loss and Other Comprehensive Income when the item is derecognised. When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

(e) Depreciation

The Company provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight line basis over the periods appropriate to the estimated useful lives based on the pattern in which the asset's future economic benefits are expected to be consumed by the Company of the different types of assets, except for which are disclosed separately. Depreciation

of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised. Depreciation does not cease when the assets become idle or is retired from active use unless the asset is fully depreciated.

Motor vehicles	20%
Computer Hardware	25%
Office equipment	25%
Furniture and fittings	25%
Computer Software	33.33%

3.1.2.18 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset have been capitalised as part of the cost of the asset in accordance with Sri Lanka Accounting Standard 23 (LKAS 23) "Borrowing Costs". Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

3.1.2.19 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Liabilities and provisions

3.1.2.20 Employee Retirement Benefits

(a) Defined Benefit Plans – Retiring Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - "Employee Benefits". When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The assumptions based on which the results of actuarial valuation was determined, are included in Note 28 to the financial statements.

Notes to the Financial Statements

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service cost that had not previously been recognised.

(b) Funding Arrangement

The gratuity liabilities are not externally funded.

Gratuity payments are being made by the company according to the Gratuity Act No 12 of 1983.

Accordingly the company is liable to pay gratuity to permanent employees who have completed a minimum of five years service in the company at the rate of 50% of the last drawn salary for each completed year of service.

(c) Defined Contribution Plan

(i) Employees' Provident Fund

The Company and employees contribute 12% and 8% respectively on the salary of each employee to the approved Employee Provident Fund.

(ii) Employees' Trust Fund

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

3.1.2.21 Dividend Payable

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

3.1.2.22 Other Liabilities

Other Liabilities include interest, fees and expenses and amounts payable suppliers and other provisions. These liabilities are recorded at amounts expected to be payable at the reporting date.

Income & Expense Recognition

3.1.2.23 . Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the Statement of Profit or Loss and Other Comprehensive Income include Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

Interest income on available-for-sale investment securities calculated on an effective interest basis is also included in interest income. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3.1.2.24 . Dividend

Dividend income is recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis when the Company's right to receive the dividend is established.

3.1.2.25 . Fee and Commission Income

Fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees are recognised as the related services are performed.

3.1.2.26 . Profit /(Loss) from Sale of Lease Assets

Profit / loss from sale of Lease Assets is recognised in the period in which the sale occurs and is classified as other income /expense.

3.1.2.27 . Expense Recognition

All the expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to the income in arriving at the profit or loss for the year.

3.1.2.28 . Fee and Commission Expenses

Fee and commission expenses are recognised on an accrual basis.

3.1.2.29 . Income Tax Expense

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(i) Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years. Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No 10 of 2006 and the amendments thereto at the schedule specified in Note 10.

(ii) Deferred Tax

Deferred taxation is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted as at the reporting date. Deferred tax liabilities are not recognised for the temporary differences.

The initial recognition of assets and liabilities in a transaction that is not business combination and that affects neither accounting nor taxable profit nor differences relating to investments in Subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax assets, including those related to temporary tax effects of income tax losses and credits available to be carried forward, are

recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intention to settle on a net basis and it is allowed under the tax law of the relevant jurisdiction.

(iii) Value Added Tax on Financial Services

The base for the computation of Value Added Tax on Financial Services is the accounting profit before income tax adjusted for the economic depreciation and emoluments of employees computed on prescribed rate.

(iv) 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.

3.1.2.30 Maturity Analysis

The Company has disclosed an analysis of assets and liabilities in to relevant maturity baskets based on the remaining period as at the reporting date to the contractual maturity date.

3.1.2.31 Statement of Cash Flows

The Cash Flow Statement has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standards (LKAS) 7 "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 balance in banks.

3.1.2.32 Events after the reporting period

All material events after the Statement of Financial Position date have been considered and where appropriate adjustments to / or disclosures have been made in the respective notes to the Financial Statement.

*Notes to the Financial Statements**3.1.2.33 Commitment and Contingencies*

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent Liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote.

All discernible risks are accounted for in determining the amount of all known liabilities. The Company's share of any contingencies and capital commitments are also included with appropriate disclosures.

3.1.2.34 Offsetting of Income and Expenses

Income and expenses are not offset unless required or permitted by accounting standards.

3.1.2.35 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous periods for all the amounts reported in the Financial Statements to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

3.1.2.36 Sri Lanka Accounting Standards (SLFRS/LKAS) issued but not yet effective

Standard issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards issued, which the Company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective.

a) SLFRS 9 – Financial Instruments

SLFRS 9 as issued reflects the replacement of LKAS 39 and applies to the classification and measurement of financial assets and financial liabilities as defined in LKAS 39. This standard becomes effective for annual periods beginning on or after January 01, 2018. The adoption of SLFRS 9 will have an impact on classification and measurement of Company's financial assets.

b) SLFRS 14 - Regulatory Deferral Accounts

The scope of this standard is limited to first-time adopters of SLFRS that already recognise regulatory deferral account balances in their financial statements. Consequently, the financial statements of rate regulated entities that already apply SLFRS, or that do not otherwise recognise such balances, will not be affected by this standard. This standard is effective for the annual periods beginning on or after January 01, 2016.

c) 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 the existing revenue recognition contracts. SLFRS 15 is effective for annual periods beginning on or after January 01, 2018. The Company is currently in the process of evaluating the potential effect of these standards on its Financial Statements and the impact of the adaptation of these standards have not been quantified as at the reporting date.

3.1.2.37 Critical accounting estimates and judgments

The preparation of financial statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factor that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

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

Information about assumptions and estimates uncertainties that have a significant risk of resulting in a material adjustment in the financial statements are included in the table below:

Critical accounting estimate/ judgment	Note Reference
Income Tax Expense	10
Rental Receivable on Lease	14
Rental Receivable on Hire Purchase	15
Advance and Other Loans	16
Trade and Other Receivable	17
Inventories	18
Intangible Assets	22
Property, Plant and Equipment	23
Retirement Benefit Obligation	28

*Notes to the Financial Statements***4. INCOME**

For the year ended 31st March	2015 Rs.	2014 Rs.
Interest Income (Note 5)	189,857,966	250,602,990
Other Operating Income (Note 7)	20,197,634	8,103,429
Other Income (Note 8)	23,832,017	10,644,724
	233,887,617	269,351,143

5. INTEREST INCOME

For the year ended 31st March	2015 Rs.	2014 Rs.
Lease Finance	49,376,345	73,885,447
Hire Purchase	85,764,653	118,101,703
Loans	36,724,473	12,956,659
Fixed Deposit Loans	1,700,909	1,541,420
Pawning	2,644,764	33,041,915
Micro Finance	8,934,854	274,611
Repurchase agreement	3,765,783	10,099,730
Treasury Bonds	946,185	701,504
	189,857,966	250,602,989

5.1 Notional Credit for Withholding Tax on Government Securities on Secondary Market Transactions

Section 137 of the Inland Revenue Act No. 10 of 2006 provides that a Company which derives interest income from the secondary market transactions in Government securities be entitled to a notional tax credit (being one ninth of the net interest income), provided such interest income forms part of the statutory income of the Company for that year of assessment.

6. INTEREST EXPENSES

For the year ended 31st March	2015 Rs.	2014 Rs.
Fixed Deposits	53,769,391	67,499,237
Savings Deposits	130,514	-
Loan From Entrust Limited	45,288,492	42,808,794
Reverse Repo interest	176,567	1,341,423
Bank Loans	18,430,084	39,366,998
Short term Loans / Commercial Papers	1,032,895	6,007,145
	118,827,943	157,023,597

7. OTHER OPERATING INCOME

For the year ended 31st March	2015 Rs.	2014 Rs.
Profit /(Loss) on Repossessed Stock	(2,635,445)	(26,621,094)
Loss on Pawning Auction	(11,483,578)	-
Default Charges	16,412,730	22,643,086
Finance Charges	-	530,855
Service / Documentation Charges	3,238,561	2,567,247
Termination Income on Lease and Hire Purchase	11,998,018	8,791,412
Transfer fee	1,639,120	-
Other Charges	1,028,228	191,923
	20,197,634	8,103,429

8. OTHER INCOME

For the year ended 31st March	2015 Rs.	2014 Rs.
Insurance Commission	2,771,956	1,355,872
Profit on disposal of Fixed Assets	145,319	307,923
Dividend Income	219,026	161,907
Profit from Sale of Dealing Securities	90,930	80,291
(Provision)/Reversal of diminution in share value	893,210	(148,712)
Money market/ savings interest	2,575,499	953,625
Written back of unidentified deposits	438,821	4,172,461
Waive off of related party loan interest	10,000,000	-
Sundry Income	6,697,255	3,761,357
	23,832,017	10,644,724

9. PROFIT/(LOSS) BEFORE TAXATION AND VALUE ADDED TAXATION (VAT)

is stated after charging all the expenses including the following:

For the year ended 31st March	2015 Rs.	2014 Rs.
Auditor's Remuneration	575,000	495,000
Depreciation of Property, Plant and Equipment	9,343,729	11,911,341
Amortisation of Intangible Assets	3,027,844	3,130,217
Provision for Other Receivables	4,579,376	1,673,482
Personnel Costs include, Salaries and wages	37,098,149	40,621,750
Defined Contribution Plan - EPF	4,438,298	4,835,238
ETF	1,109,575	1,208,542
Other Staff Costs	7,960,151	6,795,174

*Notes to the Financial Statements***10. INCOME TAX EXPENSES****10.1 Current tax expense**

For the year ended 31st March	2015 Rs.	2014 Rs.
Charge for the year (Note 10.2)	-	-
Deferred tax expense/(reversal)		
Charge/(reversal) for the year (Note 29)		
- Recognised in Profit or Loss	(13,648,237)	(1,106,550)
Total charge/(reversal) to Profit or Loss	(13,648,237)	(1,106,550)
- Recognised in Other Comprehensive Income (OCI)	72,171	-
Total charge/(reversal) in OCI	72,171	-

Deferred tax impact on Actuarial gain or loss has not been separately charged to the other comprehensive income for the year ended 31st March 2014 since it is not significant to the Financial Statements.

10.2 Reconciliation between Accounting Loss and Taxable Loss

For the year ended 31st March	2015 Rs.	2014 Rs.
Accounting Loss before Income Tax expenses	(1,101,831)	(49,067,598)
Income from other sources and exempt income	(3,645,807)	(1,916,781)
Aggregate Disallowed Items	125,221,170	110,719,634
Aggregate Allowable Expenses	(64,449,987)	(118,273,257)
Taxable Profit/(Loss) from the entire business	56,023,545	(58,538,002)
Tax Loss from other business	(37,049,317)	(36,049,571)
Taxable Profit/(Loss) from Leasing business	93,072,862	(22,488,431)
Tax loss claimed during the year	(93,072,862)	-
Assessable Income/ Taxable Income	-	-
Income tax @ 28%	-	-
Current Income Tax Expense	-	-

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No.10 of 2006 and subsequent amendments thereto. Accordingly, income tax on the profit of the company has been computed at the rate of 28% on the taxable income.

10.3 Reconciliation of Tax Loss from Leasing Business

For the year ended 31st March	2015 Rs.	2014 Rs.
Tax loss B/F	47,164,096	24,675,665
Adjustment to Tax loss brought forward	19,207,133	-
Tax loss for the year	-	22,488,431
Tax loss utilised during the year	(66,371,229)	-
Tax loss C/F	-	47,164,096

10.4 Reconciliation of Tax Loss from Other Business

For the year ended 31st March	2015 Rs.	2014 Rs.
Tax loss B/F	67,120,643	31,071,072
Adjustment to Tax loss brought forward	(3,435,704)	-
Tax loss for the year	37,049,317	36,049,571
Tax loss utilised during the year	(26,701,634)	-
Tax loss C/F	74,032,622	67,120,643

11 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share has been based on the profit/(loss) after tax attributable to equity shareholders and the weighted average number of ordinary shares outstanding during the year.

For the year ended 31st March	2015	2014
Profit/(Loss) attributable to ordinary share holders (Rs.)	12,546,406	(47,961,048)
Weighted average number of ordinary shares outstanding during the year	22,462,039	22,462,039
Earnings/(Loss) per share (Rs.)	0.56	(2.14)

*Notes to the Financial Statements***12. CASH AND CASH EQUIVALENTS**

For the year ended 31st March	2015 Rs.	2014 Rs.
Favourable balance		
Investment in Repurchase Agreement	74,329,842	40,774,025
Cash at Bank	44,792,291	37,409,489
Cash in Hand	10,517,368	8,832,152
	129,639,500	87,015,666
Unfavourable balance		
Overdraft	(10,943,456)	(13,900,650)
Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	118,696,044	73,115,016

13. FINANCIAL ASSETS HELD FOR TRADING

For the year ended 31st March	2015 Rs.	2014 Rs.
Quoted Investments (Note 13.1)	1,821,724	1,565,210

13.1 Quoted Investments

	No. of Shares	2015 Cost Shares Rs.	Market Value Rs.	No. of	2014 Cost Rs.	Market Value Rs.
ACME Print & Packaging PLC	-	-	-	36	962	310
Ceylon Leather Products PLC	10,000	1,036,876	855,000	10,000	1,036,876	573,000
MTD Walkers PLC	14,660	925,805	680,224	10,000	716,106	301,000
Maskeliya Plantation PLC	10,000	320,041	99,000	10,000	320,041	100,000
Arpico Finance PLC	-	-	-	6,000	932,529	428,400
York Arcade PLC	12,500	510,047	187,500	12,500	510,047	162,500
		2,792,769	1,821,724		3,516,561	1,565,210

14. RENTALS RECEIVABLES ON LEASED ASSETS

As at 31st March	2015 Rs.	2014 Rs.
Receivable from over five years		
Rentals Receivable	961,950	-
Less: Unearned Income	(64,071)	-
	897,879	-
Receivable from one to five years		
Rentals Receivable	98,090,301	212,332,720
Less: Unearned Income	(19,815,682)	(45,289,344)
Rentals Received in Advance	(1,490,868)	(3,509,343)
	76,783,751	163,534,033
Receivable within one year		
Rentals Receivable	82,014,743	167,435,966
Less: Unearned Income	(25,177,766)	(54,786,964)
	56,836,977	112,649,002
Overdue rental receivable		
Rentals Receivable	8,753,385	41,536,498
Less: Provision for impairment of leases	-	(16,354,800)
	8,753,385	25,181,698
Total		
Rentals Receivable	189,820,379	421,305,184
Less: Unearned Income	(45,057,519)	(100,076,308)
Provision for impairment of finance leases (Note 14.1)	-	(16,354,800)
Rentals Received in Advance	(1,490,868)	(3,509,343)
	143,271,992	301,364,733

14.1 Movement in Impairment charge for Lease receivables

As at 31st March	2015 Rs.	2014 Rs.
Balance at the beginning of the year	16,354,800	13,210,628
Provision/(reversal) during the year	(16,354,800)	3,144,172
Balance at the end of the year	-	16,354,800

*Notes to the Financial Statements***15. RENTALS RECEIVABLES ON HIRE PURCHASE**

As at 31st March	2015 Rs.	2014 Rs.
Receivable from over five years		
Rentals Receivable	129,348	-
Less: Unearned Income	(4,314)	-
	125,034	-
Receivable from one to five years		
Rentals Receivable	144,129,336	374,383,668
Less: Unearned Income	(27,907,603)	(85,136,117)
Rentals Received in Advance	(1,372,123)	(93,390)
	114,849,610	289,154,161
Receivable within one year		
Rentals Receivable	139,900,496	258,594,440
Less: Unearned Income	(39,143,829)	(94,266,525)
	100,756,667	164,327,915
Overdue rental receivable		
Rentals Receivable	10,840,025	44,548,009
Less: Provision for impairment of Hire Purchases	-	(27,792,399)
	10,840,025	16,755,610
Total		
Rentals Receivable	294,999,206	677,526,116
Less: Unearned Income	(67,055,747)	(179,402,641)
Provision for impairment of hire purchase (Note 15.1)	-	(19,587,738)
Rentals Received in Advance	(1,372,123)	(93,390)
	226,571,336	478,442,346

15.1 Movement in Impairment charge for Hire Purchase receivables

As at 31st March	2015 Rs.	2014 Rs.
Balance at the beginning of the year	19,587,738	19,584,057
Provision/(reversal) during the year	(19,587,738)	3,681
Balance at the end of the year	-	19,587,738

16. ADVANCE AND OTHER LOANS

As at 31st March	2015 Rs.	2014 Rs.
Net Investment in Loans (Note 16.1)	299,344,579	135,702,149
Net Investment in Loans against Fixed Deposits (Note 16.2)	3,831,223	30,691,011
Net Investment in Pawning Advances (Note 16.3)	100,598,181	190,409,418
	403,773,983	356,802,578

16.1 Net Investment in Loans

As at 31st March	2015 Rs.	2014 Rs.
Loan Rental Receivable	343,591,713	163,752,154
Rentals in arrears	13,672,933	5,955,071
Less: Unearned Income	(54,310,085)	(34,005,076)
Rentals Received in Advance	(1,616,799)	-
Provision for Bad and Doubtful Debts	(1,993,183)	-
	299,344,579	135,702,149

16.2 Net Investment in Loans against Fixed Deposits

As at 31st March	2015 Rs.	2014 Rs.
Fixed Deposit Loan Rental Receivable	3,831,223	30,539,170
Rentals in Arrears	-	251,912
Less: Unearned Income	-	(100,071)
	3,831,223	30,691,011

16.3 Net Investment in Pawning Advances

As at 31st March	2015 Rs.	2014 Rs.
Pawning Advance	94,053,821	155,591,047
Interest Receivable on Pawning Loans	6,544,360	34,818,371
	100,598,181	190,409,418

*Notes to the Financial Statements***17. TRADE AND OTHER RECEIVABLES**

As at 31st March	2015 Rs.	2014 Rs.
Interest Receivable on Repurchase agreement	144,390	533,744
Other Receivables (Note 17.1)	17,900,013	22,699,005
Deposits and Prepayments (Note 17.2)	26,903,048	30,484,442
	44,947,451	53,717,191

17.1 Other Receivable

As at 31st March	2015 Rs.	2014 Rs.
Withholding Tax Receivables	4,311,393	3,424,182
Value Added Tax Receivable	9,192,555	12,281,288
ESC Receivable	1,657,381	497,269
Others	8,991,542	8,169,748
Less: Provision for other receivables	(6,252,858)	(1,673,482)
	17,900,013	22,699,005

17.2 Deposits and Prepayments

As at 31st March	2015 Rs.	2014 Rs.
Deposits	199,074	399,074
Rent Advance	18,040,929	19,664,003
Prepayments	8,663,045	10,421,365
	26,903,048	30,484,442

18. INVENTORIES

As at 31st March	2015 Rs.	2014 Rs.
Repossessed Stock	-	73,874,872
Less: Provision for decrease in value	-	(14,674,366)
	-	59,200,506

19. AMOUNT DUE FROM RELATED PARTY

As at 31st March	2015 Rs.	2014 Rs.
Entrust Securities Limited	-	32,525
	-	32,525

20. INVESTMENT IN LONG TERM GOVERNMENT SECURITIES

As at 31st March	2015 Rs.	2014 Rs.
Treasury Bond	36,317,412	5,989,734

21. FINANCIAL ASSETS AVAILABLE FOR SALE

As at 31st March	2015 Rs.	2014 Rs.
Quoted Share Investment (Note 21.1)	9,351,805	7,279,423
Non Quoted Shares Investment (Note 21.2)	2,500	2,500
	9,354,305	7,281,923

21.1 Quoted Share Investment

	No. of Shares	2015 Cost Shares Rs.	Market Value Rs.	No. of	2014 Cost Rs.	Market Value Rs.
Environmental Resources PLC	30,000	3,143,004	405,000	90,000	6,999,464	393,000
Three Acre Farms PLC	14,200	2,666,433	650,360	14,200	2,666,433	560,900
Central Finance PLC	2,583	758,400	646,008	2,583	758,400	467,523
Galadari Hotels (Lanka) PLC	70,000	2,408,226	875,000	70,000	2,408,226	735,000
HVA Foods PLC	100,000	7,303,489	800,000	100,000	7,303,489	940,000
Laugfs Gas PLC	21,600	873,545	775,440	21,600	873,545	702,000
Panasian Power PLC	650,000	4,312,785	2,210,000	650,000	4,312,785	1,430,000
Vallibel Finance PLC	10,000	442,983	450,000	10,000	442,983	297,000
Entrust Securities PLC	100,000	5,157,120	2,539,997	100,000	5,157,120	1,730,000
PC House PLC	-	-	-	80,000	1,692,061	24,000
	998,383	27,065,985	9,351,805	1,138,383	32,614,506	7,279,423
Less : Provision for diminution in value		(17,714,180)			(25,335,083)	
		9,351,805			7,279,423	

*Notes to the Financial Statements***21. FINANCIAL ASSETS AVAILABLE FOR SALE CONTD.****21.2 Non Quoted Shares Investment**

As at 31st March	2015 Rs.	2014 Rs.
Credit Information Bureau of Sri Lanka	2,500	2,500
	2,500	2,500
Less : Provision for diminution in value	-	-
	2,500	2,500

22. INTANGIBLE ASSETS

As at 31st March	2015 Rs.	2014 Rs.
Cost		
Balance at the beginning of the year	15,405,195	6,905,195
Additions during the period	-	8,500,000
Balance at the end of the year	15,405,195	15,405,195
Amortisation		
Balance at the beginning of the year	9,495,717	6,365,500
Charge for the year	3,027,844	3,130,217
Balance at the end of the year	12,523,561	9,495,717
Carrying Value at the end of the year	2,881,634	5,909,478

23. PROPERTY, PLANT AND EQUIPMENT

	Computers Rs.	Furniture & Fittings Rs.	Office Equipment Rs.	Vehicles Motor Rs.	Total 2015 Rs.	Total 2014 Rs.
Cost						
Balance at the beginning of the year	12,892,793	21,911,861	11,719,689	8,782,784	55,307,127	53,394,327
Additions during the year	940,468	251,923	565,230	-	1,757,621	2,428,172
Disposals During the year	-	-	-	(2,507,826)	(2,507,826)	(515,373)
Balance at the end of the year	13,833,261	22,163,784	12,284,919	6,274,958	54,556,922	55,307,126
Accumulated Depreciation						
Balance at the beginning of the year	8,941,650	14,726,218	6,952,770	4,964,518	35,585,156	24,117,943
Charge for the year	2,022,888	3,405,625	2,212,008	1,703,208	9,343,729	11,911,341
Disposal/Transfers during the year	-	-	-	(1,224,394)	(1,224,394)	(444,128)
Balance at the end of the year	10,964,538	18,131,843	9,164,778	5,443,332	43,704,491	35,585,156
Carrying Value as at 31st March 2015	2,868,723	4,031,941	3,120,141	831,626	10,852,431	
Carrying Value as at 31st March 2014	3,951,143	7,185,643	4,766,919	3,818,266		19,721,970

Fully depreciated assets as at the reporting date are as follows;

Description	Amount (Rs.)
Computers	5,446,636
Furniture & Fittings	9,252,448
Office Equipment	3,782,119

24. DEPOSITS FROM CUSTOMERS

As at 31st March	2015 Rs.	2014 Rs.
Fixed Deposits	439,767,364	406,197,837
Saving Deposits	1,789,805	205,000
	441,557,169	406,402,837

*Notes to the Financial Statements***25. OTHER BORROWINGS**

As at 31st March	2015 Rs.	2014 Rs.
Bank loan	117,024,527	153,846,154
Short Term Loan	-	17,868,432
	117,024,527	171,714,586

25.1 Terms and conditions of the securitisation loan is as follows,

Type	Lender	Balance outstanding	Repayment	Security
Trust Certificate	Seylan Bank	Rs.117.02 Million	Repayment in ten instalments from April 2015 onwards	Selected lease and hire purchase receivables

26. TRADE & OTHER PAYABLE

As at 31st March	2015 Rs.	2014 Rs.
Advance paid for New Contracts	-	325,720
Direct Deposit made by the Existing Customers	14,136	-
Payable to Suppliers	11,079,334	17,857,529
Statutory Payables (Note 26.1)	2,179,547	1,326,349
Accrued Expenses	10,166,983	21,409,045
Other Payable	7,491,535	5,673,752
	30,931,535	46,592,395

26.1 Statutory Payables

As at 31st March	2015 Rs.	2014 Rs.
VAT on Financial Service	(89,889)	(898,304)
WHT	717,267	529,403
NBT Payable	50,000	-
SRL Payable	(102,270)	(102,270)
PAYE	2,000	2,000
Stamp Duty	1,519,663	1,712,744
Semi Luxury Tax	82,776	82,776
	2,179,547	1,326,349

27. AMOUNT DUE TO RELATED PARTY

As at 31st March	2015 Rs.	2014 Rs.
Entrust Limited (Note 27.1)	85,558,022	417,037,871
Entrust Securities PLC	174,187	-
	85,732,209	417,037,871

27.1 Entrust Limited

As at 31st March	2015 Rs.	2014 Rs.
Loan from Entrust Limited (Note 27.1.1)	79,212,855	410,107,451
Others	6,345,167	6,930,420
	85,558,022	417,037,871

27.1.1 Loan from Entrust Limited

The above related party loan was obtained at the interest rate of AWPLR + 3% p.a. The interest charged for the year is Rs. 45,288,492/- (2013/14 - Rs. 42,808,794/-).

As at 31st March	2015 Rs.	2014 Rs.
Balance at the beginning of the year	410,107,451	258,298,657
Loans obtained during the year	-	318,000,000
Capitalisation of interest	45,288,492	42,808,794
Payments made during the year	(30,000,000)	(209,000,000)
Set off against transfer of portfolio (Note 34.2)	(336,183,088)	-
Waive off of interest during the year	(10,000,000)	-
	79,212,855	410,107,451

28. RETIREMENT BENEFIT OBLIGATION

As at 31st March	2015 Rs.	2014 Rs.
Balance at the beginning of the year	2,962,488	2,798,818
Provision for the year (Note 28.2)	990,046	896,170
	3,952,534	3,694,988
Payments for the year	(551,000)	(732,500)
Balance at the end of the year	3,401,534	2,962,488

*Notes to the Financial Statements***28. RETIREMENT BENEFIT OBLIGATION CONTD.****28.1 Amount recognised in the statement of financial position**

As at 31st March	2015 Rs.	2014 Rs.
Present value of unfunded obligation	3,401,534	2,962,488
Present value of funded obligation	-	-
Total present value of obligation	3,401,534	2,962,488
Fair value of plan assets	-	-
Present value of net obligations	3,401,534	2,962,488
Unrecognised actuarial (gains)/losses	-	-
Recognised liability for defined benefit obligations	3,401,534	2,962,488

28.2 Expenses recognised in the statement of profit or loss

As at 31st March	2015 Rs.	2014 Rs.
Current Service Cost	936,737	917,083
Interest on obligation	311,061	307,869
	1,247,798	1,224,952
Actuarial gain recognised in the statement of other comprehensive income		
Actuarial gain	(257,752)	(328,772)
	990,046	896,180

28.3 An Independent Actuarial Valuation of the retirement benefit obligation was carried out as at 31st March 2015 by Mr.P.S.Goonetilleke, Piyal S Goonetilleke and Associates firm of professional actuaries.

The Valuation method used by the actuaries to value the Retirement benefit obligation is the 'Projected Unit Credit Method', the method recommended by the Sri Lanka Accounting Standard No.19, 'Employee Benefits'.

The key assumptions used by the actuary include the following,

As at 31st March	2015	2014
i) Rate of Interest (per annum) :	10.40%	10.50%
ii) Rate of Salary Increase (per annum) :	10.00%	10.00%
iii) Retirement Age 55 years		
iv) The company will continue as a going concern.		

The liability is not externally funded.

28.4 Sensitivity Analysis

Sensitivity variation on discount rate

Impact of change in discount rate when the base assumption is increased/decreased by 1% is measured as follows;

Discount rate	Defined Benefit Obligation as at 31.03.2015 Rs.
11.40%	3,085,800
9.40%	3,768,060

Sensitivity variation on salary increment rate

Impact of change in salary increment rate when the base assumption is increased/decreased by 1% is measured as follows;

Salary Increment Rate	Defined Benefit Obligation as at 31.03.2015 Rs.
11.00%	3,760,761
9.00%	3,085,689

29. DEFERRED TAXATION

As at 31st March	2015 Rs.	2014 Rs.
Deferred Tax Liability		
At the beginning of the year	2,132,050	3,238,600
Charge /(Reversal) for the year	(2,132,050)	(1,106,550)
At the end of the year	-	2,132,050
Deferred Tax Asset		
At the beginning of the year	-	-
Origination/(reversal) of temporary differences during the year	11,444,016	-
At the end of the year	11,444,016	-

Deferred Tax asset/liability has been recognised in respect of the following temporary differences arising from difference between accounting and tax base. Deferred Tax has been computed at the rate of 28%.

*Notes to the Financial Statements***29. DEFERRED TAXATION CONTD.**

Deferred Tax provision as at the year end is made up as follows;

	2015		2014	
	Temporary Difference Rs.	Tax Impact Rs.	Temporary Difference Rs.	Tax Impact Rs.
Deferred Tax (asset)/liability from:				
Temporary difference of Property, Plant and Equipment	36,562,669	10,237,547	77,703,593	21,757,006
Temporary difference of Retirement Benefit Obligation	(3,401,534)	(952,429)	(2,968,488)	(831,176)
Carried forward Tax losses	(74,032,622)	(20,729,134)	(67,102,643)	(18,793,780)
	(40,871,487)	(11,444,016)	7,632,462	2,132,050

30. STATED CAPITAL

As at 31st March	2015 Rs.	2014 Rs.
Issued and Fully Paid:		
22,462,039 Ordinary Shares	346,990,186	346,990,186

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of a poll.

31. RESERVES**31.1 Statutory Reserve**

As at 31st March	2015 Rs.	2014 Rs.
Balance at the beginning of the year	4,761,902	4,761,902
Transfer during the year	627,320	-
Balance at the end of the year	5,389,222	4,761,902

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.

- (i) So long as the capital funds are not less than twenty five (25) per cent of total deposit liabilities, a sum equal to not less than five (5) per cent of the net profits;

- (ii) so long as the capital funds are less than twenty five (25) per cent of total deposit liabilities, but not less than ten (10) per cent thereof, a sum equal to not less than twenty (20) per cent of the net profits; and
- (iii) so long as the capital funds are less than ten (10) per cent of the total deposit liabilities, a sum equal to not less than fifty (50) per cent of the net profits.

31.2 General Reserve

As at 31st March	2015 Rs.	2014 Rs.
Balance at the end of the year	11,266,050	11,266,050

31.3 Investment Fund Reserve

As at 31st March	2015 Rs.	2014 Rs.
Balance at the beginning of the year	5,287,577	5,287,577
Transfer from/(to) retained earnings	(5,287,577)	-
Balance at the end of the year	-	5,287,577

Investment Fund Reserve (IFR) was created as per the Central Bank guidelines issued. Accordingly, 8% of the profit liable for VAT on Financial Services when the payment of VAT on Financial Services for such month's income due and 5% of profits before tax computed for self assessment payments of tax are transferred to the reserve as when such taxes are paid.

As per the Central Bank Circular Ref. No. 02/17/800/0014/02, the operations of the IFR has ceased with effect from 01st October 2014. Accordingly, the company has transferred the remaining balance in the IFR to retained earnings through the Statement of Changes in Equity.

*Notes to the Financial Statements***32. FINANCIAL INSTRUMENTS****32.1 Financial Instruments - Statement of Financial Position**

Financial Assets

31st March 2015

	Assets at fair value		Assets at amortised cost		Total
	Fair Value Through Profit & loss Rs.	Available for sale Rs.	Loans & receivables Rs.	Held to maturity Rs.	
Investment in Repurchase Agreement	-	-	74,329,842	-	74,329,842
Financial Assets held for trading	1,821,724	-	-	-	1,821,724
Rental receivables on Lease	-	-	143,271,991	-	143,271,992
Rental receivables on Hire purchase	-	-	226,571,336	-	226,571,336
Advance and Other loans	-	-	403,773,983	-	403,773,983
Trade and Other Receivables	-	-	44,947,451	-	44,947,451
Amount Due from Related Companies	-	-	-	-	-
Investment in Long term Government Securities	-	-	-	36,317,412	36,317,412
Financial Assets available for sale	-	9,354,305	-	-	9,354,305
Cash at Bank & in Hand	-	-	55,309,659	-	55,309,659
Total Financial Assets	1,821,724	9,354,305	948,204,262	36,317,412	995,697,703

31st March 2014

	Assets at fair value		Assets at amortised cost		Total
	Fair Value Through Profit & loss Rs.	Available for sale Rs.	Loans & receivables Rs.	Held to maturity Rs.	
Investment in Repurchase Agreement	-	-	40,774,025	-	40,774,025
Financial Assets held for trading	1,565,210	-	-	-	1,565,210
Rental receivables on Lease	-	-	301,364,733	-	301,364,733
Rental receivables on Hire purchase	-	-	478,442,346	-	478,442,346
Advance and Other loans	-	-	356,802,578	-	356,802,578
Trade and Other Receivables	-	-	53,717,191	-	53,717,191
Amount Due from Related Companies	-	-	32,525	-	32,525
Investment in Long term Government Securities	-	-	-	5,989,734	5,989,734
Financial Assets available for sale	-	7,281,923	-	-	7,281,923
Cash at Bank & in Hand	-	-	46,241,641	-	46,241,641
Total Financial Assets	1,565,210	7,281,923	1,277,375,039	5,989,734	1,292,211,906

Financial Liabilities
31st March 2015

	Fair value through profit or loss Rs.	Other financial liabilities Rs.	Total Rs.
Deposits	-	441,557,169	441,557,169
Trade and Other Payable	-	30,931,535	30,931,535
Amount Due to Related Parties	-	85,732,209	85,732,209
Bank Overdraft	-	10,943,456	10,943,456
Total Financial Liabilities	-	569,164,369	569,164,369

31st March 2014

	Fair value through profit or loss Rs.	Other financial liabilities Rs.	Total Rs.
Deposits	-	406,402,837	406,402,837
Trade and Other Payable	-	46,592,395	46,592,395
Amount Due to Related Parties	-	417,037,871	417,037,871
Bank Overdraft	-	13,900,650	13,900,650
Total financial Liabilities	-	883,933,753	883,933,753

32.2 Financial Instruments - Statement of Comprehensive Income

	31.03.2015		31.03.2014	
	Gains / Income	Losses / Expenses	Gains / Income	Losses / Expenses
Held-to maturity Investments	946,185	-	701,504	-
Loans and Receivables	188,911,781	-	249,901,485	-
Other financial liabilities	-	118,827,943	-	157,023,597
Total	189,857,966	118,827,943	250,602,988	157,023,597

*Notes to the Financial Statements***32. FINANCIAL INSTRUMENTS CONTD.****32.3 Valuation of financial instruments**

Financial instruments recorded at fair values are determined for financial instruments that are recorded at fair value using several valuation techniques. These incorporate the Company's estimate of assumptions that a market participant would make when valuing the instruments.

Financial Assets - Fair value through profit & loss

Multi Finance PLC has classified the investment in Dealing securities under fair value through profit and loss financial assets.

These investments are held by Multi Finance PLC acquired for the trading purpose. Accordingly this investment was classified under the category of Financial assets fair value through profit & loss.

Financial Assets - available for sale

Multi Finance PLC has classified the investment in Investment securities under available for sale financial assets.

These investments are held by Multi Finance PLC as a strategic investment and this was not acquired for the trading purpose. Accordingly this investment was classified under the category of Available for Sale Investment.

Determination of fair value and fair value hierarchy

Multi Finance PLC uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
31st March 2015				
Financial assets held for trading	1,821,724	-	-	1,821,724
Financial assets available for sale	9,351,805		2,500	9,354,305
	11,173,529	-	2,500	11,176,029
31st March 2014				
Financial assets held for trading	1,565,210			1,565,210
Financial assets available for sale	7,279,423		2,500	7,281,923
	8,844,633	-	2,500	8,847,133

33. FINANCIAL RISK MANAGEMENT

New business opportunities deregulation & globalisation, new financial products and stiff competition in the industry illustrates the importance of having an effective risk management as a farsighted measure.

Company deployed Risk Mapping process in order to identify core risks that the company is exposed to.

Core risks exposed to by the company with regard to financial instruments are,

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

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

33.1 Credit Risk

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

	Note	31st March 2015 Rs.	31st March 2014 Rs.
Rental receivables on Lease	14	143,271,992	301,364,733
Rental receivables on Hire purchase	15	226,571,336	478,442,346
Advance and Other loans	16	403,773,983	356,802,578
Trade & Other Receivables	17	44,947,451	53,717,191
Amount Due from Related Companies	19	-	32,525
Cash & Cash Equivalents	12	129,639,500	87,015,666
		948,204,262	1,277,375,039

The approach towards managing credit risk is to accept any credit risks which are within the boundary approved by the board of directors. The company credit policy provides direction to deal with credit risks. Apart from the company credit policy, company conducts periodic credit risk stress testing analysis, portfolio monitoring, identifying problem facilities and maintaining exposure limits to manage the credit risk. Credit Risk Management approach adopted by Multi Finance PLC is described as follows

- Credit appraisal
- Credit approval
- Credit administration
- Monitoring credit portfolio
- Managing problem facilities

Fair value based accounting (LKAS 32 and 39) required the percentage wise classification to be replaced with a cash flow based approach. The approach adopted was to classify loans in to individually significant exposures and other loans in to homogenous portfolios by segment / product for necessary computations as appropriate.

*Notes to the Financial Statements***33. FINANCIAL RISK MANAGEMENT CONTD.****Rentals Receivables On Hire Purchase**

As At 31st March	2015		2014	
	Carrying amount at amortised cost Rs.	Impairment Rs.	Carrying amount at amortised cost Rs.	Impairment Rs.
Individually significant - impaired	-	-	24,343,612	3,569,529
Individually significant unimpaired and individually not significant loans	226,571,336	-	473,686,473	16,018,209
	226,571,336	-	498,030,085	19,587,738

Rentals Receivables on Leased Assets

As At 31st March	2015		2014	
	Carrying amount at amortised cost Rs.	Impairment Rs.	Carrying amount at amortised cost Rs.	Impairment Rs.
Individually significant - impaired	-	-	36,157,449	13,715,617
Individually significant unimpaired and individually not significant loans	143,271,992	-	281,562,084	2,639,183
	143,271,992	-	317,719,533	16,354,800

Advance and Other Loans

As At 31st March	2015		2014	
	Carrying amount at amortised cost Rs.	Impairment Rs.	Carrying amount at amortised cost Rs.	Impairment Rs.
Individually significant - impaired	-	-	-	-
Individually significant unimpaired and individually not significant loans	405,767,167	1,993,183	356,802,578	-
	405,767,167	1,993,183	356,802,578	-

Allowance for impairment

The Company established an allowance for impairment losses on assets carried at amortised cost/available for sale that represents its estimate of incurred losses in its loan and investment debt/equity security portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures and for assets measured at amortised cost, a collective loan loss allowance established for groups of homogeneous assets as well as for individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired. Assets carried at fair value through profit or loss are not subject to impairment testing as the measure of fair value reflects the credit quality of each asset.

33.2 Liquidity Risk

Liquidity risk arises due to mismatch between assets and liabilities of the company; and as a result, inability to honour the liabilities when fallen due.

Managing the liquidity risk is of utmost importance to the company. Since the breach of liquidity requirements may expose the company to other risks such as reputational risk and compliance risk.

Hence, breach of liquidity requirements will directly affect the company's going concern and credibility among stakeholders.

The objective of liquidity risk management is to bridge the gap between asset-liability maturity mismatch and ultimately it is important for the company to identify the correct combination of liquidity and profitability.

Contractual maturities of assets and liabilities of the Company is given in note 39 - Maturity Analysis.

33.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc; will affect the Company's income or the carrying value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the returns.

33.3.1 Currency Risk

The Company is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the functional currency which is Sri Lankan Rupees.

However, the company does not have material long term floating rate borrowings or deposits, which would result in a material interest rate risk, as at the reporting date.

33.3.2 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuates because of changes in market interest rates. The exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation and Investments with floating Interest rates.

However the company does not have material long term floating rate borrowings or deposits, which would result in a material interest rate risk, as at the reporting date.

The Company utilises a mix of financial instruments to manage exposure to interest rate risks arising from Financial instruments.

*Notes to the Financial Statements***33. FINANCIAL RISK MANAGEMENT CONTD.****33.4 Operational Risk**

Operational risk arises due to internal process failures, human capital losses, inadequate internal process, technological breakdowns and adverse impact from external events. Operational risk act as a bottleneck for many companies, due to inadequate risk awareness, absence of operational risk indicators or insufficient internal controls.

Purpose of managing operational risk is to minimise the normal losses that incur due to internal activities, restoring any disruption without impacting the core business of the company and mitigating replication of such events in the future.

Managing operational risk is the prime responsibility of all employees and the Company has executed a well defined operational risk policy framework. Internal controls and strict system audits are kept in function in order to enhance the operational risk mitigating process

Company has adopted the following approaches in order to mitigate operational risks within its business context.

- Stringent operational policies and practices
- Effective HR policies and practices
- Promoting ethical business standards
- Training and development
- Contingent and backup plans
- Stringent internal controls

34. RELATED PARTY TRANSACTIONS**34.1 Transaction with related Companies**

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 Disclosures', the details of which are reported below.

Name of the Company	Name of Director	Nature of transactions	Amount (Paid)/ Received 2015 Rs.	Amount (Paid)/ Received 2014 Rs.
Entrust Limited	Mr I D B Dassanayake	Loans obtained	-	318,000,000
	Mr C U Ratwatte	Capitalisation of interest	45,288,492	42,808,794
	Mr K P N S Dayaratne	Loan Repayment	(30,000,000)	(209,000,000)
	Mr B N R Mendis	Settlement against disposal of portfolio (Note 34.2)	(336,183,088)	-
	Mr T Kanagasabai	Waive off of interest charged on loan	(10,000,000)	-
	Mrs R D Senerath	Reimbursement of Expenses	2,209,632	977,336
		Rent	(729,696)	(1,244,992)
		IT & HR Services	6,600,000	6,850,273
		Repayment IT & HR Services	(9,856,089)	(1,033,131)
		Repayment Welfare & Other Charges	(106,768)	(108,100)
		Telephone Charges	8,798	(374,584)
		Tea & Others	1,195,980	64,023
		Fixed assets transfer	92,890	-

Name of the Company	Name of Director	Nature of transactions	Amount (Paid)/ Received 2015 Rs.	Amount (Paid)/ Received 2014 Rs.
Entrust Securities Limited	Mr I D B Dassanayake	Asset Transfer	9,600	86,778
	Mr C U Ratwatte	Others	2,445,647	40,198
	Mr G A K Nanayakkara	Repayment Expenses	(2,269,925)	(544,928)
	Mrs R D Senerath	Reimbursement of Expenses	154,422	97,574
	Mr R M S Tilakawardana	Rent	(130,099)	(130,099)
	Mr N N P Jayasuriya	Promotion & Other Expenses	(2,933)	(44,643)
Entrust Health Care Limited	Mr I D B Dassanayake	Asset Transfer	-	650,877
	Mr C U Ratwatte	Repayment Expenses	(14,325)	(650,877)
	Mr T Kanagasabai	Telephone Charges	14,325	-
	Mrs R D Senerath	Reimbursement of Expenses	-	1,420,557
	Mr K P N S Dayaratne			
	Mr B N R Mendis			

34.2 Disposal of portfolio to Entrust Ltd.

Loan portfolio of the company with a value of Rs. 336.18 Mn as at 31st March 2015 was disposed to Entrust Ltd in settlement of loan facility obtained. The transfer price effected was the gross book value as at 31st March 2015.

Type of asset	Value of transferred portfolio Rs.
Lending stock	233,836,124
Repossessed stock	87,720,606
Pawning stock	14,626,358
	336,183,088

34.3 Transactions with Key Management Personnel

Transactions with key management personnel according to LKAS 24-'Related Party Disclosures'; key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive) have been classified as key management personnel of the Company.

*Notes to the Financial Statements***34. RELATED PARTY TRANSACTIONS CONTD.****34.3 Transactions with Key Management Personnel Contd.****34.3.1 Key Management Personnel compensation**

As at 31st March	2015 Rs.	2014 Rs.
Short-term employee benefits	6,224,000	3,600,000
Total	6,224,000	3,600,000

The short term employment benefits include only the directors fees and emoluments paid to Directors of the company.

34.3.2 Key Management Personnel transactions

	Balance outstanding as at 31st March 2015 Rs.	Balance outstanding as at 31st March 2014 Rs.
Deposits held with the Company	12,494,191	10,731,648
Total	12,494,191	10,731,648

35. COMPARATIVE INFORMATION

To facilitate comparison and where relevant, the balances pertaining to the previous year have been reclassified to confirm to the current year classification and presentation.

36. CAPITAL COMMITMENTS

The Company had no material capital commitments outstanding as at the Balance Sheet date.

37. CONTINGENCIES

There were no material contingent liabilities as at the balance sheet date, which require adjustments to or disclosure in the Financial Statements.

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date, that require adjustments to or disclosure in the Financial Statements.

39. MATURITY ANALYSIS

An analysis of the total assets employed and total liabilities as at the year end, based on the remaining period at the Balance Sheet date to the respective contractual maturity dates is given below.

Maturity Period

Assets/Liabilities	Up to 3 Months Rs.	3 to 12 Months Rs.	1 to 3 Years Rs.	3 to 5 Years Rs.	More than 5 Years Rs.	Total Rs.
Cash & Cash Equivalents	129,639,500	-	-	-	-	129,639,500
Financial assets held for trading	1,821,724	-	-	-	-	1,821,724
Rental Receivable on Lease	23,330,052	42,260,310	65,497,539	11,286,213	897,879	143,271,993
Rental Receivable on Hire Purchase	40,233,582	71,363,110	101,323,817	13,525,793	125,034	226,571,336
Advances & Other Loans	175,939,231	126,123,030	80,437,170	21,274,552	-	403,773,983
Trade & Other Receivable	2,883,073	8,663,045	24,009,704	9,192,555	1,498,098	46,246,475
Investment in Long term						
Government securities	-	-	-	4,348,102	31,969,310	36,317,412
Financial assets available for sale	9,354,305	-	-	-	-	9,354,305
Intangible Assets	2,881,634	-	-	-	-	2,881,634
Property, Plant & Equipment	-	-	-	-	10,852,431	10,852,431
Deferred Tax Asset	-	-	-	-	11,444,016	11,444,016
Total Assets	386,083,101	248,409,495	271,268,230	59,627,214	56,786,769	1,022,174,809
Bank overdraft	10,943,456	-	-	-	-	10,943,456
Deposits	199,998,499	208,195,923	25,070,680	8,292,068	-	441,557,170
Other Borrowings	6,351,091	38,209,589	72,463,847	-	-	117,024,527
Trade & Other Payables	30,931,535	-	-	-	-	30,931,535
Amount Due to Related Parties	85,732,209	-	-	-	-	85,732,209
Retirement Benefit Obligation	-	-	-	-	3,401,534	3,401,534
Deferred tax liability	-	-	-	-	-	-
Total Liabilities	333,956,790	246,405,513	97,534,527	8,292,067	3,401,534	689,590,430

Maturity Period

Assets/Liabilities	Up to 3 Months Rs.	3 to 12 Months Rs.	1 to 3 Years Rs.	3 to 5 Years Rs.	More than 5 Years Rs.	Total Rs.
Rental Receivable on Lease						
Rentals Receivable	30,505,513	60,262,615	83,522,807	13,076,626	961,950	188,329,511
Unearned Income	(7,175,461)	(18,002,305)	(18,025,268)	(1,790,414)	(64,071)	(45,057,519)
	23,330,052	42,260,310	65,497,539	11,286,212	897,879	143,271,992
Rental Receivable on Hire Purchase						
Rentals Receivable	52,312,484	98,428,037	127,571,998	15,185,215	129,348	293,627,082
Unearned Income	(12,078,902)	(27,064,927)	(26,248,181)	(1,659,422)	(4,314)	(67,055,746)
	40,233,582	71,363,110	101,323,817	13,525,793	125,034	226,571,336

*Notes to the Financial Statements***40. SEGMENTAL ANALYSIS**

	Finance		Investing		Total	
	2015/14 Rs.	2014/13 Rs.	2015/14 Rs.	2014/13 Rs.	2015/14 Rs.	2014/13 Rs.
Revenue						
Interest	185,145,998	239,801,754	4,711,967	10,801,234	189,857,966	250,602,989
Other income	22,969,590	9,459,302	21,060,060	9,288,851	44,029,650	18,748,153
Total Gross Income	208,115,588	249,261,057	25,772,028	20,090,085	233,887,616	269,351,141
Interest expenses					118,827,943	(157,023,597)
Unallocated expenses					(340,169,153)	(160,288,592)
Net profit for the period					12,546,406	(47,961,048)
Average interest earning assets	955,113,484	1,068,321,348	78,705,506	125,925,398	1,033,818,990	1,194,246,747

41. EXPLANATION FOR TURN AROUND

As part of restructuring the company, during the latter part of 2014/2015 the Board of Directors of Multi Finance PLC (MFPLC) entered into an agreement with Entrust Ltd. (EL) to sell an identified lending portfolio to the value of Rs. 336.18 Mn (Note 34.2) towards settling the term loan facility of Rs. 425.39 Mn obtained from EL.

The above transaction resulted in the reversal of provision for bad and doubtful debts in relation to loans and other advances amounting to Rs. 35.94 Mn as well as reversal of provision against decrease in value of repossessed stock amounting to Rs. 14.67 Mn for the financial year ended 31st March 2015. Moreover, the repossessed stock was transferred to Entrust Ltd. at the gross book value, resulting in an additional gain of Rs. 17.4 Mn for the financial year.

In addition, the company also received an interest waive off of Rs. 10 Mn on the interest expense incurred during the year in relation to the term loan taken from Entrust Limited, as per the restructuring plan.

As a result of the above gains realised, the company was able to record a post-tax net profit of Rs. 12.55 Mn for the financial year ended 31st March 2015 and the accumulated loss as at that date was Rs. 33.31 Mn (2013/14 Rs. 50.7 Mn).

Further, the management is confident that the Company will continue to make significant profits month on month during the coming financial year and erase the accumulated total loss of Rs. 33.31 Mn with the implementation of the new business plan and the benefits gained from the restructure. The company will further strengthen in the coming financial year with strong core values and adopting best practices in the industry, whilst meeting the core capital requirement to the level required by the regulators.

Based on the above, the Board of Directors are of the view that the company will be able to continue as going concern.

Investor Information

20 Major Shareholders as at 31st March 2015

#	NAME	NO OF SHARES	%
1	ENTRUST HOLDINGS LIMITED	19,037,186	84.75
2	MISS. R.W.K.C.M.M.A.S. FERDINANDO	500,000	2.22
3	ENTRUST LIMITED	186,000	0.82
4	LAUGFS GAS LIMITED	184,900	0.82
5	SEYLAN BANK PLC/R.P.L. EHELIYAGODA & S.U.R. EHLYI	175,677	0.78
6	MR. V.D. RANAPURA	116,194	0.51
7	MR. M.M. DISSANAYAKE	115,539	0.51
8	MR. W.N. ABEYSURIYA	88,007	0.39
9	MRS. K.V.W.S. MADDUMAGE	78,115	0.34
10	MRS. S. GUNASINGHE	58,000	0.25
11	MR. P.A. RAJANIKANTH	43,800	0.19
12	MR. P.G.W. SIRISENA	38,000	0.16
13	FIRST CAPITAL MARKETS LIMITED/BIMPUTH FINANCE PLC	34,000	0.15
14	MR. K.M. DISSANAYAKE	32,600	0.14
15	ALMAR INTERNATIONAL (PVT) LTD	30,000	0.13
16	MRS. M.P. RAJAPAKSE	30,000	0.13
17	MR. S. C. HEWAWITHARANA	26,800	0.11
18	MR. U.D. RAJAPAKSHA	26,623	0.11
19	MERCHANT BANK OF SRI LANKA PLC/W.A.S.P.ABESIRIWARDANA	26,521	0.11
20	MR. M.S. IQBAL	26,450	0.11
Directors' Shareholding		22,575	0.03
Other Shareholding		1,585,052	6.71
Total		22,462,039	100%

- Public Shareholding - 14.32%
- Shares un-lodged with the CDS - 107,552

Investor Information

20 Major Shareholders as at 31st March 2014

#	NAME	NO OF SHARES	%
1	ENTRUST LIMITED	19,223,186	88.63
2	MR. W.A.S.P.DE SARAM	516,806	2.3
3	PREMIUM CAPITAL (PVT) LIMITED	500,000	2.2
4	LAUGFS GAS LIMITED	184,900	0.8
5	MR. V.D. RANAPURA	116,194	0.51
6	MR. M.M. DISSANAYAKE	97,800	0.43
7	MR. P.A. RAJANIKANTH	43,800	0.19
8	MR. S.N.C.W.M.B.C. KANDEGEDARA	43,400	0.19
9	MR. P.G.W. SIRISENA	38,000	0.16
10	MR. K.M. DISSANAYAKE	37,600	0.16
11	ALMAR INTERNATIONAL (PVT) LTD	30,000	0.13
12	DR. N.T. ATUKORALA	27,947	0.12
13	MR. S.C. HEWAWITHARANA	26,800	0.11
14	DR. M.A.M.S. COORAY	26,096	0.11
15	MR. R.P.P. SENARATNE	25,100	0.11
16	MR. T.J. HANDANA	25,000	0.11
17	MR. M.D.S.S. GUNARATHNE	25,000	0.11
18	DR. A.R. KARUNARATNA	23,522	0.10
19	MR. C.P. LIYANA GUNAWARDANE	21,500	0.09
20	MR. S.S.M. EKANAYAKE	21,200	0.09
Directors' Shareholding		22,575	0.01
Other Shareholding		1,370,686	6.10
Total		22,447,112	100%

- Public Shareholding - 14.32%

Distribution of Shareholding as at 31st March 2015

From - To	No of Shareholders	No of Shares	%
1 - 1,000	592	164,248	0.80
1,001 - 10,000	222	835,278	3.14
10,001 - 100,000	44	1,039,465	4.09
100,001 - 1,000,000	7	1,149,465	5.89
Over 1,000,000	1	20,315,496	86.04
Total	865	23,503,952	100%

Analysis of Shareholders as at 31st March 2015

Category	No of Shareholders	No of Shares	%
Local Individuals	865	2,670,893	11.89%
Local Institutions	32	19,791,146	88.10%
Foreign Individuals	None	None	N/A
Foreign Institutions	None	None	N/A
Total	881	22,462,039	100%

Directors' Shareholding as at 31st March 2015

Name of Director	Shareholding as at 31/03/2015	Shareholding as at 31/03/2014
Mrs. C. J. Atapattu	20,575	20,575
Mr. K. P. N. S. Dayarathne	1000	1000
Mr. B. N. R. Mendis	1000	1000
Total	22,575	22,575

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting – 2015 of Multi Finance PLC will be held on Friday, 25th September 2015 at 3.00 pm at the Rainbow Hall, Grand Oriental Hotel, No.02, York Street, Colombo 01 for the following purposes:

1. Ordinary Resolution 1

To receive and consider the Report of the Directors and the Statement of Accounts for the Financial Year ended 31st March 2015 together with the Report of the Auditor's thereon.

2. Ordinary Resolution 2

To re-elect as a Director, Mr. R. M. S. Tillakawardana who retires by rotation pursuant to Article 87 of the Articles of Association of the Company.

3. Ordinary Resolution 3

To re-appoint Messrs. KPMG, Chartered Accountants, as Auditors to the Company and to authorise the Directors to determine their remuneration.

5. Ordinary Resolution 4

To authorize the Directors to determine and make donations.

Notes:

1. Only persons who are shareholders of the Company and whose names appear on the Share Register as at the AGM date will be entitled to attend the above meeting.
2. A shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her place by completing the Form of Proxy enclosed herewith.
3. A proxy need not be a shareholder of the Company. However, the proxy must be above 18 years of age.
4. Shareholders/Proxy holders are kindly advised to bring with them their National Identity Card when attending the meeting.
5. For more information, please refer Administrative Details enclosed herewith.

By Order of the Board
MULTI FINANCE PLC



Sanjani de S. Gamage
Company Secretary

14th August 2015
Colombo

Notes

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across its entire width, providing a template for writing or drawing. The margins are consistent on all sides.

Form of Proxy

I/We (name of shareholder/s)
 (holder of NIC/Company Registration No./s) of (address of shareholder/s)

 being a shareholder/s of Multi Finance PLC hereby appoint:

☐ (Name of proxy)
 (holder of NIC/Passport No.)
 of (address of proxy)

OR failing him/her

☐ Edinadura Kuvera Isuru de Zoysa (Chairman of the Company) or, failing him, one of the Directors of the Company

as my/our proxy to represent me/us and vote on my/our behalf in accordance with the preference as indicated below at the Annual General Meeting – 2015 of the Company to be held on 25th September 2015 at 3.00 pm and at any adjournment thereof and at every poll which may be taken in consequence thereof.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		

(Please indicate with a 'X' in the space provided how your proxy is to vote on each resolution. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Signature(s) of Shareholder(s)	Contact No. of Shareholder(s)	Date

Note:

Instructions as to completion of the Form of Proxy are on the reverse hereof.

*Form of Proxy***Notes and Instructions as to completion of Form of Proxy**

1. A shareholder entitled to attend and vote at the meeting but is unable to attend the meeting, can appoint not more than one proxy to attend and vote at the AGM instead of him/her, by completing the Form of Proxy.
2. Please complete the Form of Proxy by filling in legibly, your full name, address and contact number and thereafter date and sign in the space provided.
3. In order to be valid, the Form of Proxy must be duly completed and forwarded to the Company Secretary, Multi Finance PLC, Level 23, East Tower, World Trade Centre, Echelon Square, Colombo 01 and must be received not later than 48 hours before the time appointed for holding the meeting, i.e. before 3.00 pm on 22nd September 2015.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
5. If the appointer is a Company or Corporation, the Form of Proxy should be executed either under its Common Seal or by a duly authorised officer of the Company or Corporation in accordance with its Articles of Association or Constitution.
6. The Form of Proxy should only be used for the purpose of appointing a proxy to attend and vote on your behalf at the AGM in the event you are unable to attend the meeting, and should not be used to confirm participation at the AGM.
7. If a shareholder has submitted a Form of Proxy prior to the meeting and subsequently decides to attend the meeting him/herself, he/she should take immediate steps to revoke the appointment of proxy.

Corporate Information

Name of Company

Multi Finance PLC

Legal Form

Incorporated as a public limited liability company on 14th October 1974 under the Companies Ordinance No.51 of 1938, the Company was re-registered under the Companies Act No. 07 of 2007 on 26th February 2009. The Ordinary Shares of the Company were listed on the 'Diri Savi' Board of the Colombo Stock Exchange on 13th July 2011.

Company Registration Number

PB 891 PQ

Licenses to Operate

Multi Finance PLC is a finance company registered by the Monetary Board of the Central Bank of Sri Lanka in terms of Finance Business No.42 of 2011 and also a registered leasing establishment under Section 5 of the Finance Leasing Act No.56 of 2000. It is also an Approved Credit Agency under the Mortgage Act No.06 of 1949 and the Trust Receipts Ordinance No.12 of 1947.

Accounting Year-end

31st March

Board of Directors

Mr. E. K. I. de Zoysa

Chairman/Independent, Non-Executive Director

Mr. R. M. M. J. Ratnayake

Deputy Chairman/Independent, Non-Executive Director

Mr. I. D. B. Dassanayake

Executive Director

Mr. C. R. Ratwatte

Executive Director

Mrs. R. D. Senerath

Group Executive Director/Group Chief Operating Officer

Mrs. C. J. Atapattu

Director – Legal & Recoveries/Executive Director

Mr. R. M. S. Tillakawardana

Non-Executive Director

Mr. K. P. N. S. Dayarathne

Non-Executive Director

Mr. B. N. R. Mendis

Non-Executive Director

External Auditors

M/S. KPMG, Chartered Accountants

Internal Auditors

M/S PricewaterhouseCoopers, Chartered Accountants.

Bankers

Commercial Bank of Ceylon PLC

Sampath Bank PLC

People's Bank

Seylan Bank PLC

Pan Asia Banking Corporation PLC

Company Secretary

Ms. Chayanika Abeyratna

(resigned w.e.f. 31st December 2014)

Ms. Sanjani de S. Gamage

(appointed w.e.f. 01st January 2015)

Registered Office

Level 23, East Tower,
World Trade Center, Echelon Square,
Colombo 01

Tel: +94-11-5500600

Fax: +94-11-5266060

Business Office

No.17, Charles' Drive,
Colombo 03

Tel: +94-11-4645555

Fax: +94-11-4645564

E-mail: info@multifinance.lk

Website: www.multifinance.lk

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Multi Finance PLC
<http://mfplc.entrust.lk/>