COLOMBO TRUST FINANCE PLC

Transcendence for a Better **Future**

ANNUAL REPORT
2015/16

Contents

Transcendence for a Better **Future**

Colombo Trust Finance is no stranger to the world of providing state of the art and punctiliously customized financial solutions.

Your Company has taken steps to grow and further augment its services thanks to the advocacy of Cargills Group, while being a subsidiary of Cargills Bank.

Colombo Trust Finance looks to the impending future with fervency, focus and fastidious intent as the Company continues to transform and transcend into a more eclectic yet expansive solution facilitator in the finance market.

We are certain that countless opportunities and lucrative ventures lie before us as your Company epitomizes its penchant for quality, its reputation for reliability, while ensuing to grow perpetually, ensuring that sustainability is a pristine part of its operational framework.

Transcending conventions.

Transcendence for a Better Future.

Our Vision

To be a force in the financial services industry by providing dependable and innovative total financial solutions.

Our Mission

To provide innovative financial solutions with differentiated value added customer services whilst maintaining service excellence.

Core Values of CTF

The age-old traditions based on trust still prevail in our country. They give us the strength and stability to progress, ensuring security, success and prosperity. These are also the core values of Colombo Trust Finance PLC.

About Us

Colombo Trust Finance PLC is a subsidiary of Cargills Bank Limited.

Formed in 1981 as Silvereen Finance Company Limited, the finance company has deep roots in Kandy. The Company was owned by a reputed family in Kandy, which focused on lending to help clients in the area.

In March 2009, Silvereen was acquired along with ABC Credit Card Company by the state-run People's Merchant Bank PLC. The name was changed to People's Merchant Finance Company Limited thereafter.

In May 2011, Capital Alliance bought 99 percent stake of the Company and changed the name to Capital Alliance Finance PLC in September 2011.

In August 2014 Cargills Bank Limited acquired 73 percent stake of the Company and currently holds 80 per cent and changed the name to Colombo Trust Finance PLC in December 2015.

The Company is primarily involved in the business of accepting deposits and also offers finance leasing, hire purchase facilities, business loans and also introduced short term working capital financing products, namely factoring, cheque discounting and trade financing facilities as a part of its product diversification strategy. Colombo Trust Finance PLC Finance is one of the few players who offer margin trading facilities.

We are three-decades old and registered with the Central Bank of Sri Lanka.

Financial Highlights

	2016 Rs.	2015 Rs.	Change %
Financial performance			
Interest income	163,871,924	173,413,528	(6)
Net interest income	91,626,037	86,365,160	6
Profit/loss for the year	(3,094,422)	8,766,400	(135)
Financial position			
Loan and advances	916,688,860	943,618,257	(3)
Total assets	1,118,598,271	1,151,016,723	(3)
Shareholders' funds	442,345,408	329,525,536	34
Total deposits	617,229,310	680,438,675	(9)
Information per ordinary share			
EPS (Rs.)	(0.07)	0.23	(130)
Net assets (Rs.)	9.51	8.50	12
Market value as of end (Rs.)	10.10	13.70	(26)
Price earning (P/E) ratio	-	60.58	-
Ratios			
Return on average assets	-0.5%	1%	(150)
Return on equity	-1%	3%	(133)
Net interest margin (NIM) on average assets	8%	7%	14
Compliance ratios			
Core capital to risk weighted assets (minimum 5%)	45%	30%	50
Total capital to risk weighted assets (minimum 10%)	45%	30%	50
Liquid assets to deposits	17%	14%	21
Equity to total assets	40%	29%	38

Rs. 175 Million
Revenue

Rs. 92 Million
Net Interest

Rs. 1,118 Million
Total Assets

Chief Executive Officer's Review

Colombo Trust Finance PLC (CTF) which was previously known as Capital Alliance Finance PLC one of the leading non-banking financial sector players in the country, managed to overcome restraints which limited its growth by the latter part of the financial year. Especially the Company's core capital requirement was compiled with the backing of its financially robust holding company which acquired CTF in the middle of the financial year 2014/15 under the consolidation programme in the financial sector introduced by Central Bank of Sri Lanka.

Further the Company's name changed to its present name as a result of its attachment/ interest of the previous controlling owner being Capital Alliance (CAL) group.

At present the Company's shareholder funds stands at Rs.442.3 million which increased from Rs.329 million by complying with the regulations set out by Central Bank by way of a rights issue of Rs.116 million, however this did not have a major impact on the Company's growth as it took place during latter part of the financial year as explained earlier.

During the year under Review Company's Operating Loss before VAT on financial stands at Rs.2.7 million which compared to Profit of Rs.0.6 million resulted due to significant increase in its impairment on legal balances. To keep in line with the group policy the CAPEX deprecation method was changed from diminishing balance method to straight line method which resulted in a further increase in loss of the year and stood at Rs.3.09 million.

The Company's interest income has decreased from Rs.173.4 million to Rs.163.8 million in the year under review and thus achieving higher net interest income of Rs.91.6 million compared to Rs.86.3 million in the previous year mainly due to growth in the working capital loans such as Factoring, Cheque Discounting and Revolving Loan facilities commenced before 2 Years ago and in 2016 it represent 29% of total lending portfolio.

Nevertheless the restraints hindered the growth of the Company it maintained its asset base without significant change and keeping its operating expenses at the same level compared to previous year and managed to maintain Non-Performing Loan (NPL) at 10% without further deterioration.

Now as the Company has overcome many of the previous restraints which held it back and has already begun operations, now working towards its expansion and growth in the industry and will make a significant change within the next financial year.

Appreciation

It is a pleasure to work under the leadership of Mr. Mangala Boyagoda who is a veteran Banker and he is credited with introducing many innovative financial instruments to the Sri Lankan financial market. We warmly welcome him as the Chairman of the Company.

My sincere appreciation to the Board of Directors, former Chairman Mr. Ajith Fernando, Management Team and all our staff for dedication and hard work towards guiding the Company in the right direction. I look forward to their continued commitment and support.

Colombo Trust Finance (Formerly known as Capital Alliance Finance PLC) overcomes restraints which impacted its growth in financial year 2015/16.

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

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

W. L. S. Fonseka
Chief Executive Officer

19th May 2016

Board of Directors

Mr. Mangala Boyagoda

Non-Independent Non-Executive Director

Mr. Mangala Boyagoda is a Senior Banker, possessing over 35 years' experience holding key positions in the field of Financial Services. He is the former CEO of Standard Chartered Bank. He is the present Chairman of Wealth Lanka Management (Pvt) Ltd., Director SAFE Holdings (Pvt) Ltd., Wealth Trust Securities Ltd., Asset Trust Management (Pvt) Ltd., Ceylon Hotels Corporation PLC, Sierra Constructions (Pvt) Ltd., Dankotuwa Porcelain PLC, Sri Lanka Gateway Industries (Pvt) Ltd., CA Crushing (Pvt) Ltd., Ceylinco Insurance General (Pvt) Ltd., Maskeliya Plantation PLC, Colombo Trust Finance PLC, Royal Fernwood Porcelain (Pvt) Ltd., Faber Capital (Pvt) Ltd., United Hotels Ltd & Virginia International Investments Ltd. He has served as a Consultant to the Asian Development Bank (ADB), the World Bank, the Central Bank of Sri Lanka & the Securities and Exchange Commissions of Sri Lanka & Bangladesh. He is a former President of the FOREX Association of Sri Lanka.

He holds a Master's Degree in Business Administration from the Irish International University (European Union).

Mr. Prabhu Mathavan

Non-Independent Non-Executive Director

Mr. Prabhu Mathavan is an Associate Member of the Chartered Institute of Management Accountants (UK) and the Institute of Chartered Accountants of Sri Lanka. He also holds a Bachelor's Degree in Commerce. He possesses over 23 years of experience in the fields of Finance, Auditing, Accounting and Taxation. He serves on the Boards of several other companies of Cargills Group including Cargills (Ceylon) PLC.

Ms. Sarojini Dunuwille

Non-Independent Non-Executive Director

Ms. Sarojini Dunuwille is an Attorney-at-Law and counts over 40 years in the legal profession out of which over 33 years has been in the Banking sector. She started her Banking career at DFCC as a Legal Officer in 1981 where she was exposed to development lending and company secretarial work. She resigned as the Acting Chief Legal Officer and Secretary to the Board, in 1994 to take a short career break and she was invited to set up the legal department of Union Bank of Colombo PLC in 1995 as Head of Legal and Secretary to the Board. She has had exposure to the entire spectrum of commercial banking business, personal banking, corporate banking, HR etc, having drafted most of the legal documents for Union Bank. She resigned in 2003 to join Commercial Bank of Ceylon PLC as its chief legal officer. She joined Cargills Bank Limited in April 2012 as Assistant General Manager - Legal and Company Secretary.

Mr. Roshaan Hettiaratchi

Independent Non-Executive Director

Mr. Roshaan Hettiaratchi is an Attorney-at-law by profession having a wide practice in the Original Courts as well as in the Appellate Court, specializing in Commercial Law, Business Law, and Intellectual Property Law, he counts over 16 years of experience. He also holds a Master's Degree in Intellectual Property Law and Information Technology.

He also serves as an Independent Director at State Mortgage & Investment Bank as well as serving as a Director in several other unlisted companies.

Mr. Priyan Edirisinghe

Independent Non-Executive Director

Mr. Priyan Edirisinghe Presently Partner of Baker Tilly Edirisinghe & Co. Chartered accountants with over 19 years experience in finance field. He is a fellow member of CA Sri Lanka, and Associate of the Chartered Institute of marketing UK. He also holds an MBA. He started his career at Ernst & Young, with industry experience in Sri Lanka and overseas.

Management Team

Lohika Fonseka

Chief Executive Officer

Lohika Fonseka possesses a BA (Hons) in Business Accounting – UK, Diploma in Banking from the Bankers Institute of Sri Lanka and the Investment Advisor Certificate of Securities Exchange Commission of Sri Lanka. He Holds a MBA from University Of Wales, Cardiff. Also Fonseka is an Associate member of Chartered Institute of Marketing (UK) and member of Certified Management Accountant (Australia).

He counts over 22 years of experience in the Banking and Financial Services sector. He commenced his career at Hatton National Bank followed by Seylan Bank, Mercantile Leasing Limited and Orient Finance PLC and have been in the senior management for more than 12 years specialized in credit, marketing and operations. He serves as the CEO of Colombo Trust Finance PLC since October 2013.

Ashok Vitanachy

Senior Manager Operations/ Recoveries

Ashok is currently our Senior Manager Operations responsible for Operations, Recoveries and Legal. He joined us from Aureos Lanka Advises (Pvt) Limited (formerly Ayojana Fund Management (Pvt) Ltd) with over 15 years of experience in Financial Accounting and IT. He also counts over 7 years of experience in finance operations of the Manufacturing Industry & Garment sector having served Polypack Secco (Pvt) Ltd and Unichela (Pvt) Ltd. He is a Certified Accounting Technician of the Association of Chartered Certified Accountants.

Sulochana Munasinghe

Senior Manager Business Development / Credit

Sulochana counts over twenty three years of experience in the Banking and Financial sector out of which eleven years at senior management level. He began his career at Seylan Bank in 1994, followed by Nations Trust Bank and Union Bank of Colombo PLC. He joined Colombo trust Finance PLC as Senior Manager - Business Development in September 2012. He holds an AIB and a Diploma in Credit Management from the Institute of Bankers of Sri Lanka and was able to secure a merit pass in the management course “Developing Managers for the Future”, conducted by the Postgraduate Institute of Management in 2011.

Tharaka Wickrama

Head of Marketing / Factoring

Tharaka heads the Marketing and Factoring divisions of the Company. He is proficient in Customer Care and Marketing, both locally and internationally. Prior to joining Colombo Trust Finance PLC he served at Orient Finance PLC for over 2 years as the Assistant Manager Factoring and counts 16 years of experience in Investments & Information Technology, having served Ceylon Asset Management, hSenid Business Solution, Excel Group of Companies and Abans Lanka (Pvt) Limited. He is a Diploma holder in Marketing from the London Business School.

Management Discussion & Analysis

Industry Overview

Performance of Non-Banking Financial Institutions /Licensed Finance Companies (LFCs) and Specialized Leasing Companies (SLCs) Sector

The performance of the LFC/SLC sector remained robust during 2015 in terms of the expansion of both business volume and outreach, reflecting the extended economic activities, appropriateness of policy initiatives and supportive regulatory and supervisory measures in place. According to Central Bank of Sri Lanka, the Licensed Finance Companies and Specialized Leasing Companies represents 7% of Sri Lanka's financial system has also played a vital role in the financial sector in 2015.

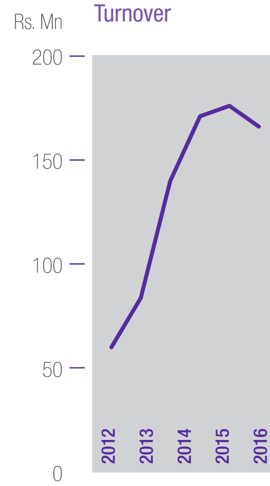
Business Expansion

(a) Outreach:
This sector comprised of 46 LFCs and 7 SLCs by end 2015. The branch network of LFC/SLC sector expanded further in 2015 by 84 to 1,216 branches with emphasis placed on areas outside the Western Province. The ratio stood approximately at 1:2 reflecting greater outreach to outside the Western Province

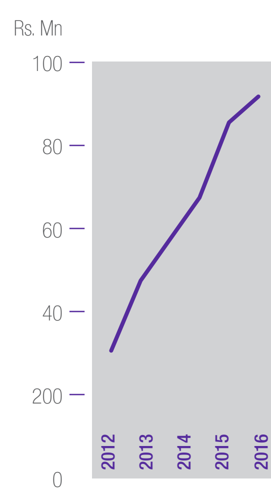
(b) Assets:
Total assets of the LFC/SLC sector expanded in 2015 at a higher pace. Total assets of the sector grew by 22.3 per cent or Rs 181.6 billion in 2015 compared to a growth of 19.0 per cent or Rs 130.0 billion in 2014. The growth of assets was largely supported by the increase in borrowings by 44.6 per cent or Rs. 96.9 billion and deposits by 16.1 per cent or Rs 66.5 billion. Funds mobilized were largely utilized in granting loans and advances. Throughout 2015, the sector experienced a strong demand for credit on vehicle leasing and other secured loans. Credit growth accelerated as indicated by loans and advances which robustly grew by 31.8 per cent or Rs 192.1 billion to Rs. 795.8 billion at end 2015, compared to a growth of 15.8 per cent or Rs 82.4 billion during 2014 due to high growth in other secured loans and finance leases. The investment portfolio comprises of investment in equities, capital market debt instruments, government securities and investment properties, recorded a negative growth of 9.2 per cent or Rs 10.1 billion in 2015 compared to 111.9 per cent growth recorded in 2014. Other assets mainly comprised in the form of cash, balances with banks and financial institutions, trading stocks and fixed assets showed a marginal increase during 2015.

(c) Liabilities:
The share of deposits in total funding decreased to 48.2 per cent in 2015 from 50.8 per cent in 2014. However, there was a steady growth in deposits as the sector continued to attract depositors due to relatively high deposit rates offered by LFCs compared to those of banks. Total deposits grew by 16.1 per cent or Rs 66.5 billion to Rs 480.6 billion in 2015 at a lesser magnitude, compared to a 22.8 per cent growth in 2014. The deposit mobilization was mainly through time deposits accounting for 95 per cent of the total deposits whilst a slight increase was shown in the savings deposit base. The total borrowings recorded a notable increase of 44.6 per cent or Rs 96.9 billion to reach Rs. 314.3 billion by end 2015 compared to 12.6 per cent in 2014 and the share of borrowings increased to 31.6 per cent in 2015 from 26.7 per cent in 2014. High growth in borrowings was largely due to funds obtained from the banking system and debenture issues. The capital elements of the sector increased marginally by 5.4

Total Income/ Turnover



Net Interest Income



per cent to Rs. 123.1 billion at end 2015, mainly on account of internally generated profits made during the year. Risks in the LFC/SLC Sector

Profitability and Capital Resources

(a) Profitability:
During 2015, the LFC/SLC sector recorded a profit after tax of Rs. 15.2 billion compared to Rs. 14.8 billion in 2014. Despite the improvements of core business operations, sharp increase of operational costs mainly contributed to moderation of profits. The net interest income picked up notably by 32 per cent to Rs. 82 billion due to expansion of credit portfolio, particularly due to increasing higher yields on micro-finance lending and of finance lease portfolios. This has resulted in improving the net interest margin to 8.7 per cent in 2015 from 8.0 per cent in 2014. The marginal increase of non-interest income recorded in 2015 was due to increased revenue from default charges and service charges. The provisions made on drop in market values of investments and increased staff costs were among the main reasons for the increased non-interest expenses. The loan loss provisions made against NPLs was lower by Rs.1.5 billion during 2015 when compared to Rs 11.0 billion made in 2014. The profitability indicators of the sector, i.e. ROA and ROE, marginally decreased to 3.0 per cent and 12.3 per cent, respectively, in 2015 from 3.1 per cent and 14.0 per cent in 2014.

(b) Capital:
During the year, total regulatory capital increased by 5.8 per cent to Rs. 92.8 billion due to retention of profits. The total CAR decreased to 11.2 per cent at end 2015 from 13.5 per cent at end 2014 and the core capital ratio decreased to 10.5 per cent in 2015 from 12.8 per cent in 2014. The reduction of capital ratios was largely due to greater increase of risk weighted assets. However, both ratios remained above the minimum required level.

Supervisory and Regulatory Developments

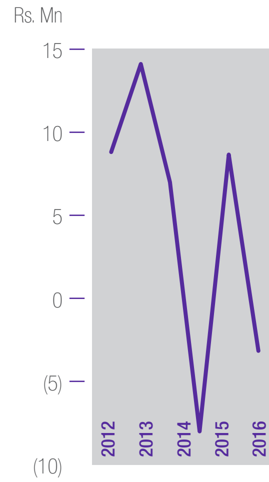
(a) New Regulations:
An acceleration in the credit demand for vehicle leasing facilities was observed by the Central Bank in 2015. With a view to pre-empt this trend, which may develop into a system-wide risk to the financial sector, the Central Bank imposed a maximum LTV of 70 per cent in respect of loans and advances granted for the purpose of purchase or utilization of motor vehicles by banks and LFC/SLC. Further, a new regulatory framework was designed to strengthen and streamline the existing policies and practices in respect of the opening, closure and relocation of branches and other outlets of LFC/SLC.

(b) Action against the Conduct of Finance
Business without Authority:
The Central Bank continued to carry out investigations on institutions allegedly engaged in finance business without authorization while assisting courts with respect to pending litigation issues. Awareness campaigns were conducted to educate the public on the risk of investing in unauthorized financial institutions by way of country-wide seminars/workshops and through radio advertisements, posters, leaflets and press notices published in electronic and print media in all three languages.

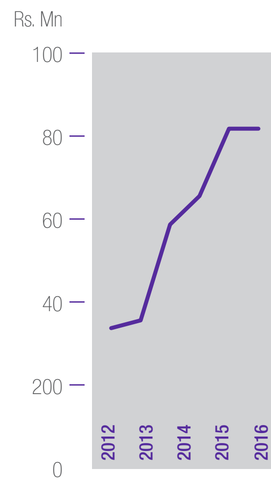
Operations Review

Other than Leasing, Hire Purchase and Margin Trading, company diversified in to working capital loans such as Factoring, Cheque Discounting and Revolving Loan

Net Profits



Total Expenditure



Company continues to transform and transcend in to a more eclectic yet expansive Solution Facilitator in the Finance market facilities commenced before 2 Years ago and in 2016 it represent 29% of total lending portfolio. Our performance in all these areas has been significant, with leasing and working capital loans being the leading income earners. At present, the Company offers these facilities through its two branches. Our reach will gradually expand the business by opening new branches with the five year corporate plan which will take place in the near future and the Company continues to transform and transcend in to a more eclectic yet expansive solution facilitator in the finance Market.

We provide Leasing and Hire Purchase facilities for all types of motor vehicles and equipment. Our Margin Trading operations, which commenced three years back has now reached a steady position and is expected to further expand by attracting a larger clientele. Our lending portfolio has consisted following products and leasing, business loans and working capital loans recorded a substantial increase during the year, growing by 22%, 32% & 14% respectively. Due to unfavorable market condition Margin Trading portfolio reduced from Rs. 142 Million to Rs. 113 Million.

- Leasing
- Business Loans
- Trade financing products - Pledge Loans
- Revolving Loans
- Factoring
- Cheque Discounting
- Margin Trading
- Hire Purchases

Deposits

With the anticipated decline in interest rates our deposit base reduced from Rs. 680 Million to Rs. 617 Million, which is a fall of 9.29%. Our fixed deposit portfolio consists of institutional investors, individuals as well as senior citizens

Shareholders' Funds

The shareholders' funds have increased from Rs.329 Million to Rs.442 Million. The increase mainly due to the right issue of Rs.116 Million

Operating Expenses

Our operating expenses and personnel cost did not show any considerable variance compared to the last year.

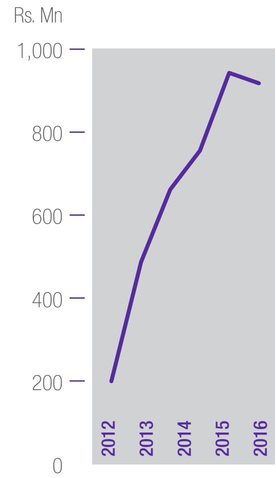
Financial Achievements

We are fully compliant with Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS). The Company recorded a loss of Rs. 3.09 Million during the financial year review due to increase in impairment expenses for loans and advances of Rs. 22.9 Million which will not be experienced continuously in future financial years. However, Net interest income was increased during the year from Rs. 86.3 Million to Rs. 91.6 Million.

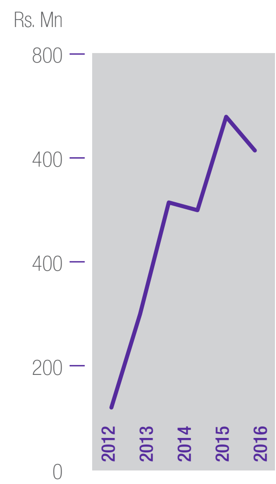
Information Technology

We have successfully migrated to the new IT system "Inbank", implemented by Open Arc Systems Management (Pvt) Limited. Along with the launch of our new products, Factoring & Cheque Discounting facilities, we coupled a specialized Factoring IT system known as "CAL Factor" which was implemented by SASIA Net (Pvt) Ltd., in order to enhance our level of service.

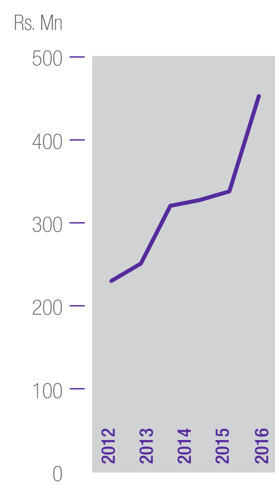
Total Advances



Total Deposit



Shareholder's Fund



Corporate Governance

Corporate Governance is popularly understood as the system by which Companies are directed and controlled. The Board of Directors is responsible for the governance of the Company. Our Board has placed considerable emphasis on developing rules, structures and processes to ensure integrity and transparency in all of the Company's dealings and on making the best effort in achieving performance and quality profits. We have continuously refined our structure and system to ensure governance to be on the lines as defined, aware all the time that we are accountable to our stakeholders and the general public.

This statement describes the application of the Corporate Governance practices within the Company during the year under review.

Compliance with the Code of Best Practice

The Company currently compiles with the requirements set out in the Code of Best Practice for Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Rules on Corporate Governance contained in the Listing Rules of the Colombo Stock Exchange.

Board of Directors

The Board is the top most body of Colombo Trust Finance PLC that carries the responsibilities of directing the Company and of supervision. The responsibilities of the Board include making an accurate assessment of the Company's position, making strategic decisions, attending Board meetings and Board sub-committees, ensuring good governance and overseeing the risk management of the Company.

Board Sub-Committees

An Audit Committee, Integrated Risk Management Committee, Remuneration Committee, Related Party Transaction Committee and Nomination Committee function as Sub-Committees of the Board. The above Committees consist of a majority of Non-Executive Directors and their names are given on pages 38 and 39. The Accountant functions 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. Besides, the Company had identified Committees in-house for recoveries, credit and assets and liability management to regulate the relevant areas thereby ensuring that decision-making is on a participatory basis. The Reports of the Audit Committee and Remuneration Committee are given on pages 34 and 35.

Composition

The Board comprises Five (5) members of whom including the Chairman are Non-Executive Directors with a balance of skills and experience which is appropriate for the business carried out by the Company. The Board has determined that two (2) Non-Executive Directors are 'independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

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 38 and 39.

Board Meeting

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 once a month, and wherever necessary Special Meetings of the Board are held. During the year ended 31st March 2016, Ten (10) meeting of the Board were held. The attendance at the meetings were:

Name of Director	Non-Executive / Independent Non-Executive	Attendance
Mr. W. A. T. Fernando (Chairman)	Non-Executive Independent Director (Resigned on 31st December 2015)	08
Mr. E. R. G. C. G. Hemachandra	Non-Executive Independent Director (Resigned on 31st December 2015)	05
Mr. P. D. Rodrigo	Non-Independent Non-Executive Director (Resigned on 14th July 2015)	02
Mr. E. M. M. Boyagoda	Non-Independent Non-Executive Director (Appointed as the New Chairman on 23rd February 2016)	07
Mr. P. S. Mathavan	Non-Independent Non-Executive Director	10
Ms. S. M. G. Dunuwille	Non-Independent Non-Executive Director (Appointed on 14th July 2015)	08
Mr. P. P. Edirisinghe	Senior Director / Independent Non-Executive (Appointed on 19th January 2016)	02
Mr. L. D. R. Hettiaratchi	Independent Non-Executive Director (Appointed on 9th February 2016)	02

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 risk and opportunities are identified and steps are taken to achieve targets within defined time frame and budgets.

Financial Disclosure and Transparency

Financial statements are prepared in accordance with the Sri Lanka Accounting Standards, the Companies Act, the Finance Business Act and the directions and rules issued thereunder. The unaudited provisional quarterly statements of accounts are released to the Colombo Stock Exchange (CSE) in compliance with the Listing Rules of the CSE. Messrs. KPMG acts 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.

Ethical Standards

The Company requires that all its employees maintain the highest standards of integrity in the performance of their duties and dealing 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, who will drive the Company to higher levels of achievement in keeping with its mission, vision and values.

Statutory Payments

All statutory payments due to the Government, which have fallen due, have been made or where relevant provided. Retirement gratuities have been provided for in accordance with the Sri Lanka Accounting Standards, No.19, Employee Benefits.

Compliance with Central Bank Regulations

As a registered Finance Company and a registered Finance Leasing Establishment, the Company is governed by the Non-Bank Financial Institutions Directions & Rules issued by the Monetary Board 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

In the year ended 31st March 2016, the members of the Board of Directors have reviewed in detail the Quarterly Financial Statements and Annual Financial Statements in order to satisfy themselves that they present a true and fair view of the Company's affairs, and these practices have been further strengthened as per the Code of Best Practices on Corporate Governance, Listing Rules of the Colombo Stock Exchange and Directions issued under the Finance Companies Act. A summary of Director's Responsibilities in respect of Finance Statements is given on page 42.

Investor Rights and Relations

The Company is bound to safeguard the rights of all shareholders and secure equal treatment for all shareholders. The Company provides its Annual Financial Statements within the mandatory period to all shareholders and the unaudited provisional Financial Statements are released to the Colombo Stock Exchange (CSE) in accordance with the Listing Rules of CSE. All shares carry equal voting rights and the shareholders are informed of the Annual General Meeting before the mandatory period. The Board, Senior Management and the Auditors attend the Annual General Meeting to answer the questions of shareholders.

By Order of the Board.

E. M. M. Boyagoda
Chairman
Non-Independent Non-Executive Director

19th May 2016

Corporate Governance contd.

Rule Reference	Rule Description	Compliance Status
2. The Responsibilities of The Board of Directors		
2. (1) a,b,c,d,e,f,j,h,i,j,k, l,m	Strengthening the safety and soundness of the Company	**Complied** The Board formulates the business strategy and ensures that the CEO and management team possesses the skills, experience and knowledge to implement the strategy. It also ensures that effective systems are in place to secure the integrity of the information, internal controls and risk management and compliance with all applicable laws and regulations.
2. (1) .g	Areas of authority of board and key management personal	**Partially complied with** Company is in the process of preparing Board charter.
2. (2)	Chairman and CEO	**Complied** The Board has appointed the Chairman and the Chief Executive and the roles of the Chairman and the Chief Executive are separate.
2. (3)	Independent professional advice to Board Members	**Complied** The Board members are permitted to obtain independent professional advice from a third party, including the Company's external auditors and lawyers, at the expense of the Company since the Board collectively, and Directors individually, must act in accordance with the laws of the Country, as applicable to the business enterprise.
2. (4)	Conflict of interests	**Not applicable**
2. (5)	Formal schedule of matters	**Complied** The Board has a formal schedule of matters reserved to it.
2. (6)	Situation of insolvency	**Not applicable** No such situation has arisen during the year.
2. (7)	Corporate Governance Report	**Complied** This report addresses this requirement.
2. (8)	Annual self assessment by the Directors	**Not complied**
3. Meeting of the Board		
3. (1)	Board Meeting	**Complied** Board Meetings were held at monthly intervals.
3. (2)	Inclusion of proposals by all Directors in the agenda	**Complied** The Company Secretary facilitates any requests made by the Directors at the meetings or otherwise and ensures that the said matters and proposals are included in the agenda for the next meeting for discussion.
3. (3)	Notice of Meetings	**Complied**

Rule Reference	Rule Description	Compliance Status
3. (4)	Attendance to Meetings	Complied A Director, who has not attended at least two-thirds of the meetings in the period of 12 months immediately preceding or has not attended the immediately preceding three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall, however, be acceptable as attendance.
3. (5)	Board Secretary	Complied Please refer section A.1.4. of the ICASL Code compliance table.
3. (6)	Agenda and minutes of the Meetings	Complied The Secretary prepares the agenda.
3. (7)	Access to Secretary by Directors	Complied All the Directors have access to the Company Secretary.
3. (8)	The Company Secretary shall maintain the minutes of Board Meetings and such minutes shall be open for inspection at any reasonable time, on reasonable notice by any Director	Complied The Company Secretary maintains the minutes of Board Meetings, which are available for inspection by any Director.
3. (9)	Minutes of Board Meetings shall be recorded in sufficient detail so that it is possible to gather from the minutes, as to whether the Board acted with due care and prudence in performing its duties.	Complied The Company Secretary records the proceedings of the meetings and the decisions taken thereon in sufficient detail.
4. The Board's Composition		
4. (1)	Number of Directors	Complied The Board comprises of five Directors
4. (2)	Period of service of a Director	Complied
4. (3)	Appointment of an employee as a Director	Not applicable
4. (4)	Independent Non-Executive Director	Complied Two out of five Directors are Independent Non-Executive Directors.
4. (5)	Alternate Director	Not applicable
4. (6)	Credibility, skills and experience of Non-Executive Directors	Complied Profiles of the Non-Executive Directors describe the required qualities.
4. (7)	Presence of Non-Executive Directors at Board Meetings	Complied One half of the quorum were Non-Executive Directors in all meetings held.
4. (8)	Details of Directors	Complied Details of Directors are included in this Annual Report.

Corporate Governance contd.

Rule Reference	Rule Description	Compliance Status
4. (9)	Appointment of new Directors	Complied The Board collectively assesses the composition of the Board and makes appointments as necessary.
4. (10)	Appointment to fill a casual vacancy	Not applicable
4. (11)	Resignation/removal of a Director	Complied
5. Criteria to assess the fitness and propriety of Directors		
5. (1)	Directors over 70 years of age	Complied The Board does not consist of any Directors over the age of 70 years.
5. (2)	Holding in office in more than 20 companies	Complied No Director holds such number of positions.
6. Management function delegated by the Board		
6. (1) & 6. (2)	Delegation of work to the management and review of delegation process	Complied The Board 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.
7. The Chairman and Chief Executive Officer		
7. (1)	Division of responsibilities of the Chairman and CEO	Complied The roles of Chairman and Chief Executive Officer are separated.
7. (2)	Chairman shall be an Independent Non- Executive Director, and if not designate a Senior Director.	Complied Chairman is a Non-Independent Non-Executive Director. Thereby designated a Senior Director
7. (3)	Relationship between Chairman and CEO and other Directors	Complied There are no material relationships between the Chairman / CEO and / or other members of the Board which will impair their respective roles.
7. (4)	Role of the Chairman	Complied Please refer section A.3 of the ICASL Code compliance table.
7. (5)	Meeting Agenda	Complied The Chairman shall be primarily responsible for the preparation of the agenda for each Board meeting. The chairman may delegate the function of preparing the agenda to the Company Secretary.
7. (6)	Meeting Minutes	Complied The Chairman shall ensure that all Directors are informed adequately and in a timely manner of the issues arising at each Board meeting.
7. (7)	Board Members' Responsibility	Complied The Chairman shall encourage each director to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interests of the relevant establishment.

Rule Reference	Rule Description	Compliance Status
7. (8)	Contribution of Non-Executive Directors	Complied The Chairman shall facilitate the effective contribution of Non-Executive Directors.
7. (9)	Chairman Role	Complied Subject to the transitional provisions contained herein, the Chairman, shall not engage in activities involving direct supervision of key management personnel or any other executive duties whatsoever.
7. (10)	Communication with Shareholders	Complied The Chairman shall ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.
7. (11)	CEO's Role	Complied The Chief Executive Officer shall function as the apex executive-in-charge of the day-to-day-management of the relevant establishment's operations and business.
8. Board appointed Committees		
8. (1)	Board appointed five Sub Committees	Complied Audit Committee, Remuneration Committee, Nomination Committee, Related Party Transaction Review Committee and Integrated Risk Management Committee have been appointed as required by the direction.
8. (2) Audit Committee		
8.2.a	The Chairman of the Committee shall be a Non-Executive Director who possesses qualifications and experience in accountancy and/or audit.	Complied
8.2.b	The Board members appointed to the Committee shall be Non-Executive Directors.	Complied
8.2.c	Committee recommendations	Complied
8.2. d,e,f,g,h,i,j,k,l	External and Internal Auditors	Complied The Committee has met three times during the year.
8.2.m	Power of Committee	Complied The committee shall have: (i) explicit authority to investigate into any matter within its terms of reference; (ii) the resources which it needs to do so; (iii) full access to information; and (iv) Authority to obtain external professional advice and to invite outsiders with relevant experience to attend, if necessary.

Corporate Governance contd.

Rule Reference	Rule Description	Compliance Status
8.2.n	Meeting of Committee	Complied The Committee has met three times during the year. The committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.
8.2.o	Disclosure of Audit Committee in Annual Report	Complied
8.2.p	Meeting minutes of the Audit Committee	Complied
8.2.q	Whistle blowing policy	Not Complied At present the Company is in the process of setting a proper whistle blowing policy by which employees of the finance company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters.
8.3 Integrated Risk Management Committee		
8.3.a,b,c,d,f,h	Integrated Risk Management Committee	Complied
8.3.e	Risk committee meetings	Partially Complied with During the year Risk Management Committee has met one time.
8.3.g	Risk Report	Not Complied The committee shall submit a risk assessment report within a week of each meeting to the Board seeking the Board's views, concurrence and/or specific directions.
9. Related Party Transactions		
9. (1) to 9. (4)	Avoiding conflict of interest in related party transactions and favourable treatment	Complied Compliance steps have been taken by the Board to avoid any conflict of interests that may arise in transacting with related parties as per the definition of this Direction. Further, the Board ensures that no related party benefits from favourable treatment and company is further strengthening this process.
10. Disclosures		
10. (1)	Financial reporting, statutory and regulatory reporting	Complied
10. (2)	Minimum disclosure in the Annual Report	Complied

Section 1

Adherence with the principles of Finance Companies (Corporate Governance) Direction No. 3 of 2008 issued under Section 9 of the Finance Companies Act No. 78 of 1988 which is now repealed and replaced by Finance Business Act No. 42 of 2011 and the Code of Best Practice on Corporate Governance issued jointly by the ICASL and the SEC is tabulated below.

Rule Reference	Rule Description	Compliance Status
A. Directors		
A.1. The Board		
Board should direct, lead and control the Company		
A.1.1	Meetings The Board should meet regularly. Board meetings should be held at least once every quarter of a financial year.	Complied Board meetings were held in monthly intervals.
A.1.2	The Board Responsibility The Board should be responsible for the following • Ensuring the formulation and implementation of a sound business strategy. • Ensuring that the Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy. • Ensuring the adoption of an effective CEO and senior management succession strategy. • Ensuring effective systems to secure integrity of information, internal controls and risk management ensuring compliance with laws, regulations and ethical standards. • Ensuring all stakeholder interests are considered in corporate decisions. • Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.	Complied The Board collectively is responsible for the success of the Company. The Board formulates the business strategy and ensures that the CEO and management team possess the skills, experience and knowledge to implement the strategy. It also ensures that effective systems are in place to secure the integrity of the information, internal controls and risk management and compliance with all applicable laws and regulations. The Independent Directors are responsible for bringing independent judgment to decisions made by the Board.
A.1.3	Access to Independent Professional Advice There should be a procedure agreed to by the Board of Directors to obtain independent professional advice, where necessary, at the Company's expense.	Complied The Board Members are permitted to obtain independent professional advice from a third party including the Company's external auditors and lawyers at the expense of the Company since the Board collectively, and Directors individually, must act in accordance with the laws of the country, as applicable to the business enterprise.

Corporate Governance contd.

Rule Reference	Rule Description	Compliance Status
A.1.4	Company Secretary All Directors should have access to the advice and services of the Company Secretary.	Complied All Directors have access to the Company Secretary. The Secretary ensures that all Board procedures as per the Board Terms of Reference are followed and applicable rules and regulations are adhered to. The Secretary possesses the required qualifications as set out in the Companies Act. Consent of all Board members is required for the removal of the Company Secretary.
A.1.5	Independent Judgment of Directors All Directors should bring Independent judgments.	Complied Directors bring independent judgment to bear on issues of strategy, performance, resources (including key appointments) and standards of business conduct.
A.1.6	Adequate Time and Effort of Directors	Complied The Board members dedicate adequate time for the affairs of the Company by attending Board meetings, Board sub-committee meetings, making decisions and adopting resolutions via circular. Additional meetings and discussions are held with the management whenever the need arises.
A.1.7	Training of Directors Every Director should receive appropriate training when first appointed to the Board of a company, and subsequently as necessary.	Complied Adequate knowledge sharing opportunities are available to new and existing members of the Board on company and industry related matters on a continuous basis, and the experience of the Directors further guides the continuous training and an expansion of the knowledge and skills required to effectively perform their duties.
A.2. Chairman & Chief Executive Officer (CEO)		
There are two key tasks at the top of every public company - conducting of the business of the Board,		
A.2.1.	Separation of Duties of Chairman & CEO There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.	Complied The Chairman and CEO roles are conducted separately and there is a clear division of duties of the Chairman and CEO. The Chairman is responsible for the leadership of the Board, the management of Board meetings and the business undertaken. It is also the duty of the Chairman, together with the Company Secretary, to ensure that all relevant issues are on the Board agenda, that Directors receive all appropriate and timely documentation and are enabled and encouraged to play their full part in relevant discussions and debate. The CEO is responsible for the day-to-day functioning of the Company's operations in accordance with the policies and objectives laid down by the Board. He is also accountable for the achievement of the financial and non-financial objectives agreed annually by the Board and contained within the Company's Business Plan. This ensures the balance of power in strategic and operational decisions.

Rule Reference	Rule Description	Compliance Status
A.3 Chairman's Role		
The Chairman's role in preserving good corporate governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.		
A.3.1	Role of Chairman The Chairman should conduct Board proceedings in a proper manner and ensure, inter-alia, that the effective participation of both Executive and Non-Executive Directors are secured.	Complied The Chairman's main role is to lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully and all Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company; a balance of power between Executive and Non-Executive Directors are maintained.
A.4. Financial Acumen		
A.4.	Availability of Sufficient Financial Acumen and Knowledge.	Complied The Board includes two members of the Institute Of Chartered Accountants. This blend of members enables the Board to provide proper guidance on financial matters of the Company.
A.5. Board Balance		
It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking.		
A.5.1	Non-Executive Directors The Board should include at least two Non-Executive Directors or such number of Non-Executive Directors equivalent to one third of the total number of Directors, whichever is higher.	Complied All Directors are Non-Executives. All Non-Executive Directors have the necessary skill and experience to give an objective judgment towards the overall performance of the Company.
A.5.2	Where the constitution of the Board of Directors includes only two Non-Executive Directors, both such Non-Executive Directors should be 'independent'. In all other instances, two or one third of Non-Executive Directors appointed to the Board of Directors whichever is higher Should be 'independent'.	Complied
A.5.3	Independence Evaluation Review Director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.	Complied The Board considers Non-Executive Directors' independence on an annual basis.

Rule Reference	Rule Description	Compliance Status
A.5.4	**Signed Declaration of Independence** Each Non-Executive Director should submit a signed and dated declaration annually of their independence.	**Complied** All Non-Executive Directors of the Company have made written submission of their independence.
A.5.5	**The Determination of Independence of the Directors by the Board** The Board should make a determination annually as to the independence or non-independence of each Non-Executive Director and should set out in the Annual Report the names of Directors determined to be 'independent.'	**Complied** The Board has determined the submission of declaration by the Non-Executive Directors to their independence. The following Directors are Independent Non-Executive Directors. Mr. P. P. Edirisinghe Mr. L. D. R. Hettiarachi
A.5.6	**CEO & Chairman are the Same Person**	**Complied**
A.5.7	In the event the Chairman and CEO is the same person, the Board should appoint one of the Independent Non-Executive Directors to be the "Senior Independent Director."	The Chairman and CEO are two separate persons.
A.5.8	**Meeting of Non Executive Directors** The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	**Complied** The Chairman meets with the Non-Executive Directors without the presence of the CEO, on a need basis.
A.5.9	**Recording of Concern in Board Minutes** Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board Minutes.	**Complied** No such matters have been reported.
A.6 Supply of Information		
The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.		
A.6.1	**Provision of Timely and Quality Information** The management has an obligation to provide the Board with appropriate and timely information.	**Complied** The Directors receive a comprehensive report of all Board papers and any other additional information requested by the members of the Board well in advance of the meeting. The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings.
A.6.2	The minutes, agenda and papers required for a Board Meeting should ordinarily be provided to Directors at least seven (7) days before the meeting, to facilitate its effective conduct.	**Partially complied.**

Rule Reference	Rule Description	Compliance Status
A.7. Appointments to the Board		
There should be a formal and transparent procedure for the appointment of new Directors to the Board.		
A.7.1 A.7.2 A.7.3	Nomination Committee, assessment of Board composition and disclosure of details of new Directors to shareholders.	Complied The Board has a transparent procedure set out on making new appointments to the Board, which is done in consultation with the entire Board.
A.8 Re-election		
All Directors should be required to submit themselves for re-election at regular intervals and at least once every three years.		
A.8.1	Appointment of Non-Executive Directors & other Directors Non-Executive Directors should be appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their re-appointment should not be automatic.	Complied
A.8.2	All Directors including the Chairman of the Board, should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years. The names of Directors submitted for election or re-election should be accompanied by a resume minimally as set out in paragraph A.7.3 above, to enable shareholders to make an informed decision on their election.	Partially Complied
A.9 Appraisal of Board Performance		
Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.		
A.9.1	Annual appraisal of Board performance and that of its committees.	Complied The Board annually evaluated its performances against the annual objectives set at the beginning of the year. The performances of Board committees were evaluated against the objectives of the respective committees.
A.9.2	The Board should also undertake an annual self-evaluation of its own performance and that of its Committees.	Not complied
A.9.3	The Board should state how such performance evaluations have been conducted, in the Annual Report.	Complied

Rule Reference	Rule Description	Compliance Status
A.10 Disclosure of Information in Respect of Directors		
Shareholders should be kept advised of relevant details in respect of Directors.		
A.10.1	**Details in respect of Directors** The Annual Report of the Company should be set out in a manner which includes information relevant to the Directors.	**Complied** Relevant details of each Director are given under each member's profile in the Annual Report.
A.11 Appraisal of Chief Executive Officer (CEO)		
The Board should be required, at least annually, to assess the performance of the CEO.		
A.11.1	Financial and non-financial targets for the CEO and annual evaluation of the performance of the CEO.	**Complied** At the commencement of every year, financial targets are set by approving the annual budget and non-financial targets are set in consultation with the CEO by the Board and at the end of each financial year the performance of the CEO is evaluated to ascertain whether the targets have been achieved.
A.11.2	The performance of the CEO should be evaluated by the Board at the end of each fiscal year to ascertain whether the targets set by the Board have been achieved and if Not, whether the failure to meet such targets was reasonable in the circumstances.	**Complied** At the commencement of every year, financial targets are set by approving the annual budget and non-financial targets are set in consultation with the CEO by the Board and at the end of each financial year the performance of the CEO is evaluated to ascertain whether the targets have been achieved.
B. Directors' Remuneration		
B.1 Remuneration Procedure		
Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.		
B.1.1	**Creation of a Remuneration Committee** The Board of Directors should set up a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Company's framework of remunerating Executive Directors.	**Complied** The Remuneration Committee is responsible for assisting the Board with regard to the remuneration policy for the Executive Director and the corporate management, and for making all relevant disclosures. The Committee determines and agrees with the Board, the broad policy framework for the remuneration of the CEO. The CEO participates in meetings by invitation in deciding the remuneration of the corporate management in order to recruit, retain and motivate the corporate management team.
B.1.2	**Composition of Remuneration Committee** Remuneration Committees should consist exclusively of Non-Executive Directors, and should have a Chairman, who should be appointed by the Board.	**Complied** The Remuneration Committee consists of three Non-Executive Directors of CTF - Mr. Priyan Edirisinghe, Mr. Sarojini Dunuwila and Mr. Mangala Boyagoda. Mr. Priyan Edirisinghe is the Chairman of the Remuneration Committee.

Rule Reference	Rule Description	Compliance Status
B.1.3	Disclosure of Remuneration Committee in the Annual Report The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year.	Complied The composition of the Remuneration Committee is described in the Annual Report, page 35.
B.1.4	Remuneration of Non-Executive Directors The Board as a whole, or where required by the Articles of Association, the shareholders, should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted this responsibility to a sub-committee of the Board, which might include the CEO.	Complied The Board as a whole decides the remuneration of the Non Executive Directors. The Non-Executive Directors receive a fee for being a Director on the Board.
B.1.5	Consultation of the Chairman and Access to Professional Advice The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and have access to professional advice from within and outside the Company in discharging their responsibilities.	Complied The input of the Chairman is obtained by his involvement as a member of the said Subcommittee. External professional advice is sought by the Remuneration Committee on a need basis through the Board Secretary.
B.2. The Level & Make-up of Remuneration		
Levels of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to corporate and individual performance.		
B.2.9	Remuneration of the Non-Executive Directors	Complied Non-Executive Directors receive a nominal fee in line with the market practices as disclosed in this Annual Report.
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 a whole.		
B.3.1	The Annual Report should set out the names of Directors comprising the Remuneration Committee, contain a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	Complied The fees paid to the Directors for attending meetings is disclosed in the Annual Report.

Corporate Governance contd.

Rule Reference	Rule Description	Compliance Status
C. Relations with Shareholders		
C.1. Constructive use of the Annual General Meeting (AGM) and conduct of general meetings Boards should use the AGM to communicate with shareholders and should encourage their participation.		
C.1.1	Consideration of proxy votes	Complied
C.1.2	Separate resolution for all separate issues	Complied
C.1.3	The Chairman of the Board should arrange for the Chairman of the Audit, Remuneration and Nomination Committees to be available to answer questions at the AGM if so requested by the Chairman.	Complied
C.1.4	Circulation of Notice of AGM and Other Documents Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders at least 15 working days or other period determined by statute before the meeting.	Complied
C.1.5	Companies should circulate with every Notice of General Meeting, a summary of the procedures governing voting at general meetings.	Complied
C.2. Major Transactions		
Further to compliance with the requirements under the Companies Act, Directors should disclose to shareholders all proposed corporate transactions, which if entered into, would materially alter/vary the Company's net asset base or in the case of a company with subsidiaries, the consolidated group net asset base.		
C.2.1	Disclosure of major transactions prior to a company engaging in or committing to a 'Major Transaction', involving the acquisition, sale or disposition of greater than half of the net value of the Company's assets or that of a subsidiary which has a material bearing on the consolidated net assets of the Company. Directors should disclose to shareholders all material facts of such transactions.	Complied During the year there were no major transactions as defined by Section 185 of the Companies Act No.7 of 2007 which materially affected the net asset base.

Rule Reference	Rule Description	Compliance Status
D. Accountability & Audit		
D.1. Financial Reporting		
The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.		
D.1.1	Reports to Public, Regulatory & Statutory Reporting Balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements.	Complied CTF has reported a true and fair view of its position and The Board's responsibility to present a performance for the year ended 31st March, 2016. In the preparation of financial statements, CTF had strictly complied with the requirements of the Companies Act No.7 of 2007, the Finance Business Act No. 42 of 2011 and amendments thereto, and Directions issued under the same Act. They were prepared and presented in conformity with LKASs.
D.1.2	Directors' Report in the Annual Report	Complied Declarations by the Directors as required by the Code of Best Practice on Corporate Governance are presented in pages 38 to 39.
D.1.3	Statement of Directors' Responsibility for the Financial Statements	Complied The statement of Directors responsibility for financial reporting is given in page 42 as required by the direction.
D.1.4	Management Discussion and Analysis	Complied A detailed management discussion and analysis is presented in pages 9 to 11.
D.1.5	Declaration of Going Concern by the Directors	Complied This information is provided in page 38.
D.1.6	In the event the net assets of the Company fall below 50% of the value of the Company's shareholders' funds, the Directors shall forthwith summon an Extraordinary General Meeting of the Company to notify shareholders of the position and of remedial action being taken.	Complied Company maintained healthy net assets position.
D.2. Internal Control		
The Board should maintain a sound system of internal control to safeguard shareholders' investments and the Company's assets.		
D.2.1	Maintain a sound system of Internal Control	Complied The Company has established a comprehensive framework of policies and procedures, which are regularly reviewed and updated. The Company's Audit Committee ensures that there is an effective internal control and financial reporting system by adopting the following measures: (i) Audits are conducted by the internal auditors in areas involving high risks as identified in the annual internal audit plan. (ii) The Audit Committee follows up on the status of implementation of all audit recommendations.

Rule Reference	Rule Description	Compliance Status
		The Board of Directors has obtained an independent assurance report on internal controls over the financial reporting of the Company as required by Direction No. 3 of 2008 issued by the Central Bank of Sri Lanka, and auditors are in the process of carrying out the assignment.
D.2.2	Companies which do not have an internal audit function should from time to time review the need for one.	Complied The Company has outsourced the internal audit function to Ernst & Young, Chartered Accountants.
D.3. Audit Committee		
The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's auditors.		
D.3.1	Composition of the Audit Committee The Audit Committee should be comprised of a minimum of two Independent Non-Executive Directors or exclusively by Non-Executive Directors, a majority of whom should be independent, whichever is higher.	Complied The Company's Audit Committee consists of three members all of whom are Non-Executive Directors; out of three, two is Independent. The Committee operates within clearly defined terms of reference.
D.3.2	The Duties of the Audit Committee	Complied The Committee maintains an appropriate relationship with the external auditors KPMG to ensure their objectivity and independence. The payment to the external auditors for audit and non-audit services is disclosed in the Directors' Report of this Annual Report.
D.3.3	Terms and reference of the Audit Committee	Complied The Audit Committee is guided by clearly defined terms and references.
D.3.4 Disclosures		
D.3.4	Disclosure of the Audit Committee	Complied Names of the members of the Audit Committee are given in the Audit Committee Report.
D.4. Code of Business Conduct & Ethics		
Companies must adopt a Code of Business Conduct & Ethics for Directors and members of the senior management team and must promptly disclose any waivers of the Code for Directors or others.		
D.4.1	Adoption of a Code of Business Conduct & Ethics	Complied The Company has developed a code of business conduct and ethics for all employees, which addresses conflict of interest, corporate opportunities, confidentiality of information, fair dealing, protecting and proper use of the Company's assets, compliance with applicable laws and regulations and encouraging the reporting of any illegal or unethical behaviour, etc.
D.4.2	The Chairman must affirm in the Company's Annual Report that he is not aware of any violation of any of the provisions of the Code of Business Conduct & Ethics.	Complied There is no violation of the Company's code of ethics during the year.

Rule Reference	Rule Description	Compliance Status
D.5. Corporate Governance Disclosure		
Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good corporate governance.		
D.5.1	Disclosure of corporate governance	Complied This report addresses this requirement.

Section 2

Shareholders

Rule Reference	Rule Description	Compliance Status
E. Institutional Investors		
E.1 Shareholder Voting		
Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.		
E.1.1	Regular and structured dialogue with shareholders	Complied The primary mode of communication between the Company and the shareholders is through the Annual General Meeting. The Chairman ensures the views of shareholders are communicated to the Board as a whole.
E.2 Evaluation Of Governance Disclosures		
	When evaluating Companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	Complied The governance arrangements including, Board structure and composition are available in the Annual Report and the Company Website.
F. Other Investors		
F.1 Investing/Divesting Decision		
F.1 & F.2	Individual shareholder and voting	Complied Individual shareholders are encouraged to participate in general meetings and exercise their voting rights.

Corporate Governance contd.

Section 3

Continuing Listing Rules Section 7.6 & 7.10 on Corporate Governance of the Colombo Stock Exchange.

Rule Reference	Rule description	Status of Compliance
7.6(i)	Names of persons who were Directors of the Company during the financial year	Complied Please refer page 38
7.6(ii)	Principal activities of the Company and its subsidiaries during the year and any changes therein	Complied Please refer page 38
7.6(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held as at the end of the year	Complied Please refer page 92
7.6(iv)	The public holding percentage	Complied Please refer page 92
7.6(v)	Directors' and Chief Executive Officer's holding in shares of the Company at the beginning and end of the financial year	Complied Please refer page 92
7.6(vi)	Information pertaining to material foreseeable risk factors	Complied Please refer page 33
7.6(vii)	Details of material issues pertaining to employees and industrial relations	During the year 2015/16, there were no material issues pertaining to employees and industrial relations of the Company.
7.6(viii)	Extents, locations, valuations and the number of buildings of the land holdings and investment properties as at the end of the year	Complied Please refer note 24.5 to the financial statement on page 74.
7.6(ix)	Number of shares representing the stated capital as at the end of the year	Complied Please refer note 31 to the financial statement on page 78.
7.6(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings as at the end of the year	Complied Please refer page 93.

Rule Reference	Rule description	Status of Compliance
7.6(xi)	Ratios and market price information on: Equity: Dividend per share, Dividend payout ratio, Net asset value per share, Market value per share	Complied Please refer page 04 and 92
	Debt : Interest rate of comparable government security, Debt/equity ratio, Interest cover, Quick asset ratio, market prices & yield during the year	N/A
7.6(xii)	Significant changes in the Company's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value as at the end of the year	Complied Please refer note 24 to the financial statement on page 73.
7.6(xiii)	Details of funds raised through a public issue, Rights Issue and a private placement during the year	Complied Please refer note 31 to the financial statement on page 78.
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Not applicable The Company does not have any Employee Share Ownership or Stock Option Schemes at present.
7.6(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Complied Please refer page 32
7.6(xvi)	Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower	Complied Please refer note 34 to the financial statement on page 80.

Corporate Governance contd.

Compliance with requirements on the content of the annual report in the rule 7.10 of the listing rules

	CSE rule reference	Compliance Status
Non-Executive Directors	7.10.1 (a)	Complied All Directors of the Board are Non-Executives, which is more than the requirement of the rule.
	7.10.2 (a)	Complied More than one third of the Non-Executive Directors are Independent.
Disclosures Relating to Directors	7.10.3 (a)	Complied Declarations of Independence by the Directors were assessed by the full Board. The Directors who are Independent are disclosed on page 38.
	7.10.3 (b)	Complied
	7.10.3 (c)	Complied Please refer page 07 for the brief biography of each Director.
	7.10.3.(d)	Complied Information relating to new appointments to the Board is disclosed to the Colombo Stock Exchange, when appointments are made.
Remuneration Committee	7.10.5 (a) Composition	Partially Complied The Remuneration Committee comprises of three Non-Executive Directors and out of three one Independent.
	7.10.5 (b) Function	Complied Please refer the Remuneration Committee report on page 35 for details of the functions of the Committee.
	7.10.5 (c) Disclosure in the Annual Report	Complied The report of the Remuneration Committee is given on page 35 and the remuneration paid to Directors is given in note No. 34.2 to the financial statements on page 80.
Audit Committee	7.10.6 (a) Composition	Complied The Audit Committee comprises of three Non-Executive Directors; out of three, two Independent.
	7.10.6 (b) Function	Complied Functions of the Audit Committee are given in detail in the Audit Committee Report on page 34.
	7.10.6 (c) Disclosure in the Annual Report	Complied The names of the Directors comprising the Audit Committee and the basis of determination of independence of the Auditor are given in the Audit Committee report on page 34.

Risk Management

In order to meet the challenges of the highly competitive business environment in Sri Lanka's financial sector the Company has extended into wider market segment, with a certain business risk involved.

The Company's Risk Management policies are designed to identify any situations or circumstance that would adversely affect the achievement of Colombo Trust Finance PLC activities and to accept and manage unavoidable risks and to ensure surprise events or situations are minimized.

To minimize, sector or industry specific, risk Colombo Trust Finance PLC operations are diversified across many products lines, industries and sectors.

A range of products to suit different customer needs have been developed. This enables the Company to identify the opportunities even under challenging market conditions. Competitor threats on current and future business operations are evaluated on an ongoing basis.

Products and services are evaluated against competitor offerings and are revised to retain competitiveness. The performances of each business division and employees are monitored regularly and communicated via regular business reviews.

Operational risks

Operational risk include the possibility of breakdown in an operational process (e.g. human error or employee misconduct), a malfunction of systems or any external events beyond its control (such as natural disaster).

- A crisis action plan has been developed in the event of major crisis. The action plan was formulated under the direction of a risk management committee.
- An IT security system is in operation; and the Company plans to facilitate further improvements to the IT security system with a reputed company.
- Internal audits are conducted by an independent audit firm M/s Ernst & Young at regular intervals. The scope of internal audits extends to efficiency of operations in compliance with laws and regulators.
- A disaster recovery plan has been developed with data backups stored in external locations.

Compliance risk

Regulatory changes could significantly impact the Company's business (including costs, capital requirements, and products)

The Board of Directors closely monitor the regulatory developments and compliance of all requirements. The Audit Committee supplements this function by reviewing and discussing compliance declarations and compliance matters relevant to the Company.

Legal risk

Legal risk arises when companies enter into transactions which are non-complaint with the legal/ governance framework set out by various regulatory bodies. Such legal risk may lead to a further reputational and financial risk.

- When entering into new transactions, contractual documentation is thoroughly evaluated for compliance with the legal requirements.
- Adoption of changes in laws and regulations on a periodic basis to meet compliance.

Audit Committee Report

The Audit Committee comprises Two Independent Non-Executive Directors and One Non Independent Non - Executive Director (as shown on page 38 of the Annual Report). The Chairman of the Audit Committee is a Fellow Member of the institute of Chartered Accountants in Sri Lanka.

The Audit Committee met on 3 occasions during the financial year. The attendance of Committee members at meetings is as follows:

Member	Number of meetings held	No of meetings attended
Mr. W. A. T. Fernando – Chairman (Resigned on 31st December 2015)	3	2
Mr. E. R. G. C. G. Hemachandra (Resigned on 31st December 2015)	3	2
Mr. E. M. M. Boyagoda	3	3
Mr. P. P. Edirisinghe	3	1
Mr. L. D. R. Hettiaratchi	3	1

The Chief Executive Officer, Chief Financial Officer and Internal Auditor / External Auditor attend the meetings of the Committee by invitation when necessary. Proceedings of the Committee meetings are reported regularly to the Board of Directors.

The Audit Committee has written terms of reference and is empowered to examine any matters relating to the financial affairs of the Company and its internal and external audits. Its duties include detailed reviews of financial statements, internal control procedures and risk management, accounting policies and compliance with Sri Lanka accounting standards. It also reviews the adequacy of systems for compliance with the Companies Act No 07 of 2007, Central Bank Directions and other relevant legal, regulatory and ethical requirements and company policies. The Committee endeavors to assist the Directors to discharge their duties and responsibilities in respect of regulatory compliance and risk management.

The following activities were carried out by the Committee

Financial Reporting and Internal Control System

- The Committee reviewed the Interim and Annual Financial Statements of the Company and has recommended same to the Board for approval and publication.
- Review of the preparation of the Annual Report to ensure the reliability of the process, consistency of the accounting policies and methods and compliance with Sri Lanka Accounting Standards.
- The Committee is satisfied that the control environment prevailing in the Company provides reasonable, but not absolute assurance that the financial position of the Company is adequately monitored and that the systems are in place to minimize the impact of identifiable risks.
- The Committee also monitors the timely payments of all statutory obligations.
- The Company's budget proposals are also reviewed by the Committee.

Internal Audit

The Committee also monitors the effectiveness of the Internal and Financial Control procedures on the basis of the reports and findings submitted by the Internal Auditors of the Company.

External Audit

- The Committee held meetings with the External Auditors to review their report on audit results.
- The Committee has reviewed the other services provided by the External Auditors to the Company to ensure their independence as Auditors has not been compromised.

As far as the Directors are aware, the Auditor does not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company. For the said reasons that the Committee determined that Auditors are independent.

The Audit Committee has recommended to the Board of Directors M/s KPMG, Chartered Accountants as External Auditors for the financial year ending 31st March 2016.

Mr. P. P. Edirisinghe
Chairman - Audit Committee

19th May 2016

Remuneration Committee Report

The Remuneration Committee is established to ensure that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of staff while complying with the requirements of regulatory and governance bodies, satisfying the expectations of shareholders and remaining consistent with the expectations of the wider employee population. The Remuneration Committee appointed by the Board of Directors comprises the following members

Name of the Member	Directorship status	Membership status
Mr. P. P. Edirisinghe	Independent-Non Executive	Chairman
Mr. E. M. M. Boyagoda	Non-Independent Non-Executive Director	Member
Mrs. S.M.G. Dunuwille	Non-Independent Non-Executive Director	Member

Policy

The Company remuneration policy aims to attract, motivate and retain talent with the appropriate professional, managerial and operational expertise necessary to achieve the objectives of the Company. The Company remuneration framework for the Executive Directors and Corporate Management Team is designed to ensure alignment between short and long term interests of the Company and thereby create and enhance value for all stakeholders of the Company.

The Committee reviews all significant Human Resource policies and initiatives. The Committee deliberates and recommends to the Board of Directors annual increments and bonuses of the Members of the Corporate Management based on individual and corporate performance. The Committee also reviews salary structures and terms and conditions of services to ensure compatibility with the market.

The CEO and SMO who are responsible for the overall management of the Company attend meetings by invitation and participate in the deliberations except when their own interest, performance and compensation are discussed. The Committee met as and when required during the financial year.

Mr. P. P. Edirisinghe
Chairman - Remuneration Committee

19th May 2016

Related Party Transactions Review Committee Report

The Directors have also disclosed transactions, if any, that could be classified as related party transactions in terms of LKAS 24.

With effect from 1st April 2016, all proposed related party transactions have been placed before the Related Party Transactions Review Committee formed under the Listing rules of the Colombo Stock Exchange, for its review and recommendations.

Composition of the Committee

The related party transactions Review Committee is appointed by the Board of Directors of the Company. As at 31st March 2016 it comprised the following directors.

Name of the member	Directorship status	Membership status
Mr. Lakshman Dileep Roshaan Hettiaratchi	Independent Non-Executive director	Chairman
Mr. Patrick Priyan Edirisinghe	Independent Non-Executive director	Member
Mr. Prabaharan Subramanium Mathavan	Non-Executive director	Member

Policies and Procedures

The Company has in place a Board approved Related Party Transaction (RPT) Policy whereby the categories of persons who shall be considered as "related parties" has been identified.

RPT Policy provides for the procedure to ensure that the Company does not engage in transactions with related parties in a manner that would grant such parties "more favorable treatment"

In accordance with the RPT Policy, self-declarations are obtained from each Director and Key Management Personnel of the Company for the purpose of identifying parties related to them.

Terms of Reference

The Primary objective of Related Party Transaction Review Committee is to ensure a Good Corporate Governance within the Company through

- Avoiding favorable treatments to Related parties in grating credit facilities and offering favorable interest rates for deposits
- Implementing regulations relating to Related parties issued by Central Bank of Sri Lanka and Securities and Exchange Commission
- Ensure that the interests of shareholders as a whole are taken into account by a listed entity when entering into Related Party Transactions
- Ensure that there is a safeguard to prevent of taking advantage of their positions by Directors, Chief Executives or Substantial Shareholders

Related Party Transactions During 2015/16

Transactions of related parties (as defined in LKAS 24 - 'Related Parties Disclosures') with the Company are set out in Note 34 to the financial statements on page 80.

L.D.R. Hettiaratchi
Chairman
Related Party Transactions Review Committee

19th May 2016
Colombo

Integrated Risk Management Committee Report

The Integrated Risk Management Committee (IRMC) as at the end of the financial year comprised of the following members:

Mr. L.D.R. Hettiaratchi (Chairman)
Mr. P.S. Mathavan
Mr. W.L.S. Fonseka (CEO)
Mr. S. A. Munasinghe (SM-Business Development & Credit)

Brief profiles of the Directors representing the Committee are given on page 07 of the Annual Report.

Terms of Reference

The Terms of Reference set out by the Board of Directors include the following.

- Examine the principal risks in achieving the business strategy of Colombo Trust Finance PLC and its Business Plan.
- Establish and communicate the risk management framework including responsibilities, authorities and key controls throughout the Company.
- Agree and implement measurement and reporting standards and methodologies.
- Assess all risks, i.e. credit, market, liquidity, operational and strategic risks to the Company though appropriate risk indicators and management information.
- Ensure that risk management practices and conditions are appropriate for the changing environment.
- Review and oversee the risk and compliance profile of the Company within the context of the Board determined risk parameters.
- Make recommendations to the Board concerning the Company's risk appetite and particular risk or compliance management practice of the Company.
- Review and oversee the management's plan for mitigating of the material risks faced by the various business units of the Company.

Meetings

The Committee meets on a quarterly basis and the discussion and conclusions reached at the meeting are recorded in minutes and circulated to the Board of Directors for information and advice. A risk assessment report is also submitted quarterly.

L.D.R. Hettiaratchi
Chairman
Integrated Risk Management committee

19th May 2016

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

The Directors of Colombo Trust Finance PLC (Formerly know as Capital Alliance Finance PLC) are pleased to present their Report and the Audited Financial Statements of the Company for the year ended 31 March 2016.

1. Review Of The Year

Review of the Company business and its performance during the year, with comments on financial results and future strategic developments, are contained in the CEO's statement. (Page 06)

2. The Principal Activity

The Company is continuing their finance business.

3. Financial Statement

The Financial Statements of the Company are given on page 46 to 91. And authorised to issue on 19th may 2016.

4. Going Concern

The Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. The financial statements of the Company have accordingly been prepared on a going concern basis.

5. Auditor's Report

The Auditor's Report on the Financial Statements of the Company is given on page 45

6. Accounting Policy

The significant accounting policies adopted in the preparation of the Financial Statements are given in Note No. 04 on page 52

7. Taxation

Provision for taxation has been computed at the rates given in Note 16 to the financial statement.

8. Dividends

The Directors have not recommended a dividend on ordinary shares for the year ended 31st March 2016.

9. Board Of Directors

The Directors of the Company as at 31 March 2016 were:
Mr. E. M. M. Boyagoda
(Chairman) Non-Independent Non-Executive
Mr. P. S. Mathavan
Non-Independent Non-Executive
Ms. S. M. G. Dunuwille
Non-Independent Non-Executive Director
Mr. P. P. Edirisinghe
Senior Director / Independent Non-Executive
Mr. L. D. R. Hettiaratchi
Independent Non-Executive

10. Director's Interest In Contracts

There are no other interests in contracts or proposed contracts with the Company by the Directors other than those specified in note 34 to the Financial Statements.

11. Corporate Governance

The Company had put in place systems and procedures to ensure the implementation of sound Corporate Governance Principles. An overview of such practices adopted within the Company is given on pages 12 to 32 of the Annual Report.

12. Audit Committee

The Audit Committee of the Company during the year comprised the following member:

Mr. P. P. Edirisinghe – Chairman
Mr. L. D. R. Hettiaratchi
Mr. E. M. M. Boyagoda

The report of the Audit Committee is given on page 34 of the Annual Report.

13. Donations

During the year, the Company made donations amounting to Rs. 32,350

14. Stated Capital

The Stated Capital of the Company as at 31st March 2016 was Rs. 309,888,671 representing 46,519,243 ordinary shares.

15. Reserves

General Reserve
The General Reserve is created after provisioning for a statutory reserve fund. This reserve will be used for the future capitalization purpose of the company.

Statutory Reserve Fund
Statutory Reserve Fund is a capital reserve which contains profits transferred as required by Section 3 (b) (ii) of Central Bank Direction No. 1 of 2003.

16. Shareholdings

An analysis of the distribution of the ordinary shareholders is given on page 93 of the Annual report. The list of 20 largest Ordinary shareholders of the Company is given on page 92 of the Annual Report.

17. Director's Holdings of Securities of the Company

Details of Director's shareholdings in the Company are given on page 92 of the Annual Report.

18. Director's Responsibility for Financial Reporting

The Directors are responsible for the preparation of the financial statements of the Company to reflect a true and fair view of its state of affairs. The Directors are of the view that these financial statements have been prepared in conformity with the Sri Lanka Accounting Standards and the Companies Act No. 07 of 2007. The Directors are accordingly satisfied that the financial statements presented herein give a true and fair view of the state of affairs of the Company as at 31st March 2016 and the profit for the year then ended.

19. Statutory Payments

The Directors are satisfied that to the best of their knowledge and belief, all statutory payments due to the Government and to the employees of the Company have been made up to date.

20. Event Occurring after the Reporting Period

No events have occurred after the reporting date which would require adjustments to or disclosure in the Accountants, other than those given in Note 43 to the Accounts.

21. Auditors

Messrs. KPMG, Chartered Accountants are the Company's Auditors during the period under review. A sum of Rs. 485,000 payable as professional fee for the year under review and Rs 462,500 was paid for non-audit related work such as agreed upon engagements. Based on the declaration made by Messrs. KPMG, and as far as the Directors are aware, the Auditors do not have and relationship or interest other than statutory auditor and tax consultant.

The Board of Directors recommends that Messrs. KPMG, Chartered Accountants be re-appointed as the as the Auditors of the Company for the ensuring year. A resolution relating to their re-appointment and authorizing, the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

22. Employment Policy

Modern Human Resources Management practices are adopted respecting each and every individual and providing equitable opportunity for career advancement for all employees. The Company complies with its policy of non-discrimination in terms of gender, race or religion in the matter of employment.

23. Notice of Meeting

Notice of Meeting relating to the 35th Annual General Meeting of the Company is given on page 95 of the Annual Report.

For and on behalf of the Board,

E. M. M. Boyagoda
Chairman
Non-Independent Non-Executive Director

S S P Corporate Services (Private) Limited
Secretaries

19th May 2016

Directors' Statement on Internal Controls

Responsibility

In line with Finance Companies Direction No.3 of 2008, Section 10(2) b, the Board of Directors presents this Report on Internal Control.

The Board is fully committed to ensure the existence of an effective system of internal control and risk management within the Company, and continuously reviews and evaluates the adequacy and integrity of those systems. However, the Board recognizes that such systems are designed to manage, rather than eliminate, the risks identified to acceptable levels. Therefore, the systems implemented can provide only reasonable and not absolute assurance against the occurrence of any material misstatement and loss.

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

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and Board-appointed sub committees. The management assists the Board in the implementation of the policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

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

The Board has adopted key processes in reviewing the design and operating effectiveness of the system of internal controls with respect to financial reporting, including the following;

Various management committees are established by the Board to assist the Board in ensuring the effectiveness of the Company's daily operations and that the Company's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.

The Internal Auditors of the Company checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlights significant findings in respect of any non-compliance. Audits are carried out on all units and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report. The annual audit plan is reviewed and approved by the Board Audit Committee. Findings of the internal audit are submitted to the Board Audit Committee for review at their periodic meetings.

The Audit Committee of the Company reviews internal control issues identified by the Internal Auditors, external auditors, regulatory authorities and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Board Audit Committee meetings are tabled at the meetings of the Board of Directors of the Company. In assessing the Internal control system, identified officers of the Company continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Company.

Since the adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS in 2012, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented in 2013. Continuous monitoring is in progress and steps are being taken to make improvements to the processes where required, to enhance effectiveness and efficiency. The Company manually computes the impairment for loans and advances under SLFRS requirements and the Board will assess the need to automate the same in the future years. During the year Company has not utilized an independent party/ internal auditors to test the internal controls and instead the management has tested the key internal controls.

The Company is in the process of reviewing policies/ procedures manuals for the key processes and the recommendations made by the auditors on the internal controls of the Company and these will be dealt with in the future.

The Board of Directors is of the view that the system of internal controls to be improved further with new system migration and introducing of various systems for new products. However, the relevant accounting principles and regulatory requirements are met in preparation of General Purpose Financial Statements.

Review of the Statement by External Auditors

The External Auditors, Messrs KPMG, have reviewed the above Directors Statement on Internal Control over Financial Reporting included in the Annual Report of the Company for the year ended 31 March 2016 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal controls over financial reporting of the Company.

P.P. Edirisinghe
Chairman
Audit Committee

19th May 2016

Directors' Responsibility for Financial Reporting

The Directors of the Company are responsible for the preparation and presentation of the Financial Statements to the shareholders in accordance with the relevant provisions of the Companies Act No.7 of 2007 and other statutes which are applicable to the preparation of the Financial Statements.
Financial Statements for the financial year gives a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting polices and then apply them consistently
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

Accordingly, the Directors confirm that the Financial Statements of the Company for the year ended 31st March 2016 incorporated in this Annual Report have been prepared in accordance with the Sri Lanka Accounting Standards and comply with the requirements of Companies Act No.7 of 2007 and Finance Business Act No.42 of 2011 (Repealed and replaced the Finance Companies Act No.78 of 1988) and other applicable standards and statutes.

The Financial Statements of the Company have been approved by the Board of Directors, who is responsible for the preparation of the Financial Statements in compliance with the provisions of the Companies Act.

In terms of the provisions of the Companies Act, the Directors are also responsible to keep accounting records which correctly record and explain the Company's transactions.

In preparing these Financial Statements, the Directors have also ensured that appropriate accounting policies have been applied in a consistent manner and material departures, if any, have been disclosed and explained.

The Directors are also satisfied that the Company possesses adequate resources to continue its operations and the Financial Statements are continued to be prepared on that basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting possible frauds and other irregularities.

The Directors are required to prepare the Financial Statements and provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their audit opinion. The Directors are of the view that they have discharged their responsibilities as set out in this statement.

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 the 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 in the Financial Statements.

On behalf of the Board,

E. M. M. Boyagoda
Chairman
Non-Independent Non-Executive Director

19th May 2016

Financial Reports

Independent Auditors' Report

KPMG
(Chartered Accountants)
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TO THE SHAREHOLDERS OF COLOMBO TRUST FINANCE PLC (FORMERLY KNOWN AS CAPITAL ALLIANCE FINANCE PLC)

Report on the Financial Statements

We have audited the accompanying financial statements of Colombo Trust Finance PLC, formerly known as Capital Alliance Finance PLC, ("the Company"), which comprise the statement of financial position as at March 31, 2016, and the statements of profit or loss and other comprehensive income, changes in equity and, 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 March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

a) The basis of opinion and scope and limitations of the audit are as stated above.

b) 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 No 07 of 2007.

Chartered Accountants
Colombo

19th May 2016

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March,	Notes	2016 Rs.	2015 Rs.
Interest income	7	163,871,924	173,413,528
Interest expense	8	(72,245,887)	(87,048,368)
Net interest income		91,626,037	86,365,160
Fee and commission income	9	1,649,745	2,475,706
Fee and commission expenses	10	(452,390)	(598,849)
Net fee and commission income		1,197,355	1,876,857
Net gains/(losses) from Trading	11	(166,607)	2,910,308
Other operating income	12	9,695,928	11,146,806
Total operating income		102,352,713	102,299,131
Impairment charge for loans and advances	13	(22,892,921)	(19,668,687)
Net operating income		79,459,792	82,630,444
Operating expenses			
Personnel expenses	14	(39,185,080)	(40,484,308)
Depreciation and amortization		(5,260,662)	(4,401,627)
Other expenses		(37,683,121)	(37,154,448)
Operating profit/(loss) before Value Added Tax (VAT) on financial services	15	(2,669,071)	590,061
Value Added Tax (VAT) on financial services		(3,320,968)	(2,671,548)
Loss before income tax		(5,990,039)	(2,081,487)
Income tax reversal	16	2,895,617	10,847,887
Profit/ (loss) for the year		(3,094,422)	8,766,400
Other comprehensive income, net of income tax			
Items that will never be reclassified to profit or loss			
Actuarial gains on defined benefit obligation	29	846,428	121,243
Deferred tax on actuarial gain		(237,000)	(33,948)
		609,428	87,295
Items that are or may be reclassified to profit or loss			
Revaluation surplus on property plant and equipment		-	3,500,000
		-	3,500,000
Other comprehensive income, net of tax		609,428	3,587,295
Total comprehensive income for the year		(2,484,994)	12,353,695
Earnings / (loss) per Share	17	(0.07)	0.23

Figures in brackets indicate deductions.

The annexed notes to the financial statements form an integral part of these financial statements.

Statement of Financial Position

As at 31st March,	Notes	2016 Rs.	2015 Rs.
Assets			
Cash and cash equivalents	18	19,506,639	14,744,068
Securities purchased under repurchase agreements		51,888,311	57,373,525
Assets held for sale	19	1,722,506	1,722,506
Financial assets at fair value through profit or loss	20	1,908,354	2,074,962
Loans and advances	21	916,688,860	943,618,257
Financial investments available for sale	22	345,775	345,775
Financial investments held to maturity	23	40,136,637	40,565,220
Property, plant and equipment	24	46,796,046	49,888,588
Intangible assets	25	8,477,993	10,448,352
Other assets	26	22,072,418	25,757,238
Deferred tax assets	27	9,054,732	4,478,232
Total assets		1,118,598,271	1,151,016,723
Liabilities			
Bank overdraft	18	25,658,498	104,990,538
Deposits from customers	28	617,229,310	680,438,675
Employee benefits	29	3,288,532	3,066,225
Other liabilities	30	30,076,523	32,995,749
Total liabilities		676,252,863	821,491,187
Equity			
Stated capital	31	309,888,671	193,590,566
Statutory reserve fund	32	11,123,465	11,123,465
Other reserves	33	74,187,500	74,187,500
Retained earnings		47,145,772	50,624,005
Total equity		442,345,408	329,525,536
Total equity and liabilities		1,118,598,271	1,151,016,723

Figures in brackets indicate deductions.
The annexed notes to the financial statements form an integral part of these financial statements.

It is certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

K.M.U. Koswatta
Manager - Finance

W.L.S. Fonseka
Chief Executive Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for on behalf of the Board:

E.M.M. Boyagoda
Chairman

P.P. Edirisinghe
Director

Colombo
19th May 2016

Statement of Changes in Equity

For the year ended 31st March 2016	Stated Capital	Statutory Reserve Fund	Other Reserves			Retained Earnings	Total
			Investment Reserve Fund	Revaluation Reserve	General Reserve		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2014	193,590,566	10,685,145	1,463,751	10,687,500	60,000,000	40,744,880	317,171,842
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	8,766,400	8,766,400
Other comprehensive income, net of tax	-	-	-	3,500,000	-	87,294	3,587,294
Total comprehensive income for the year	-	-	-	3,500,000	-	8,853,694	12,353,694
Transactions with owners recorded directly in equity							
Transferred to statutory reserve fund	-	438,320	-	-	-	(438,320)	-
Transferred to retained earnings	-	-	(1,463,751)	-	-	1,463,751	-
Total transactions with owners of the Company	-	438,320	(1,463,751)	-	-	1,025,431	-
Balance as at 31 March 2015	**193,590,566**	**11,123,465**	**-**	**14,187,500**	**60,000,000**	**50,624,005**	**329,525,536**
Balance as at 01 April 2015	193,590,566	11,123,465	-	14,187,500	60,000,000	50,624,005	329,525,536
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(3,094,422)	(3,094,422)
Other comprehensive income, net of tax	-	-	-	-	-	609,428	609,428
Total comprehensive income for the year	-	-	-	-	-	(2,484,994)	(2,484,994)
Transactions with owners recorded directly in equity							
Issue of ordinary shares under right issue	116,298,105	-	-	-	-	-	116,298,105
Expense on right issue	-	-	-	-	-	(993,239)	(993,239)
Total transactions with owners of the Company	116,298,105	-	-	-	-	(993,239)	115,304,866
Balance as at 31 March 2016	**309,888,671**	**11,123,465**	**-**	**14,187,500**	**60,000,000**	**47,145,772**	**442,345,408**

Figures in brackets indicate deductions.

The annexed notes to the financial statements form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31st March,	2016	2015
	Rs.	Rs.
Cash flow from operating activities		
Loss before income tax	(5,990,039)	(2,081,487)
Adjustment For,		
Depreciation and amortization	5,260,662	4,401,627
Provision for retirement benefits obligation	1,068,735	1,296,941
(Profit)/loss on disposal of trading stock	(79,150)	17,134
Loss on fixed assets write-offs	490,470	-
Adjustment of non cash item	552,000	-
Impairment charges/(reversal) for loans and other losses	22,892,921	19,668,687
Net gains losses from trading	166,607	(1,124,212)
Operating profit before working capital changes	24,362,206	22,178,690
Decrease/ (increase) in loans and advances	4,036,476	(204,001,841)
Increase in other assets	3,763,970	905,099
(Decrease)/ increase in deposits from customers	(63,209,365)	181,593,565
Decrease in other liabilities	(4,837,108)	(4,167,379)
Cash used in operations	(35,883,821)	(3,491,866)
Payment of retirement gratuity	-	-
Income tax (paid)/refund	-	-
Net cash flows used in operating activities	(35,883,821)	(3,491,866)
Cash flows from investing activities		
Acquisition of property plant & equipment and intangible assets	(1,240,231)	(1,242,258)
Proceeds from Sale of Property Plant & Equipment	-	115,000
Maturity/(purchase) of treasury bills	428,583	(2,334,633)
Proceeds from disposal of trading investments	-	1,961,060
Net cash flow from Securities purchased under repurchased agreement	5,485,214	6,101,029
Investment/(sale) of other financial assets	-	274,725,071
Net cash flows from investing activities	4,673,566	279,325,269
Cash flows from financing activities		
Net Cash Received on Right issue	115,304,866	-
Cash paid to settle borrowings	-	(390,642,586)
Net cash flows from/(used in) financing activities	115,304,866	(390,642,586)
Net Increase/(decrease) in cash and cash equivalents	84,094,611	(114,809,183)
Cash and cash equivalents at the beginning of the year	(90,246,470)	24,562,713
Cash and cash equivalents at the end of the year (Note 18)	(6,151,859)	(90,246,470)

Figures in brackets indicate deductions.

The annexed notes to the financial statements form an integral part of these financial statements.

Notes to the Financial Statements

1. Corporate Information

1.1 General

Colombo Trust Finance PLC (formerly known as Capital Alliance Finance PLC) ('the Company) is a public limited liability company incorporated and domiciled in Sri Lanka, incorporated under the Companies Act No 07 of 2007 and Finance Business Act No 42 of 2011.

The registered office of the Company is located at No 21, Kumara Veediya, Kandy.

As a registered finance company, it is supervised by the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.

1.2 Principal activities

During the year, the principal activities of the Company were acceptance of Deposits, granting Lease facilities, Hire Purchase, Margin Trading, Mortgage Loans, Demand Loans, Revolving loan, Cheque discounting, Factoring and other credit facilities.

There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

1.3 Parent entity and ultimate parent entity

The Company's immediate and ultimate parent undertaking is Cargills Bank Limited.

1.4 No of employees

The staff strength of the Company as at 31 March 2016 is 41 (2015 – 41).

1.5 Date of authorization of issue

The financial statements of the Company, for the year ended 31 March 2016 were authorized for issue in accordance with a resolution of the Board of Directors on 19 May 2016.

2. Basis of Preparation

2.1. Statement of Compliance

The Financial Statements of the Company are prepared in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by the Institute of Chartered Accountants of Sri Lanka. and the requirements of the Companies Act, No. 7 of 2007, Finance Companies Act, No 78 of 1988 which is replaced by the new Finance Business Act No 42 of 2011 and Finance Leasing Act No. 56 of 2000 and the amendments to these acts and provide appropriate disclosures as required by the Central Bank of Sri Lanka and Listing rules of Colombo Stock Exchange.

2.2 Responsibility for Financial Statements

The Board of Directors is responsible for preparation and presentation of the financial statements of the Company as per the provisions of the Companies Act No. 07 of 2007, the Sri Lanka Accounting Standards, Regulation of Insurance Industry Act No. 43 of 2000 and the listing rules of the Colombo Stock Exchange. The responsibility of the Directors in relation to the financial statements is set out in detail in the Statement of Directors' Responsibility report in the annual report.

2.3 Materiality and Aggregation

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

2.4 Going Concern

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

2.5 Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for following material items in the statement of financial position;

- Available–for–sale financial assets are measured at fair value.
- Non derivative financial assets and liabilities designated at fair value through profit or loss are measured at fair value.
- Freehold lands are measured at cost at the time of acquisition and subsequently at revalued amounts.
- Defined benefit liability is measured at present value based on actuarial valuation.

2.6 Comparative information

The comparative information is re-classified wherever necessary to conform with the current year's classification in order to provide a better presentation.

2.7 Functional and Presentation Currency

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

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

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

3. Use of Judgments and Estimates

In the process of applying the Company's accounting policies, management has exercised judgment and estimates in determining the amounts recognized in the financial statements. The most significant uses of judgment and estimates are as follows:

3.1 Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

3.2 Impairment losses on loans and advances

The Company reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the profit or loss. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found to be impaired have been provide for impairment. All individually not insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilization, loan to collateral ratios, etc.), and judgments to the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

3.3 Impairment of available–for–sale investments

The Company records impairment charges on available–for–sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Company evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

3.4 Deferred tax assets

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

3.5 Taxation

The Company is subject to income taxes and other taxes including VAT on financial services. Significant judgment is required to determine the total provision for current, deferred and other taxes in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The Company recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the profit.

3.6 Defined benefit obligation

The cost of the defined benefit plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, Salary Increment Rate, Age of Retirement, and Mortality Rates. Due to the long–term nature of these plans, such estimates are subject to significant uncertainty.

3.7 Useful life-time of the Property, Plant and Equipment

The Company reviews the residual values, useful lives and methods of depreciation of assets as at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

3.8 Provisions and Contingencies

The Company receives legal claims against it in the normal course of business. Management has made judgment as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in respective legal jurisdictions.

4. Significant Accounting Policies

4.1 Financial instruments

4.1.1 Initial recognition and subsequent measurement

(a) Date of recognition

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(b) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

(c) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

(i) Financial assets or financial liabilities held–for–trading

Financial assets or financial liabilities held–for–trading are recorded in the statement of financial position at fair value. Changes in fair value are recognized in 'Net operating income'. Interest and dividend income or expense is recorded in 'Net trading income' according to the terms of the contract, or when the right to the payment has been established. Included in this classification are debt securities, equities and short positions.

(ii) Financial assets and financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management on initial recognition. Management designates an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis.

- The assets and liabilities are part of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in 'Net gain or loss on financial assets and Liabilities designated at fair value through profit or losses. Interest is earned or incurred is accrued in 'Interest Income' or 'Interest expense', respectively, using the effective interest rate (EIR), while dividend income is Recorded in 'Other operating income' when the right to the payment has been established.

The Company has not designated any financial assets and liabilities upon initial recognition as at fair value through profit or loss

(iii) 'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Company immediately recognizes the difference between the transaction price and fair value ('Day 1' profit or loss) in 'Net operating income'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable, or when the instrument is derecognized.

(iv) Held–to–maturity financial investments

Held–to–maturity financial investments are non–derivative financial assets with fixed or determinable payments and fixed maturities, which the Company has the intention and ability to hold to maturity. After initial measurement, held–to–maturity financial investments are subsequently measured at amortized cost using the EIR, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest and similar income' in the income statement. The losses arising from impairment of such investments are recognized in the income statement line 'Impairment for loans and other losses'. If the Company were to sell or reclassify more than an insignificant amount of held–to–maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available–for–sale. Furthermore, the Company would be prohibited from classifying any financial asset as held to maturity during the following two years. Included in this classification is Government securities – Treasury Bills and Treasury Bonds

(v) Loans and advances to customers (Loans and receivables)

'Loans and advances to customers' include non–derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

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

After initial measurement, amounts 'Loans and advances to customers' are subsequently measured at amortized cost using the EIR, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest income' in the comprehensive income. The losses arising from impairment are recognized in the comprehensive income in 'Impairment expenses for loans and advances and other losses'.

Included in this classification are Leases, Hire purchase, Margin trading receivable, Factoring & other loans and advances.

(vi) Debt issued and other borrowed funds

Financial instruments issued by the Company, that are not designated at fair value through profit or loss, are classified as liabilities under 'Deposits from customers and Other borrowings', where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debt issued and other borrowings are subsequently measured at amortized cost using the EIR. Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

(vii) Available–for–sale financial investments

Available–for–sale investments include equity and debt securities. Equity investments classified as available–for–sale are those which are neither classified as held–for–trading nor designated at fair value through profit or loss. The Company has not designated any loans or receivables as available–for–sale. After initial measurement, available–for–sale financial investments are subsequently measured at fair value.

Unrealized gains and losses are recognized directly in equity in the 'Available–for– sale reserve'. When the investment is disposed of, the cumulative gain or loss previously recognized in other comprehensive income is recognized in the profit or loss under 'Other operating income'. Where the Company holds more than one investment in the same security they are deemed to be disposed of on a first–in first–out basis. Dividends earned whilst holding available–for–sale financial investments are recognized in the profit or loss as 'Other operating income' when the right of the payment has been established. The losses arising from impairment of such investments are recognized in the profit or loss in 'Impairment losses on financial investments' and removed from the 'Available–for–sale reserve'.

4.1.2 Determination of fair value

The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market price. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

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

4.1.3 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(a) Financial assets carried at amortized cost

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest Income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the profit or loss.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Company has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company's credit risk characteristics such as asset type, industry, geographical location, past–due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) Available–for–sale financial investments

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

In the case of debt instruments classified as available for sale, the Company assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortized cost.

However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the profit or loss. Future profit income is based on the reduced carrying amount and is accrued using the rate of return used to discount the future cash flows for the purpose of measuring the impairment loss.

In the case of equity investments classified as available for sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the profit or loss is removed from equity and recognized in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in the fair value after impairment are recognized in other comprehensive income.

(c) Renegotiated loans

Where possible, the Company seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

(d) Collateral valuation

The Company seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/ guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as Independent valuers, audited financial statements.

4.1.4 De recognition of financial assets and financial liabilities

(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(b) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

4.1.5 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in statement of financial position.

4.2 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognized from the statement of financial position as the Company retains substantially all the risks and rewards of ownership. The corresponding cash received is recognized in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within 'repurchase agreements', reflecting the transaction's economic substance as a loan to the Company. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR. When the counterparty has the right to sell or re - pledge the securities, the Company reclassifies those securities in its statement of financial position to 'Financial assets held–for–trading pledged as collateral' or to 'Financial investments available–for–sale pledged as collateral', as appropriate. Conversely, securities purchased under agreements to resell at a specified future date are not recognized in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within 'reverse repurchase agreements', reflecting the transaction's economic substance as a loan given by the Company.

4.3 Leases

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

4.3.1 Finance Leases

Finance Leases – Company as a Lessee

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

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

Finance Leases – Company as a Lessor

When the Company is the lessor under finance leases the amounts due under the leases, after deduction of unearned charges, are included in 'loans and advances to banks' or 'loans and advances to other customers', as appropriate. The finance income receivable is recognised in 'interest income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

4.3.2 Operating Leases

Operating Leases – Company as a Lessor

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

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

Operating Leases – Company as a Lessee

Leases that do not transfer to the Company substantially all risks and benefits incidental to ownership of the leased assets are operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight line basis over the lease term.

Contingent rental payable is recognized as an expense in the period in which they are incurred.

4.4 Cash and Cash Equivalent

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand with a maturity of three months or less.

For the purpose of the cashflow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

4.5 Property, Plant and Equipment

4.5.1 Recognition and Measurement

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

4.5.2 Basis of Recognition

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

4.5.3 Basis of Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Items of property, plant and equipment (except for freehd land & building) are measured at cost less accumulated depreciation and accumulated impairment losses. Except for land and buildings, the Company applies cost model.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in “other income” in the Income Statement. When revalued assets are sold, any related amount included in the revaluation surplus reserves are transferred to retained earnings.

4.5.4 Subsequent Costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property and equipment are recognised in Income Statement as incurred.

4.5.5 Repairs and Maintenance

Repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

4.5.6 Revaluations

Land & Building is measured at fair value after the date of the revaluation. Valuations are performed every three years, or more frequently, to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognised in Statement of Profit or Loss and Other Comprehensive Income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Income Statement, in which case the increase is recognised in the Income Statement. A revaluation deficit is recognised in the Income Statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

4.5.7 Depreciation

Depreciation is recognised in the Income Statement on a straight line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Building	-	25 Years
Air Conditioner	-	4 Years
Office Equipment	-	12.5 Years
Office Furniture and Fittings	-	8 Years
Plant & Machinery	-	4 Years
Motor Vehicles	-	4 Years
Computer equipment	-	4 Years

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

The depreciation rates are determined separately for each significant part of an item of Property, Plant and Equipment and depreciation commences when it is available for use, i.e. when it is in the location and in the condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

All classes of property, plant and equipment together with the reconciliation of carrying amounts and accumulated depreciation at the beginning and at the end of the year are given in Notes to the Financial Statements.

4.6 Intangible Assets

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associate hardware, and can be clearly identified, reliably measured and it is 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 amortization and accumulated impairment losses if any.

4.6.1 Subsequent Expenditure

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

4.6.2 Amortisation

Intangible assets are amortized on a straight line basis over a period of 4-8 years in the statement of comprehensive income from the date when the asset is available for use, over the best estimate of its useful economic life.

4.6.3 Computer Software

Software acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development.
The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

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

4.7 Assets Held for Sale

The Company intends to recover the value of Assets classified as held for sale as at reporting date principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition, Management has committed to the sale and the sale is expected to be completed within one year from the date of classification.

As per the Sri Lanka Accounting Standard - SLFRS 5 on 'Non-current Assets held for Sale and Discontinued Operations', these assets are measured at the lower of the carrying amount and fair value, less costs to sell. Thereafter, the Company assesses at each reporting date or more frequently if events or changes in circumstances indicate that the investment or a group of investment is impaired. The Company recognizes an impairment loss for any initial or subsequent write down of the assets to fair value less costs to sell and also recognises a gain for any subsequent increase in fair value less costs to sell of an asset only to the extent to the cumulative impairment losses that has been recognised previously. As a result once classified, the Company neither amortised nor depreciate the assets classified as held for sale.

4.8 Impairment of non–financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash–generating units (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

4.9 Equity movements

4.9.1 Ordinary shares

The Company has issued ordinary shares that are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

4.9.2 Dividends on Ordinary Shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's Board of Directors in accordance with the Articles of Association.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

4.9.3 Share Issue Costs

Share issue related expenses are charged against the retained earnings in the statement of equity.

4.10 Employee Benefits

4.10.1 Short term Employee Benefits

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

4.10.2 Defined Contribution Plans

A defined contribution plan is a postemployment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan and which are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Employees' Provident Fund

All employees of the Company are members of the Employees' Provident Fund (EPF). The Company and employees contribute 12% and 8% respectively of the salary, monthly to the Employees 'Provident Fund managed by the Central Bank of Sri Lanka.

Employees' Trust Fund

All employees of the Company are members of the Employees' Trust Fund (ETF). The Company contributes at the rate of 3% of the salaries of each employee, monthly to the Employees' Trust Fund managed by the Central Bank of Sri Lanka.

4.10.3 Defined Benefit Plans

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that amount to determine its present value. The calculation is performed annually by a qualified independent actuary using the projected unit credit method.

With the adoption of LKAS 19 - "Employee Benefits", which became effective from 1 March 2013, the re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately under Other Comprehensive Income.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The obligation is not externally funded

4.11 Recognition of income and expenses

4.11.1 Interest income and interest expense

Interest income and expense are recognized 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 paid or received 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 includes the interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis.

4.11.2 Income from leases, hire purchases and term loans

The excess of aggregated contract receivable over the cost of the assets constitutes the total unearned income at the commencement of a contract. The unearned income is recognized as income over the term of the facility commencing with the month that the facility is executed in proportion to the declining receivable balance, so as to produce a constant periodic rate of return on the net investment.

4.11.3 Factoring

Revenue is derived from two sources, Funding and providing Sales Ledger Related Services.

Funding - Discount income relating to factoring transactions is recognized at the end of a given accounting month. In computing this discount, a fixed rate agreed upon at the commencement of the factoring agreement is applied on the daily balance in the Client's Current Account.

Sales Ledger Related Services - A service charge is levied as stipulated in the Factoring Agreement.

Income is accounted for on an accrual basis and deemed earned on disbursement of advances for invoices factored.

4.11.4 Fees, commission and other income

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees are recognized as the related services are performed.

Profit or loss on contracts terminated, collections on contracts written off, interest on overdue rentals, interest on revolving loans, interest earned on property sale and buy back agreements are accounted for on cash basis.

4.11.5 Dividends

Dividend income is recognized when the right to receive income is established.

4.11.6 Expenditure Recognition

Expenses are recognized in the Statement of Profit or Loss and Other Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

4.11.7 Value Added Tax (VAT) 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 the prescribed rate.

The VAT on Financial service is recognized as expense in the period it becomes due.

4.11.8 Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

4.11.9 Income tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

4.11.10 Current tax expense

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

4.11.11 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

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 realized.

4.11.12 Withholding Tax on Dividends

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.

4.11.13 Economic Service Charge (ESC)

As per the provisions of the Finance Act No. 11 of 2004, and amendments thereto, the ESC was introduced with effect from April 01, 2004. Currently, the ESC is payable at 0.25% on ‘Exempt Turnover’ and is deductible from the income tax payments. Unclaimed ESC, if any, can be carried forward and set-off against the income tax payable in the five subsequent years.

4.11.14 Value Added Tax on Financial Services

The value base for the computation of value added tax on financial services is calculated by adjusting the depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before Income Tax and emoluments payable. Emoluments payable include benefits in money and not in money including contribution or provision relating to terminal benefits.

4.11.15 Nation Building Tax on Financial Services (NBT)

With effect from January 01, 2014, NBT of 2% was introduced on supply of financial services via an amendment to the NBT Act No. 09 of 2009. NBT is chargeable on the same base used for calculation of VAT on financial services.

4.12 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

4.13 Operating Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Board of Directors (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

The Company has Five reportable segments, Leases & Hire Purchases, Loans, Treasury, Margin trading & working capital loans which are the Company's strategic products / divisions. Those offer different products and services, and are managed separately based on the Company's management and internal reporting structure. For each of the strategic divisions, the Company's Board of Directors reviews internal management reports on a monthly basis.

Information regarding the results of each reportable segment is included in Note 35. Performance is measured based on segment profit before tax. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

4.14 Events after reporting period

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

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the financial statements.

4.15 Commitments and contingencies

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

4.16 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 Standard (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 equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

5. Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. External professional valuers are involved for valuation of significant assets such as investment properties.

Fair Value Hierarchy

The Company measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement.

Level 1
Inputs that are unadjusted quoted market prices in an active market for identical instruments

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

Level 2
Inputs other than quoted prices included within Level that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)

This category includes instruments valued using;

(a) quoted market in active markets for similar instruments,

(b) quoted prices for identical or similar instruments in markets that are considered to be less active, or

(c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3
Inputs that are unobservable
This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's value.

Valuation techniques include net present value and discounted cash flow models comparisons with similar instruments for which observable market prices exist, option pricing models and other valuation models.

Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and government securities such as treasury bills and bonds. Availability of observable prices and model inputs reduces the need for management judgment and estimation while reducing uncertainty associated in determining the fair values.

Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognised only when the inputs become observable or on recognition of the instrument.

An analysis of fair value measurement of financial and non financial assets and liabilities is provided in Notes to the Financial Statements.

6. Standards Issued But Not Yet Effective

A number of new standards and amendments to standards which have been issued but not yet effective as at the Reporting date have not been applied in preparing these Financial Statements. An analysis of the possible effect from those standards are given below.

6.1 Standards issued but not yet adopted which may have impact

New or amended standards	Summary of the requirements	Possible impact on Financial Statements
SLFRS 9 Financial Instruments	SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39. SLFRS 9 is effective from 01st January 2018, with early adoption permitted.	The Company is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 9. Given the nature of the Company's operations, this standard is expected to have a pervasive impact on the Company's financial statements. In particular calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.
SLFRS 15 Revenue from Contracts with Customers	SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including LKAS 18, Revenue, LKAS 11 Construction Contacts and IFRIC 13 Customer Loyalty Programmes. SLFRS 15 is effective from 01st January 2018, with early adoption permitted.	The Company is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 15.

6.2 Standards issued but not yet adopted which is not expected to have an impact

The following new or amended standards are not expected to have an impact on the Company's financial statements.

- SLFRS 14 Regulatory Deferral Accounts – effective from 01st January 2016
- Agriculture: Bearer Plants (Amendments to LKAS 16 and LKAS 41) – effective from 01st January 2016

For the year ended 31st March,	2016	2015
	Rs.	Rs.

7. Interest income

Money market	414,976	384,496
Fixed deposit	907,784	2,805,848
Securities purchased under repurchase agreements	3,236,899	4,171,373
Sri Lanka government securities	2,788,900	2,947,792
Fixed deposits loan	3,052,237	2,101,031
Commercial papers	-	3,345,045
Margin trading	20,479,625	19,452,070
Cheque discounting	12,056,508	8,925,212
Staff loan	-	35,262
Factoring loan	7,076,539	5,992,883
Hire purchase	33,200,992	56,396,931
Finance leases	41,924,197	31,618,694
Mortgage loan	8,727,908	5,981,947
Demand loan	8,111,654	14,478,870
Revolving loan	21,893,705	14,776,074
Total interest income	163,871,924	173,413,528

7.1 Notional Tax Credit for With holding Tax on Government Securities on Secondary Market Transactions

The Inland Revenue Act No.10 of 2007, provided that a company which derives interest income from the secondary market transactions in Government Securities (on or after April 1, 2002) would 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.

Accordingly the net interest income earned from the secondary market transactions in Government Securities for the year, has been grossed up in the financial statement and the resulting notional tax credit amounts to Rs. 602,580/-

For the year ended 31st March,	2016	2015
	Rs.	Rs.

8. Interest expense

Deposits from customers	62,250,990	65,723,421
Commercial paper borrowings	-	17,931,108
Securities sold under repurchase agreement	-	573,139
Other borrowings	9,994,897	2,820,700
Total interest expense	72,245,887	87,048,368

9. Fee and commission income

Commission received	385,291	586,922
Finance charges - Hire purchase	25,579	463,736
Finance charges - Lease	811,157	566,085
Finance charges - Demand loan	51,624	81,604
Finance charges - Mortgage loan	112,824	107,500
Transfer fee	147,831	417,031
Other Charges- cheque discounting	115,439	252,828
	1,649,745	2,475,706

For the year ended 31st March,	2016 Rs.	2015 Rs.
10. Fee and commission expenses		
Commission expenses	452,390	598,849
	452,390	598,849
11. Net gains/(losses) from trading		
Interest rates		
Government debt securities-Treasury bills and bonds	-	1,786,096
Equities		
Net market to - market - gains	(166,607)	967,081
Net capital gains	-	157,131
	(166,607)	2,910,308
12. Other operating income		
Default charges	6,329,519	8,754,916
Bad debt recoveries	1,308,543	496,382
Other charges	6,720	93,213
Sundry income	918,349	758,649
Cheque return charges	89,413	98,893
Dividend income	87,515	112,396
Building rent income	818,400	768,000
Early settlement charges - Lease	43,496	21,613
Early settlement charges - Hire purchase	12,143	30,593
Early settlement charges - other	2,680	29,285
Gains/(losses) from trading stock (Three wheels)	79,150	(17,134)
	9,695,928	11,146,806
13. Impairment charge for loans and advances		
Impairment charge on individual impairment	27,173,875	28,405,962
Impairment reversal on collective impairment	(4,280,954)	(8,737,275)
	22,892,921	19,668,687
14. Personnel expenses		
Salaries	29,977,569	28,335,759
Directors emoluments	1,190,484	1,800,000
Contributions to defined contribution plans	4,449,064	4,194,071
Contributions to defined benefit plans	1,068,735	1,296,941
Bonus expense	39,300	2,272,900
Others	2,459,928	2,584,637
	39,185,080	40,484,308

For the year ended 31st March,	2016	2015
	Rs.	Rs.

15. Profit from operations

Profit from operations is stated after charging all expenses including the following,

Directors' emoluments	1,190,484	1,800,000
Audit fees and expenses - Audit Services	485,000	440,000
- Audit Related Services	462,500	420,000
Professional and legal expenses	1,256,011	2,827,817
Depreciation on property, plant and equipment	3,766,083	3,100,185
Amortization on intangible assets	1,494,579	1,301,441
Provision for unrecoverable VAT	-	1,033,709

16. Income tax expense

The major components of income tax expense for the year ended 31 March 2016 are as follows:

Current tax expense		
Current tax expense for the year	(2,493,379)	(1,394,787)
Change to estimates for prior years	575,496	1,150,522
	(1,917,883)	(244,265)
Deferred tax expense		
Origination of deferred tax assets	(127,337)	7,988,865
Origination of deferred tax liabilities	4,940,837	3,103,287
Net Deferred tax reversal	4,813,500	11,092,152
Income tax expense	2,895,617	10,847,887
Deferred tax charge reversal recognized in OCI	(237,000)	(33,948)

16.1 Reconciliation of effective tax rate

A reconciliation between tax expense and the product of accounting profit.

Profit for the year	(3,094,422)	8,766,400
Income tax expense	2,895,617	10,847,887
Profit before tax from continuing operations	(5,990,039)	(2,081,487)

Tax using the Company's domestic tax rate	-28%	1,677,211	-28%	582,816
Aggregate allowable expenses	47%	(2,834,865)	-242%	5,032,317
Tax-exempt income	0%	24,504	-39%	814,885
Loss from lease business during the year	23%	(1,360,229)	376%	(7,824,805)
Over provision in respect of prior years	-10%	575,496	-55%	1,150,522
	32%	(1,917,883)	12%	(244,265)

17. Earnings/(loss) Per Share

17.1 Basic earnings/(loss) per share

Basic earnings/(loss) per share have been calculated by dividing the net profit/(loss) for the period attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

		2016	2015
		Rs.	Rs.
Amount used as the numerator:			
Profit/(loss) attributable to the equity holders of the Company (Rs.)		(3,094,422)	8,766,400
Number of ordinary shares used as the denominator:			
Number of shares as at 31 March			38,766,036
Impact on rights issue			-
Weighted average number of shares for 2015			38,766,036
Weighted average number of shares	- upto 26 January 2016	32,305,030	
	- after 26 January 2016	7,753,207	
Weighted average number of ordinary shares for 2016		40,058,237	
Basic earnings/(loss) per share		(0.07)	0.23

17.2 Diluted earnings per share

There was no dilution of ordinary shares outstanding at any time during the year. Therefore, diluted earnings per share is the same as basic earning per share as shown above.

For the year ended 31st March,	2016	2015
	Rs.	Rs.
18. Cash and cash equivalents		
Cash in hand	125,000	121,820
Balances with banks	19,381,639	14,622,248
	19,506,639	14,744,068
Bank overdraft	(25,658,498)	(104,990,538)
Cash & cash equivalents for the purpose of statement of cash flow	(6,151,859)	(90,246,470)

	As at 31 March 2016		As at 31 March 2015	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
19. Asset held for sale				
Land at Kadugannawa (90.27 Perches)	1,722,506	5,150,000	1,722,506	5,150,000
	1,722,506	5,150,000	1,722,506	5,150,000

19.1 The Company has acquired the land in 2008, as part of a settlement arrangement with a customer. The Management is committed to the plan to sell this land. Accordingly, the land is presented as an asset held for sale. Efforts to sell the land has been initiated and a sale is expected to be completed by 31 March 2017.

19.2 Impairment losses relating to the assets held for sale.

There has not been any impairment losses on the assets held for sale, comparing the lower of its carrying amount and its fair value less cost to sell.

19.3 Cumulative income or expenses included in OCI

There are no cumulative income or expenses included in OCI relating to the assets held for sale.

19.4 Measurement of fair value

The fair value of the assets held for sale as at reporting date was Rs.5,150,000/- which was based on the valuation carried out by Mr.R.H.Jayawardana a professional valuer on 9 June 2012.

Based on the internal assessment carried out during the year, the board of directors is of the view that the fair value of the said property has not changed significantly hence was not lower than cost as at reporting date.

As at 31st March,	2016 Rs.	2015 Rs.
20. Financial assets at fair value through profit or loss		
Quoted equity shares (Note 20.1)	1,908,354	2,074,962
	1,908,354	2,074,962

	2016		2015	
	No of Shares	Carrying/Fair Value Rs.	No of Shares	Carrying/Fair Value Rs.
20.1 Quoted equity shares				
Balangoda Plantations PLC	22,000	347,600	22,000	448,800
Tokyo Cement Company (Lanka) PLC	6,798	251,526	6,798	373,211
ACL Cables PLC	5,800	585,220	5,800	440,800
Ceylon Hotels Corporation PLC	4,500	108,000	4,500	106,200
The Kingsbury PLC	15,000	225,000	15,000	240,000
John Keells Hotels- PLC	32,584	391,008	32,584	465,951
Total market value		1,908,354		2,074,962

As at 31st March,	Notes	2016 Rs.	2015 Rs.
21. Loans and advances			
Leases	21.1	263,723,556	218,263,375
Hire purchase	21.2	105,797,350	224,214,791
Other loans and advances	21.3	433,963,688	358,310,110
Margin trading receivable	21.4	113,204,266	142,829,981
		916,688,860	943,618,257

21.1 Lease receivables

Lease rental receivable within one year	21.1.1	64,664,271	109,810,442
Lease rental receivable between one to five years	21.1.2	233,409,369	140,287,368
Lease rental receivable more than five years	21.1.3	13,302,117	5,099,802
Net investment in finance leases		311,375,757	255,197,612
Provision for individual impairment		(45,324,741)	(32,662,320)
Provision for collective impairment		(2,327,460)	(4,271,917)
Net investment in finance leases after impairment		263,723,556	218,263,375

21.1.1 Leases rental receivable within one year

Lease rental receivable	65,520,617	140,569,060
Unearned lease income	(856,346)	(30,758,618)
	64,664,271	109,810,442

21.1.2 Leases rental receivable between one to five years

Lease rental receivable	302,967,295	178,180,147
Unearned lease income	(69,557,926)	(37,892,779)
	233,409,369	140,287,368

21.1.3 leases rental receivable more than five years

Lease rental receivable	20,308,092	5,373,341
Unearned lease income	(7,005,975)	(273,539)
	13,302,117	5,099,802

21.2 Hire purchase receivable

Hire purchase receivable within one year	21.2.1	54,324,170	113,022,404
Hire purchase receivable between one to five years	21.2.2	94,805,189	141,246,863
Net investment in hire purchase		149,129,359	254,269,267
Provision for individual impairment		(40,977,425)	(26,688,517)
Provision for collective impairment		(2,354,584)	(3,365,959)
Net investment in hire purchase after impairment		105,797,350	224,214,791

21.2.1 Hire purchase receivable within one year

Hire purchase receivable	54,900,533	148,012,947
Unearned lease income	(576,363)	(34,990,543)
Net receivable within one year	54,324,170	113,022,404

As at 31st March,	Notes	2016 Rs.	2015 Rs.
21.2.2 Hire purchase receivable between one to five years			
Hire purchase rental receivable		118,345,113	175,076,012
Unearned lease income		(23,539,924)	(33,829,149)
Net receivable between one to five years		94,805,189	141,246,863
21.3 Other loans and advances			
Gross investment in other loans and advances		210,109,723	157,004,233
Other loans and advances in arrears		11,206,145	11,066,281
		221,315,868	168,070,514
Unearned loan income		(43,945,924)	(33,977,323)
		177,369,944	134,093,191
Revolving loan		164,126,112	139,049,513
Cheque discounting		78,918,699	50,788,310
Factoring		20,957,776	42,584,023
Net investment in other loans and advances		441,372,531	366,515,037
Provision for individual impairment		(4,592,431)	(4,369,886)
Provision for collective impairment		(2,816,412)	(3,835,041)
Net investment in other loans and advances after impairment		433,963,688	358,310,110
21.4 Margin trading receivables			
Opening balance		145,619,630	102,316,590
Increase/Decrease in net position		(43,285,149)	(77,840,225)
Net payment and receipts		13,352,942	121,143,266
Provision for individual impairment		(2,327,078)	(2,327,078)
Provision for collective impairment		(156,079)	(462,572)
Closing balance		113,204,266	142,829,981

For the year ended 31st March 2016	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
21.5 Movements in individual and collective impairment during the year			
As at 1 April 2014	43,514,036	24,250,258	67,764,294
Charge to profit or loss	28,405,962	-	28,405,962
Reversal of provision during the year	-	(8,737,275)	(8,737,275)
Write off during the year	(5,872,198)	(3,577,494)	(9,449,692)
As at 31 March 2015	66,047,800	11,935,489	77,983,289
As at 1 April 2015	66,047,800	11,935,489	77,983,289
Charge to profit or loss	27,173,875	-	27,173,875
Reversal of provision during the year	-	(4,280,954)	(4,280,954)
As at 31 March 2016	93,221,675	7,654,535	100,876,210

For the year ended 31st March 2016	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
21.5 Product wise individual and collective impairment			
As at 31 March 2016			
Leases	45,324,741	2,327,460	47,652,201
Hire purchase	40,977,425	2,354,584	43,332,009
Other loans and advances	4,592,431	2,816,412	7,408,843
Margin trading receivable	2,327,078	156,079	2,483,157
	93,221,675	7,654,535	100,876,210
As at 31 March 2015			
Leases	32,662,320	4,271,917	36,934,237
Hire purchase	26,688,517	3,365,959	30,054,476
Other loans and advances	4,369,886	3,835,041	8,204,927
Margin trading receivable	2,327,078	462,572	2,789,650
	66,047,801	11,935,489	77,983,290

As at 31st March,	2016 Rs.	2015 Rs.
22. Financial Investments-Available-for-Sale		
Credit Information Bureau	345,775	345,775
	345,775	345,775
23. Financial investments held to maturity		
Government securities - Treasury bills	38,192,928	38,647,387
Government securities - Treasury bonds	1,943,709	1,917,833
	40,136,637	40,565,220

	Land	Buildings	Computer Hardware	Machinery and Equipment	Furniture and Fittings	Office Equipment	Vehicles	Total 2016	Total 2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
24. Property, plant and equipment									
24.1 Cost/fair value									
Balance as at 01 April 2015	22,500,000	15,856,213	6,315,123	5,854,189	5,376,380	7,952,055	646,649	64,500,609	60,563,766
Additions	-	-	665,569	-	139,405	435,257	-	1,240,231	1,242,258
Disposals	-	-	-	-	-	-	-	-	(805,415)
Revaluation	-	-	-	-	-	-	-	-	3,500,000
Adjustment/Transfer	-	-	2,702,648	(2,785,046)	10,382	9,720	62,296	-	-
Asset write off during the period	-	-	(537,133)	(1,014,199)	(1,223,911)	(1,190,381)	-	(3,965,624)	-
Balance as at 31 March	22,500,000	15,856,213	9,146,207	2,054,944	4,302,256	7,206,651	708,945	61,775,216	64,500,609
24.2 Accumulated depreciation									
Balance as at 01 April 2015	-	3,042,899	3,498,746	3,615,399	1,634,700	2,313,908	506,369	14,612,021	12,185,117
Charge for the year	-	510,954	1,943,142	181,966	440,917	548,325	140,779	3,766,083	3,100,185
Disposal	-	-	-	-	-	-	-	-	(673,281)
Transfer/Adjustment	-	(23)	727,122	(1,499,768)	787,110	(76,238)	61,797	-	-
Asset write off during the period	-	-	(514,987)	(923,458)	(1,058,608)	(901,881)	-	(3,398,934)	-
Balance as at 31 March	-	3,553,830	5,654,023	1,374,139	1,804,119	1,884,114	708,945	14,979,170	14,612,021
Carrying value									
As at 31 March 2016	22,500,000	12,302,383	3,492,184	680,805	2,498,137	5,322,537	-	46,796,046	
As at 31 March 2015	22,500,000	12,813,314	2,816,377	2,238,790	3,741,680	5,638,147	140,280		49,888,588

24.3 Property, plant and equipment acquired during the financial year

During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs.1,240,231/- (2015 - Rs.1,242,258/-)

24. Property, plant and equipment (contd.)

24.4 Fully-depreciated property, plant and equipment

The initial cost of fully-depreciated property, plant and equipment, which are still in use as at reporting date is Rs. 3,722,614/-

24.5 Information on the freehold land and buildings of the Company

Address	Land Extent	Building Extent	Cost		Accumulated Depreciation	Last Valuation		Carrying Amount	
			Land	Building	Building	Land	Building	2016	2015
	A-R-P	(Sq. Ft.)	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
No: 21, Kumara Veediya, within Ward No: 19 of Kandy Municipal Council, Kandy District, Central Province.	0A-0R-4.75P	3040	8,312,500	15,856,213	3,553,830	22,500,000	15,856,213	34,802,383	35,313,314

The fair value of the revalued land was carried out as at 28th October 2014 by Mr. P.W. Senaratne Chartered Valuation Surveyor valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the revalued properties.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

As at 31 March	2016	2015
	Rs.	Rs.
Cost	24,168,713	24,168,713
Accumulated Depreciation	3,553,830	3,042,899
	20,614,883	21,125,814

24.6 The land has been pledged against the overdraft facility which obtained from Seylan Bank PLC.

As at 31st March,	2016 Rs.	2015 Rs.

25. Intangible assets

Computer software

25.1 Cost

Balance as at 1 April 2015	13,060,633	13,060,633
Transfers/ adjustments	(427,094)	-
Balance as at 31 March 2016	12,633,539	13,060,633

25.2 Accumulated amortization

Balance as at 1 April 2015	2,612,281	1,310,840
Charge for the year	1,494,579	1,301,441
Transfers/ adjustments	48,686	-
Balance as at 31 March 2016	4,155,546	2,612,281
Carrying value	8,477,993	10,448,352

26. Other assets

Deposits and prepayments	8,841,000	7,526,183
Inventory	2,495,725	1,895
Tax receivable	7,577,315	8,224,488
Other receivable	1,588,353	5,915,952
FS VAT over payment	1,585,965	1,585,965
VAT control account	(15,940)	2,502,755
	22,072,418	25,757,238

27. Deferred tax

Deferred tax assets	24,634,105	24,998,442
Deferred tax liabilities	(15,579,373)	(20,520,210)
	9,054,732	4,478,232

Deferred tax assets		
Balance at the beginning of the year	24,998,442	17,043,525
Recognized in profit or loss	(127,337)	7,988,865
Recognized in other comprehensive income	(237,000)	(33,948)
Balance at the end of the year	24,634,105	24,998,442

Deferred tax liabilities		
Balance at the beginning of the year	20,520,210	23,623,497
Recognized in profit or loss	(4,940,837)	(3,103,287)
Balance at the end of the year	15,579,373	20,520,210

27. Deferred Tax (contd.)

	31 March 2016		31 March 2015	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Deferred Tax Liabilities				
Finance leases	36,270,742	10,155,807	52,174,734	14,608,925
Property, plant & equipment	19,369,878	5,423,566	21,111,733	5,911,285
	55,640,620	15,579,373	73,286,467	20,520,210
Deferred Tax Assets				
Employee benefits	3,288,532	920,789	3,066,225	858,543
Tax losses on leasing business	40,325,428	11,291,120	49,329,739	13,812,327
Carried forward disallowed bad debt provision	44,364,986	12,422,196	36,884,187	10,327,572
	87,978,946	24,634,105	89,280,151	24,998,442

As at 31st March,	2016 Rs.	2015 Rs.
28. Deposits from customers		
Deposits from customers	603,875,879	661,746,704
Amortized interest payable	13,353,431	18,691,970
	617,229,310	680,438,674
28.1 Analysis of customer deposits based on nature		
Fixed deposits - Conventional	603,875,879	661,746,704
Total deposits	603,875,879	661,746,704
28.2 Deposits based on maturity		
Deposits maturing within one year	577,872,263	624,092,369
Deposits maturing after one year	39,357,047	56,346,306
	617,229,310	680,438,675
29. Employee benefits		
29.1 Defined contribution plans		
Employees' Provident Fund		
Employers' contribution	3,114,031	3,355,257
Employees' contribution	3,491,324	2,236,837
Employees' Trust Fund	889,760	838,814
29.2 Defined benefit plan		
Movement in the present value of the defined benefit obligation		
Defined benefit obligation as of 01 April	3,066,225	1,890,527
Expense included in personnel expenses	1,068,735	1,296,941
Remeasurement Component - Actuarial gain	(846,428)	(121,243)
As at the end of the year	3,288,532	3,066,225

As at 31st March,	2016 Rs.	2015 Rs.
29.3 Expense included in personnel expenses		
Current service cost	777,444	1,107,888
Interest cost	291,291	189,053
	1,068,735	1,296,941
29.4 Amount recognized for defined benefit obligation in other comprehensive income		
Cumulative loss as at 1st April	116,716	237,959
Actuarial gain for the year	(846,428)	(121,243)
Cumulative loss as at 31st March	(729,712)	116,716

Actuarial valuation for defined benefit obligation was carried out as at 31 March 2016 by Mr. M Poopalanathan AIA of Messers Actuarial & Management Consultants (Pvt) Ltd, a firm of professional actuary. The valuation method used by the actuaries to value the obligation is the "Projected Unit Credit Method", a method recommended by the Sri Lanka Accounting Standard - LKAS 19 on "Employee Benefits".

29.5 Key assumptions used in the above valuation are as follows:

	2016	2015
Discount rate per annum	10.5%	9.5%
Future salary growth	10%	10%
Retirement age (years)	55 years	55 years

The Defined Benefit Plan entitles a retired employee to receive a payment equal to half of the last drawn monthly salary multiplied by the number of completed years of service. However, as per the Statute, the Company is liable to pay gratuity only upon the completion of continuous 5 Years of service.

Assumptions regarding future mortality are based on published statistics and mortality tables.
The plan is not externally funded.

29.6 Sensitivity analysis on actuarial valuation

Reasonable possible changes at the reporting date, 31st March 2016 to one of relevant actuarial assumptions, holding other assumptions constant, would have affected the defined retirement obligation as shown below,

	1% Increase Rs.	1% Decrease Rs.
Discount rate	3,114,031	3,479,713
Future salary growth	3,491,324	3,100,516

As at 31st March,	2016 Rs.	2015 Rs.
30. Other liabilities		
Accruals and other payables	5,841,054	12,587,230
Rental received in advance	1,998,547	4,002,472
Rental over payment	1,770,957	4,019,266
Advanced received from repossessed assets	30,000	30,000
Payable to margin trading customers	20,020,871	10,505,537
Sports club deduction	350	50,500
Sasia net agreement (Payable for factoring system)	-	1,472,000
VAT on financial services payable	414,744	328,744
	30,076,523	32,995,749

	2016		2015	
	Number of Shares	Amount Rs.	Number of Shares	Amount Rs.
31. Stated capital				
Ordinary shares				
At the beginning of the year	38,766,036	193,590,566	38,766,036	193,590,566
Right issue during the year (Note 31.1)	7,753,207	116,298,105	-	-
Balance at the end of the year	46,519,243	309,888,671	38,766,036	193,590,566

31.1 Right issue during the period

During the financial year under review, the Company raised Rs.116,298,105 via right issue. This comprises of 7,753,207 ordinary voting shares at Rs.15 in proportion of one new ordinary voting share for every one ordinary voting share held at 26 January 2016.

The expenses relating to the right issue amounting to Rs.993,239 have been set off against reserves as presented in the statement of changes in equity.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and voting ordinary shares are entitled to one vote per share at meetings of the Company.

	2016 Rs.	2015 Rs.
31.2 Proceeds from right issue		
Voting shares (7,753,207)	116,298,105	-

31.3 Utilisation of proceeds from right issue

During the year the Company raised Rs.116.3Mn through right issue and the funds have been utilized as follows.

Utilization of funds	Amount Rs.	%
Normal cause of business	115,304,866	99
Expenses relating to the rights issue	993,239	1

As at 31st March,	2016 Rs.	2015 Rs.
32. Statutory reserve fund		
Balance at the beginning of the year	11,123,465	10,685,145
Transfers during the year	-	438,320
Balance at the end of the year	11,123,465	11,123,465

Statutory Reserve Fund is a capital reserve which contains profit transferred as required by Section 3 (b) (ii) of the Central Bank Direction No. 1 of 2003.

As at 31st March,	2016 Rs.	2015 Rs.
33. Other reserves		
33.1 General reserve		
Balance at the beginning of the year	60,000,000	60,000,000
Transfers during the year	-	-
Balance at the end of the year	60,000,000	60,000,000

The General Reserve is created after provisioning for a statutory reserve fund this reserve will be used for the future capitalization purpose of the Company.

As at 31st March,	2016 Rs.	2015 Rs.
33.2 Revaluation reserve		
Balance at the beginning of the year	14,187,500	10,687,500
Revaluation surplus on free hold land during the year	-	3,500,000
Balance at the end of the year	14,187,500	14,187,500
33.3 Investment fund reserve		
Balance at the beginning of the year	-	1,463,751
Transfers during the year	-	(1,463,751)
Balance at the end of the year	-	-
Total Other Reserves	74,187,500	74,187,500

33.3.1 Cessation of the regulatory requirement for investment fund reserve

The regulatory requirement for the Investment Fund Reserve ceased with effect from 01st October 2014 and remaining balance in Investment Reserve Fund has been transferred to retained earnings through the statement of changes in equity, according to guidelines issued to all finance companies and specialized leasing companies by the Central Bank of Sri Lanka via letter dated on 7th August 2014.

34. Related party disclosure

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - Related Party Disclosures. The details of which are given below.

34.1 Parent and ultimate controlling party

The Company's immediate and ultimate parent undertaking is Cargills Bank Limited.

34.2 Key Management Personnel (KMP)

Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the KMP include members of the Board of Directors of the Company (including Executive and Non-Executive Directors).

As Cargills Bank Limited is the ultimate parent of the Company and the Board of Directors of Cargills Bank Limited has the authority and responsibility of planning, directing and controlling the activities of the Company. The Directors of Cargills Bank Limited have also been identified as KMP of the Company.

34.2.1 Compensation of Key management personnel

	2016 Rs.	2015 Rs.
Short Term Employee Benefits	7,836,484	7,290,000
Post-employment benefits	603,750	693,000

34.2.2 Other transactions with Key management personnel

Statement of Financial Position	2016 Rs.	2015 Rs.
Fixed deposits accepted during the year	-	4,852,500
Fixed deposits held at the end of the year	1,932,431	1,464,000
Loans given	153,152	1,271,641
Recovery of loans	64,644	26,184
Income Statement		
Interest paid on fixed deposits	47,600	315,902
Interest received	6,343	7,816
Commitments and contingencies	-	-

34.2.3 Transactions with close family members (CFM)

CFM of KMP are those family members who may expected to influence, or be influence by, that KMP in their dealings with the entity. They may include KMP’s domestic partner and children of KMP domestic partner and dependants of the KMP or the KMP domestic partner. CFM are related parties to the Company.

There are no transactions with CFMs during the year. No impairment losses have been recorded against balances outstanding with KMP and CFM.

34.3 Transactions with the parent and related entities

Name of the Company	Relationship	Nature of transaction	Transactions during the year 2016 Rs.	Transactions during the year 2015 Rs.	Balance as at 31 March 2016 Rs.	Balance as at 31 March 2015 Rs.
Cargills Bank	Parent	Bank Overdraft - Settlement	1,074,489,667	462,822,374	-	-
		Bank Overdraft - Used	(995,157,626)	(567,812,912)	(25,658,497)	(104,990,538)
Cargills (Ceylon) PLC	Common Directors	Fixed deposits Accrued	205,464,063	-	-	-
		Interest on fixed deposits	3,586,970	-	209,051,033	-

35. Financial reporting by segment

	Leasing & Hire Purchase		Treasury / Investments		Margin Trading		Revolving / Cheque Discounting & Factoring		Other Loan and Advance		Unallocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net interest income-	49,218,324	51,634,962	(628,882)	4,190,710	12,542,949	7,708,554	22,517,706	10,584,387	7,975,939	12,246,547	-	-	91,626,036	86,365,160
Net Fees and commission income	836,736	1,029,821	-	-	-	-	115,439	252,828	164,448	189,104	533,122	1,003,954	1,649,745	2,475,707
Other income	5,419,987	8,125,541	-	-	-	-			967,851	710,866	3,308,090	2,310,400	9,695,928	11,146,807
Operating income by segment	55,475,047	60,790,324	(628,882)	4,190,710	12,542,949	7,708,554	22,633,145	10,837,215	9,108,238	13,146,517	3,841,212	3,314,354	102,971,709	99,987,674
Eliminations/ unallocated	-	-	-	-	-	-	-	-	-	-	(618,997)	2,311,459	(618,997)	2,311,459
Total Operating income-	55,475,047	60,790,324	(628,882)	4,190,710	12,542,949	7,708,554	22,633,145	10,837,215	9,108,238	13,146,517	3,222,215	5,625,813	102,352,712	102,299,133
Credit loss expenses	(23,995,497)	(17,970,720)	-	-	306,493	(771,790)	368,200	(809,656)	427,883	(116,522)	-	-	(22,892,921)	(19,668,688)
Net operating income	31,479,550	42,819,604	(628,882)	4,190,710	12,849,442	6,936,764	23,001,345	10,027,559	9,536,121	13,029,995	3,222,215	5,625,813	79,459,791	82,630,445
Operating expenses	(13,512,901)	(15,528,189)	(4,160,996)	(4,039,408)	(4,139,733)	(5,012,430)	(9,654,233)	(8,156,539)	(6,215,257)	(4,417,883)	-	-	(37,683,120)	(37,154,449)
Depreciation & amortization	(1,886,436)	(1,839,599)	(580,886)	(478,542)	(577,918)	(593,814)	(1,347,756)	(966,292)	(867,666)	(523,379)	-	-	(5,260,662)	(4,401,626)
Segment result	16,080,213	25,451,816	(5,370,764)	(327,240)	8,131,791	1,330,520	11,999,356	904,728	2,453,198	8,088,733	3,222,215	5,625,813	36,516,009	41,074,370
(Loss) /Profit from operations													(2,669,071)	590,061
VAT on Financial services													(3,320,968)	(2,671,548)
Income tax (expense)/reversal													2,895,617	10,847,887
Net (loss)/profit for the year, attributable to equity holders of the parent													(3,094,422)	8,766,400
Other information														
Segment assets	369,520,906	442,478,166	113,785,716	115,103,550	113,204,266	142,829,981	264,002,587	232,421,846	169,961,101	125,888,264	88,123,695	92,294,916	1,118,598,271	1,151,016,723
Total assets	369,520,906	442,478,166	113,785,716	115,103,550	113,204,266	142,829,981	264,002,587	232,421,846	169,961,101	125,888,264	88,123,695	92,294,916	1,118,598,271	1,151,016,723
Segment liabilities	242,499,502	343,330,903	74,672,309	89,311,990	74,290,730	110,825,686	173,252,703	180,342,463	111,537,619	97,680,145	-	-	676,252,863	821,491,187
Total liabilities	242,499,502	343,330,903	74,672,309	89,311,990	74,290,730	110,825,686	173,252,703	180,342,463	111,537,619	97,680,145	-	-	676,252,863	821,491,187

Notes to the Financial Statements contd.

36. Maturity analysis of assets and liabilities

Remaining contractual period to maturity as at the date of Statement of Financial Position of the assets and the liabilities are as follows.

Category	Maturity period as at 31 March 2016				Total 2016	Total 2015
	up to 3 Months	4-12 Months	1-3 Years	Over 3 Years		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets						
Cash and cash equivalents	19,506,639	-	-	-	19,506,639	14,744,068
Securities purchased under resale agreement	51,888,311	-	-	-	51,888,311	57,373,525
Asset held for sale	-	1,722,506	-	-	1,722,506	1,722,506
Financial Assets fair value through profit or loss	1,908,354	-	-	-	1,908,354	2,074,962
Loans and advance	328,304,366	190,944,145	151,376,420	246,063,929	916,688,860	943,618,257
Financial Investments-available for sale	-	-	-	345,775	345,775	345,775
Financial Investments-held to maturity	75,000	38,192,928	-	1,868,709	40,136,637	40,565,220
Property Plant and Equipment	-	-	-	46,796,046	46,796,046	49,888,588
Intangible Assets	-	-	-	8,477,993	8,477,993	10,448,352
Other Assets	5,176,359	7,732,779	1,585,965	7,577,315	22,072,418	25,757,238
Deferred tax assets	-	-	-	9,054,732	9,054,732	4,478,232
Total assets as at 31 March 2016	**406,859,029**	**238,592,358**	**152,962,385**	**320,184,499**	**1,118,598,271**	**1,151,016,723**
Total assets as at 31 March 2015	401,411,361	299,100,704	267,984,005	182,520,653	-	1,151,016,723
Percentage - as at 31 March 2016	**36%**	**21%**	**14%**	**29%**	**100%**	**-**
Percentage - as at 31 March 2015	35%	26%	23%	16%	-	100%
Liabilities						
Bank overdraft	25,658,498	-	-	-	25,658,498	104,990,538
Deposit from customers	471,757,875	106,114,388	31,657,047	7,700,000	617,229,310	680,438,675
Retirement benefit obligation	-	-	-	3,288,532	3,288,532	3,066,225
Other liabilities	27,665,066	967,957	892,157	551,343	30,076,523	32,995,749
Total Liabilities	**525,081,439**	**107,082,345**	**32,549,204**	**11,539,875**	**676,252,863**	**821,491,187**
Equity						
Stated capital	-	-	-	309,888,671	309,888,671	193,590,566
Statutory reserve fund	-	-	-	11,123,465	11,123,465	11,123,465
Retained earnings	-	-	-	47,145,772	47,145,772	74,187,500
Other reserves	-	-	-	74,187,500	74,187,500	50,624,005
Total Equity	**-**	**-**	**-**	**442,345,408**	**442,345,408**	**329,525,536**
Total equity and liabilities as at 31 March 2016	**525,081,439**	**107,082,345**	**32,549,204**	**453,885,283**	**1,118,598,271**	**1,151,016,723**
Total equity and liabilities as at 31 March 2015	388,792,610	370,137,062	50,608,103	341,478,948	-	1,151,016,723
Percentage - as at 31 March 2016	**47%**	**10%**	**3%**	**40%**	**100%**	**-**
Percentage - as at 31 March 2015	34%	32%	4%	30%	-	100%

37. Fair value of financial instruments

37.1 Valuation models

The determination of fair value for financial assets and financial liabilities for which there is no observable market price, requires the use of valuation techniques as described in Notes to the Financial Statements For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

37.2 Valuation framework

The Company has an established control framework with respect to the measurement of fair values of investments. The investment committee has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements carried out by the treasury division, which include :

- Verification of observable pricing;
- Re-performance of model valuations;
- Quarterly calibration and back-testing of models against observed market transactions;
- Analysis and investigation of significant daily valuation movements; and
- Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 as explained below

When third party information, such as broker quotes or pricing services, is used to measure fair value, documents of evidence obtained from third parties to support the conclusion that such valuations meet the requirements of SLFRS/LKAS.

37. Fair value of financial instruments (contd.)

As at 31 March 2016	Note	Held for Trading Rs.	Held to Maturity Rs.	Loans and Receivables Rs.	Available for Sale Rs.	Other Amortized Cost Rs.	Total Rs.
37.3 Classification of financial assets and financial liabilities							
Financial assets							
Cash and cash equivalents	18	-	-	19,506,639	-	-	19,506,639
Securities purchased under repurchase agreements		-	-	51,888,311	-	-	51,888,311
Financial assets at fair value through profit or loss	20	1,908,354	-	-	-	-	1,908,354
Loans and advances	21	-	-	916,688,860	-	-	916,688,860
Financial investments available for sale	22	-	-	-	345,775	-	345,775
Financial investments held to maturity	23	-	40,136,637	-	-	-	40,136,637
Total financial assets		1,908,354	40,136,637	988,083,810	345,775	-	1,030,474,576
Financial liabilities							
Deposits from customers	28	-	-	-	-	617,229,310	617,229,310
Bank overdraft	18	-	-	-	-	25,658,498	25,658,498
Total financial liabilities		-	-	-	-	642,887,808	642,887,808
As at 31 March 2015							
Financial assets							
Cash and cash equivalents	18	-	-	14,744,068	-	-	14,744,068
Securities purchased under repurchase agreements		-	-	57,373,525	-	-	57,373,525
Financial assets at fair value through profit or loss	20	2,074,962	-	-	-	-	2,074,962
Loans and advances	21	-	-	943,618,257	-	-	943,618,257
Financial investments available for sale	22	-	-	-	345,775	-	345,775
Financial investments held to maturity	23	-	40,565,220	-	-	-	40,565,220
Total financial assets		2,074,962	40,565,220	1,015,735,850	345,775	-	1,058,721,807
Financial liabilities							
Deposits from customers	28	-	-	-	-	680,438,675	680,438,675
Bank overdraft	18	-	-	-	-	104,990,538	104,990,538
Total financial liabilities		-	-	-	-	785,429,213	785,429,213

37.4 Financial instruments measured at fair value - fair value hierarchy

The amounts are based on the values recognized in the Statement of Financial Position.

	Level 1	Level 2	Level 3	Total
As at 31 March 2016				
Financial Assets				
Financial assets at fair value through profit or loss	1,908,354	-	-	1,908,354
Financial investments available for sale (*)	-	-	345,775	345,775
	1,908,354	-	345,775	2,254,129
As at 31 March 2015				
Financial Assets				
Financial assets at fair value through profit or loss	2,074,962	-	-	2,074,962
Financial investments available for sale	-	-	345,775	345,775
	2,074,962	-	345,775	2,420,737

(*) Value of unquoted shares of Rs. 0.34 Mn as at end of the year 2016 (Rs.0.34 Mn as at end 2015) categorised under financial investments available for sale, whose fair value cannot be reliably measured is stated at cost in the Statement of Financial Position as permitted by the Sri Lanka Accounting Standards - LKAS 39 on “Financial Instruments: Recognition and Measurement”.

37.5 Transfer between levels

No transferred made between levels during the year.

37.6 Fair value of financial instruments not carried at fair value

Financial instruments not carried at fair value are disclosed under the category of held to maturity, loans and receivables and other amortized cost category in note 21. The carrying amounts of these financial instruments are a reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near as at the reporting date.

38. Financial risk management

38.1 Introduction

The Company’s risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. Risk is an integral component of the business model of any finance company. Accordingly, the purpose of risk management is that the institution properly identifies measures and handles risk and prepares adequate reports on all these efforts so that the extent of risks which the Company has assumed have been compensated with adequate return.

With this in mind, the Company has established and operates mechanisms, which ensure the ongoing assessment of relevant risk types on an individual basis and of the overall risk position of the organization.

More specifically, the committee is responsible for ensuring,

- Integrity and adequacy of the risk management function of the Company.
- Adequacy of the Company’s capital.
- Risk exposures and risk profiles of the Company are within acceptable parameters to make recommendations to the board of directors on any action required.
- The compliance of the Company’s operations with relevant laws, regulations and standards

The Company is primarily exposed to credit risk, market risk, liquidity risk, operational risk and regulatory risk.

38. Financial risk management (contd.)

38.2 Credit risk

Impairment assessment

The losses can only be recognized when objective evidence of a specific loss event has been observed. This includes,

- Significant financial difficulty of the customer.
- A breach of contract such as a default of payment.
- It becomes probable that the customer will enter bankruptcy or other financial reorganization.
- Observable data that suggest that there is a decrease in the estimated future cash flow from the loans.

Individually assessed allowances

It is determined the allowances appropriate for each individually significant loan or advance on an individual basis, including any overdue payments of interests, credit rating downgrades, or infringement of the original terms of the contract. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in a financial difficulty. Projected receipts and the expected payout should bankruptcy ensue, the availability of other financial support, the realizable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Collectively assessed allowances

The Company uses Net Flow Rate model for the recognition of losses on impaired financial assets. Allowances are assessed collectively for losses on loans advances and for held to maturity debt investments that are not individually significant.

The general bases its analyses on historical experience. However, when there are significant market developments, macro economic factor changes has to be considered. These factors include, current level of bad debts, changes in law, changes in regulations and other customer data. The Company may use the aforementioned factors as appropriate to adjust the impairment allowances.

The collective assessment is made for groups of assets with similar risk characteristics, in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in the individual loans assessments. The collective assessment takes account of data from the loan portfolio (such as historical losses on the portfolio, levels of arrears, credit utilization, loan to collateral ratios and expected receipts and recoveries once impaired) or economic data (such as current economic conditions, unemployment levels and recoveries once impaired) or economic conditions, unemployment levels and local or industry-specific problems). The approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance is also taken into consideration. Management is responsible for deciding the length of this period, which can extend for as long as one year. The impairment allowance is then reviewed by credit management to ensure alignment with the Company overall policy.

38.3 Credit quality by class of financial assets

As at 31st March 2016	Neither past due nor impaired	Past due but not impaired	Individually Impaired	Total
Cash and cash equivalents	19,506,639	-	-	19,506,639
Investment in repurchase agreement	51,888,311	-	-	51,888,311
Loans and Advance	874,365,127	7,891,085	34,432,648	916,688,860
Financial investments held to maturity	40,136,637	-	-	40,136,637
Total	985,896,714	7,891,085	34,432,648	1,028,220,447
As at 31st March 2015				
Cash and cash equivalents	14,744,068	-	-	14,744,068
Investment in repurchase agreement	57,373,525	-	-	57,373,525
Loans and advance	824,631,786	26,664,383	92,322,088	943,618,257
Financial investments held to maturity	40,565,220	-	-	40,565,220
Total	937,314,599	26,664,383	92,322,088	1,056,301,070

38.4 Liquidity risk and fund management

Liquidity risk is the risk of inadequate resources to meet financial obligations in time and in full, at an acceptable cost. As was seen in some registered finance companies in the recent past, liquidity risk can pose serious threats to the existence of finance companies. The Company understands the importance of a robust liquidity risk management policy and constantly monitors the liquidity position of the Company.

Further, It is the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit the risk, management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

38.4.1 Statutory liquid assets ratio

As per the requirements of Finance Companies (Liquid Assets) Direction No. 04 of 2013 Every Finance Company shall maintain a minimum holding of liquid assets which shall not, at the close of the business on any day, be less than the total of :Ten (10) per cent of :–

(a) The outstanding value of the time deposits received by the Finance Company and accrued interest payable at the close of the business on such day; and

(b) The face value of non-transferable certificates of deposit issued by the Finance Company and accrued interest payable at the close of the business on such day.

As at 31 March 2016 the Company maintained Statutory Liquid Asset ratio at 17.05%.

38. Financial risk management (contd.)

38.4.2 Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March 2016.

As at 31st March 2016	Up to 03 Months Rs.	04-12 Months Rs.	01-03 Years Rs.	Over 03 Years Rs.	Total Rs.
Financial Assets					
Cash and Cash equivalents	19,506,639	-	-	-	19,506,639
Investment in repurchase agreement	51,888,311	-	-	-	51,888,311
Financial Investments					
- Held for fair value	1,908,354	-	-	-	1,908,354
Loans and Advances	328,304,366	190,944,145	151,376,420	246,063,929	916,688,860
Financial Investments					
- Available for sale	-	-	-	345,775	345,775
Financial Investments					
- Held to maturity	75,000	38,192,928	-	1,868,709	40,136,637
Total Financial Assets	401,682,670	229,137,073	151,376,420	248,278,413	1,030,474,576
Financial Liabilities					
Deposit From Customer	471,757,875	106,114,388	31,657,047	7,700,000	617,229,310
Other borrowings	25,658,498	-	-	-	25,658,498
Total Financial Liabilities	497,416,373	106,114,388	31,657,047	7,700,000	642,887,808
Total Net Financial Assets/(Liabilities)	(95,733,703)	123,022,685	119,719,373	240,578,413	387,586,768
As at 31st March 2015					
Financial Assets					
Cash and Cash equivalents	14,744,068	-	-	-	14,744,068
Investment in repurchase agreement	57,373,525	-	-	-	57,373,525
Financial Investments					
-held for fair value	2,074,962	-	-	-	2,074,962
Loans and Advances	324,875,116	256,183,848	259,568,948	102,990,345	943,618,257
Financial Investments					
-available for sale	-	-	-	345,775	345,775
Financial Investments-held to maturity	115,441	38,647,387	-	1,802,392	40,565,220
Total Financial Assets	399,183,112	294,831,235	259,568,948	105,138,512	1,058,721,807
Financial Liabilities					
Deposit From Customer	254,651,657	369,440,712	48,722,803	7,623,503	680,438,675
Other borrowings	104,990,538	-	-	-	104,990,538
Total Financial Liabilities	359,642,195	369,440,712	48,722,803	7,623,503	785,429,213
Total Net Financial Assets/(Liabilities)	39,540,917	(74,609,477)	210,846,145	97,515,009	273,292,594

38.5 Market risk

Market risk is the risk of potential losses accruing through adverse fluctuation in market interest rates, equity prices and exchange rates. Of these markets risks, the more frequent and most likely is the risk of adverse fluctuation of interest rates. The effect of such adverse movements could have an immediate and direct bearing on the Company. Interest rate risk is the risk of loss in the net interest income of the Company due to adverse changes in market interest rates. The Company routinely assesses its assets and liability profile in terms of interest rate risk and depending on this assessment, necessary realignments in the assets and liability structure are undertaken.

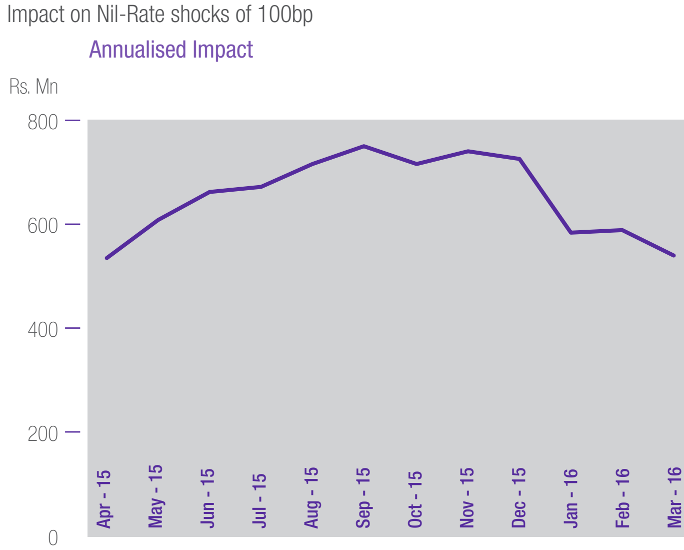
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Equity price risk is that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as available for sale.

38.6 Interest rate risk

The graph below depicts the sensitivity analysis carried out on the statement of financial position as the 31st March 2016 on the changes of interest rate right across the market in a hypothetical situation. The Company may expose to a sudden interest rate hit due to the availability of short term funding. The exposure will partly diminish by the short term rates sensitive investments. The time horizon of the study restricted to a 12 month period. The Company undertakes varying degrees of such rates shocks and evaluates them to ensure that the risk exposures are within the risk appetite of the Company as compares to the anticipated market rate moments.

Impact on Nil-Rate shocks of 100bp



	100 bp increase
	2016
	Rs.
Maximum for the year	7,496,973
Minimum for the year	5,352,407

In arriving at the above result the Company considered only rate sensitive asset and liabilities.

Notes to the Financial Statements contd.

39. Operational risk

The Company has in place a process of continuous internal audit utilizing the services of Messrs. Ernst & Young, Chartered Accountants.

39.1 Regulatory risk

In this latter process, the Compliance Officer is supported and assisted by the Company's internal auditors, Messrs. Ernst & Young who also report on any issues of non-compliance, with both internal and external regulations. Compliance with regulatory requirements is also documented through formal procedure manuals for each business unit.

39.2 Reputation risk

Reputation risk is the risk to earning, capital or brand arising from negative public or employee opinion. A company's reputation is a valuable business asset in its own right, essential to optimizing shareholder value. Reputation risk cannot be managed in isolation from other forms of risks, since all risks can have an impact on reputation, which in turn can impact the brand, earning and capital. Credit, liquidity, interest rate, operational, and regulatory risk must all be managed effectively in order to safeguard the Company's reputation.

40. Capital adequacy and management

Capital adequacy measures the Company's aggregate capital in relation to the risk, which may arise from its assets and off balance sheet transactions, its dealing operations and its human activities, technology and natural incidents. The Central Bank of Sri Lanka has prescribed the minimum risk sensitive capital with effective from January 2006. This guidelines required Company's to maintained minimum capital ratio of 5% and minimum risk weighted core capital of 10%.

Capital and risk weighted assets

As at 31 March	Minimum Requirement	2016	2015
Capital to risk weighted asset ratio			
Tier I		45%	30%
Deduction - Tier I	-	-	-
Core capital	5%	45%	30%
Tier II	-	-	-
Deduction - Tier II	-	-	-
Total capital base	10%	45%	30%

41. Contingent liabilities and commitments

There have been no significant contingent liabilities and commitments outstanding as at the reporting date.

42. Litigation and claims

There have been no material events litigations and claims that require adjustments or disclosures in the financial statements.

43. Events Occurring after the Reporting Period

There have been no material events occurred after the reporting date that require adjustments or disclosures in the financial statements.

44. Comparative Information

Comparative information has been reclassified where necessary to conform to current years presentation.

45. Board of Director's responsibility for financial reporting

The Board of Directors is responsible for the preparation and presentation of the Financial Statements in accordance with Sri Lanka Accounting Standards.

Share Information

Information on Ordinary Shares of the Company

Market Price Per Share

Market Prices per ordinary share for the year ended 31st March 2016 were as follows;

	Rs.
Highest Price	17.40
Lowest Price	8.70
Last Traded Price	10.10

Shareholders' Information

Twenty Largest Shareholders as at 31.03.2016

		No. of Shares	% of Holding
01.	Cargills Bank Limited	37,374,598	80.34
02.	Pan Asia Banking Corporation PLC/ Lankem Ceylon PLC	3,376,465	7.26
03.	Pan Asia Banking Corporation PLC/ Divasa Equity (Pvt) Ltd	1,119,053	2.41
04.	Seylan Bank PLC/ HVA Lanka Exports (Pvt) Ltd	929,014	2.00
05.	Seylan Bank PLC/ Divasa Equity (Pvt) Ltd	687,542	1.48
06.	South Asian Investment (Pvt) Ltd	316,292	0.68
07.	Mr. A. R. H. Fernando	246,620	0.53
08.	Mr. W. A. S. P. De Saram	194,997	0.42
09.	Mrs. S. G. De Silva	181,210	0.39
10.	Mr. Y. J. Perera	96,014	0.21
11.	Waldock Mackanzie Limited/Mr. D.B.N.Samaratunge	91,342	0.20
12.	Mr. D. G. Wijemanna	81,542	0.18
13.	Lankem Ceylon PLC	56,000	0.12
14.	Sampath Bank PLC/Mr. M.A.U. Gunathilake	53,856	0.12
15.	Mr. A. N. William	50,000	0.11
16.	Mr. M. G. A. R. Cooray	50,000	0.11
17.	Lankem Developments PLC	47,474	0.10
18.	Mr. Senavirathna	42,299	0.09
19.	Mrs. P. Reichberger	41,000	0.09
20.	Bimputh Finance PLC	38,000	0.08
		45,073,318	96.92
	Others	1,445,925	3.08
	Total	46,519,243	100.00

Directors'/ CEO's Holding in Shares as at 31st March	2016
Mr. P. S. Mathavan	Nil
Mr. E. M. M. Boyagoda	Nil
Mrs. S. M. G. Dunuwille	Nil
Mr. L. D. R. Hettiaratchi	Nil
Mr. P. P. Edirisinghe	Nil
Mr. W. L. S. Fonseka	Nil

Public shareholding percentage was 12.40% and number of shareholders representing the public holding was 724 as at 31st March 2016.

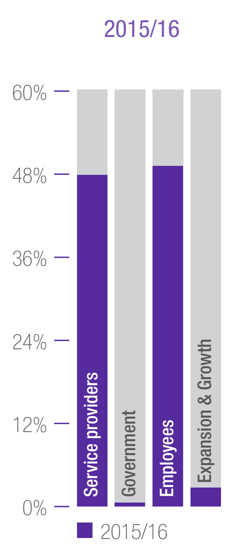
Distribution of Shareholders

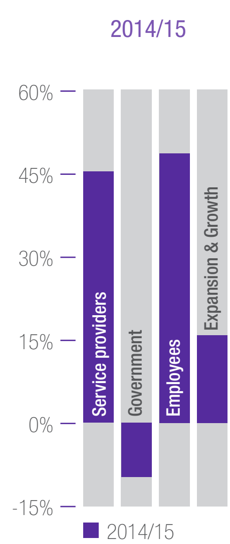
Shareholdings	Resident			Non Resident			Total		
	Number of Shareholders	No. of Shares	(%)	Number of Shareholders	No. of Shares	(%)	Number of Shareholders	No. of Shares	(%)
1 To 1000 Shares	475	109,841	0.24	3	430	0.00	478	110,271	0.24
1001 To 10,000 Shares	191	679,224	1.46	1	10,000	0.02	192	689,224	1.48
10,001 To 100,000 Shares	46	1,252,957	2.69	1	41,000	0.09	47	1,293,957	2.78
100,001 To 1000,000 Shares	6	2,555,675	5.49	0	0	0.00	6	2,555,675	5.49
Over 1000,000 Shares	3	41,870,116	90.01	0	0	0.00	3	41,870,116	90.01
	721	46,467,813	99.89	5	51,430	0.11	726	46,519,243	100

Categories of Shareholders	No. of Shareholders	No. of Shares	%
Individual	677	2,163,316	4.65
Institutional	49	44,355,927	95.35
	726	46,519,243	100.00

Value Added Statement

	2015/16	%	2014/15	%
Value added				
Interest income	163,871,924		173,413,528	
Interest expenses	(72,245,887)		(87,048,368)	
Value added	91,626,037		86,365,160	
Other income	9,529,321		14,057,114	
Income from fee based activities	1,649,745		2,475,706	
Impairment (charges)/reversal for loans and advances and other losses	(22,892,921)		(19,668,687)	
Wealth created	79,912,182		83,229,293	
Distribution of value added				
To service providers				
Overhead and support services	38,135,511	48%	37,753,297	45%
To the government				
Value added tax on financial services	3,320,968		2,671,548	
Tax expense/(reversal)	(2,895,617)		(10,847,887)	
	425,351	1%	(8,176,339)	-10%
To employees				
Salaries, wages and other benefits	39,185,080	49%	40,484,308	49%
To expansion & growth				
Retained earnings	(3,094,422)		8,766,400	
Depreciation	5,260,662		4,401,627	
	2,166,240	3%	13,168,027	16%
	79,912,182		83,229,293	





Notice of Meeting

NOTICE is hereby given that the THIRTY FIFTH ANNUAL GENERAL MEETING of COLOMBO TRUST FINANCE PLC will be held at SRI LANKA FOUNDATION, 100, Sri Lanka Padanama Mawatha, Independence Square, Colombo 07 on Wednesday, 10th August 2016 at 3.00 p. m. to transact the following business:-

1. To receive and consider the Report of the Directors and the Statements of Accounts for the year ended 31st March 2016 together with the Report of the Auditors thereon.
2. To re-appoint Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the ensuing year and authorize the Directors to determine their remuneration.
3. To authorize the Board of Directors to determine contributions to charities and other donations for the year 2016/ 2017.

By Order of the Board of

Colombo Trust Finance PLC

S S P Corporate Services (Private) Limited
Secretaries

Colombo.
15th July 2016

NOTE :
- A member of the Company is entitled to appoint a Proxy to attend and vote on his or her behalf.
- A Proxy need not be a member.
- A Proxy form which is enclosed should be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

Notes

Notes

Notes

Form of Proxy

I/We .... of ....

being a member/members of Colombo Trust Finance PLC hereby appoint: ....

.... of

.... or failing him/her

Mr. E. M. Mangala Boyagoda	of Colombo failing him
Mr. Prabaharan S. Mathavan	of Colombo failing him
Mrs. Sarojini M. G. Dunuwille	of Colombo failing her
Mr. P. Priyan Edirisinghe	of Colombo failing him
Mr. L. D. R. Hettiaratchi	

as my/our proxy to represent me/us to vote for me/us and on my/our behalf at the 35th Annual General Meeting of the Company to be held on 10th August 2016 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Agenda Item	For	Against
1. To receive and consider the Report of the Directors and the Statements of Accounts for the year ended 31st March 2016 together with the Report of the Auditors thereon.		
2. To re-appoint the Auditors and authorize the Directors to determine their remuneration		
3. To authorize the Board of Directors to determine contributions to charities and other donations for the year 2016/2017.		

Signed this .... day of ....2016.

....

Signature of the Shareholder

Note: Instructions as to completion are noted on the reverse hereof

Form of Proxy contd.

Instruction as to Completion of Proxy

1. Kindly perfect the Form of Proxy by legibly filling your full name and address, signing in the space provided, and filling in the date of signature.
2. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the Proxy form for registration, if such Power of Attorney has not already been registered with the Company.
3. In the case of Company/Corporation, the Proxy must be filled and attested in the legally prescribed manner.
4. The completed Form of Proxy should be deposited at the office of the Secretaries, S S P Corporate Services (Private) Limited, No. 101, Inner Flower Road, Colombo 03, not less than 48 hours, before the Meeting.
5. A shareholder appointing a Proxy (other than a Director of the Company) to attend the meeting should indicate the Proxy holder's National Identity Card (NIC) number on the Form of Proxy and request the Proxy holder to bring his/ her National Identity Card with him/her.
6. Please provide the following details

Shareholder's NIC No.	
No. of Shares held	
Proxy holders NIC No. (If not a Director of the Company)	

Corporate Information

Name of the Company
Colombo Trust Finance PLC

Legal Form
A Public Quoted Company with Limited Liability Shares were quoted on the Colombo Stock Exchange on 04th day of October 2012.

Date of Incorporation
25th November 1981

Company Registration No.
PB 765 PQ

Directors
Mr. Mangala Boyagoda
Mr. Prabhu Mathavan
Mrs. S.M.G. Dunuwille
Mr. L D R Hettiaratchi
Mr. P.P Edirisinghe

Registered Office
No. 21, Kumara Veediya, Kandy.

Colombo Office
123, Hunupitiya Lake Road, Colombo 02.
Tel : + 94 11 4317317
Fax :+ 94 11 2389411
E-mail : inquiries@ctf.lk

Secretaries and Registrars
S S P Corporate Services (Private) Limited
No. 101, Inner Flower Road, Colombo 03.
Tel : +94 11 4369778
Fax : +94 11 2573609

Bankers
Bank of Ceylon
People's Bank
Seylan Bank
Commercial Bank
DFCC Vardhana Bank
Nations Trust Bank
Union Bank
Cargills Bank Ltd

Auditors
Messrs. 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

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COLOMBO TRUST FINANCE PLC

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