Annual Report 2015

AMW Capital Leasing & Finance PLC

Contents

Vision

To be the most trusted admired and profitable financial institution in Sri Lanka.

Mission

Consistently deliver best-in-class service experiences to our clients. Attract and develop best-in-class professionals who are motivated to achieve the highest levels of service and performance. Provide a superior return for our shareholders and invest in the communities we serve.

Corporate Values

- Best-in-class client experience
  We provide timely, personalized and comprehensive solutions that create unique service experiences and earn our clients' loyalty.
- Our people
  We attract and develop a diverse workforce comprised of committed and driven individuals that have a sense of urgency and an inherent motivation to succeed.
- Teamwork
  We collaborate as one team to achieve our strategic objectives and goals.
- Reliability
  We are committed to carrying out all tasks with accuracy, efficiency, honesty and integrity every day. The communities we serve, our customers, employees and shareholders can depend on us to remain a strong, independent finance company.
- Expertise
  We are committed to continuous improvement and never stop learning and use our resources and expertise to encourage positive change in our customers, ourselves and our community.
- Embracing change
  We embrace change to find the best ideas, and to continuously improve and grow.
- Adaptability
  We are willing to capitalize on the opportunities that arise, tailor our services to fit our customers and anticipate future needs.
- A high performance company
  We are committed to excellence and are individually accountable for the achievement of measurable outcomes.

MILESTONES OF THE COMPANY

2006

- Obtained Leasing Company License
- Opened principal place of business in Borella
- Opened first branch in Kurunegala, second branch in Matara and third branch in Ratnapura

2007

- Opened two new branches in Negombo and Kandy

2008

- Obtained Finance Company License

2011

- Listed on the Diri Savi Board of the Colombo Stock Exchange
- Opened three new branches in Badulla, Anuradhapura & Nugegoda
- Migrated into a sophisticated state of the art Leasing Module
- Introduced Operating Leases to the product portfolio

2012

- Opened two new branches in Kuliyapitiya and Gampaha
- New Service Center was opened in Avissawella
- Business model changed to include financing used vehicles
- Integration with SAP ERP System

2013

- Total assets surpassed Rs. 5 Bn mark
- Opened a fully-fledged branch in Colombo
- Opened Fixed Deposits Division
- Two New Service Centers were opened in Kalutara and Kiribathgoda
- A Micro Finance unit was setup
- Islamic Finance to the product portfolio was introduced
- Launched the company website

2014

- Opened a New Branch in Galle
- Relocated Ratnapura, Nugegoda, Avissawella and Dambulla Branches
- Became a Tier "A" NBFI - surpassing Rs. 8 Bn total assets
- Software module for Fixed Deposits was implemented

2015

- Total assets surpassed Rs. 9 Bn mark
- Opened two New Service Centers in Kaduwela and Mount Lavinia
- Recorded highest ever Executions and Profits
- Fitch Ratings Lanka Ltd upgraded the Company rating from BB- to BBB+ (four notches up)
- Total Fixed Deposits surpassed Rs. 2 Bn at the end of 2015

CHAIRMAN'S MESSAGE

"The company was able to achieve a profit of Rs. 231 million during the year, recording its highest ever profit"

It is with great pleasure that I present to you the Annual Report and Audited Financial Statement for the year ended 31st December 2015 of AMW Capital Leasing and Finance PLC. I am happy to report that our company recorded its highest ever profit of Rs. 231 million, despite economic headwinds and competitive challenges in the environment in which we do business. This profit is the result of careful planning, balancing risks and rewards appropriately, as well as professional execution of strategic and operation plans.

The Global Economy

Global Economic growth in 2015 was patchy, with the US economy showing early signs of recovery, which contrasted with the disappointing performance of faltering economies in much of Europe despite aggressive monetary easing and a slowdown in China. The resulting efforts to restructure and rebalance the Chinese economy, combined with tepid growth elsewhere, adversely impacted the economic performance of most Asian countries, including Sri Lanka. The decline in commodity prices especially oil, benefited importing countries in terms of lower inflation and imports, but caused severe problems for exporting nations. Additionally, the slowdown in investment and trade and declining capital flows to emerging markets, combined with rising geopolitical tensions in many parts of the world, made up for a challenging year overall.

The outlook for 2016 continues to be clouded by these uncertainties and the risks of further weakening in global growth remain fairly high.

The Sri Lankan Economy

The year 2015 was of mixed fortunes for the economy. GDP grew at around 4.8 % compared with 4.5 % in the previous year, despite the difficult global situation and the diversions of a year dominated by two elections, for the Presidency and for Parliament. Inflation remained at low single digit levels. However, the fiscal deficit again exceeded the target, because of a disappointing level of tax collections and excessive expenditure in an election year. Declining exports and migrant worker remittances resulted in higher than expected trade and current account deficits, although burgeoning tourism income was a particularly bright compensating factor. Monetary policy was accommodative and was tightened only later in 2015 and in early 2016. These factors, together with rising external debt service obligations, contributed to a deterioration in the balance of payments and gross external reserve positions. The value of the SL Rupee against the US Dollar depreciated by about 9 % during the year as a result.

The new Government is formulating a set of structural economic reforms which will provide a platform for sustainable growth. It has also applied to the International Monetary Fund for an Extended Fund Facility of around USD 1 to 1.5 billion which will strengthen the balance of payments position and provide the time and space for the reform programme to be implemented and take effect. The proposed reforms are said to include increased indirect taxes, curtailment of expenditure programmes and reform of loss making state owned enterprises, all of which will contribute to a systematic and sustainable decline in the fiscal deficit. The monetary policy bias in 2016 may tend towards tightening rather than easing. Steps will also be taken to facilitate investment, especially FDI and exports. These include the negotiation of potentially transformational trade agreements with major trading partners particularly India and China, a process which is now underway, as well as the adoption of a more flexible exchange rate.

Based thereon, GDP growth is expected to grow at around 5 % in 2016 and to reach its sustainable post conflict growth potential of over 7% thereafter.

The IMF reported favorably on financial sector stability. They described the sector as generally well capitalized and liquid, but cautioned on the need to remain vigilant on the rise in non-performing loans.

Performance and Outlook

The report of the Director / CEO describes morefully the details of our impressive growth performance in 2015 and the achievement of a record level of profit. However, I would like to stress that these achievements were supported by sound management of the three major risks which the business faces, namely credit, funding and operational risks. It is noteworthy that our non-performing asset ratio of 2.17% compares very favourably with that of the industry which is close to 6%. This is testimony to the high quality of the portfolio. The return on shareholder funds of 18.9 % continues to be very strong.

2016 may be a more challenging year. In the context of possible economic pressures detailed above, the company will need to balance growth opportunities appropriately within a changing risk environment. Management of risks, including those arising from strategy and positioning, as well as from credit, operations and funding, diversification of products and markets where necessary, maintaining margins and managing costs, while investing where needed in technology, people and distribution, are some of the challenges we face in 2016.

I am very confident that with the continuing support of our parent company Associated Motorways (Pvt) Ltd., the guidance of the Board and the professionalism of the CEO and his team, 2016 will be another successful year of profitable growth.

Appreciation

In concluding, I would like to express my gratitude towards my fellow Directors, Director/ CEO, for their loyalty, dedication and hard work and employees, for their effort and passion in delivering excellent results. I would also like to thank our stakeholders and business partners, who helped us in building a great company and contributed towards its success. Lastly, a very special thank you, to our valued customers for their confidence and loyal patronage.

Deshabandu Tilak De Zoysa
Chairman

29th February 2016

DIRECTOR / CEO'S MESSAGE

I am pleased to announce that we were able to grow without compromising the quality of our portfolio

It is my pleasure to present to you the Annual Report and Financial Statements for the year ended 31st December 2015. This has been another year of success and exceptional performance. We were able to continue the growth momentum we achieved during the past years at an accelerated pace. This year we surpassed number of remarkable land marks which is not a coincident but an accomplishment through a carefully laid out plan.

The Financial Sector

With a view to support growth momentum of the economy, the Central Bank of Sri Lanka continued to pursue a relatively relaxed monetary policy stance. Private sector credit growth revived gradually during the year with this.

The excess liquidity which was significantly high throughout last year declined gradually in the year 2015. Even though some upward pressure on interest rates was observed during this period, particularly on short term rates due to changing liquidity level and yield rates on government securities, market interest rate continued to remain low. By taking advantage of this situation credit flows to private sector amplified substantially during the year 2015.

During the year financial sector remained healthy and stable without major stability concerns.

The Industry

The performance of the NBFI sector was notable during the year 2015. This sector accounts for 7 percent of assets in Sri Lankan financial sector. It consist of 54 companies with a branch network of 1187. NBFI sector shows a positive growth momentum mainly due to improved credit demand under low interest rate regime. Total assets of the sector expanded by 13.3% to Rs. 966.9 billion. Moreover, the low interest rate regime that prevailed in the market enabled NBFI sector to record a notable profit and maintain nonperforming loans at a manageable level. Industry average NPL ratio was 5.66% which is an improvement compared to last year. This is due to the fast growth in loans and advances.

The CBSL introduced prudential policy measures and regulations with a view of enhancing safety and soundness of the sector. One of the significant highlights at the latter part of the year was a maximum loan to value ratio of 70%, imposed on loans and advances granted towards financing of Automotives.

Company Performance

Last year the company exceeded its asset base of Rs. 8 billion. This year with the aggressive expansion carried out, we were able to achieve an asset base of nearly Rs. 10 billion, recording a growth of 16.82% which is a remarkable increase from last year. This is due to the rise in business volume in conjunction with improvement in customer base during the year. This was achieved amidst of intense competition prevailed in the industry. The accommodation reached to Rs. 6.78 billion compared to Rs. 4.12 billion in 2014, thus maintaining a stupendous growth rate of 64%.

Change in LTV ratio posed both threats and opportunities. We were successfully able to capitalize on these opportunities whilst mitigating the threats.

Maintaining asset quality was a huge challenge for all NBFI's in the entire financial sector. However, even with aggressive expansion strategy, we were able to maintain an NPL ratio of 2.17% which is well below the industry average. It is noteworthy that this rate is among the lowest in the industry. The provisions for impairment losses were significantly reduced when compared to 2014. I am pleased to announce that we were able to grow without compromising the quality of our portfolio. Prudent lending and strong recovery strategies pursued by the company formed the basis for this.

With the conducive environment existed during the year we achieved a Net Interest Margin of 8.78% and the growth in Net Interest Income was 16.68%.

The other income grew at a rate of 46.51% which is mainly due to income derived from investment in government securities, resulting in a total operating income of Rs. 228.7 million. Growth in expenses were in line with growth in business volumes. The company recorded a Profit After Tax of Rs. 230.6 million for the year 2015. Return on equity and return on assets are 18.9% and 4.36% respectively. It is noteworthy that the company is performing above industry average in terms of ROE and ROA, which stood at 10.88% and 2.81% respectively.

The company continuing with its growth momentum recorded a commendable Profit Before Tax of Rs. 389.7 million, which was supported by the rapid expansion and growth in business volumes and prudent treasury management initiatives.

The company's deposit base grew from Rs. 973 million to Rs. 2.8 billion which enabled us to build a more diversified funding portfolio. Relative significance of deposits as a source of funding increased from 15% in 2014 to 39% in 2015. We are looking forward to further broad base our fixed deposits by attracting more customers.

The company was able to open two new branches/service centres within the year, namely Mount Lavinia and Kaduwela. As a business growth strategy, the company has identified the importance of geographical expansion to make our presence known to the customers. In the coming year we are expecting to further increase our reach to our existing and new customers.

Outlook

With the economic growth expected to maintain its momentum, it is expected that the financial sector to record a notable growth. With improvements in sectors such as agriculture, construction, trading and tourism, NBFIs too could augment their core business activities.

We further look into capitalize on our parent company synergies while growing as a standalone company. We are very clear about our strategic direction and we have equipped ourselves to face the macro challenges of the environment.

The company is in a mode of rapid expansion and we are looking forward to expand our branch network to strategic locations. In the coming year we'll be giving more attention on strengthening our micro finance business unit. We will further fine tune our internal business processes to creating greater value to our customers and stakeholders, whilst stamping our class as a company of trust and repute.

Appreciation

I am grateful to the Chairman and my colleagues on the Board for their guidance and contribution. I sincerely thank our talented management team for the planning & execution of tasks and the entire team for the wonderful commitment, hard work and passion. I would also like to express my gratitude towards our customers, suppliers, business introducers, depositors, business associates and other stakeholders for the loyalty and confidence placed in our company. In conclusion I would like to assure you that we are committed towards creating greater value for all our stakeholders and society.

Brandon Morris
Director/CEO

29th February 2016

BOARD OF DIRECTORS

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1. Deshabandu Tilak De Zoysa
   Chairman

A well-known figure in the Sri Lankan business community, Mr. Tilak De Zoysa, FCMI (UK) FPRI (SL), Honorary Consul for Croatia and Global Ambassador for HelpAge International was conferred the title of "Deshabandu" by His Excellency the President of Sri Lanka in recognition of his services to the country and was the recipient of "The Order of the Rising Sun. Gold Rays with Neck Ribbon" conferred by His Majesty the Emperor of Japan.
In addition to being the Chairman of the Supervisory Board and Advisor to the Al-Futtaim Group of Companies in Sri Lanka, he Chairs Carsons Cumberbatch PLC, Associated CEAT (Pvt) Ltd., Amaya Hotels and Resorts USA (Radisson), AMW Capital Leasing and Finance PLC, Jetwing Zinc Journey Lanka (Pvt) Ltd and HelpAge Sri Lanka, Trinity Steel (Pvt) Ltd., CG Corp Global Sri Lanka.

He is also the Vice Chairman of Ceat Kelani Holdings (Pvt) Ltd., Orient Insurance Ltd. and serves on the boards of several listed and private companies which include John Keells PLC, Taj Lanka Hotels PLC, TAL Hotels and Resorts Ltd, Lanka Walltiles PLC, Nawaloka Hospitals PLC, Dutch Lanka Trailer Manufacturers (Tata Group), Associated Electrical Corporation Ltd., Inoac Polymer Lanka (Pvt) Ltd., Cinnovation INC., GVR Lanka (Pvt) Ltd and Varun Beverages Lanka (Pvt) Ltd (Pepsi).

Mr. Tilak De Zoysa is a past Chairman of the Ceylon Chamber of Commerce, the National Chamber of Commerce of Sri Lanka, HelpAge International (UK) and served as Member of the Monetary Board of Sri Lanka (2003-2009).

2. Brandon Morris
   Director/CEO

Mr. Brandon Morris counts over 25 years of Managerial experience, of which 18 have been in the non-Banking Financial Sector (NBFI). Prior to joining AMW Capital Leasing & Finance PLC, Mr. Morris held key positions at L B Finance Ltd (Asst. Manager), LOLC (Asst. General Manager), Ceylease Financial Services Ltd (Chief Operating Officer) and TVS Automotives (Pvt) Ltd (CEO). He is a Chartered Marketer, holds an MBA from the Post Graduate Institute of Management (PIM), University of Sri Jayewardenepura and a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing (CIM) UK.

His diverse skills and valuable experience in Sales, Branding, Credit Appraisal, Debtor Management, Distribution, Dealership Management, Logistics and International

BOARD OF DIRECTORS (Contd.)

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Trading, in both the financial and trading sectors, complements his role as a Management Board Director of AMW Group as well.

Mr. Brandon Morris currently serves as a Director, on the Board of the Leasing Association of Sri Lanka.

3. Samantha Aruna Bandara Rajapaksa
   Non-Executive Director

Mr. Samantha Rajapaksa is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK, and a Member of the Chartered Institute of Marketing of UK. He also holds an MBA from the University of Sri Jayewardenepura.

He began his career at M/s. Ernst & Young. He went on to serve as Director/General Manager at Informatics International.

Thereafter, he took on the appointment of Director/Chief Executive Officer of CF Venture Fund Ltd. He was also appointed as a Group Director of Central Finance Co. PLC during the same period. He thereon took a posting overseas as Senior Project Manager at AT&T Inc. USA,

He returned to Sri Lanka in 2008 to take up the appointment as Group Director of Kshatriya Holdings PLC and thereafter joined as a Group Director of the Softlogic Group responsible for group business development initiatives and as Director/ Chief Executive Officer of Softlogic Communications Ltd handling the Nokia operations in Sri Lanka and the Maldives.

He is currently the Group Managing Director of Associated Motorways (Pvt) Ltd., which is today a fully owned subsidiary of the Al-Futtaim Group of the United Arab Emirates.

He also currently holds Directorships on the Boards of Asiri Hospitals Holdings PLC and Asiri Surgical Hospital PLC, where he also Chairs the respective Audit Committees.

4. Avijit Majumdar
Non-Executive Director

Mr. Avijit Majumdar is a Chartered Accountant by profession being qualified by the Institute of Chartered Accountants of India.

He also holds a Bachelor of Commerce Degree from the University of Delhi, India.

Mr. Majumdar is the Finance Director of Automotive Division in Al-Futtaim Private Company LLC, UAE, since 2007. He joined the Al-Futtaim Motors, UAE, as the General Manager Finance in 1996. Al-Futtaim Motors is the largest operating subsidiary of Al-Futtaim Private Company LLC.

Prior to joining the Al-Futtaim Group he served as CEO for Sabco LLC in Oman; Finance & Development Manager with Bask Developments, Turks & Caicos Islands, BWI; and as Senior Manager Finance of Jumbo Electronics, Dubai.

Mr. Majumdar began his career in 1977 as a Management Trainee at the ITC Limited in India and in 11 years he was appointed as the Regional Financial Controller of the Hotel Division of the Group. His tenure with the ITC group laid the foundation to a focused, analytical, system oriented working style.

5. Nigel David Johnson
Non-Executive Director

Mr. Nigel David Johnson is the Managing Director - Vehicle Rental & Leasing for the Al- Futtaim Group overseeing operations in the UAE, Qatar and Oman. In addition to these operations he also has responsibility for the UAE used car retail operations.

He joined the organisation in April 2008 and is responsible for circa USD 200 million turnover across his business responsibilities. There are currently in excess of 500 employees managing the portfolio, with a combined rental and lease operating fleet of 12,500 vehicles in service and over 9,000 vehicles sold per annum within the used car business.

With over 15 years automotive fleet and leasing experience, Mr. Nigel Johnson's previous roles include leading the operative function for Inchcape Fleet Solutions, an automotive fleet leasing and management business in the UK, which managed in excess of 40,000 vehicles. Prior to this Mr. Nigel Johnson held senior positions within the Churchill Insurance Group, managing supplier relationships and Lease Plan UK, at the time UK's largest vehicle leasing supplier.

6. Stephen Martin Faulkner
Non-Executive Director

Mr. Stephen Martin Faulkner joined Al-Futtaim Group in January 2007 as the Integration Director of a new Regulated Consumer Finance joint venture between Al-Futtaim and GE Money, before assuming the role as Managing Director of the business in 2010.

He currently holds the role of Senior Managing Director Commercial & Banking responsible for the Al-Futtaim Groups Consumer Financing activities along with playing an active role in the M&A Business Development team.

Prior to joining the Group, he was with GE Consumer Finance division, where he held a number of senior level posts over his 17 year tenure. His last role within GE Money was as the Global Customer Retention and Remarketing Director operating across 32 countries. At various points in time during his career within GE, he was a member of various management committees responsible for global standards in Insurance, Responsible Lending, NPS and Lean Six Sigma strategies.

Prior to his role as Retention and Remarketing Director, he was based in London as the Insurance Director of GE Money UK & Ireland. From 1998 through 2000 he was based in Edinburgh as a Functional Lean Six Sigma Black Belt, this was preceded by a 4 year stint as the UK Business Development Director.

Mr. Stephen Faulkner is a Board Member of AMW Capital Leasing and Fiance PLC Sri Lanka, and acting Chairman of the Group Automotive Credit Committee and Al-Futtaim Finance Advisory Board.

7. Nihal Senanayake Welikala
Non-Executive Independent Director

He holds a Law Degree from the University of Ceylon.

He is also a Fellow of the Institute of Chartered Accountants, UK and a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

Mr. Nihal Welikala has thirty years of experience in the Banking sector in Sri Lanka. During this period he has served as the Chief Executive Officer of Citibank, Colombo and the National Development Bank PLC.

Mr. Nihal Welikala is also a Director of Bartleet and Co Ltd.

8. Angelo M. Patrick
Non-Executive Independent Director

Mr. Angelo M. Patrick holds an MBA from the University of Colombo and is a Fellow Member of the Chartered Institute of Management Accountants (UK) and a Member of the Institute of Marketing (UK). He has held Directorates and Senior Management positions over the past 40 years in Sri Lanka, Indonesia and Canada.

He was the President of the Chartered Institute of Management Accountants, Sri Lanka Division in 1993-94 and represented Sri Lanka on the Global Council of CIMA in the United Kingdom for 3 years. He is a Lecturer and Examiner for the Postgraduate Diploma in Manufacturing Management in the University of Colombo. He was a Member of the Sri Lanka Accounting Standards Committee and the Corporate Governance Committee of The Institute of Chartered Accountants of Sri Lanka.

He is a Group Director of The Capital Maharaja Organization Ltd and Non-Executive Independent Director of AMW Capital Leasing & Finance PLC and Richard Pieris Exports PLC.

9. Mrs. Dilani Cornelia Yatawaka
Executive Director

A Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Chartered Institute of Management Accountants UK and the Institute of Certified Management Accountants of Sri Lanka, Mrs. Yatawaka was appointed to the AMWCL board in November 2011.

She is the Finance Director of AMWCL's parent company Associated Motorways (Private) Limited and is also a Director of Associated Motor (Lanka) Co. Limited and Associated Universal (Pvt) Ltd.

10. Mr. Kushan Arosha Wijewickrama
Executive Director

Mr. Kushan Wijewickrama counts over 18 years of experience in Human Resources Management, working in Sri Lanka, India, Bangladesh and Malaysia. He held Management & Senior Management positions in Human Resources for over 10 years in Manufacturing, FMCG, UN & Telecommunications industries.

Having joined AMW in January 2013 as the Director Human Resources, he was appointed to setup Strategic HR within the organization and was also involved in the development of the Group HR Department. Subsequently in December 2013, considering his previous experience, 7 more departments were added under his purview. He was re-designated as Director - Human Resources and Shared Services. He was appointed to the Board of AMW Capital Leasing and Finance PLC in April 2015.

Prior to joining AMW, he was attached to Ericsson Malaysia as HR Manager based in Malaysia as well as overlooking Ericsson Sri Lanka. He functioned as a HR Consultant in the region, prior to which he served as the Head of People and Culture at Ericsson Telecommunications Lanka (Private) Limited.

He was the Head of Human Resources Development and Head of Corporate Social Responsibility at Finlay's Tea Estates Sri Lanka (Member of SWIRE Group) and was attached to Fonterra Brands Lanka (Private) Limited in the capacity of Organizational Development Manager.

He was attached to UNICEF (United Nations Children's Fund) as Human Resources Development Officer - Sri Lanka & Maldives. He was also at Lanka ORIX Leasing Company, a member of ORIX Group as Executive Group Human Resources.

Mr. Wijewickrama holds an MBA from Buckinghamshire New University, UK and a Bachelor of Commerce Degree from the University of Delhi, India as well as a National Diploma in Human Resources Management - NDHRM from the Institute of Personnel Management of Sri Lanka. He is a Member of the Association of Human Resources Professionals (AHRP).

11. Mrs. Samitha Dayani De Silva
Company Secretary
(Absent in Photograph)

Mrs. S D De Silva contributes over 24 years of experience to the AMW Group and was with AMW Capital Leasing and Finance PLC from its inception.

She is a Fellow of the Institute of Chartered Secretaries and Administrators, UK and a Fellow of the Institute of Chartered Corporate Secretaries in Sri Lanka

SENIOR MANAGEMENT TEAM


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1. Pramuditha Mendis
General Manager

Mr. Pramuditha Mendis serves as the General Manager of the company. He has over 21 years of experience in the field of Leasing including 4 years in an overseas assignment. Mr. Mendis started his Leasing career with LOLC and was instrumental in obtaining PFI status for LOLC at ADB funded tea development refinance scheme, thus making LOLC, the first specialized leasing company to qualify for ADB funded credit scheme. After serving LOLC for 11 years, he joined Saudi ORIX Leasing Company in K.S.A. and worked as the Senior Manager/ Deputy Region Head for 4 years. Having served as a Director of The Leasing Association of Sri Lanka (LASL), Mr. Mendis has experience in both SME (small and medium enterprise) and Corporate Credit and Marketing. He holds a Bachelor of Science Special Degree in Industrial Management from the University of Kelaniya.

2. Sanjaya Thenuwara
Deputy General Manager – Marketing

Mr. Sanjaya Thenuwara the Deputy General Manager-Marketing, counts over 19 years' experience in the field of Leasing. He started his career as a Management Trainee at Mercantile Investments Ltd & thereafter worked at Central Finance & Mercantile Leasing Limited, before moving into Lanka Orix Finance Company PLC in 2003.
Mr. Thenuwara worked at LOLC for 10 years in the capacity of Regional Manager & Chief Manager City Branch. He holds a Diploma in Marketing from SLIM & an MBA from University of Wales Institute Cardiff.

3. Sujith Fernando
Head of Risk & Compliance

Mr Sujith Fernando joined the Company in August 2015 as the Head of Risk & Compliance. He holds an MBA from University of Colombo. He is also an Associate Member of the Chartered Institute of Management Accounts (CIMA- UK) and an Associate Member of the Institute of Bankers of Sri Lanka (IBSL).
Mr. Fernando has 21 years experience in Banking & Finance Sector including two years experience in UK. He started his career as a clerk in the Commercial Bank of Ceylon PLC. His 16 years service at Commercial Bank covers, Branch Operations, Credit, Finance & Planning and Recoveries. Thereafter, in 2011 he joined Capital Consultancy & Investments - London UK as a Finance Analyst. During the two year stint at Capital Consultancy he gained experience in

preparation of project proposals, restructuring proposals and investment appraisal.
Prior to joining AMWCL he was the Assistant General Manager - Risk & Compliance at Sarvodaya Development Finance.

4. Hemantha Ratnayake
Head of Recoveries & Administration

Mr. Hemantha Ratnayake is the Head of Recoveries & Administration. He counts over 18 years' experience in the Leasing and Finance Industry. Mr. Ratnayake was the Senior Manager Recoveries & Collection of Asian Finance Ltd. He holds a Diploma in Credit Management (IBSL). He also served in the Sri Lankan Navy Communication Department, for more than 13 years and gained experience in International Marine Communications.

5. Chinthaka de Alwis
Head of Operations & Compliance

Mr. Chinthaka de Alwis the Head of Operations and Compliance has a diploma in Litigation Systems to the law. Mr. De Alwis has over 23 years' experience in the Finance sector. He was the Head of the division of Compliance at Peoples Leasing Ltd for a period of 2 & ½ years. He possesses 11 years' experience at Lanka Orix Leasing Company (LOLC) in the Finance, Micro Finance, Corporate Finance and Internal Audit division, responsible for Internal and Information Systems Auditing processes of the Organization.

6. Uma Maheswaran
Head of Fixed Deposits

Mr. Uma Maheswaran, the Head of Fixed Deposits, who joined the company in December 2012 was instrumental in setting up the fixed deposit operations. He has 18 years of experience in the finance industry, particularly in fixed deposit mobilization and operations. Prior to joining AMWCL, he was the Manager - Fixed Deposits at Mercantile Investments and Finance PLC, where he served a good 15 years of his career.

7. Mrs Ivon Brohier
Senior Manager Finance

Mrs. Ivon Brohier who is functioning as the Senior Finance Manager, has been with the company from its inception. She is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and holds an MBA from the University of Colombo. She also holds a Bachelor of Science Special Degree with a second class upper Division in Management from the University of Sri Jayewardenepura. Prior to joining AMWCL, Mrs. Brohier was working with KPMG Ford Rhodes Thornton and Co. and was an Analyst in tax and regulatory affairs at the time of leaving the firm.

OPERATIONAL REVIEW

Leasing and Financing industries were undergoing turbulence during the year 2014 due to many factors including constantly increasing NPLs and the Consolidation Drive implemented by the Central Bank of Sri Lanka (CBSL). Among all odds, the year 2015 can be treated as one of the best years for NBFIs in terms of demand for motor vehicle financing. Total new motor vehicle registrations increased to 668,907 units in 2015 from 429,556 units in 2014 recording a remarkable growth of 56%. Motor Cars, Three Wheelers and Two Wheelers led the growth by 176%, 63% and 36% respectively. The lower import duty coupled with low borrowing interest rates contributed to this growth. Since Sri Lanka's lease/ financing industry is a predominantly motor vehicle financing centric operation, all NBFIs were able to achieve record execution growth during this period.

Government of Sri Lanka together with CBSL introduced a maximum Loan To Value (LTV) of 70% when financing a motor vehicle in September 2015, solely with the objective of curbing staggering import cost and unprecedented credit growth which was more or less consumption driven. However, the impact of this on the vehicle purchases was hardly affected, as the purchases in the first ten months of the year had already contributed to record numbers in 2015.

The aggressive encroachment by banks into motor vehicle financing segment remained strong during 2015 as well, due to the excess liquidity the banks were having.

Interest rates were almost close to single digit due to excess liquidity prevailed right throughout 2015. The salary increments given to state employees too enhanced their buying power, some purchasing two wheelers, three wheelers and even small cars on lease basis.

Industry NPLs which was on the rise during 2014 (reached 6.8%) settled down to around 5.7% showing overall quality improvement.

The year 2015 was a good year for AMW Capital Leasing and Finance PLC. The company took the full advantage of the bumper demand prevailed for motor cars by focusing more on its captive business, Suzuki ALTO cars. Suzuki sold over 45,000 cars during the year against 4,514 units in the previous year.

Total executions of the company increased to LKR 6.78 billion in 2015 from LKR 4.12 billion in 2014, a 64% growth. The company transacted with 8,395 customers in 2015 as against 4,987 in 2014. Overall portfolio was more skewed towards captive motor vehicle financing, mainly the Suzuki ALTO, which represented about 75% of the total executions during the year. This portfolio concentration on motor car segment in the previous year was around 66%. Although the concentration on motor car segment is high, the company do not foresee any unwarranted risk since history speaks well on the portfolio quality of this market segment.

Regular Integrated Risk Management Committee (IRMC) meetings and Credit Committee meetings, together with the recovery strategies formulated at the beginning of the year, once again assisted the company to establish its position in terms of super quality portfolio among NBFIs. The total provisioning for impairment losses reduced to LKR 47.74 million in 2015 against LKR 78.09 million of the corresponding period of the previous year. The NPL (Gross) ratio improved to 2.17% from 2.64% in 2014. The relatively fewer number of repossessed vehicles, 62 in number, in the yard very well reflected the strong credit culture prevailed in the company.

The company was aggressively involved in finding cheaper low cost, long and medium term fixed rated funds during the 3rd and the 4th quarters of the year projecting an imminent rate spike. It successfully bridged the interest rate gaps as planned minimizing the impact that could have on the bottom line in the coming years.

During the year, the company also opened two service centres in Kaduwela and Mount Lavinia respectively, with the intention of expanding its delivery network and providing speedy tailor made financial solutions to our existing and potential customers in these areas. Overall, branches and service centres brought in 72.65% of the interest income during the year under consideration.

Fitch rating offered a higher rating of BBB+ from its previous rating BB- which endorses the sound and improved financial stability of the company.

All in all, the company's total assets increased by 17% to LKR 9.63 billion during the year and PAT increased to LKR 230.67 million during the year 2015.

Income Earning Assets - Grew by 43.57%

Income earning Loans and Advances increased to LKR 8.96 billion in 2015 compared to LKR 6.24 billion in the previous year. This indicates 43.57% growth. The main contributory factor was the growth in Lease receivables which increased from LKR 3.31 billion in 2014 to LKR 6.33 billion (91.32% growth over the previous year). The surge in ALTO sales followed by increased ALTO financing was the main reason behind this growth. Auto loan portfolio too reported a marginal growth and it increased to LKR 2.23 billion in 2014 from LKR 2.32 billion in 2015. The Hire Purchase portfolio reported a negative growth since Hire Purchase became a dying product after the VAT on lease rentals was removed.

Public Deposits - Grew by 191%

With the objective of diversifying the funding sources, company paid more focus on sourcing Public Deposits. The total Time Deposits increased to LKR 2.83 billion during the year under review from merely LKR 0.97 billion in the previous year. Since the Time Deposits were relatively expensive than other types of funding sources, the company sourced more funds from other funding sources such as securitization and bank borrowings, whilst focusing on increasing the number of deposit customers.

Profitability

Profit Before Tax (PBT) and Profit After Tax (PAT) increased to LKR 389.75 million and LKR 230.67 million respectively. The growth was mainly supported by prudently managed treasury function, lower impairment losses, increased other operating income and the growth in interest income resulting from higher executions. Income tax charge for the year under review drastically reduced to LKR 60.51 million from LKR 125.92 million in 2014, mainly due to huge increase in capital allowances followed by increased leasing portfolio. However, deferred taxes for 2015 increased heavily due to the same reason.

Interest Income - Grew by 16.64%

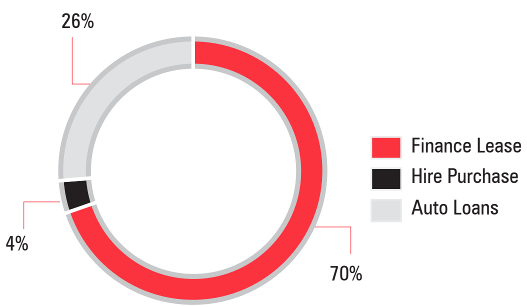
Interest income recorded a 16.64% growth. It increased from LKR 1.17 billion in 2014 to LKR 1.37 billion in 2015. The interest income earned from the lease portfolio showed a higher growth while interest income from loan portfolio too showed a moderate growth.

Growth in Other Operating Income - Grew by 46.52%

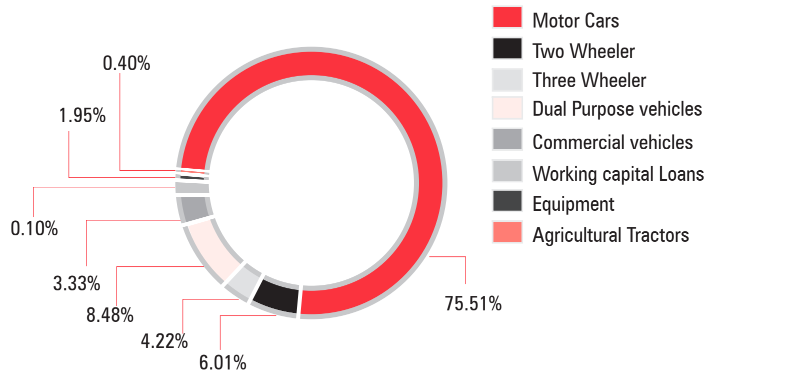
The other operating income mainly consists of default interest recovered, documentation fee, income from early settlements and insurance income. This increased to LKR 228.78 million in 2015 from LKR 156.15 million in 2014. Income received from additional charges increased to LKR 42.46 million in 2015 from 21.69 million in 2014 and insurance commission income increased to LKR 33.12 million from LKR 24.19 million in the previous year with the increased number of transactions. Income from early settlements increased to LKR 98.33 million from LKR 72.04 in the previous year.

OPERATIONAL REVIEW (Contd.)

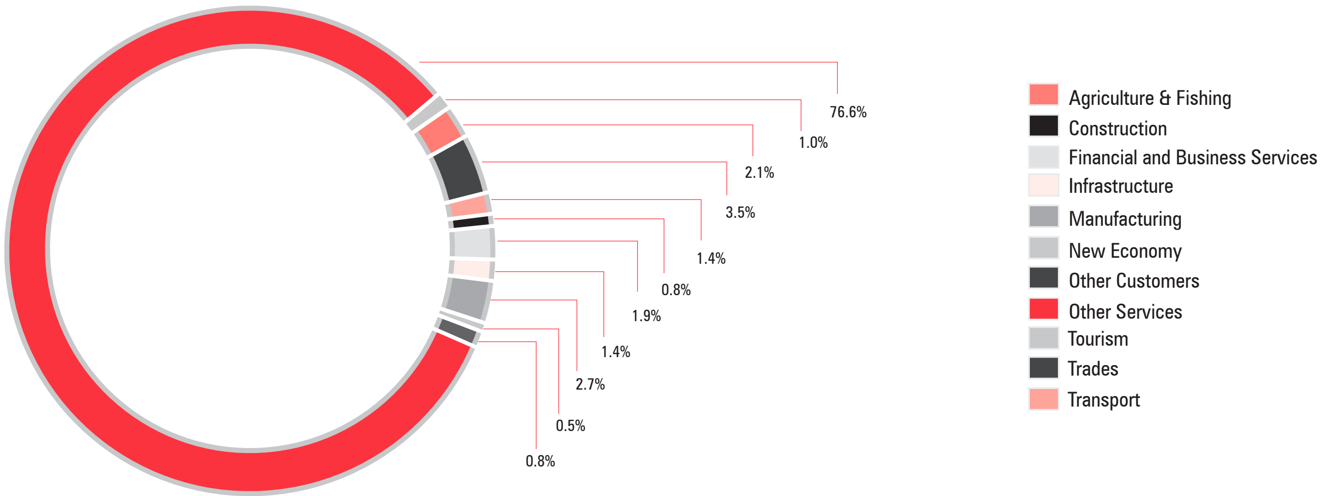
Exposure Based on Product Class



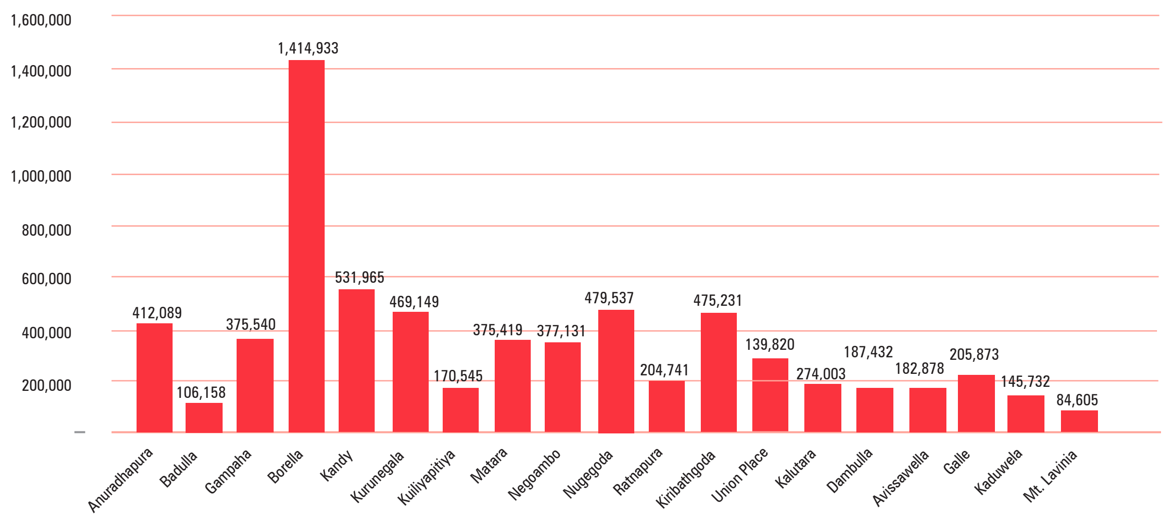
Exposure Based on Asset Type



Sector Wise Executions



Branch Wise Executions ('000)



HUMAN RESOURCE ENGAGEMENT

We strongly believe that the success of our organization lies not only in our products and service, but in our human resources. Operating in a complex and competitive environment it is essential that we attract, retain, develop and motivate the best people with the right talent and capabilities at all levels of our business.

With this view in mind, we ensure that there are clear processes for understanding and responding to employees' needs through Human Resource initiatives and regular communication of business developments. We review our employee policies regularly and are committed to investing in the continuous development of our employees. Succession planning is carried out to ensure that the future needs of the organization are considered and provided for.

We trust that an investment made in developing our employees is an investment made towards the growth of our organization. Our employees are provided with technical and soft skills training locally as well as overseas.

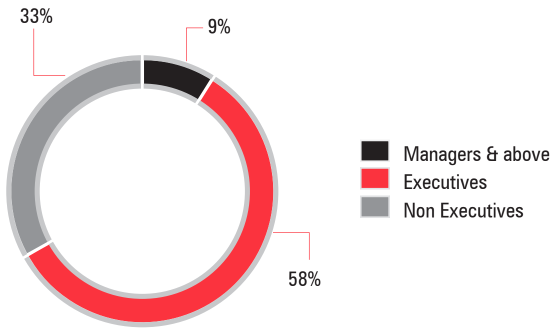
A residential training programme on Motivation and Team Building for the entire AMWCL staff of 182 associates comprising of cross sectional / functional teams was held in May 2015 at a fascinating location. The programme was conducted with a view to increase the levels of staff efficiencies, staff to be more focused in their areas of work & on the expectations of the stakeholders.

A tailored training on Credit Monitoring and Recoveries was successfully conducted for the Recoveries and the Marketing Teams where veterans in the subject matter were invited as resource persons for this special training. 36 employees of both teams participated and gained valuable knowledge.

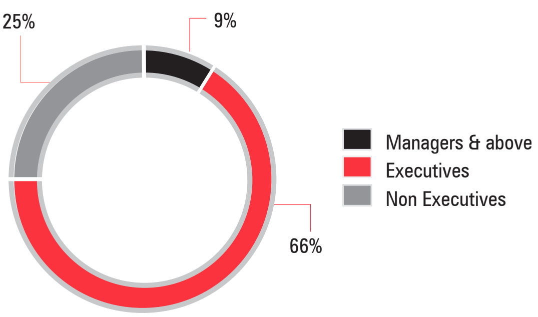
Regular Induction programmes are conducted for new staff members of all grades with the view of providing in-depth knowledge of the entire group, its' brands, services and culture, followed by location visits.

Individuals are sent for carefully selected external training programmes and seminars that will assist them in carrying out their duties effectively. Of many reputed external training institutes including Centre for Banking Studies (CBS) and other Financial specialized institutes have been channeled to provide the required training in areas of both technical and soft skill development for our staff. A few such external programmes include, programmes relating to finance, banking, tax, compliance and legal aspects, sales skills training, communication skills etc.

A special leadership development workshop "Leaders for Growth" was held at AFG Dubai for Senior Management staff members of the organization.



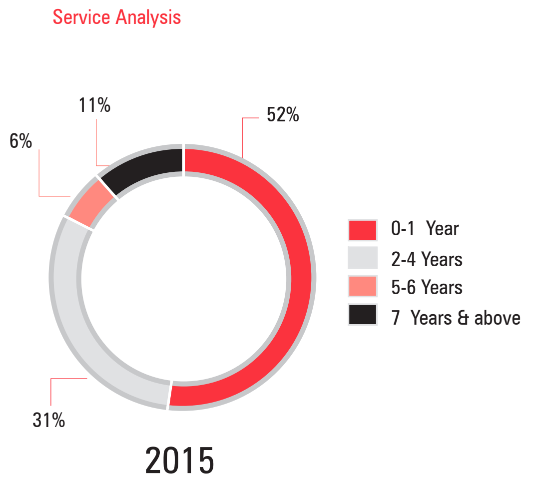
2015

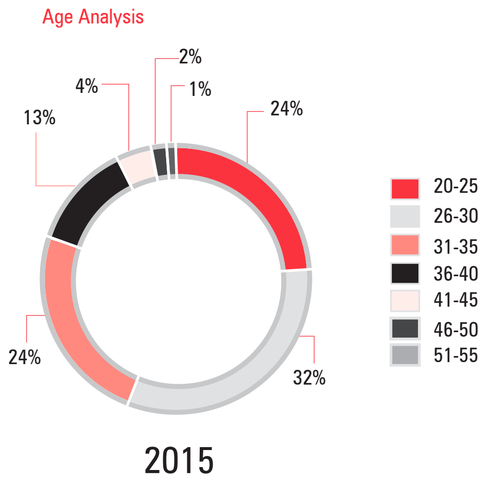


2014

HUMAN RESOURCE ENGAGEMENT (Contd.)

As at 31.12.2015 Employees' Service and Age Analysis.





Manpower Statistics

As at 31.12.2015, AMW Capital Leasing & Finance PLC's total cadre stood at 211 up from 174 as at 31.12.2014.

Employee Relations & Welfare Activities

AMWCL strive to ensure that employment policies meet relevant social, statutory and regulatory conditions and practices across all our markets, and remain committed to building and maintaining strong relationships through annual staff sports events such as inter departmental Cricket Tournament, Tag Rugger and Bowling Tournaments.

Employees' children who have excelled in their education and who have received special achievements in various fields such as sports, arts etc. are awarded scholarships by the company to further encourage and assist them in their education / specialized field of interests. Through the "Children to Work Place Programme" opportunity was given to bring in children of staff members to their work premises to have a better understanding of the work role of the parents.

All these initiatives motivated employees to carry out their duties with confidence and trust in the workplace. We also create opportunities for social interaction amongst colleagues and their families by organizing events such as annual family get-togethers, religious festival celebrations, charity programs during Vesak, Ramadan, Christmas seasons and many CSR projects.

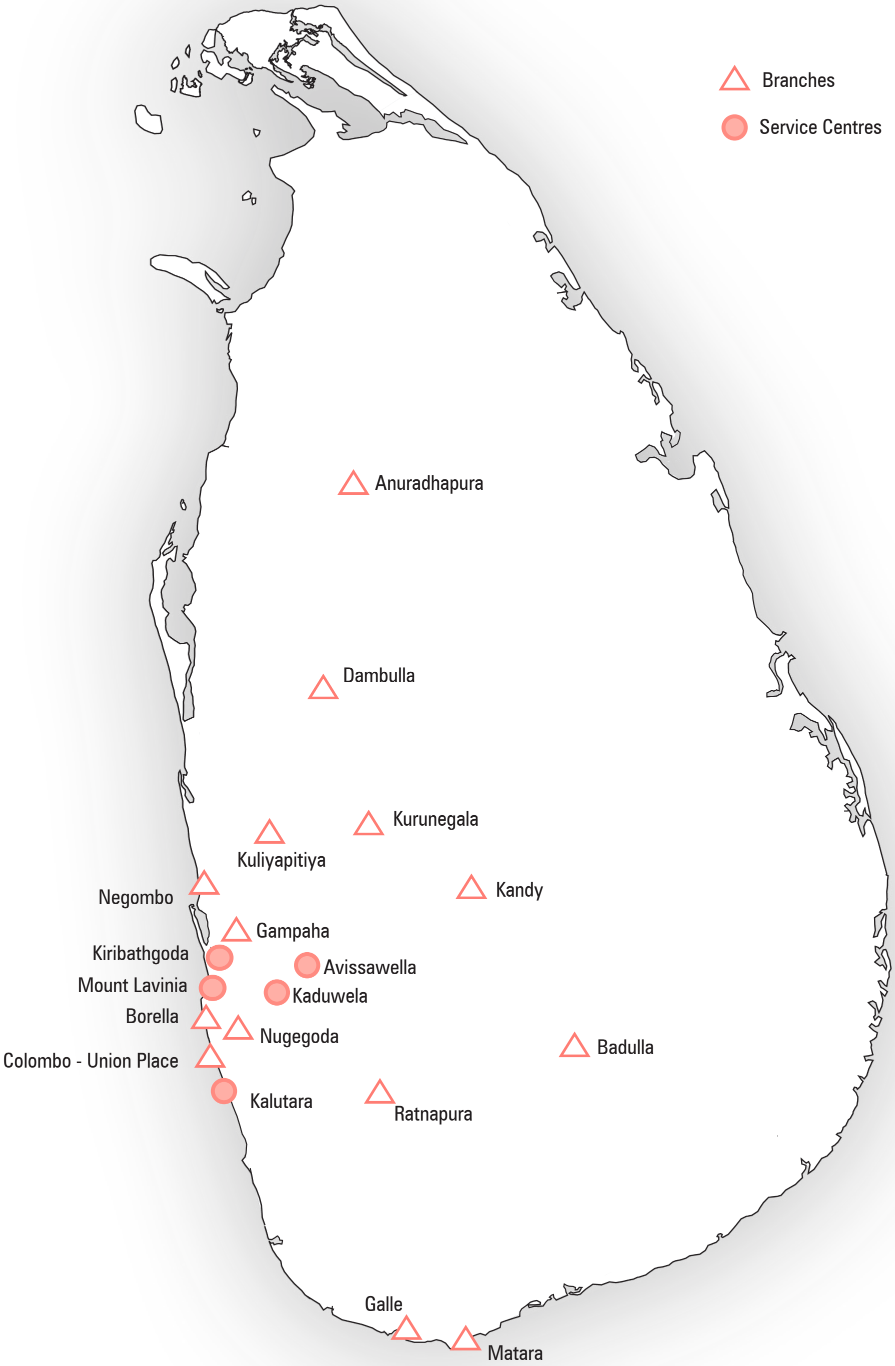
BRANCH NETWORK

Information of Company Branch Network and Service Centres

Location	District	Province	Address	Contact Person	Telephone	Fax	Type of Operation
Borella	Colombo	Western	AMW Capital Leasing and Finance PLC No.445, Bauddhaloka Mawatha, Colombo 08	Mahesh Karunathilake	011-2671371-171	011-2671272	Branch
Kurunegala	Kurunegala	North Western	AMW Capital Leasing and Finance PLC No.204, Colombo Road, Wanduragala, Kurunegala	Thusitha Yalage	037-7609608	011-2229867	Branch
Negombo	Gampaha	Western	AMW Capital Leasing and Finance PLC No.262, Suzuki Maruti Showroom, Chilaw Road, Periyamulla, Negombo	Indika Jayamanne	031-7609608	031-7609643	Branch
Kandy	Kandy	Central	AMW Capital Leasing and Finance PLC No.400, Katugastota Road, Kandy	Dineeth Premachandra	081-7609608-43	081-2212952	Branch
Ratnapura	Ratnapura	Sabaragamuwa	AMW Capital Leasing and Finance PLC No.510, Colombo Road, Weralupa, Ratnapura	Aruna Kuruppu	045-5677677	045-2226940	Branch
Matara	Matara	Southern	AMW Capital Leasing and Finance PLC No.215E, Galle Road, Pamburana, Matara	Vipul Shantha	041-7609608	041-2220460-544	Branch
Badulla	Badulla	Uva	AMW Capital Leasing and Finance PLC No.08, Lower Kings Street, Badulla	Manoj Kumara	055-7609615-8	055-7609619	Branch
Anuradhapura	Anuradhapura	North Central	AMW Capital Leasing and Finance PLC No.521/40, 4th Cross Road, New Town, Anuradhapura	Janaka Priyantha	025-2227020-3	025-2227024	Branch
Nugegoda	Colombo	Western	AMW Capital Leasing and Finance PLC No.311, High Level Road, Nugegoda	Manoj U. Perera	011-2829523-6	011-2829521	Branch
Gampaha	Gampaha	Western	AMW Capital Leasing and Finance PLC No.163/A, Ja-Ela Road, Gampaha	Eroshan Anuradha	033-7609608-640	033-7609644	Branch
Kuliyapitiya	Kurunegala	North Western	AMW Capital Leasing and Finance PLC No.463/A, Madampe Road, Kuliyapitiya	Indika Vijayapathirana	037-7609650-1	037-7609658	Branch
Dambulla	Dambulla	Central	AMW Capital Leasing and Finance PLC No.22, 1st Floor, Kurunegala Junction, Dambulla	Udana Galgamuwa	066-2285760-3	066-2285764	Branch
Union Place	Colombo	Western	AMW Capital Leasing and Finance PLC No.185, Union Place, Colombo 2	Mahesh Karunathilaka	011-2446419-278	011-2307749	Branch
Kalutara	Kalutara	Western	AMW Capital Leasing and Finance PLC No.380D, Galle Road, Kalutara North	Kasun Wakista	034-2228609-12	034-2237411	Service Centre
Kiribathgoda	Colombo	Western	AMW Capital Leasing and Finance PLC No101, Kandy Road, Kiribathgoda	Pio Perera	011-2908916-8	011-2908914	Service Centre
Avissawella	Colombo	Western	AMW Capital Leasing and Finance PLC No.8, Colombo Road, Ukwatta, Avissawella	Aruna Kuruppu	036-2231110-13-14-15	036-2231116	Service Centre
Galle	Galle	Southern	AMW Capital Leasing and Finance PLC No.287A, Suzuku Maruti Show Room, Wackwella Road, Galle	Dushan Gunawardena	091-2231265-66	091-2231267	Branch
Kaduwela	Colombo	Western	AMW Capital Leasing and Finance PLC No.156/2, Old Avissawella Road, Hewagama, Kaduwela	Dhanushka Fonseka	011-2538623	011-2538795	Service Centre
Mount Lavinia	Colombo	Western	AMW Capital Leasing and Finance PLC No.231, Galle Road, Mount Lavinia	Indimal Hewavitharana	011-2737425	011-2737632	Service Centre

BRANCH NETWORK (Contd.)

Information of Company Branch Network and Service Centres



FINANCIAL REVIEW

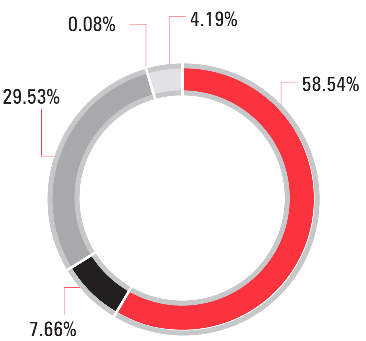
Financial Performance Overview			
Indicator	2015	2014	Change %
Profit Before Tax (Rs.Mn)	390	355	10%
Profit After Tax (Rs. Mn)	231	226	2%
Earnings Per Share (Rs.)	12	11	2%
Total Assets (Rs. Mn)	9,632	8,245	17%
Total Equity (Rs. Mn)	1,355	1,144	18%
Net Assets Per Share (Rs.)	67.73	57.20	0.18

AMW Capital Leasing and Finance PLC completed its most successful year in its history of growth, recording Rs. 390Mn Profit before taxes and substantial growth in Asset Base.

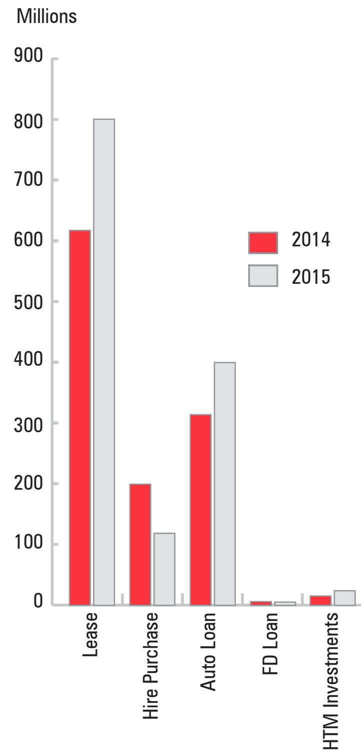
Interest Income

Interest Income as compared to the previous year reported an increase of 17%. A comparison of the contribution given by each component of Income to the total Interest Income is given in the graphs below.

Interest Income 2015



Interest Income 2014 - 2015

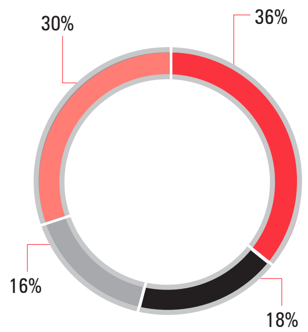


The Increase in Lease and Auto Loan income compared to the previous year was due to highest ever executions reported by the company during the year supported by upsurge demand for Motor Vehicle financing.

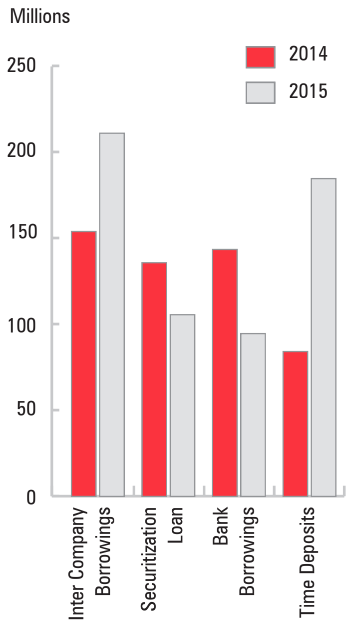
Interest Expense

Moving in line with the credit growth, Interest Expenses increased by 17% compared to the previous year. A comparison of the contribution given by each component of Income to the total Interest Expensee is given in the graph below.

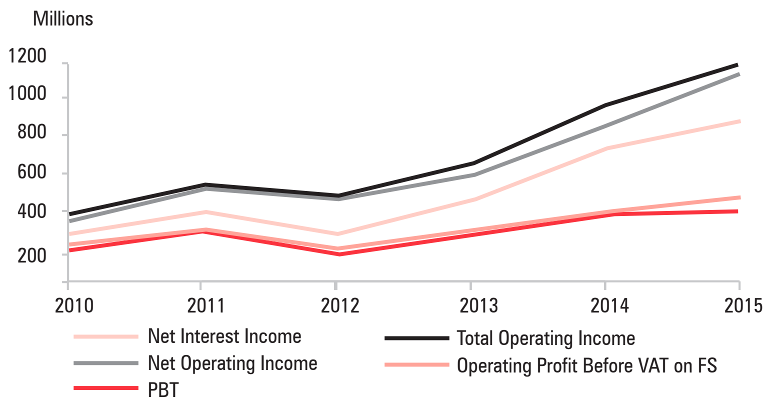
Interest Expense - 2015



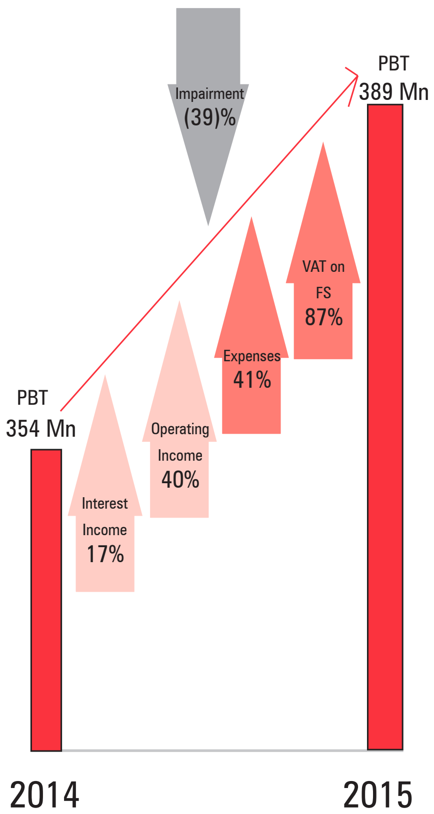
Interest Expense 2014 - 2015



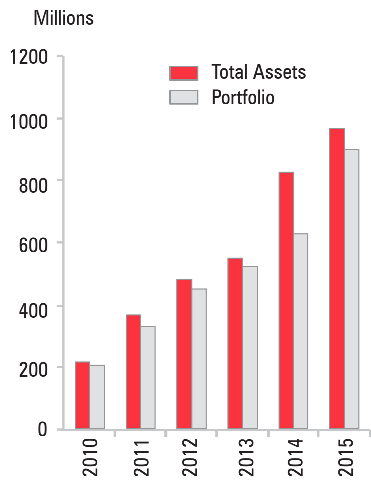
Profitability



The company achieved a 10% increase in profit before tax and 2% increase in profit after tax compared to the previous year.The increase in Net Interest Income and reduced losses on impairment positively impacted the profits for the year. The Value Added Tax on Financial Services increased by 87% compared to the previous year and continues to be a significant charge against profits.

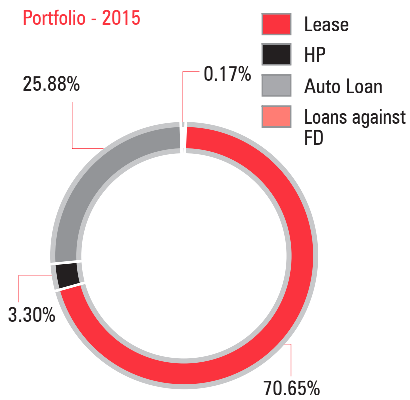


Total Assets



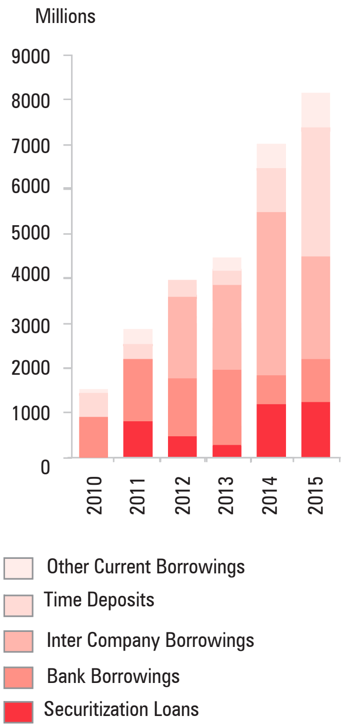
The Total Assets appreciated by 17% an increase of Rs1.4bn, from Rs. 8.2 bn to reach Rs.9.6bn by year end. This was mainly due to the growth in Lending Portfolio. Increase in lending portfolio compared to the previous year is 43%.

Portfolio - 2015



The Leasing portfolio that accounts for more than 70 % of the portfolio mix has increased by more than 90 % compared to the previous year. Significant drop in Hire Purchase portfolio could be seen during the year and the reduction reported is 57 % compared to the previous year. Due to the exemption of VAT on finance leases, Hire Purchase was considered to be a less attractive product

Total Liabilities



As at the end of the financial year, total liabilities of the Company stood at Rs. 8.2bn of which Rs.7.2 bn accounted for funding sources. Major funding sources of the Company include Term Loans, Securitization Loans, Parental Financing, Time Deposits and Short Term Financing. A Significant increase can be seen in the Fixed Deposit base which reflects increased confidence in the company.

In conclusion, we place on record that 2015 was a successful year, taking the achievements of top line growth, well managed treasury function, excellent collection procedures and a prudent provisioning policy resulting in strong and steady growth.

RISK MANAGEMENT

Introduction

Risk-taking is an inherent element of finance business and, indeed, profits are part of the reward for successful risk taking in business. The primary goals of risk management in AMW Capital Leasing & Finance PLC (AMWCL) are to ensure that the outcomes of risk-taking activities are consistent with the Company's strategies and risk appetite, and that there is an appropriate balance between risk and reward in order to maximize shareholder returns.

On the other hand, excessive and poorly managed risk can lead to losses and thus endanger the safety of AMWCL's depositors and shareholders. Accordingly, Company places significant emphasis on the adequacy of the institution's management of risk. The Company considers that risks warranted when they are understandable, measurable, controllable and within the Company's capacity to readily withstand adverse results. This Risk Management Framework enable managers of the Company to take risks knowingly, reduce risks where appropriate and strive to prepare for a future, which by its nature cannot be predicted with absolute certainty.

The Board and Management of AMWCL have attached considerable importance to improve the ability to identify, measure, monitor and control the overall risks assumed. The Company tries to meet with internationally accepted risk management principles and best practices. Whilst the types and degree of risks the Company is exposed to depend upon a number of factors, the risk management framework at AMWCL covers the most common risks namely: Strategic Risk, Credit Risk, Liquidity Risk, Interest Rate Risk, Market Risk, Operational Risk, Compliance Risk and Reputation Risk.

Risk Management Process and Framework

The Company's Risk Management Framework provides the foundation for achieving Company's goals while taking calculated and manageable risks. This framework is subject to constant evaluation to ensure that it meets the challenges and requirements of the changing market conditions including regulatory standards and industry best practices.

AMWCL's Risk Management Framework consists of three key elements:

1) Risk Governance,
2) Risk Appetite, and
3) Risk Management Techniques.

1) Risk Governance

Effective risk management begins with effective risk governance. The Company has a sound risk governance structure, with an active and engaged Board of Directors supported by an experienced Senior Management team and a centralized risk management unit. Decision-making will be highly centralized through a number of senior and executive management committees.

The Board of Directors

The Board of Directors of AMWCL has ultimate responsibility for the level of risk taken by the Company. The Board of Directors, either directly or through its committees ensures that decision-making is aligned with the Company's strategies and risk appetite. The Board will receive monthly updates on the key risks of the Company - including performance of the portfolio against defined goals, which is also presented monthly to the Integrated Risk Management Committee (IRMC) and approves key risk policies, limits, strategies, and risk appetite. The Group's Internal Audit Department reports independently to the Board (through the Board Audit Committee) on the effectiveness of the risk governance structure and risk management framework.

The Board approves the overall business strategies and significant policies of the Company, including those related to managing and taking risks, and will also ensure that senior management is fully capable of managing the activities of the Company. While Board of Directors are responsible for understanding the nature of the risks significant to the Company and for ensuring that management is taking steps necessary to identify, measure, monitor, report and control risks. The Board also provides clear guidance regarding the level of exposures acceptable to the Company and has the responsibility to ensure that Senior Management implements the procedures and controls necessary to comply with adopted policies.

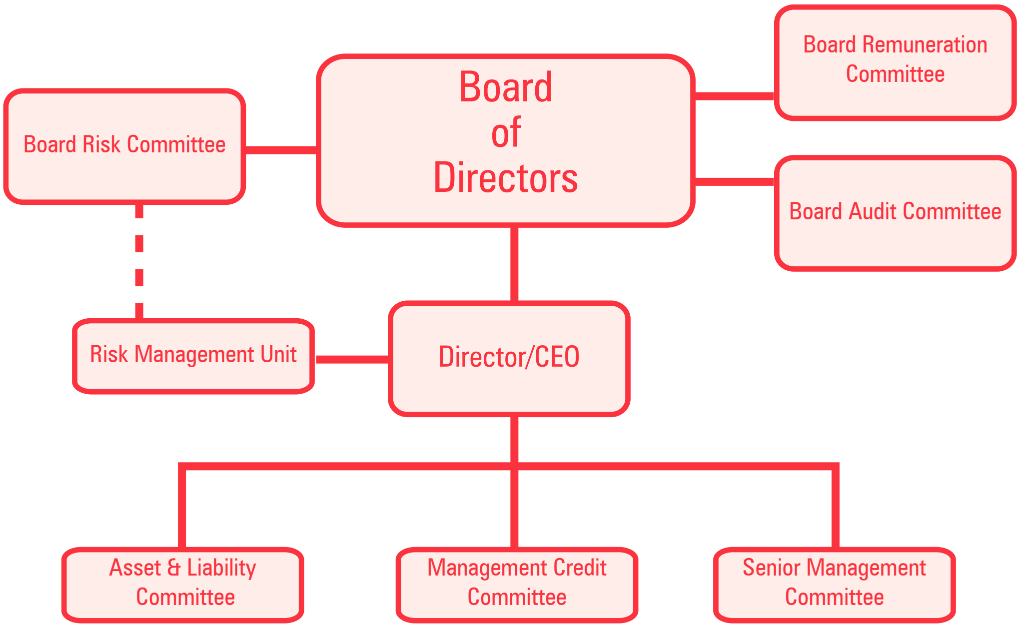
Senior Management

Executive Management, and in particular Director/CEO, Senior Corporate Management and Head of Risk Management, are responsible for risk management under the oversight of the Board. The Head of Risk Management, who oversees the risk management unit of the Company, will report to the Director/CEO but also has direct access to the IRMC of the Board.

Senior management is responsible for implementing strategies in a manner that limits risks associated with each strategy and that ensures compliance with laws and regulations on both a long-term and day-to-day basis. Accordingly, management will be fully involved in the business activities and possess sufficient knowledge of all major business lines to ensure that appropriate policies, controls, and risk monitoring systems are in place and that accountability and lines of authority are clearly delineated. Senior Management is also responsible for establishing and communicating a strong awareness of and need for effective internal controls and high ethical standards.

Adequate Policies, Procedures and Limits

The Board of Directors and Senior Management tailor risk management policies and procedures to manage the types of risks that arise from the business activities of the Company.
The institution's policies and its morefully articulated procedures provide detailed guidance for the day-to-day implementation of broad business strategies, and generally include limits designed to shield the institution from excessive and imprudent risks.



The Board

The Board of Directors will determine the risk appetite and risk limits of the Company. The Board monitors and manages the risks of the Company through the Board appointed Committees. The Board also will guide the management team in achieving goals.

Board Committees

Integrated Risk Management Committee (IRMC)

The Committee will be the apex body next to the Board overseeing the risk management of the Company. The committee consist of two Independent Non-Executive Directors, two Executive Directors including Director/CEO, one Non-Executive Director, General Manager, Internal Auditor, Head of Risk, Senior Manager - Finance, Senior Manager - Treasury, who supervise broad risk categories, i.e., credit, market, liquidity, operational and strategic risks. The committee works with key management personnel closely and makes decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee. The scope of the Committee is given in the Risk Report by the Chairman of the IRMC from page 50 in this Annual Report.

2) Risk Appetite

AMWCL's Risk Appetite is articulated clearly for effective risk management and the Company's risk profile is managed in relation to that appetite. The Company's Risk Appetite Framework will consist of four components, and combines qualitative as well as quantitative terms of reference to guide the Company in determining the amount and types of risk it wishes to prudently undertake.

Strategic Principles

These provide qualitative benchmarks to guide the Company in its pursuit of the Governing Financial Objectives, and to gauge broad alignment between new initiatives and the Company's risk appetite. Strategic principles include:

- Placing emphasis on diversification, quality and stability of earnings,
- Focusing on core businesses by leveraging competitive advantages,and
- Making discipline, competition, growth and expansion

Risk Management Principles

Provide the qualitative foundation of the risk appetite framework. These principles include:

- Promotion of a robust risk culture,
- Accountability for risk by the business lines,
- Independent oversight exercised by Risk Management
- Avoidance of excessive risk concentrations, and
- Ensuring risks are clearly understood, measurable, and manageable.

Financial Objectives

Focus on long-term shareholder value. These objectives include sustainable earnings growth, maintenance of adequate capital in relation to the AMWCL's risk profile, and availability of financial resources to meet financial obligations on a timely basis at reasonable prices.

Risk Appetite Measures

Risk appetite measures provide objective metrics that gauge risk and articulate the AMWCL's risk appetite. They provide a link between actual risk taking activities and the risk management principles, strategic principles and governing financial objectives described above. These measures include capital and earnings ratios, market and liquidity risk limits, credit and operational risk targets and credit quality.

3)Risk Management Techniques

Effective risk management includes techniques that are guided by the AMWCL's Risk Appetite Framework and integrated with the Company's strategies and business planning processes. Risk management techniques are regularly reviewed and updated to ensure consistency with risk-taking activities, and relevance to the business and financial strategies of the Company.

Strategies, Policies and Limits

Strategies

Company's Corporate Plan and annual budget will provide quantitative and qualitative guidance. This guidance is, in turn, used to set limits and guidelines on the types of risk taking activities the Company is prepared to assume in pursuit of its strategic and financial objectives.

Policies

Company's policies have been formulated to address types of risk or to the activities that are used to measure and control risk exposure. They are based on recommendations from risk management, audit, business lines, and senior executive management. Industry best practices and regulatory requirements are also factored into the policies. Policies are guided by the AMWCL's risk appetite, and set the limits and controls within which the Company can operate.

- Key risk policies are approved by the Board of Directors, either directly or through the Board appointed Committees.
- Risk policies associated with business processes and stress testing are approved by IRMC.

Limits

The Company sets tolerance limits to control risk-taking activities within the tolerances established by the Board and Senior Management. Limits also establish accountability for key tasks in the risk-taking process and establish the level or conditions under which transactions may be approved or executed.

Guidelines, Processes and Standards

AMWCL's Board and Senior Management tailor risk management policies and procedures to the types of risks that arise from the Company's business activities. The Company has policies and procedures that address AMWCL's significant activities and risks. The Management ensures that they are modified when necessary to respond to significant changes in the Company's business activities or business conditions. The Company ensures that it's policies, procedures, and limits are adequate, and they address the following:

- Policies, procedures, and limits provide for adequate identification, measurement, monitoring, and control of the risks posed by its significant activities.
- Policies, procedures, and limits are consistent with management's experience level, Company's stated goals and objectives, and the overall financial strength of the Company.
- Policies clearly delineate accountability and lines of authority across the AMWCL's activities.
- Policies provide for the review of business activities new to the Company to ensure that the infrastructures necessary to identify, monitor, and control risks associated with business activities are in place before the activity is initiated.

Guidelines

Are the directives provided to implement policies as set out above. Generally, they describe the facility types, aggregate facility exposures and conditions under which the Company is prepared to do business. Guidelines ensure the company has the appropriate knowledge of clients, products, and markets, and that it fully understands the risks associated with the business the company undertakes. Guidelines will be changed from time to time, due to market or other circumstances. Risk taking outside of guidelines usually requires approval of the Company's Credit Committee, CEO, GM and Head of Risk.

Processes

Are the activities associated with identifying, evaluating, documenting, reporting and controlling risk.

Standards

Define the breadth and quality of information required to make a decision, and the expectations in terms of quality of analysis and presentation. Processes and standards are developed on wide basis, and documented in a series of policies, manuals and handbooks under the purview of IRMC. Key processes cover the review and approval of new products and changes to existing standards and product lines.

Identification, Measurement, Monitoring, Controlling and Reporting

The Company has established a mechanism that supervises overall risk management of the Company. The overall risk management function is independent from those who take or accept risk on behalf of the Company. Where individuals responsible for overall risk management function are involved in day to day operations, then sufficient checks and balances will be established to ensure that risk management is not compromised. Overall risk management function provides an oversight of the management of risks inherent in the Company's activities. The function is tasked to:

- identify current and emerging risks;
- develop risk assessment and measurement systems;
- establish policies, practices and other control mechanisms to manage risks;
- develop risk tolerance limits for Senior Management and Board approval;
- report results of risk monitoring to Senior Management and the Board.

Identification

In order to properly manage risks, the Company recognizes and understands risks that may arise from both existing and new business initiatives. Risk identification is a process that is understood at both the transaction and portfolio levels.

Measurement

Risk Management Unit develops and maintains an appropriate suite of risk management techniques to support the operations of the business activities. The risk sections explain the application of these techniques. Risk measurement techniques include the use of models and stress testing. The Company uses reports for a range of purposes including risk exposures, credit risk ratings and parameters, and regulatory capital. The use of quantitative risk methodologies and models is balanced by a strong governance framework and includes the application of sound and experienced judgement.

Regular Monitoring

Ensures that business activities are within approved limits or guidelines, and are aligned with the Company's strategies and risk appetite. Breaches, if any, of these limits or guidelines are reported to Senior Management, policy committees, and/or the Board depending on the limit or guideline.

The Company has an effective Management Information System (MIS) to monitor risk levels and facilitate timely review of risk positions and exceptions. The monitoring reports are at least on monthly basis. Timely, accurate, and informative reports are distributed to appropriate individuals to ensure action, when needed.

The Company identifies and measure all material risk exposures. Consequently, risk monitoring activities are supported by information systems that provide Senior Managers and Directors with timely reports on the financial condition, operating performance, and risk exposure of the Company, as well as with regular and sufficiently detailed reports for line managers engaged in the day-to-day management of the Company's activities.

Company has risk monitoring and Management Information Systems in place that provide Directors and Senior Management with a clear understanding of the Company's risk exposures.

In order to ensure effective measurement and monitoring of risk and management information systems, the following will be in place:

- AMWCL's risk monitoring practices and reports address all of its material risks.
- key assumptions, data sources, and procedures used in measuring and monitoring risks are appropriate and adequately documented and tested for reliability on an on-going basis.
- reports and other forms of communication are consistent with the AMWCL's activities, structured to monitor exposures and in compliance with established limits, goals and objectives.
- reports generated to Management and Directors are accurate and timely and contain sufficient information for decision-makers to identify any adverse trends and to evaluate adequately the level of risk faced by the institution.

Risk Control

After measuring risk, the Company establishes and communicates risk limits through policies, standards, and procedures that define responsibility and authority. These limits serve as means to control exposure to various risks associated with the AMWCL's business activities. The Company also has a process to authorize and document exceptions or changes to risk limits when warranted.

Internal Control

The Company identifies that it's internal control structure is critical to the safe and sound functioning of the Company and in particular to its risk management system. Establishing and maintaining an effective system of controls, including the enforcement of official lines of authority and the appropriate separation of duties such as credit, back-office and operations is one of management's more important responsibilities.

Indeed, Company identifies that segregating duties is a fundamental and essential element of a sound risk management and internal control system. Failure to implement and maintain an adequate separation of duties can constitute an unsafe and unsound practice and possibly lead to serious losses or otherwise compromise the financial integrity of the institution. Serious lapses or deficiencies in internal controls, including inadequate segregation of duties, may warrant supervisory action, including formal enforcement action.

The Company makes sure that properly structured system of internal controls promotes effective operations and reliable financial & regulatory reporting, safeguards assets, and helps to ensure compliance with relevant laws, regulations, and institutional policies. The adherence to the Internal Controls are regularly tested by the Internal Auditor who reports directly to the Board Audit Committee. The results of audits or reviews, whether conducted by an internal auditor or by other personnel, are documented, as should management's responses to them.

The Company ensures that;

- it's Internal controls and internal audit appropriate to the type and level of risks posed by the nature and scope of AMWCL's activities.
- the organizational structure establishes clear lines of authority and responsibility for monitoring adherence to policies, procedures, and limits.
- reporting lines provide sufficient independence of the control areas from the business lines and adequate separation of duties throughout the institution such as those relating to evaluation of credit approval, monitoring and back-office activities.
- financial, operational, and regulatory reports are reliable, accurate and timely; wherever applicable, exceptions are noted and promptly investigated.
- adequate procedures for ensuring compliance with applicable laws and regulations are in place.
- Internal audit and other control review practices provide for independence and objectivity.
- Internal controls and information systems are adequately tested and reviewed; the coverage, procedures, findings, and responses to audits and review tests are adequately documented; management's actions to address material weaknesses are objectively verified and reviewed.
- AMWCL's Audit Committee or Board of Directors review the effectiveness of internal audits and other control review activities on a regular basis.

Risk Reports

Aggregate measures of risk across products and businesses are used to ensure compliance with policies, limits, and guidelines. They also provide a clear statement of the amounts, types, and sensitivities of the various risks in the Company's portfolio. Senior Management and the Board use these information to understand the Company's risk profile and the performance of the portfolios.

Stress Testing and Scenario Testing

The Company uses programs and models that estimates the potential impact on income and capital as a result of significant changes in market conditions, credit environment, liquidity demands, or other risk factors. The programs and results are integrated into management decision-making processes for capital, funding, revenue management, market risk limits, and credit risk strategy. Stress testing will also be integrated with both the strategic and financial planning processes. The development, approval and on-going review of the Company's stress testing programs are subject to formalized policy, and are under the oversight of the IRMC.

Risk Management Culture

The Company's effective risk management requires a strong, robust, and pervasive risk management culture. The heads of the departments are accountable for the risks in their respective departments.

Business units work in partnership with Head of Risk to ensure that risks arising from their business are thoroughly evaluated and appropriately addressed. Risk education programs, and documented policies and procedures are jointly available to staff in the business lines. Decision-making on risk issues is highly centralized. The membership of Senior Management committees responsible for the review, approval and monitoring of transactions and the related risk exposures, includes CEO, General Manager, Heads of the Departments and Head of Risk. The flow of information and transactions to these committees keeps senior and executive management well informed of the risks the Company faces, and ensures that transactions and risks are aligned with the Company's risk appetite framework.

Risks and their management

Strategic Risk

Board of Directors and Senior Management oversight is an integral part of our strategic risk management program. The Board of Directors retains the overall responsibility for strategic risk management of the company. It is chiefly responsible for setting corporate strategy and reviewing management performance in implementing the company's strategic plan. In turn, senior management ensures that there is an effective strategic risk management process by transforming the strategic direction given by the Board through policy.

Strategic risk arises from an institution's inability to implement appropriate business plans, strategies, decision making, resource allocation and its inability to adapt to changes in its business environment. At AMWCL, Strategic Risk is managed by critically reviewing the strategic goals in the Company's well defined Corporate Planning and Budgeting Process and aligning those with Vision and Mission statements to set a clear strategic direction. Further, robust strategic risk mitigation measures and techniques to enhance the achievement of strategic objectives have been implemented. These include engaging qualified Board and Senior Management, formulation of strategic and operational plans, high quality of personnel and proper training, comprehensive risk management systems and adequate access to information.

Credit Risk

Credit Risk is the likelihood that a debtor or financial instrument issuer is unwilling or unable to pay interest or repay the principal according to the terms specified in a credit agreement resulting in economic loss to the company.

Credit Risk Management

The Company has a well structured Credit Risk Management process that involves assessing, quantifying, monitoring, pricing and mitigating credit risk exposures in line with the established policy framework which was approved by the Board of Directors.

The Board is responsible for approving credit risk strategy and significant policies relating to credit risk and its management which is based on the overall business strategy. The Board is also responsible for approving the overall lending authority structure, and explicitly delegating credit sanctioning authority to senior management and the credit committee as well as setting credit limits with any one customer or within a single segment. With the setting up of the risk management function, the company has moved into a more standardized lending structure where the risk management function is responsible for agreeing and formalization of lending policies/ guidelines. Additionally, the credit approving authorities other than the Chief Executive Officer is independent of business units thereby segregation of business volumes from the approving authorities is achieved. The primary lending authority is assigned to the loan originating function if the specific transaction conforms to pre-defined standardized lending criteria with the independent risk management function responsible for the sign-off for any exceptions from the lending standards on the individual transactions.

The credit approval process is through signatures whereby the transaction proposal is circulated and approval requires agreement between all the approving authorities concerned. The front office proposes new transactions, and the approving authority examines the risk and makes a granting/ rejection decision or might issue recommendations for altering the proposed transaction until it complies with risk standards. This is commonly done by using credit risk mitigants such as down-payments, collateral and third party guarantees. As with the industry norms the primary component in credit risk is on assets risk, which is mitigated through third party valuations, inspection of asset by the facility originators and putting restrictions on the maximum loan to value (LTV) ratios. Post sanction monitoring is due through collection reports to analyze the performance of the collection staff as well as draw inferences of different segments, asset classes which are useful in the lending process.

Over the years the company was primarily focused on finance leases for AMW brand vehicles (Maruti, Suzuki, Nissan) for personal use which was comparatively low risk, with the company acquiring and developing required skills and aptitudes in this segment. The year 2015 witnessed a significant increase in the volumes from this segment. However, with the changes in economic variables impacting the growth of the company, it has decided to shift its target market more towards non-AMW brand vehicles and the commercial segment and into hire purchase and auto loans while striving to increase the market share of AMW brand vehicles. While this strategy gives a diversification benefit, it also creates risks in its portfolio with the new target market being more sensitive to macroeconomic variables which needs to be understood and analyzed for more proactive risk management. The credit policies are aligned with the future strategic direction and clear lending guidelines are implemented for the credit selection of the non-AMW brand and commercial segments.

Our credit portfolio is primarily made up of finance leases with over 70% based on the product class with cars dominating with over 75% exposure based on the asset class, which could be classified as low risk.

Product wise exposure (LKR 'Million)

Product	As at 31 December 2015		As at 31 December 2014	
	Exposure	%	Exposure	%
Finance Leasing	6,436.90	70.49%	3,357.62	52.69%
Hire Purchase	345.03	3.78%	736.34	11.55%
Auto Loans	2,349.57	25.73%	2,278.71	35.76%
Total	9,131.50	100.00%	6,372.67	100.00%

Exposure based on asset class
as at Dec 31, 2015

Asset	(LKR 'Million)	%
Motor Cars	6,895.41	75.51%
Two Wheeler	548.61	6.01%
Three Wheeler	385.56	4.22%
Dual Purpose vehicles	774.45	8.48%
Commercial vehicles	304.19	3.33%
Working capital Loans	9.23	0.10%
Equipment	177.67	1.95%
Agricultural Tractors	36.38	0.40%
Total	9,131.50	100.00%

Despite an expansion in the lending portfolio by 43%, our NPL ratio was kept at a comparatively low level of 0.94% as at December 2015, as compared to the industry average of over 6% and maintained healthy capitalization of over 13%. The low non-performing ratio and the capital cushion reflects our credit policies and processes.

(LKR Million)	2015	2014
Total Risk Weighted Assets	9,106,641	6,370,291
Capital	1,354,585	1,143,944
Capital Adequacy Ratio- Tier-I	14.87%	18.0%
Capital Adequacy Ratio- Total	14.87%	18.0%
Gross NPA (03 Months)	198,300	168,202
Gross NPA Ratio (03 Months)	2.17%	2.64%

Asset Liability Management (ALM)

The goal of ALM is to provide measures of the exposure to mismatch risk, and to maintain it within bounds, while optimizing the risk-return profile of the balance sheet. The ALCO which is the implementation arm of ALM comprises the CEO and the heads of divisions.

Mismatch Risk

In common with the finance industry practice the structural position of AMWCL consists of primarily lending for longer maturities at fixed rates while the funding is primarily made up of short term floating rate liabilities linked to an index and fixed rate long term borrowings. However, the company had been able to convert a significant portion of its funding lines to Long Term Fixed Rate funding which had mitigated the mismatch risk in its balance sheet. The mismatch between maturities and interest rate will generate both liquidity risk and interest rate risk. If loans are under-funded, there will be positive gaps, or deficits, at future dates. These deficits generate both liquidity risk and interest rate risk since there is a limitation of knowing at which rate the funds that balance the loans will be raised. If there is excess funding, there is no liquidity risk, since liquidity was raised in advance, but there is interest rate risk, since we do not know at which rate those excess funds will be lent at future dates.

The mismatch is primarily mitigated through parental funding, strong bank relationships and customer deposits.

Liquidity Risk

Liquidity is the ability to raise cash sufficient to finance lending opportunities and face deposit withdrawals at a reasonable cost in a reasonable time frame. Liquidity risk is the risk of not being able to raise liquidity or of raising liquidity at a high cost at short notice.

Liquidity Risk Management

Liquidity management is done through liquidity gaps including static and dynamic liquidity gaps which are completed by stress tests on liquidity, for assessing what would happen under an extreme crisis situation with liquidity shortage. We control liquidity risk by spreading over time the required amounts of funding and avoiding unexpected important needs for raising additional funds. The Board is updated on the liquidity gaps for making sure that raising funds will be within acceptable boundaries.

Liquidity management is aimed at target time profile of gaps after raising new resources, which complies with liquidity gap limits. Further, diversification of the funding sources with different maturities enables better management of liquidity risks and its impact on the operations of the company. Currently the main funding sources of the company are the parental funding, bank borrowings and public deposits. To reduce dependence on parental and bank funding a fully-fledged deposit drive was undertaken with more proactive asset and liability management to take advantage of market liquidity and interest rates for better liquidity management. ALCO would decide on the composition of the funding sources (type, tenure and interest rates) on the management of the funding side of the balance sheet.

Static Maturity Gap Analysis as at December 31, 2015 (LKR 'Thousands)

LKR	Less than 1 month	1-3 months	3-12 months	1-3 Years	3-5 Years	Over 5 years	Total
Assets							
Interest Earning Assets	746.6	493.0	1,959.6	4,110.5	2,035.9	86.3	9,432.0
Non-Interest Earning Assets	57.3	29.4	27.1	6.6	8.0	71.9	200.2
Total Assets	803.9	522.4	1,986.7	4,117.1	2,043.9	158.2	9,632.2
Liabilities							
Interest Bearing Liabilities	1,023.3	2,081.6	1,404.0	1,833.2	983.7	-	7,325.9
Non-Interest Bearing Liabilities	608.9	42.3	90.5	-	-	210.0	951.7
Shareholders' Funds	-	-	-	-	-	1,354.6	1,354.6
Total Liabilities & Equity	1,632.2	2,123.9	1,494.5	1,833.2	983.7	1,564.6	9,632.2
Gap	(828.3)	(1,601.6)	492.1	2,283.9	1,060.2	(1,406.4)	-
Cumulative Gap	(828.3)	(2,429.9)	(1,937.7)	346.2	1,406.4	(0.0)	-

Interest Rate Risk

Structural interest rate risk arises from customers wanting certainty in interest payments and therefore asks for long term fixed rate loans which are funded by short and long term floating rate borrowings through banks and depositors. In such a situation, changes in the yield curve and also non-parallel shifts in the yield curve will impact the net interest income (NII) with high volatility thereby impacting the stability of earnings of the company.

Interest Rate Risk Management

Interest rate risk is managed through interest rate gaps which measures the sensitivity of NII to a shift in the yield curve. We keep interest rate gaps open when we have a mismatch risk for taking advantage of beneficial variations of interest rates. We try to minimize the NII volatility by setting limits on interest rate Gaps and also being conscious of the tenure premiums in the market rates in pricing our lending products.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Both the Board of Directors and Senior Management are responsible for establishing a strong internal control culture in which control activities are an integral part of the regular activities of the company. Controls that are an integral part of the regular activities enable quick responses to changing conditions and avoid unnecessary costs.

Operational Risk Management

We have in place adequate internal audit coverage to verify that operating policies and procedures have been implemented effectively. The Board (either directly or indirectly through its Audit Committee) ensures that the scope and frequency of the audit program is appropriate to the risk exposures. Internal Audit periodically validates that the company's operational risk management framework is being implemented effectively across the Company. Further, with the setting up of the Risk Management function more focus will be given to operational risk management needs of the Company in addition to the current operational risk management process. By implementing Business Continuity Plan (BCP) including Disaster Recovery Plans will ensure that the critical operations of the company will function with minimal disruptions thereby reducing operational risk incidences. The core information system performance was stabilized during the year under consideration with the user requirements fulfilled and the IT system is assessed on an on-going basis to ensure that it would be a business enabler without hindering the operations of the Company. Internal Audit conducts periodic reviews to evaluate the accuracy and reliability of the system and any modification to the system is carried out in a structured manner to ensure that the modifications are in line with the user requirements in addition to ensuring that the required controls are not compromised.

Interest Rate Sensitivity Gaps as at 31 December 2015 (LKR 'Thousands)

	Less than 7 days	8- 30 days	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Total
Interest Sensitive Assets	99.64	648.20	494.65	702.11	1,258.94	6,228.54	9,432.07
Interest Sensitive Liabilities	664.08	1,136.13	1,346.38	902.76	816.34	2,460.20	7,325.89
Gap	(564.44)	(487.93)	(851.73)	(200.65)	442.60	3,768.33	2,106.18
Cumulative gap	(564.44)	(1,052.38)	(1,904.11)	(2,104.76)	(1,662.15)	2,106.18	-

The Company's short term negative interest rate gap of LKR.1.6 Bn is within the manageable level.

CORPORATE GOVERNANCE

Corporate Governance encompasses the rules, practices and processes by which the Board of Directors ensure accountability, fairness and transparency in a company's relationship with its stakeholders.

AMW Capital Leasing and Finance PLC (AMWCL) is committed to maintaining highest standards of good governance, which we believe are essential for sustaining success and creating value for our stakeholders.

It follows the Code of Best Practice and the regulatory requirements of the Central Bank of Sri Lanka (CBSL), the Listing Rules of the Colombo Stock Exchange (CSE) and the Companies Act No 7 of 2007.

The tabulation below details the extent to which the company strives to ensure good corporate governance.

Corporate Governance Principle	Level of Compliance
(In accordance with the Corporate Governance Direction No 3 of 2008 and amendments thereto applicable to Finance Companies Licensed under the Finance Business Act No 42 of 2011 issued by the Central Bank of Sri Lanka)	
2. The Responsibilities of the Board of Directors	
2.1 The Board of Directors shall strengthen the safety and soundness of the finance company by -	The Board of Directors of AMW Capital Leasing & Finance PLC (AMWCL) being the ultimate governing body of the company, actively directs, lead and controls the operations of the company. Their skills, knowledge and business acumen helps in keeping abreast with the vastly expanding financial sector of the country and is considered an immense benefit for the effective functioning of the Board.
a) Approving and overseeing the finance company's strategic objectives and corporate values and ensuring such values are communicated throughout the company.	As such the Directors take responsibility in directing and approving the company's strategic objectives and corporate values and ensure such values are communicated throughout the company.
b) Approving the overall business strategy of the finance company including the overall risk policy and risk management procedures and mechanisms with measurable goals for at least 3 yrs.	Further to the Strategic Plan which was approved on 29.08.2012, a Business Plan outlining the market and other strategies for 2015 was further approved by the Board on 24.03.2015 Risk Management Policy and procedures and risk arising from operations are regularly reviewed by the IRMC and reported to the Board on a monthly basis.
c) Identifying Risks and ensuring implementation of appropriate systems to manage risks prudently.	The Board appointed Integrated Risk Management Committee is tasked with approving risk policy, identifying and managing the overall risk of the company which are reviewed by the Board on a regular basis.
d) Approving a policy of communication with all stakeholders, including depositors, creditors, shareholders and borrowers.	Shareholders are kept abreast of the operations of the company through information on the company's web maintained by the CSE. Prospective depositors are also kept abreast by communication via electronic and written media.
e) Reviewing the adequacy and integrity of the company's internal control systems and management information system.	This function is delegated to the Audit Committee of the company. The Report of the Audit Committee is tabled each month at the Board Meeting.
f) Identifying and designating key management personnel, who are in a position to- (i) influence policy (ii) direct activities (iii) exercise control over business activities operations and risk management	Board Members including the CEO and Functional Heads have been appointed and identified as KMPs to effectively manage and control these functions.
g) Defining the areas of authority and key responsibility for the Board and for key management personnel.	Articles 95 - 103 of the Articles of Association defines the powers and duties of the Board of Directors.
h) Ensuring that there is appropriate oversight of the affairs of the company by key management personnel (which is consistent with the finance company's policy)	Performance of the company is regularly discussed at Board level and operational reviews at management level.

i)	Periodically assessing the effectiveness of its governance practices including - (i) The selection, nomination and election of directors and appointment of key management personnel; (ii) The management of conflicts of interests and (iii) The determination of weakness and implementation of changes where necessary.	CBSL approval is sought prior to appointment of Directors. Directors are selected and nominated to the Board according to skills and experience in order to bring about an objective judgment on issues of strategy, performance and resources. Election of Directors is effected in accordance with the requirements of the directions issued by CBSL and Companies Act in force. The Directors declare their interest wherever applicable and refrain from partaking in such decision. Effectiveness of this process is ascertained by their contribution at board meetings in their respective fields. Self-Assessment of Directors is carried out annually. KMP also declare their interest annually.
j)	Ensuring that the company has an appropriate succession plan for key management personnel.	This provision is complied with.
k)	Meeting regularly with the key management personnel to review policies, establish lines of communication and monitor progress towards corporate objectives.	Evaluations done periodically.
l)	Understanding the regulatory environment.	All Directions from Regulatory Authorities are circulated to the Board and all key management personnel. Contents are noted and where applicable appropriate decisions taken. A compliance report is tabled at monthly Board Meetings. All weekly, monthly and annual submissions are made to CBSL and other statutory authorities.
m)	Exercising due diligence in the hiring and oversight of external auditors	In accordance with Group Policy, re-appointment is at the AGM of the company.
2.2	The Board shall appoint the Chairman and the Chief Executive Officer and define and approve functions and responsibilities of the Chairman and the CEO in line with requirements of this Direction.	The roles of Chairman and Chief Executive Officer have been separate from the inception of the Company. The Chairman is a non-executive Director. In compliance with CBSL regulation 7(2) of the Corporate Governance Direction, Mr Angelo Patrick was appointed as the Senior Independent Director.
2.3	There shall be a procedure determined by the Board to enable Directors, upon reasonable request to seek independent professional advice in appropriate circumstances, at the company's expense. The Board shall resolve to provide separate independent professional advice to directors to assist the relevant director(s) to discharge the duties to the finance company.	The Board Directors in performance of their duties, are permitted to obtain independent professional advice from third parties whenever deemed necessary at the company's expense if considered appropriate.
2.4	A director shall abstain from voting on any Board Resolution in relation to a matter in which he or any of his relatives or a concern in which he has substantial interest, is interested and he shall not be counted in the quorum for the relevant agenda item at the Board Meeting.	All Directors exercise their independent and objective judgment on issues of strategy, policy, resources and standards of conduct. The Board is conscious of its obligation to ensure that Directors avoid conflicts of interest between their duty to the Company and their own interests. The Board has adopted a procedure to ensure that conflicts of interests of Directors are disclosed to the Board and also Board members are required to disclose all transactions with the Company. All related party transactions (if any) are disclosed in the Financial Reports Section of the Annual Report.
2.5	The Board shall have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the company is firmly under its authority.	The Board has put in place systems and controls to facilitate the effective discharge of Board functions. Pre-set agendas for all meetings ensure the direction and control of the company is firmly under Board control and authority. The agenda of the monthly Board Meetings includes reports on the performance and on compliance with relevant regulations. This ensures full compliance and optimum performance of the company.

2.6	The Board shall, if it considers that the company is likely to be unable to meet its obligations or is about to become insolvent or is about to suspend payments due to depositors and other creditors, forthwith inform the Director of Department of Supervision of Non-Bank Financial Institutions of the situation of the company prior to taking any decision or action.	The Board is aware of the need to inform the Director of Department of Supervision of Non-Bank Financial Institutions if such situation arises. If such a situation arises recommended action would be taken.
2.7	The Board shall include in the company's Annual Report, an Annual Corporate Governance Report complying with this Direction.	This report serves the said requirement.
2.8	The Board shall adopt a scheme of self-assessment to be undertaken by each director annually and maintain records of such assessments.	The Directors carry out a self-evaluation annually. This information is available to the Board and records are kept.
3. Meetings of the Board		
3.1	The Board Shall meet at least twelve times a financial year at approximately monthly intervals. Obtaining the Board consent through the circulation of written or electronic resolutions shall be avoided as far as possible.	Meetings are held by the Board every month, at which the Company's performance is monitored on a regular basis, business strategies are planned, current market conditions are reviewed. In the alternative, all other operational requirements which needs the approval of the Board on an urgent basis are passed by Circular Resolution as and when required. In addition to the regular meetings, formal and informal communication between the Board Members takes place on an ongoing basis in the discharge of duty. The Board met 12 times for the year.
3.2	The Board shall ensure that arrangements are in place to enable all directors to include matters and proposals in the Agenda for regular Board Meetings where such matters and proposals relate to the promotion of business and the management of risks of the company.	● Agenda - The Agenda items include regular reports which facilitate and monitor performance and compliance with regulatory authorities. Non-routine issues which require Board attention are specifically mentioned as separate items. All Directors are given equal opportunity to include matters/proposals in the agenda. ● Attendance - is monitored as per requirement of the Company's Articles. ● Minutes - Detailed Minutes are recorded of the proceedings of the meeting with special emphasis on decisions taken.
3.3	Notice of at least 7 days shall be given of a regular Board Meeting to provide all Directors an opportunity to attend. For all other Board Meetings, reasonable notice shall be given.	Date convenient to all Directors is decided at the previous meeting and meetings are convened electronically giving due notice.
3.4	A Director who has not attended at least two thirds of the meetings in the period of 12 months immediately preceding or has not attended 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.	All Directors have attended at least two thirds of the meeting held during the year and no Director has been absent from three consecutive regular Board Meetings during the year under review.
3.5	The Board shall appoint a Company Secretary whose primary responsibilities shall be to handle the secretarial services to the Board and shareholder meetings and to carry out other functions specified in the statutes and other regulations.	The Company Secretary is a Fellow Member of the Institute of Chartered Secretaries & Administrators UK as well as the Institute of Chartered Corporate Secretaries of Sri Lanka. She is responsible for supporting and advising the Chairman and the Board on all Board procedures and compliance with applicable rules and regulations.
3.6	If the Chairman has delegated to the Company Secretary the function of preparing the agenda for a Board Meeting, the Company Secretary shall be responsible for carrying out such function.	Board Meetings are conducted based on formal agenda, covering the main responsibilities of the Board. This function is delegated to the Company Secretary. The Board receives a standard set of documents which are timely, accurate, relevant and comprehensive. The Board may call for additional information or clarify any issues with any member of the Executive Committee.

3.7	All Directors shall have access to the advice and services of the Company Secretary with a view to ensuring that Board Procedures and all applicable laws, directions, rules and regulations are followed.	As confirmed above.
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.	This provision is complied with.
3.9	Minutes of Board Meetings shall be recorded in sufficient detail so that it is possible to gather from the minutes, as to whether the Board acted with due care and prudence in performing its duties. The minutes of the Board Meeting shall clearly contain or refer to the following: (a) A summary of data and information used by the Board in its deliberations. (b) The matters considered by the Board. (c) The fact finding discussions and the issues of contention or dissent which may illustrate whether the Board was carrying out its duties with due care and prudence. (d) The explanations and confirmations of relevant executives which indicate compliance with the Board's strategies and policies and adherence to relevant laws and regulations. (e) The Board's knowledge and understanding of the risks to which the finance company is exposed and an overview of the risk management measures adopted; and (f) The decisions and Board resolutions.	Detailed minutes are recorded covering the given criteria.
4. Composition of the Board		
4.1	The number of directors on the Board shall not be less than 5 and not more than 13.	As at end of the Financial Year, the Board of AMWCL comprised of ten Directors of whom two Directors are Independent Non-Executive Directors. (Mr. Kushan Wijewickrama was appointed as an Executive Director with effect from 29th April 2015 and Mr. Stephen Faulkner was appointed as a Non-Executive Director with effect from 23rd June 2015. Both the above Directors are included in the above computation).
4.2	The total period of service of a director other than a Director who holds the position of Chief Executive Officer or Executive Director shall not exceed nine years. The total period in office of a Non-Executive Director shall be inclusive of the total period of service served by such Director up to the date of this Direction.	None of the Non-Executive Directors have completed 9 years of service as at end of the financial year.
4.3	Subject to the transitional period, an employee of a finance company may be appointed, elected or nominated as a Director of a finance company (hereinafter referred to as an "Executive Director") provided that the number of Executive Directors shall not exceed on half of the number of Directors of the Board. In such an event, one of the Executive Directors shall be the Chief Executive Officer of the company.	The Board comprised of 3 Executive Directors (including the CEO) and 7 Non-Executive Directors (of whom 2 are independent).

4.4	Subject to the transitional period the number of Independent Non-Executive Directors of the Board shall be at least one fourth of the total number of directors. A Non-Executive Director shall not be considered Independent if such a director : a) Has shares exceeding 2% of the paid up capital of the company or 10% of the paid up capital of another finance company; b) Has or had during the period of two years immediately preceding his appointment as a director, any business transactions with the finance company as described in paragraph 9 hereof, aggregate value outstanding of which at any particular time exceeds 10% of the capital funds of the finance company as shown in its last audited balance sheet; c) Has been employed by the finance company during the two year period immediately preceding the appointment as a director; d) Has a relative who is a Director or Chief Executive Officer or a key management personnel or holds shares exceeding 10% of the paid up capital of the finance company or exceeding 12.5% of the paid up capital of another finance company; e) Represents a shareholder, debtor, or such other similar stakeholder of the finance company; f) Is an employee or a director or has a shareholding of 10% or more of the paid up capital in a company or business organization; (i) Which has a transaction with the finance company as defined in paragraph 9, aggregate value outstanding of which at any particular time exceeds 10% of the capital funds as shown in its last audited balance sheet of the finance company or; (ii) In which any of the other directors of the finance company is employed or is a director or holds shares exceeding 10% of the capital funds as shown in its last audited balance sheet of the finance company or; (iii) In which any of the other directors of the finance company has a transaction as defined in paragraph 9, aggregate value outstanding of which at any particular time exceeds 10% of the capital funds, as shown in its last audited balance sheet of the finance company.	At end of financial year under review, the Board had 2 Independent Non-Executive Directors. Mr Angelo Patrick – Senior Independent Director Mr Nihal Welikala - Independent Non-Executive Director. The Directors or their families or connected parties do not hold any shares in the Company.
4.5	In the event an Alternate Director is appointed to represent an Independent Non-Executive Director, the person so appointed shall also meet the criteria that apply to the Independent Non-executive Director.	No Alternate Directors appointed.
4.6	Non-Executive Directors shall have necessary skills and experience to bring an objective judgment to bear on issues of strategy, performance and resources.	The Directors including Non-Executive Independent Directors are eminent persons with knowledge, expertise and experience to bring an independent judgment and scrutinize the decisions taken by the Board on all issues of strategy, performance, resources and business conduct. Their detailed profiles are given on Pages 7 to 10.
4.7	A meeting of the Board shall not be duly constituted, although the number of Directors required to constitute the quorum at such meeting is present, unless at least one half of the number of Directors that constitute the quorum at such meeting are Non-Executive Directors.	As per Article 109 of the Articles of Association, this requirement is complied with.

4.8	The Independent Non-Executive Directors shall be expressly identified as such in all corporate communications that disclose the name of Directors of the finance company. The Finance company shall disclose the composition of the Board, by category of Directors, including the names of the Chairman, Executive Directors, Non-Executive Directors and Independent Non-Executive Directors in the Annual Corporate Governance Report which shall be an integral part of its Annual Report.	The Directorate for the year under review: Mr T De Zoysa (Non-Executive Chairman) Mr B P Morris (Director/CEO - Executive Director) Mr S A B Rajapaksa (Non-Executive Director) Mr A Majumdar (Non-Executive Director) Mr N Johnson (Non-Executive Director) Mr S M Faulkner (Non-Executive Director) - appointed w.e.f. 23rd June 2015. Mrs D C Yatawaka (Executive Director) Mr A M Patrick (Independent Non-Executive Director) Mr N S Welikala (Independent Non-Executive Director) Mr K A Wijewickrama (Executive Director) - appointed w.e.f. 29th April 2015.
4.9	There shall be a formal, considered and transparent procedure for the appointment of new Directors to the Board. There shall also be procedures in place for the ordinary succession of appointments to the Board.	Although the Company has not formed a specified Nomination Committee, all new appointments of Directors involve a process of test to ascertain whether their combined knowledge and experience match the strategic demands facing the Company.
4.10	All Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after their appointment.	Article 94 of the Company's Articles of Association provides that Directors appointed shall be subject to election by shareholders at the first AGM.
4.11	If a Director resigns or is removed from office, the Board shall announce to the shareholders and notify the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka, regarding the resignation of the director or removal and the reasons for such resignation or removal, including but not limited to information relating to the relevant director's disagreement with the Board if any.	Changes in directorate are informed to the relevant authorities and also given in the Annual Report.
5. Criteria to assess the fitness and propriety of Directors		
5.1	Subject to the transitional provisions contained herein, a person over 70 years shall not serve as a Director of a finance company.	All Directors are below the age of 70 years as at 31st December 2015
5.2	A Director of a finance company shall not hold office as a Director or any other equivalent position in more than 20 companies/societies/ bodies corporate, including associate companies and subsidiaries of the finance company. Provided that such Director shall not hold office of a Director or any other equivalent position in more than 10 companies that are classified as Specified Business Entities in terms of Sri Lanka Accounting and Auditing Standards Act No 15 of 1955.	No Director holds directorships of more than 20 companies/entities/ institutions inclusive of subsidiaries or associate companies or any other equivalent position in more than 10 companies that are classified as Specialized Business Entities.
6. The Management Functions Delegated by the Board		
6.1	The Board shall not delegate any matters to a Board Committee, Chief Executive Officer, Executive Directors or Key Management Personnel, to an extent that such a delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	The Company's Articles empowers the Board to delegate its powers to committees upon such terms and conditions as the Board may deem fit.
6.2	The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the finance company.	Specific tasks delegated are reviewed by Audit/Risk Committees and thereafter approved by the Board.
7. The Chairman and the Chief Executive Officer		
7.1	The roles of Chairman and Chief Executive Officer shall be separated and shall not be performed by one and the same person.	Roles of Chairman and CEO are separate and held by two individuals appointed by the Board.

7.2	The Chairman shall be a Non-Executive Director. In the case where the Chairman is not an Independent Non-Executive Director, the Board shall designate an Independent Non-Executive Director as a Senior Director with suitably documented terms of reference to ensure a greater independent element. The designation of the Senior Director shall be disclosed in the company's Annual Report.	To bring in a greater element of independence, the Board has appointed Mr Angelo Patrick as the Senior Independent Director.
7.3	The Board shall disclose in its Corporate Governance Report, which forms an integral part of the Annual Report, the names of the Chairman and the Chief Executive Officer and the nature of any relationship (including financial, business, family or other material/ relevant relationships if any between the Chairman and the Chief Executive Officer and the relationships among members of the Board.	The Company as a practice discloses relationships in the Corporate Governance Report. There is no financial, business, family or other relationships with related parties between Chairman, Chief Executive Officer and any other member of the Board. The Directors or their families or connected parties do not hold any shares in the Company.
7.4	The Chairman shall: (a) Provide leadership to the Board; (b) Ensure that the Board works effectively and discharges its responsibilities; and (c) Ensure that all key issues are discussed by the Board in a timely manner.	The Board has a self-assessment process for the Directors which will be further strengthened to comply with all the requirements of the direction.
7.5	The Chairman shall be primarily responsible for the preparation of the Agenda for each Board meeting.	The Chairman has delegated this function to the Secretary.
7.6	The Chairman shall ensure that all Directors are informed adequately and in a timely manner of the issues arising at each Board Meeting.	The Chairman has delegated to the Company Secretary the function of timely dissemination of Board Papers to all Directors to ensure sufficient preparation for meetings.
7.7	The Chairman shall encourage each Director to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interests of the company.	Active participation is encouraged, Reports on performance along with Financials, Audit and Risk Reports are presented at each Board Meeting to encourage a cross section of opinions and for sound decision making.
7.8	The Chairman shall facilitate the effective contribution of Non-Executive Directors in particular and ensure constructive relationship between Executive and Non- Executive Directors.	Complied.
7.9	Subject to the transitional provisions contained herein, the Chairman shall not engage in activities involving direct supervision of key management personnel or any other executive duties whatsoever.	The Chairman does not play an executive role.
7.10	The Chairman shall ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.	Complied.
7.11	The Chief Executive Officer should function as the apex executive-in-charge of the day-to-day operations and business.	The CEO is responsible for the day-to-day operations and business of the Company with the support of the Executive Directors and members of the Corporate Management.
8. Board appointed Committees		
8.1	Every finance company shall have at least the two Board committees set out in paragraph 8(2) and 8(3) hereof. Each committee shall report directly to the Board. Each committee shall appoint a Secretary to arrange its meetings, maintain minutes, record and carry out such other secretarial functions under the supervision of the Chairman of the committee. The Board shall present a report on the performance, duties and functions of each committee at the Annual General Meeting of the company.	The Company has established an Audit Committee and an Integrated Risk Management Committee. Reports of such committees are presented to the Board at each Board Meeting. A report from both committees for the year under review will be included in the Annual Report of the company.

8.2 Audit Committee	
a) The Chairman of the committee shall be a Non-Executive Director who possesses qualifications and experience in accountancy and/or audit. b) The Board members appointed to the committee shall be Non-executive Directors. c) The Committee shall make recommendations on matters in connection with: (i) The appointment of the external auditor for audit services to be provided in compliance with the relevant statutes; (ii) The implementation of the CBSL guidelines issued to the auditors from time to time; (iii) The application of the relevant accounting standards; and (iv) The service period, audit fee and any resignation or dismissal of the auditor, provided that the engagement of an audit partner shall not exceed five years, and that the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of completion of the previous term.	The Chairman of the Audit Committee is Mr. Angelo Maharajah Patrick who is an Independent Non-Executive Director. He is a Fellow Member of the Chartered Institute of Management Accountants (UK). His qualifications and experience is disclosed on Page 9 of this Annual Report. All Members of the Audit Committee are Non-Executive Directors. The Audit Committee meets on a monthly basis and reviews the monthly, quarterly and annual financials of the company prior to recommending same to the Board. The Committee makes recommendations to the Board regarding: (i) The Appointment of External Auditor for audit services provided in compliance with the relevant statutes. (ii) The implementation of the Central Bank Guidelines issued to Auditors from time to time. (iii) The application of the relevant accounting standards and (iv) The service period, audit fee and any resignation or dismissal of the Auditor. The engagement of the Audit Partner does not exceed 5 years.
d) The committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	The Board is responsible for the External Auditor's independence, objectivity and the effectiveness of the audit process, taking into account relevant professional and regulatory requirements. The Board has the primary responsibility for making a recommendation on the appointment, re-appointment or removal of the External Auditor in line with professional standards and regulatory requirements.
e) The committee shall develop and implement a policy with the approval of the Board on the engagement of an external auditor to provide non-audit services that are permitted under the relevant statutes, regulations, requirements and guidelines. In doing so, the committee shall ensure that the provision by an external auditor of non-audit services does not impair the external auditor's independence or objectivity. When assessing the external auditors independence or objectivity in relation to the provision of non-audit services, the committee shall consider: (i) Whether the skills and experience of the Auditor make it a suitable provider of the non-audit services; (ii) Whether there are safeguards in place to ensure that there is no threat to the objectivity and/or independence in the conduct of the audit resulting from the provision of such services by the External Auditor; and (iii) Whether the nature of the non-audit services, the related fee levels and the fee levels individually and in aggregate relative to the Auditor, pose any threat to the objectivity and/or independence of the External Auditor.	The Audit Committee obtains quotations for such services from different auditing firms and evaluates same prior to obtaining Board approval. The Committee ensures that the External Auditors are able to maintain objectivity and independence and are suitable to perform the required non audit services.

f)	The Committee shall before the audit commences discuss and finalize with the External Auditors the nature and scope of the audit including: (i) An assessment of the finance company's compliance with the Directions issued under the Act and the management's internal controls over financial reporting. (ii) The preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and (iii) The co-ordination between Auditors where more than one auditor is involved.	The engagement of External Auditors and the nature and scope of the audit is discussed by the Committee.
g)	The Committee shall review the financial information of the finance company, in order to monitor the integrity of the financial statements of the finance company, its Annual Report, accounts and periodical reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the finance company's annual report and accounts and periodical reports before submission to the Board, the committee shall focus particularly on: (i) Major judgmental areas; (ii) Any changes in accounting policies and practices; (iii) Significant adjustments arising from the audit; (iv) The going concern assumption; and (v) The compliance with relevant accounting standards and other legal requirements.	The Committee has reviewed the financial information of the quarterly financials and annual audited accounts, prior to any disclosure requirements.
h)	The Committee shall discuss issues, problems and reservations arising from the interim and final audits, and any matters that the Auditor may wish to discuss including those matters that may need to be discussed in the absence of key management personnel if necessary.	The Committee met the External Auditors in relation to the audit in the absence of the Executive Management on 30 January 2015 ,13 November 2015 and 18 November 2015
i)	The Committee shall review the External Auditor's Management Letter and the management response thereto.	The Committee reviewed the External Auditor's management letter for the financial year ended 31.12.2015 and the management responses thereto.

j) The Committee shall take the following steps with regard to the internal audit function of the finance company.	
(i) Review the adequacy of the scope, functions and resources of the Internal Audit Department, and satisfy itself that the department has the necessary authority to carry out its work.	The Committee has considered the scope of the internal audit function, necessary authority and resources allocated to carry out its work.
(ii) Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit department.	In order to ensure that a sound system of internal control is maintained, the Board ensures that- • An internal audit programme is prepared covering all operations. • Internal and External Audit Reports are reviewed by Management on a timely basis and control weaknesses are corrected.
(iii) Review any appraisal or assessment of the performance of the head and senior staff members of the Internal Audit Department;	Complied as per Group Policy.
(iv) Recommend any appointment or termination of the head, senior staff members and outsourced service providers to the internal audit function;	Mr Sujith Fernando was appointed as the new Head of Risk and Compliance Officer of the Company. This was communicated to CBSL and approval obtained.
(v) Ensure that the committee is apprised of resignations of senior staff members of the internal audit department including the Chief Internal Auditor and any outsourced service providers and to provide an opportunity to the resigning senior staff members and outsourced service providers to submit reasons for resigning.	The resignation of the former Risk & Compliance Officer was notified to CBSL.
(vi) Ensure that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care;	
k) The Committee shall consider the major findings of internal investigations and management's responses thereto;	The Committee considers the major findings of the Internal Audit Department and the Management responses thereto.
l) The Chief Finance Officer, the Chief Internal Auditor and a representative of the External Auditors may normally attend meetings. Other Board members and the Chief Executive Officer may also attend meetings upon the invitation of the committee. However, at least once in six months, the committee shall meet with the External Auditors without the Executive Directors being present.	The meetings of the committee are held as required including meeting of External Auditors without the Executive Directors.
m) The Committee shall have: (i) Explicit authority to investigate into any matter within its terms of reference; (ii) The resources which it needs to do so; (iii) Full access to information; and (iv) Authority to obtain external professional advice and to invite outsiders with relevant experience to attend, if necessary.	The required authority and resources are available to the Committee.
n) The Committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	Monthly meetings are held by the Committee and an Agenda for discussion is given with due notice. Proper minutes are recorded and Chairman Audit Committee gives a Report to the Board for further action and recommendation.

	o) The Board shall, in the Annual Report, disclose in an informative way (i) Details of the activities of the audit committee (ii) The number of audit committee meetings held in the year; and (iii) Details of attendance of each individual member at such meetings.	During the financial year ended 31st December 2015, the Committee held 11 meetings and an Audit Report on the issues discussed at each meeting was presented to the Board.
	p) The Secretary to the Committee (either the Company Secretary or the Head of the Internal Audit function) shall record and keep detailed minutes of the committee meetings.	The Group Internal Auditor serves as the Secretary to the Audit Committee.
	q) The Committee shall review arrangements by which employees of the finance company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. Accordingly, the committee shall ensure that proper arrangements are in place for fair and independent investigation of such matters and for appropriate follow-up action and to act as the key representative body for overseeing the finance company's relations with the External Auditor.	Complied with. A Board approved whistle blowing policy is in place.
8.3	Integrated Risk Management Committee:	
	a) This Committee shall consist of at least one Non-Executive Director, CEO and Key Management Personnel supervising broad risk categories i.e. credit, market, liquidity, operational and strategic risks. The Committee shall work with Key Management Personnel closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the Committee.	The Integrated Risk Management Committee comprises of : Mr. Nihal Welikala Mr. Angelo Patrick Mr. Brandon Morris Mr. Samantha Rajapaksa Ms. Dilani Yatawaka Mr. Pramuditha Mendis Ms. Ivon Brohier Mr. Sujith Fernando - appointed w.e.f: 20.08.2015 Mr. Neluka Perera Mr. Udana Fernando - resigned w.e.f:30.06.2015 Mr. Tharanga Ranawaka - resigned w.e.f.15.12.2015 Mr. Sanjeeva Wickremesinghe Matters discussed at IRMC level are referred to the Board for further action and recommendations. The process to cover all risks will be further strengthened.
	b) The Committee shall assess all risks, i.e. credit, market, liquidity, operational and strategic risks to the finance company on a monthly basis through appropriate risk indicators and management information. In the case of subsidiary companies and associate companies, risk management shall be done, both on the finance company basis and group basis.	Appropriate risk indicators and management information are presented at each committee meeting. The committee reviews the risk assumed by the company and monitors these risk factors.
	c) The Committee shall review the adequacy and effectiveness of all management level committees such as the credit committee and the asset liability committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee	Specific risks and limits are identified by relevant committees such as ALCO, Fixed Deposits, Credit, Recoveries. The Committee reviews the minutes of the ALCO and Credit Committee on monthly basis.

d)	The Committee shall take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the finance company's policies and regulatory and supervisory requirements.	The IRMC determines the risk tolerance levels and set risk limits where necessary. These are updated based on the strategic objectives, changes in regulatory environment and competition.
e)	The Committee shall meet at least quarterly to assess all aspects of risk management including updated business continuity plans.	11 meetings were held for the financial year ended 31/12/2015.
f)	The Committee shall take appropriate actions against the officers responsible for failure to identify specific risks and take prompt corrective actions as recommended by the committee and/or as directed by the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.	The Committee takes collective decisions when managing the specific risk.
g)	The Committee shall submit a risk assessment report within a week of each meeting to the Board seeking the Board's views, concurrence and/or specific directions.	Approved Committee Minutes and a Report consisting the risk inherent to the company are tabled at the subsequent Board Meeting seeking the Board's views and specific direction.
h)	The Committee shall establish a compliance function to assess the finance company's compliance with laws, regulations, directions, rules, regulatory guidelines, internal controls, and approved policies on all areas of business operations. A dedicated Compliance Officer selected from key management personnel shall carry out the compliance function and report to the committee periodically.	The Compliance officer reports to the Audit and Risk Committees on the compliance of regulatory requirement and internal controls.
9. Related Party Transactions		
9.1	The following shall be in addition to the provisions contained in the Finance Companies (Lending) Direction No 1 of 2007 and the Finance Companies (Business Transactions with Directors and their Relatives) Direction No 2 of 2007 or such other directions that shall repeal and replace the said directions from time to time.	
9.2	The Board shall take necessary steps to avoid any conflicts of interest that may arise from any transaction of the finance company with any person and particularly with the following categories of persons who shall be considered as "related parties" for the purpose of this Direction. a) A subsidiary of the finance company; b) Any associate company of the finance company; c) A director of the finance company; d) A key management personnel of the finance company; e) A relative of a director or a key management personnel of the finance company; f) A shareholder who owns shares exceeding 10% of the paid up capital of the finance company; g) A concern in which a director of the finance company or a relative of a director or a shareholder who owns shares exceeding 10% of the paid up capital of the finance company, has substantial interest.	Approval of Policy is in process and Board approval will be obtained.

9.3 The transactions with a related party that are covered in this Direction shall be the following: a) Granting accommodation, b) Creating liabilities to the finance company in the form of deposits, borrowings and investments. c) Providing financial or non-financial services to the finance company or obtaining those services from the finance company, d) Creating or maintaining reporting lines and information flows between the finance company and any related party which may lead to share proprietary, confidential or otherwise sensitive information that may give benefits to such related party.	Approval will be obtained and procedure will be documented.
9.4 The Board shall ensure that the finance company does not engage in transactions with a related party in a manner that would grant such party "more favourable treatment" than that is accorded to other similar constituents of the finance company. For the purpose of this paragraph, "more favourable treatment" shall mean: a) Granting of "total net accommodation" to a related party, exceeding a prudent percentage of the finance company's regulatory capital, as determined by the Board. The "total net accommodation" shall be computed by deducting from the total accommodation, the cash collateral and investments made by such related party in the finance company's share capital and debt instruments with a remaining maturity of years or more. b) Charging of a lower rate of interest than the finance company's best lending rate or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counterparty. c) Providing preferential treatment, such as favourable terms, covering trade losses and/or waiving fees/commissions, that extends beyond the terms granted in the normal course of business with unrelated parties. d) Providing or obtaining services to or from a related party without a proper evaluation procedure; e) Maintaining reporting lines and information flows between the finance company and any related party which may lead to share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate duties and functions.	Monitoring of such transactions will be strengthened for extracting the data and reporting such transactions and to ensure that the company does not engage in transactions with related parties that are deemed as "more favourable treatment". All transactions are carried out as per regulated terms and conditions
10. Disclosures	
10.1 The Board shall ensure that (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are published in the newspapers in an abridged form, in Sinhala, Tamil and English.	The financial statements are prepared in accordance with the new Sri Lanka Accounting Standards (SLFRSs / LKASs) and the formats prescribed by the Supervisory Regulatory Authorities. Audited financial statements are disclosed in the annual report and the quarterly (unaudited) financial statements are sent to the CSE and posted on the CSE website. Such statements are published in the newspapers as required.

10.2 The Board shall ensure that at least the following disclosures are made in the Annual Report:	
a) A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures.	Reference – Report of the Board of Directors on the Affairs of the Company (in this Annual Report)
b) A report by the Board on the finance company's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements has been done in accordance with relevant accounting principles and regulatory requirements.	Reference - Directors Statement on Internal Controls over financial reporting.
c) The External Auditor's certification on the effectiveness of the internal control mechanism in respect of any statements prepared or published after March 31st 2010.	E & Y certification given on the effectiveness of the internal controls over financial reporting.
d) Details of directors, including names, transactions with the finance company.	Reference - Notes to the Financial Statements on Related Party Transactions (in this Annual Report)
e) Fees/ remuneration paid by the finance company to the directors in aggregate, in the Annual Reports published after Jan 1st 2010.	Reference - Notes to the Financial Statements on Related Party Transactions (in this Annual Report)
f) Total net accommodation as defined in paragraph 9(4) outstanding in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the finance company's capital funds.	The total net accommodation provided to the close family members of Key Managerial Personal is Rs.3.175 Mn and the total net accommodation provided to the close family members of Key Managerial Personal as a % of Capital Funds is 0.23%.
g) The aggregate values of remuneration paid by the finance company to its key management personnel and the aggregate values of the transactions of the finance company with its key management personnel during the financial year, set out by broad categories such as remuneration paid, accommodation granted and deposits or investments made in the finance company.	Aggregate value of remuneration paid to key management personnel is Rs. 35,803,875.32. Deposits made - Rs.27.6 Mn Accommodation Granted - Nil
h) A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances.	Reference - Report of the Board of Directors on the Affairs of the Company.
i) A statement of the regulatory and supervisory concerns on lapses in the finance company's risk management, or non-compliance with the Act, and rules and directions that have been communicated by the Director of the Department of Supervision of Non-Bank Financial Institutions, if so directed by the Monetary Board to be disclosed to the public, together with the measures taken by the finance company to address such concerns.	No such situation has arisen.
j) The external auditor's certification of the compliance with the Act and rules and directions issued by the Monetary Board in the Annual Corporate Governance reports published after January 1,2011.	E & Y certification given on the effectiveness of the internal controls over financial reporting.

Sec. Rules of the Colombo Stock Exchange (Disclosures pertaining to Corporate Governance Practices in terms of Rules 7.10.3, 7.10.c and 7.10.6c of S7 of the rules.)	Level of Compliance
7.10 Corporate Governance Statement confirming that at the date of the annual report that the company is in compliance with these rules.	The Company is in compliance with the Listing Rules of the Colombo Stock Exchange, as explained below.
7.10.1 Non-Executive Directors The Board of Directors of a listed entity shall 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.	As at 31st December 2015 the Board comprised of 10 Directors of whom 7 were Non-Executive Directors.
7.10.2 Independent Directors Where the constitution of the Board of Directors includes only two non-executive directors in terms of 7.10.1, both such Non-Executive Directors shall be Independent. In all other instances two or 1/3rd of the Non-Executive Directors appointed to the Board, whichever is higher shall be Independent. The Board shall require each Non-Executive Director to submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria.	As at 31st December 2015, the Board comprised 2 Independent Directors from whom signed declaration of independence were obtained.
7.10.3 Directors disclosures Annual determination as to the independence or non-independence of each Non-Executive Director.	The Board has determined the independence/non independence status based on the criteria set out by the CSE.
7.10.5 Remuneration Committee Shall comprise of a minimum of two Independent Non-Executive Directors of or Non-Executive Directors a majority of whom shall be independent, which ever shall be higher.	Majority of the Members of the Committee are Non-Executive Directors two of whom are independent as well. The Committee Members are as follows: 1) Mr. A M Patrick – Independent Non-Executive Director (Chairman) (appointed as Chairman w.e.f. 29/04/2015) 2) Mr. N S Welikala – Independent Non-Executive Director 3) Mr. S A B Rajapaksa – Non- Executive Director (appointed w.e.f. 29/04/2015) 4) Mr. K A Wijewickrama – Executive Director (appointed w.e.f. 28/05/2015)
7.10.6 Audit Committee Shall comprise of a minimum of two Independent Non-Executive Directors or of Non-Executive Directors a majority of whom shall be independent, which ever shall be higher.	As at 31st December 2015, the Committee comprised 3 Non-Executive Directors of whom 2 were Independent.

Meetings

The number of meetings of the Board, Board appointed sub-committees and individual attendance by members for the Financial Year Ended 31st December 2015 are given below.

Board Meetings

Names	Directorship Status	Number of Meetings
Number of meetings held		12
Mr. T De Zoysa	Chairman	11
Mr. B P Morris	Director/CEO	12
Mr. S A B Rajapaksa	Non-Executive Director	10
Mr. A Majumdar	Non-Executive Director	08
Mr. N D Johnson	Non-Executive Director	11
Mr. S M Faulkner - appointed w.e.f: 23.06.2015	Non-Executive Director	05
Mr. N S Welikala	Independent Non-Executive Director	10
Mr. A M Patrick	Independent Non-Executive Director	12
Ms. D C Yatawaka	Director	09
Mr. K A Wijewickrama - appointed w.e.f: 29.04.2015	Director	08

Audit Committee

Names	Directorship Status	Number of Meetings
Number of meetings held		11
Mr. A M Patrick	Chairman	11
Mr. N S Welikala	Member	08
Mr. S A B Rajapaksa	Member	09

Integrated Risk Management Committee

Names	Directorship Status	Number of Meetings
Number of meetings held		11
Mr. N S Welikala	Chairman	09
Mr. A M Patrick	Member	09
Mr. S A B Rajapaksa	Member	09
Mr. B P Morris	Member	11
Ms. D C Yatawaka	Member	07
Mr. D P V Mendis	Member	09
Mr. U Fernando - resigned w.e.f: 30.06.2015	Member	05
Mr. S Fernando - appointed w.e.f: 20.08.2015	Member	05
Ms. D I Brohier	Member	11
Mr. H N N K Perera	Member	06
Mr. T Ranawaka - resigned w.e.f: 15.12.2015	Member	09
Mr. S Wickramasinghe	Member	09

REPORT OF THE DIRECTORS

The Directors are pleased to present their Report for the Financial Year Ended 31st December 2015 together with the Audited Statement of Financial Position and the Statement of Comprehensive Income for the period under review.

Review of the Period

The Chairman's message along with the Director/CEO's message highlights the Company's performance during the period under review.

Financial Statements

The Financial Statements prepared in compliance with the requirements of section 151 of the Companies Act No.7 of 2007 are given on pages 53 to 87 in this Annual Report.

Independent Auditors Report

The Auditors Report on the Financial Statements is given on page 53 in this report.

Accounting Policies

The Accounting Policies adopted in preparation of the Financial Statements is given on pages 58 to 63.

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for Financial Statements is given on page 51.

Stated Capital

The Stated Capital of the Company on 31st December 2015 was Rs. 200,000,000/- and was unchanged during the period.

Statutory Payments

All known statutory payments have been made by the Company.

Post Balance Sheet Events

No circumstances have arisen since the Balance Sheet date which would require adjustments to or disclosure in the Financial Statements.

Going Concern

The Board is satisfied that the Company will continue its operations in the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

Re-election of Directors

Mr. K A Wijewickrama and Mr. S M Faulkner were appointed as Executive Director and Non-Executive Director to the Board since the last Annual General Meeting.

In accordance with the Articles of Association Mr. A M Patrick retire, and being eligible offers himself for re-election.

Directors' Interests

The Directors' Interest in Contracts of the Company have been included in the notes to the Accounts.

Directors' Remuneration

Details of the remuneration received by the Directors are set out in Note 26 to the Financial Statements on page 74.

Auditors

Messrs. Ernst & Young have expressed their willingness to continue in office as Auditors of the Company for the year ending 31st December 2016. A resolution pertaining to their re-appointment and authorizing the Directors to determine their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

Mrs. S. D. De Silva
COMPANY SECRETARY

29th February 2016

DIRECTORS' STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

RESPONSIBILITY

In line with the Finance Companies Direction No. 03 of 2008, section 10(2) (b), the Board of Directors present this report on Internal Control over Financial Reporting.

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the internal control mechanism in place at AMW Capital Leasing and Finance PLC. ("Company").

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes the system of Internal Control over Financial Reporting. The process is regularly reviewed by the Board.

The Board is of the view that the system of Internal Control over Financial Reporting in place, is sound and adequate to provide reasonable assurance regarding the reliability of Financial Reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The management assists the Board in the implementation of the Board's policies and procedures pertaining to Internal Control over Financial Reporting. In assessing the Internal Control System over Financial Reporting, identified officers of the Company collated all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Company and continue to review & update every year. These in turn are being observed and checked by the Internal Audit Department of the Company for suitability of design and effectiveness on an on-going basis.

Company adopted the new Sri Lanka Accounting Standards comprising LKAS and SLFRS in 2012. Processes applied to adopt the said accounting standards were strengthened from the year 2013 to 2015 based on the feedback received from the external auditors, internal audit department, regulators and the Board Audit Committee.

Whilst progressive improvements on processes to comply with new Sri Lanka Accounting Standards requirements are being made some processes were not fully completed as at Reporting date. In particular, due to time constraints, areas with respect to the processes such as related party transactions and IT controls relating to deposits system are being implemented and were not fully completed as at Reporting date. During the year significant improvements in the process was done with regard to impairment of loans. Company is in the process of updating relevant procedure manuals pertaining to these new requirements.

CONFIRMATION

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

EXTERNAL AUDITORS CERTIFICATION

The External Auditors have submitted a certification on the process adopted by the Directors on the system of internal controls over financial reporting. The matters addressed by the External Auditors in this respect, are being looked into.

By order of the Board

Angelo M. Patrick
Chairman - Audit Committee

Brandon Morris
Director/CEO

Samantha Rajapaksa
Director

29th February 2016
Colombo

REPORT OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee currently comprises of two Independent Non-Executive Directors, Angelo Patrick as Chairman and Nihal Welikala along with one Non-Executive Director, Samantha Rajapaksa. All three members of the Committee are Members of a recognized Professional body of Accountants.

The Group Internal Auditor functions as the Secretary to the Committee.

The Objectives of the Committee were defined by the Board as:

1. To ensure effective, accurate and timely Financial Reporting.

2. Management of Internal Controls.

3. Ensure the effective utilization of resources and Report on Conflict of interests.

4. Assessing independence of External Auditors and monitor the External Audit function.

5. Ensure compliance with the Finance Business Act and the attendant Directions, Rules,

The Internal Audit functions are carried out by the Internal Audit Division of the Parent Company. They report directly to the Audit Committee. The Director/CEO of the Company along with an Executive Director who is also the AMW Group Finance Director, the Senior Finance Manager, the Head of Risk and the Internal Auditor attend the Audit Committee meetings by invitation. The Group IT Head and the support staff are present as and when required to discuss the IT issues. Quarterly Internal Audit reports were presented to the Committee by the Internal Auditor as per the format of presentation approved by the Committee. This included a report on Compliance with the Regulatory framework, Compliance with Accounting Standards and Reports on Internal controls on the Operational & Business procedures and transactions. In addition to the above, the Quarterly Internal Audit reports also include a Balance Sheet audit. A choice of major Branches is selected for review of the Operational and Business procedures. In addition, the Finance department too conducts surprise Branch audits and reports are tabled at the Committee meetings. All audit reports from the Internal Audit Division and the Finance Department are tabled together with Management responses. The Committee also monitors the submissions of the mandatory reports to the Regulator. Positions and movements in Non-Performance Loans and Arrears are brought to the attention of the Board by the Committee.

A report on the proceedings, findings and recommendations of the Audit Committee is made to the Board of Directors after each meeting.

The Committee met with External Auditors without the presence of the Management of the company and is satisfied with their independence based on the work carried out by them and the fees paid to them for Audit and Non-audit services.

The Committee is satisfied that the Control Environment is adequate to support the Business Process. The Management is currently evaluating the Business Process to ensure that it meets the needs of the market. Any changes brought about in the process will necessitate a review of the Control Environment.

The Committee met on 11 occasions during the financial year and the attendance at the meetings was:

Angelo Patrick	11
Nihal Welikala	08
Samantha Rajapaksa	09

Angelo M. Patrick
Chairman - Audit Committee

29th February 2016

REPORT OF THE INTEGRATED RISK MANAGEMENT COMMITTEE

REPORT OF THE INTEGRATED RISK MANAGEMENT COMMITTEE (IRMC)

The composition of the Board appointed IRMC, as at the end of the Financial Year, is as follows:

Mr. Nihal Welikala
Independent Non-Executive Director (Chairman)

Mr. Angelo Patrick
Independent Non-Executive Director

Mr. Samantha Rajapaksa
Non-Executive Director

Mr. Brandon Morris
Director / CEO

Ms. Dilani Yatawaka
Director

Mr. Pramuditha Mendis
General Manager

Mr. Sujith Fernando
Head of Risk & Compliance

Mr. Sanjeeva Wickramasinghe
Group Internal Auditor

Ms. Ivon Brohier
Senior Finance Manager

Mr. Neluka Perera
Senior Manager - Treasury

Charter of the Committee

The IRMC was established by the Board of Directors in compliance with the Section 8 (3) of the Direction No 03 of 2008 on Corporate Governance for Finance Companies in Sri Lanka issued by the Central Bank of Sri Lanka.

The Charter of the IRMC approved by the Board, sets out the membership, source of authority, duties and responsibilities of the IRMC. The functions of the IRMC in managing the risks of the Company have been discussed in detailed under the "Risk Management" from pages 22 to 30 of this Annual Report.

Committee Meetings and Methodology

The IRMC met 11 times during the year ended 31st December and its deliberations and conclusions were reported to the Board of Directors on a monthly basis. The IRMC assists the Board of Directors in performing it's oversight function in relation to different types of risks faced by the Company in its business operations and ensure adequacy of effectiveness if the risk management framework of the Company.

The scope of review of the committee was based on the guidelines defined by the Central Bank for Finance Companies. In particular, risks flowing from the business plan and strategy, economic risks, credit, market, liquidity and interest rate mismatch risks and operational risks were reviewed by the committee

Activities and Functions of the Committee

- Assess all risks, i.e. credit, market, liquidity, operational and strategic risks at least on a quarterly basis through appropriate risk indicators and management information.
- Review the adequacy and effectiveness of all management level committees to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.
- Take prompt corrective action to mitigate the effects of specific risks.
- Take appropriate actions against the officers responsible for failure to identify specific risks and take prompt corrective actions as recommended by the committee.
- Submit a risk assessment report to the Board of Directors seeking Board's views, concurrence and /or specific directions.

In particular, the IRMC discussed, analyses and advised on the various macro and micro level risks which could impact the business and reviewed management actions to manage those risks.

Nihal Senanayake Welikala
Chairman
Integrated Risk Management Committee

29th February 2016

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Financial Statements are prepared in conformity with generally accepted accounting principles and the Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka. The Financial Statements reflect a true and fair view of the state of affairs of the Company as at 31st December 2015 and provide the information required by the Companies Act No. 7 of 2007. The Financial Statements have been prepared on the going concern basis as the Board is satisfied that the Company will continue its operations in the foreseeable future.

The Board of Directors have instituted an effective and comprehensive system of internal checks, internal audits, and the whole system of financial and other controls required to carry on the business of the Company in an orderly manner, safeguard its assets and ensure as far as practicable the accuracy and reliability of the records. These controls are regularly reviewed.

The Company Auditors, Messrs. Ernst & Young, Chartered Accountants, carry out reviews and test checks the effectiveness of internal controls as they consider appropriate and necessary for providing their opinion on the financial statements.

The Board of Directors oversees the Management's responsibilities for financial reporting at their regular meetings.

By Order of the Board

Mrs. S. D. De Silva
COMPANY SECRETARY

29th February 2016

FINANCIAL REPORTS

INDEPENDENT AUDITORS' REPORT

Building a better working world

Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AMW CAPITAL LEASING AND FINANCE PLC

Report on the Financial Statements

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

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.

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

As required by Section 163(2) of the Companies Act No. 7 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,
- The financial statements of the Company give a true and fair view of the financial position as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
- The financial statements of the Company, comply with the requirements of sections 151 of the Companies Act No. 07 of 2007.

Ernst & Young

29 February 2016
Colombo

STATEMENT OF FINANCIAL POSITION

As at 31 December

	Note	2015 Rs.	2014 Rs.
ASSETS			
Cash and Bank	3	49,960,730	47,592,268
Other Financial Assets	4	45,529,446	34,259,514
Other Non Financial Assets	5	32,800,693	15,821,109
Rentals Receivable on Lease and Hire Purchase Assets	6	6,623,236,113	3,997,200,174
Loans and Advances	7	2,333,194,105	2,241,350,284
Financial Investments - Available for Sale	8	80,400	80,400
Financial Investments - Held-to-Maturity	9	475,557,071	1,819,272,160
Property, Plant and Equipment	10	55,155,604	65,351,461
Intangible Assets	11	16,660,395	24,351,783
Total Assets		9,632,174,557	8,245,279,153
EQUITY AND LIABILITIES			
Liabilities			
Bank Overdraft	3	72,390,785	40,344,147
Trade and Other payables	12	736,599,841	482,378,969
Time Deposits	13	2,830,656,928	973,896,264
Amounts due to Related Parties	14	769,580,668	1,699,982,281
Interest Bearing Borrowings	15	3,653,258,645	3,715,623,880
Provision for Income Tax	16	5,295,006	82,452,559
Deferred Tax Liability	17	191,087,331	92,105,767
Employee Benefit Obligation	18	18,720,119	14,551,775
Total Liabilities		8,277,589,323	7,101,335,642
Equity			
Stated Capital	19	200,000,000	200,000,000
Retained Profit		1,093,347,112	894,238,956
Statutory Reserve Fund	20	61,238,122	49,704,555
Investment Fund Reserve	21	-	-
General Reserve Fund	22	-	-
Total Equity		1,354,585,234	1,143,943,511
Total Equity and Liabilities		9,632,174,557	8,245,279,153

I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Ivon Brohier
Senior Finance Manager

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

Brandon Morris
Director/CEO

Dilani Yatawaka
Director

Accounting Policies and Notes on pages 58 to 87 form an integral part of these Financial Statements.

29 February 2016
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December

	Note	2015 Rs.	2014 Rs.
Interest Income	23	1,367,129,160	1,172,507,924
Less : Interest Expenses	24	(598,671,553)	(513,956,824)
Net Interest Income		768,457,607	658,551,100
Rental Income from Operating Leases		8,765,185	13,464,593
Other Operating Income	25	228,780,974	156,145,603
Total Operating Income		1,006,003,766	828,161,296
Provision for Impairment Losses		(47,740,160)	(78,090,365)
Net Operating Income		958,263,606	750,070,931
Less: Operating Expenses			
Administration Cost		(196,157,409)	(165,610,764)
Personnel Cost		(245,464,350)	(168,324,428)
Distribution Cost		(80,460,433)	(36,677,960)
Operating Profit before Value Added Tax (VAT) on Financial Services		436,181,414	379,457,779
Less: Value Added Tax on Financial Services		(46,430,423)	(24,859,605)
Profit Before Taxation	26	389,750,991	354,598,174
Taxation	27	(159,079,656)	(128,737,263)
Profit for the year		230,671,335	225,860,911
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Other Comprehensive Income net of tax			
Actuarial Gain/(Loss) on Employee Benefit Obligation		970,388	(1,184,075)
Total Comprehensive Income for the year net of tax		231,641,723	224,676,836
Earnings Per Share - Basic	28	11.53	11.29
Dividend Per Share	29	1.05	0.85

Accounting Policies and Notes on pages 58 to 87 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December

	Note	Stated Capital Rs.	Retained Profit Rs.	Statutory Fund Reserve Rs.	Investment Fund Rs.	General Reserve Fund Rs.	Total Equity Rs.
Balance as at 01 January 2014		200,000,000	635,305,898	38,411,510	54,726,071	7,823,196	936,266,675
Profit for the year		-	225,860,911	-	-	-	225,860,911
Other Comprehensive Income net of tax		-	(1,184,075)	-	-	-	(1,184,075)
Dividend Paid	29	-	(17,000,000)	-	-	-	(17,000,000)
Transfers	20	-	51,256,222	11,293,045	(54,726,071)	(7,823,196)	-
Balance as at 31 December 2014		200,000,000	894,238,956	49,704,555	-	-	1,143,943,511
Profit for the year		-	230,671,335	-	-	-	230,671,335
Other Comprehensive Income net of tax		-	970,388	-	-	-	970,388
Dividend Paid	29	-	(21,000,000)	-	-	-	(21,000,000)
Transfers	20	-	(11,533,567)	11,533,567	-	-	-
Balance as at 31 December 2015		200,000,000	1,093,347,112	61,238,122	-	-	1,354,585,234

Accounting policies and Note on page 58 to 87 from an integal part of these Financial Statements.
Figures in bracket indicate deductions.

STATEMENT OF CASH FLOWS

Year ended 31 December

	Note	2015 Rs.	2014 Rs.
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES			
Net Profit before Income Tax		389,750,991	354,598,174
Adjustments for :			
Interest Income on Held to Maturity Investments	23	(57,288,594)	(32,936,716)
Dividend Income	25	(60,000)	(40,000)
Retiring Gratuity - Charge for the year	18	5,554,612	4,578,236
Gain on disposal of Property Plant and Equipment		(3,818,351)	(261,905)
Loss on disposal of Property Plant and Equipment		-	3,153
Depreciation & Amortization	10 & 11	38,775,373	36,671,513
Operating Profit Before Changes in Working Capital		372,914,031	362,612,455
Increase / (Decrease) in Related Party Payable		(930,401,613)	897,353,581
Increase / (Decrease) in Trade & Other Payables		254,220,872	255,004,014
(Increase) / Decrease in Other Financial Assets & Non Financial Assets		(25,424,403)	18,869,977
(Increase) / Decrease in Inventories		-	540,000
Net Investment in Lease, Hire Purchase and Loans and Advances		(2,717,879,760)	(1,034,921,451)
Increase /(Decrease) in Deposits from customers		1,856,760,664	701,957,347
Net Cash generated from /(used in) Operations		(1,189,810,209)	1,201,415,923
Gratuity Paid	18	-	(2,121,159)
Income Tax Paid	16	(131,404,535)	(86,814,889)
WHT Paid	16	(6,266,990)	(2,623,006)
Net Cash generated from/ (used in) Operating Activities		(1,327,481,734)	1,109,856,869
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Dividends Received	25	60,000	40,000
Acquisition of Plant, Equipment and Intangible Assets	10 & 11	(23,498,910)	(31,285,534)
Disposal of Plant and Equipment		6,429,133	2,592,547
Net Investments made during the Year		1,343,715,089	(1,758,912,618)
Interest Received from Held to Maturity Investments	23	54,463,481	32,936,716
Net Cash generated from/ (used in) Investing Activities		1,381,168,793	(1,754,628,889)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Dividends Paid	29	(21,000,000)	(17,000,000)
Loans Obtained	15	3,088,920,547	4,262,795,559
Loan Settlements made	15	(3,151,285,782)	(3,555,410,321)
Interest Paid			
Net Cash generated from/ (used in) Financing Activities		(83,365,235)	690,385,238
Net Increase / (Decrease) in Cash & Cash Equivalents		(29,678,176)	45,613,218
Cash & Cash Equivalents at the beginning of the year		7,248,121	(38,365,097)
Cash & Cash Equivalents at the end of the year	3	(22,430,055)	7,248,121

Accounting Policies and Notes on pages 58 to 87 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

1. CORPORATE INFORMATION

AMW Capital Leasing and Finance PLC (Previously known as "AMW Capital Leasing PLC") was incorporated on 23 February 2006 under the Companies Act No. 17 of 1982 and was re-registered under the New Companies Act No. 07 of 2007 on 27 June 2007. The new Registration Number of the Company is PB14PQ.

The registered office of the Company is located at No. 185, Union Place, Colombo 02 and principal place of business of the Company is located at No. 445, Bauddhaloka Mawatha, Colombo 08.

During the year, the principal activities of the Company were Granting Lease facilities, Hire Purchase facilities, Mortgage Loans and Acceptance of Deposits.

The Financial Statements for the year ended 31 December 2015 were authorised for issue by the Directors on 29 February 2016.

The immediate holding Company of AMW Capital Leasing and Finance PLC is Associated Motorways (Pvt) Limited which is incorporated in Sri Lanka and ultimate parent Company is Al-Futtaim Engineering LLC, Dubai.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The Financial Statements have been prepared on the historical cost basis, except for defined benefit obligation at present value as explained in the respective Note 18 to the Financial Statements.

2.1.1 Statement of Compliance

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS & LKAS (hereafter "SLFRS") issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and the requirements of the companies Act No. 7 of 2007.

2.1.2 Presentation of Financial Statements

The Company presents its Statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the Note-35.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the Income Statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

2.1.3 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

2.2.1 Going Concern

The Company's Management has made an assessment of the Company's ability to continue as a Going Concern and is satisfied that the Company 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 the Going Concern basis.

2.2.2 Impairment Losses on Loans and Receivable

The Company reviews its individually significant Loans and Receivables at each reporting date to assess whether an impairment loss should be recorded in the Income Statement. 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 Receivables that have been assessed individually and found not to be impaired, all individually insignificant loans and receivables 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 and receivables portfolio (such as levels of arrears, probability of default, loss given ratio, 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). The impairment loss on loans and receivables is disclosed in more detail in Note 6 & 7.

2.2.3 Employee Benefit Liabilities

The cost of the defined benefit plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are given in Note 18.

2.3 EVENTS AFTER THE REPORTING PERIOD

All material events after the reporting period have been considered and appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing its Financial Statements.

2.4.1 Foreign Currency Transactions

The Financial Statements are presented in Sri Lankan Rupees which is the Company's functional and presentation currency.

The Functional currency is the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are initially recorded by the Company at the functional currency rates prevailing at the date of the transaction.

2.4.2 Recognition of Income and Expense

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised.

Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining Property, Plant and Equipment in a state of efficiency has been charged to the Income Statement.

For the purpose of presentation of the Income Statement, the "function of expense method" has been adopted on the basis that it represents fairly the elements of Company's performance.

a) Interest Income and Interest Expense

For all financial instruments measured at amortized cost, interest bearing financial assets classified as available for sale, interest income or expense is recorded using the EIR. EIR is the rate exactly discounts estimated future cash payment or receipt through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial assets and financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

b) Dividends

Revenue is recognised when the Company's right to receive the payment is established.

c) Rental income

Rental income arising from operating leases on Motor vehicles is accounted for on a straight-line basis over the lease term.

d) Fee and Commission Income

Fee and commission income is recognized on an accrual basis.

e) Other Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of Plant and Equipment and other non-current assets, including investments, are accounted for in the Income Statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

2.4.3 Tax

a) Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date which is currently the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto.

b) Deferred Tax

Deferred taxation is the tax attributable to the temporary differences that arise when taxation authorities recognise and measure assets and liabilities with rules that differ from those of the Financial Statements.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes related to the same taxable entity and the same taxation authority.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable

- Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

d) Value Added Tax on Financial Services

Value Added Tax on Financial Services is calculated in accordance with the amended Value Added Tax Act No. 7 of 2003. The amount of Value Added Tax on Financial Services is charged in determining the profit for the year.

e) Withholding Tax on Dividends

Dividend distributed out of taxable profit of the local companies attracts a 10% deduction at source and is not available for set off against the tax liability of the Company. Withholding tax that arises from the distribution of dividends by the Company is recognised at the same time as the liability to pay the related dividends is recognised.

2.4.4 Property, Plant & Equipment

Cost

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation.

All other repair and maintenance costs are recognised in the Income Statement as incurred.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Computer Equipment	20%
Office Equipment	20%
Furniture & Fittings	20%
Motor Vehicles	20%
Motor Vehicles on Hire	20%
Fixtures	20%

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.4.5 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognized.

Amortization

Amortization on Computer Software is calculated on a straight-line basis over the estimated useful life of 5 years.

2.4.6 Lease and Hire Purchase Receivables

Finance and Operating Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance Leases
Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title are classified as finance leases. When the Company is the lessor under finance leases, the amounts due under the leases, after deduction of unearned income are included in Lease Receivables. The finance income receivable is recognized in "Interest Income "over the period of the leases so as to give a constant rate of return on the net investment in the leases.

Operating Leases

All other leases are classified as operating leases. When acting as lessor, the Company includes the assets subject to operating leases in "Property, Plant and Equipment" and accounts for them accordingly. Rentals receivable under operating leases are accounted for on a straight-line basis over the period of the leases.

Hire Purchase
Assets hired to customers under hire purchase agreements, which transfer all the risks and rewards incidental to ownership as well as the legal title at the end of such contractual period, are classified as hire purchase receivables. Such assets are accounted for in a similar manner as finance leases.

2.4.7 Financial Instruments

The Company recognizes Financial Assets or Financial Liabilities in its Statement of Financial Position when the Company becomes a party to the contractual provisions of the Instrument. Financial Assets and Financial Liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of a Financial Asset or a Liability (other than Financial Assets and Financial Liabilities at fair value through profit or loss) are added or deducted from the fair value of the Financial Asset or Liability, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of Financial Assets and Financial liabilities at fair value through profit or loss are recognized immediately in the Income

Statement. Financial Assets and Liabilities are offset and the net amount is presented when, and only when the Company has a legal right to offset the amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial Assets

a) Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. The financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and unquoted financial instruments.

b) Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

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

Loans and Advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Interest income in the Income Statement. The losses arising from impairment are recognised in the Income Statement.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Interest income in the Income Statement. The losses arising from impairment are recognised in the Income Statement.

Available-for-sale financial investments

Available-for-sale financial investments include equity investments. 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.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the Income Statement and removed from the available-for-sale reserve.

The Company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

c) Derecognition

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

- The rights to receive cash flows from the asset have expired
- 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 (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) 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 of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

In that case, the Company also recognises an associated liability. The transferred 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.

d) 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 and that loss event 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 debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually 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, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Income Statement. 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 in the Income Statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised 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 recognised, the previously recognised 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 Income Statement.

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 or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement;

Increases in their fair value after impairments are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, 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 finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Financial liabilities

a) Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings at amortized cost, plus directly attributable transaction costs.

The financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, Time Deposits, Amounts due to Related Parties.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the Income Statement.

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the income statement.

c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

d) Offsetting of financial instruments

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

2.4.8 Impairment of non-financial assets

Impairment losses impairment on inventories and Vat Receivables are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset.

2.4.9 Cash and Bank Balances

Cash and Bank balances in the Statement of Financial Position comprise cash at banks and in hand. For the purpose of the statement cash flow, cash and cash equivalents consist of cash and bank balances as defined above, net of outstanding bank overdrafts.

2.4.10 Post-Employment Benefits

Employee Benefit Liability

The liability recognized in the Statement of Financial Position is the present value of the defined benefit obligation at the Reporting Date using the projected unit credit method. All actuarial gains and losses are recognized in the year they occur in the Statement of Comprehensive Income. The gratuity liability is not externally funded.

Defined Contribution Plan - Employees' Provident Fund and Employees' Trust Fund Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Company contributes the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and Employees' Trust Fund respectively.

2.4.11 Provisions, Contingent Assets & Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

2.4.12 Standards Issued but not effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

(i) SLFRS 9 - Financial Instruments: Classification and Measurement

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

This standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

(ii) SLFRS 14 - Regulatory Deferral Accounts

The scope of this standard is limited to first-time adopters of SLFRS that already recognize regulatory deferral account balances in their financial statements. Consequently, the financial statements of rate regulated entities that already apply SLFRS, or that do not otherwise recognise such balances, will not be affected by this standard.

This standard is effective for the annual periods beginning on or after 01 January 2016.

(iii) SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

This standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

3.	CASH & BANK		2015 Rs.	2014 Rs.
	Cash in Hand		27,473,890	30,613,109
	Cash at Bank		22,486,840	16,979,159
			49,960,730	47,592,268
	Bank Overdraft		(72,390,785)	(40,344,147)
			(22,430,055)	7,248,121

4.	OTHER FINANCIAL ASSETS		2015 Rs.	2014 Rs.
	Other Financial Assets	4.1	45,529,446	34,259,514
			45,529,446	34,259,514
4.1	VAT Receivable		11,428,187	10,547,068
	Insurance Receivable on Hire Purchases		843,982	1,455,097
	Insurance Receivable on Auto Loans		2,856,706	2,208,767
	Insurance Receivable on Leases		9,352,750	8,072,021
	RMV receivable		699,833	467,236
	Staff Loans		1,577,500	1,312,090
	Refundable Deposits		11,897,000	6,058,000
	Miscellaneous Receivables		6,873,488	4,139,235
			45,529,446	34,259,514

5.	OTHER NON FINANCIAL ASSETS	2015 Rs.	2014 Rs.
	VAT Recoverable	22,982,120	10,936,952
	Prepayment	13,723,628	8,789,212
		36,705,748	19,726,164
	Less: Provision for Other Financial Assets	(3,905,055)	(3,905,055)
		32,800,693	15,821,109

6. RENTALS RECEIVABLE ON LEASE AND HIRE PURCHASE ASSETS

6.1	Rentals Receivable on Lease Assets	2015 Rs.	2014 Rs.
	Receivable after five years		
	Rentals Receivable	66,529,852	16,422,347
	Unearned Income	(3,419,564)	(723,494)
		63,110,288	15,698,853
	Receivable from one to five years		
	Rentals Receivable	5,498,320,871	2,540,832,608
	Unearned Income	(1,068,468,984)	(490,518,078)
		4,429,851,887	2,050,314,530
	Receivable within one year		
	Rentals Receivable	2,626,962,850	1,670,573,871
	Unearned Income	(845,351,467)	(501,256,748)
		1,781,611,383	1,169,317,123
	Overdue Rental Receivable		
	Rentals Receivable	162,338,619	122,287,138
		162,338,619	122,287,138
	Total		
	Future Rentals Receivable	8,191,813,573	4,227,828,826
	Overdue Rentals Receivable	162,338,619	122,287,138
	Total Rentals Receivable	8,354,152,192	4,350,115,964
	Unearned Income	(1,917,240,015)	(992,498,320)
		6,436,912,177	3,357,617,644
	Less : Provision for Impairment Losses	(109,281,915)	(49,731,118)
	Balance as at 31 December	6,327,630,262	3,307,886,526

6. RENTALS RECEIVABLE ON LEASE AND HIRE PURCHASE ASSETS (Contd…)

6.2 Rentals Receivable on Hire Purchase Assets

	2015 Rs.	2014 Rs.
Receivable after five years		
Rentals Receivable	-	-
Unearned Income	-	-
	-	-
Receivable from one to five years		
Rentals Receivable	171,290,354	488,352,195
Unearned Income	(25,196,571)	(91,069,851)
	146,093,783	397,282,344
Receivable within one year		
Rentals Receivable	188,696,161	400,893,416
Unearned Income	(45,564,407)	(118,172,531)
	143,131,754	282,720,885
Overdue Rental Receivable		
Rentals Receivable	55,805,800	56,341,268
	55,805,800	56,341,268
Total		
Future Rentals Receivable	359,986,515	889,245,611
Overdue Rentals Receivable	55,805,800	56,341,268
Total Rentals Receivable	415,792,315	945,586,879
Unearned Income	(70,760,978)	(209,242,382)
	345,031,337	736,344,497
Less: Provision for Impairment Losses	(49,425,486)	(47,030,849)
Balance as at 31 December	295,605,851	689,313,648
Total Rentals Receivable on Lease Assets and Hire Purchase Assets		
Future Rentals Receivable	8,551,800,088	5,117,074,437
Overdue Rental Receivable	218,144,419	178,628,406
Total Rentals Receivable	8,769,944,507	5,295,702,843
Unearned Income	(1,988,000,993)	(1,201,740,702)
	6,781,943,514	4,093,962,141
Less: Provision for Impairment losses (6.3)	(158,707,401)	(96,761,967)
Balance as at 31 December	6,623,236,113	3,997,200,174

6.3 Provision for Impairment Losses

	2015 Rs.	2014 Rs.
Balance as at 01 January	96,761,967	59,360,140
Provisions made during the year	61,945,434	37,401,827
Reversals made during the year	-	-
Balance as at 31 December	158,707,401	96,761,967

6.4 Capital Outstanding on Non Performing Assets as at 31.12.2015 amounts to Rs.166,492,114/-. (As at 31.12.2014 - Rs.141,643,145/).

6.5 Motor Vehicles and Equipment are held as collaterals against Lease and Hire Purchase Receivables.

7. LOANS AND ADVANCES

7.1 Instalments Receivable on Auto Loans	2015 Rs.	2014 Rs.
Receivable after five years		
Instalments Receivable	3,245,882	12,885,206
Unearned Income	(146,845)	(666,887)
	3,099,037	12,218,319
Receivable from one to five years		
Instalments Receivable	1,879,120,397	1,989,314,401
Unearned Income	(348,148,822)	(429,405,371)
	1,530,971,575	1,559,909,030
Receivable within one year		
Instalments Receivable	1,073,834,666	1,003,308,736
Unearned Income	(310,866,995)	(339,579,079)
	762,967,671	663,729,657
Overdue Rental Receivable		
Instalments Receivable	52,532,143	42,857,000
	52,532,143	42,857,000
Total		
Instalments Receivable	2,956,200,945	3,005,508,343
Overdue Instalments Receivable	52,532,143	42,857,000
Total Instalments Receivable	3,008,733,088	3,048,365,343
Unearned Income	(659,162,662)	(769,651,337)
	2,349,570,426	2,278,714,006
Less: Provision for Impairment Losses (7.2)	(31,282,148)	(45,487,422)
Balance as at 31 December	2,318,288,278	2,233,226,584
7.2 Loans Against FD	14,905,827	8,123,700
Total Loans and Advances	2,333,194,105	2,241,350,284

7.3 Provision for Impairment Losses	2015 Rs.	2014 Rs.
Balance as at 01 January	45,487,422	4,798,884
Provisions made during the year	(14,205,274)	40,688,538
Balance as at 31 December	31,282,148	45,487,422

7.4 Capital Outstanding on Non Performing Assets as at 31.12.2015 amounts to Rs. 31,900,195/-. (As at 31.12.2014- Rs. 26,559,274/-).

7.5 Motor Vehicles and Equipment are held as collaterals against Loans and Advances.

8. FINANCIAL INVESTMENTS - AVAILABLE FOR SALE

	2015 Rs.	2014 Rs.
Unquoted Investments		
Equities	80,400	80,400
	80,400	80,400

Unquoted Equity investment includes shares at Credit Information Bureau of Sri Lanka which is carried at cost. There is no market value for this investment.

9. FINANCIAL INVESTMENTS - HELD-TO-MATURITY

	2015 Rs.	2014 Rs.
Quoted Investments		
Government Debt Securities	57,943,320	56,032,473
Treasury Bills Repurchases	417,613,751	1,763,239,687
	475,557,071	1,819,272,160

10. PROPERTY, PLANT & EQUIPMENT

Cost	As at 01.01.2015 Rs.	Additions during the year Rs.	Disposals during the year Rs.	As at 31.12.2015 Rs.
Computer Equipment	29,658,955	5,236,516	-	34,895,471
Office Equipment	15,039,871	3,143,627	-	18,183,498
Furniture & Fittings	10,673,268	551,106	-	11,224,374
Motor Vehicles	1,660,000	-	-	1,660,000
Motor Vehicles on Hire	61,133,661	-	(11,598,527)	49,535,134
Fixtures	15,353,684	595,446	-	15,949,130
	133,519,439	9,526,695	(11,598,527)	131,447,607

Depreciation	As at 01.01.2015 Rs.	Charge for the year Rs.	On disposals Rs.	As at 31.12.2015 Rs.
Computer Equipment	14,336,996	5,741,442	-	20,078,438
Office Equipment	6,222,862	3,098,676	-	9,321,538
Furniture & Fittings	4,337,386	1,999,660	-	6,337,046
Motor Vehicles	1,631,667	17,000	-	1,648,667
Motor Vehicles on Hire	36,932,686	11,840,114	(8,987,745)	39,785,055
Fixtures	4,976,357	3,125,066	-	8,101,423
	68,437,954	25,821,958	(8,987,745)	85,272,167

10. PROPERTY, PLANT & EQUIPMENT (Contd…)

Capital Work In Progress	As at 01.01.2015 Rs.	Additions during the year Rs.	Transferred during the year Rs.	As at 31.12.2015 Rs.
Capital Work In Progress	269,976	8,980,188	(270,000)	8,980,164
	269,976	8,980,188	(270,000)	8,980,164

Written Down Value	2015 Rs.	2014 Rs.
Computer Equipment	14,817,033	15,321,959
Office Equipment	8,861,960	8,817,009
Furniture & Fittings	4,887,328	6,335,882
Motor Vehicles	11,333	28,333
Motor Vehicles on Hire	9,750,079	24,200,975
Fixtures	7,847,707	10,377,327
	46,175,440	65,081,485
Capital Work In Progress	8,980,164	269,976
	55,155,604	65,351,461

10.1 During the financial year, Company acquired Plant & Equipment to the aggregate value of Rs. 18,236,883/- (2014 - Rs.18,771,857/). Cash payments amounting to Rs.18,236,883/- (2014-Rs.18,771,857/-) were made during the year for purchase of Plant & Equipment.

10.2 Operating lease assets are classified under Motor Vehicle on Hire. Rental receivable on operating lease assets are given below.

Rental receivable on Operating Leases,	2015 Rs.	2014 Rs.
Within one year	4,760,341	11,037,387
From 1 - 5 years	4,175,534	15,689,055
Total	8,935,875	26,726,442

11. INTANGIBLE ASSETS

Cost/Carrying Value	As at 01.01.2015 Rs.	Additions during the year Rs.	Disposals during the year Rs.	As at 31.12.2015 Rs.
Computer Software	63,291,515	5,262,027	-	68,553,542
	63,291,515	5,262,027	-	68,553,542

Amortization	As at 01.01.2015 Rs.	Amortization during the year Rs.	Disposals during the year Rs.	As at 31.12.2015 Rs.
Computer Software	38,939,732	12,953,415	-	51,893,147
	38,939,732	12,953,415	-	51,893,147

	2015 Rs.	2014 Rs.
Written Down Value		
Computer Software	16,660,395	24,351,783
	16,660,395	24,351,783

11.1 During the financial year, Company acquired Intangible Assets to the value of Rs. 5,262,027/- (2014-Rs.12,513,677/-). Cash Payments amounting to Rs 5,262,027/- (2014-Rs.12,513,677/-) were made during the year for purchase of Intangible Assets.

12. TRADE & OTHER PAYABLES	2015 Rs.	2014 Rs.
Trade Creditors - Related (12.1)	284,524,586	216,688,463
- Non Related	29,771,640	50,704,269
Other Payables - Related (12.2)	44,034,942	16,452,109
- Non Related	378,268,673	198,534,128
	736,599,841	482,378,969

12.1 Trade Creditors - Related Parties	Relationship	2015 Rs.	2014 Rs.
Associated Motorways (Pvt) Limited	Parent	284,524,586	216,688,463
		284,524,586	216,688,463

12.2 Other Payables - Related	Relationship	2015 Rs.	2014 Rs.
Interest Payable - Associated Motorways (Pvt) Ltd	Parent	10,234,339	5,423,093
Other Payable - Associated Motorways (Pvt) Ltd	Parent	18,779,876	-
Insurance Payable - Orient Insurance Limited	Other Related Party	15,020,727	11,029,016
		44,034,942	16,452,109

13. TIME DEPOSITS	2015 Rs.	2014 Rs.
Balance as at 01 January	937,665,404	267,576,093
Fixed Deposits during the year	2,269,711,980	926,349,486
Interest capitalized for renewals	29,691,240	6,885,892
Top up's (additions by customer to original deposit)	6,633,627	3,841,852
Withdrawals during the Year	(497,921,003)	(266,987,919)
Balance as at 31 December	2,745,781,248	937,665,404
Interest Payable	84,875,680	36,230,860
Total	2,830,656,928	973,896,264

14. AMOUNT DUE TO RELATED PARTIES	Relationship	2015 Rs.	2014 Rs.
Associated Motorways (Pvt) Limited	Parent	769,580,668	1,699,982,281
		769,580,668	1,699,982,281

15. INTEREST BEARING BORROWINGS

	2015 Within One Year Rs.	2015 After One Year Rs.	2015 Total Rs.	2014 Total Rs.
Securitization Loan (15.1)	498,799,919	747,400,000	1,246,199,919	1,187,766,974
Term Loan (15.2)	150,870,452	225,000,000	375,870,452	576,989,041
Money Market Loan (15.3)	583,770,752	-	583,770,752	-
Inter Company Loan (15.4)	509,917,522	937,500,000	1,447,417,522	1,950,867,865
	1,743,358,645	1,909,900,000	3,653,258,645	3,715,623,880

15.1 Securitization Loan

	As at 01.01.2015 Rs.	Loans Obtained and Interest Accrued Rs.	Repayment Rs.	As at 31.12.2015 Rs.	Term of the Loan	Interest Rate	Security Offered
Securitization 250 M	5,000,000	53,167	5,053,167	-	48 months	AWPLR+1.6%	Lease Portfolio
Securitization 500 M	67,711,879	2,737,663	70,449,542	-	48 months	IRR at 11.5%	Lease Portfolio
Securitization 1500 M	1,115,055,095	101,669,157	726,020,908	490,703,344	40 months	IRR at 12.5%	Lease Portfolio
Securitization 750 M	-	755,496,575	-	755,496,575	48 months	IRR at 9.5%	Lease Portfolio and Corporate Guarantee from AMW
	1,187,766,974	859,956,562	801,523,617	1,246,199,919			

15.2 Term Loan

	As at 01.01.2015 Rs.	Loans Obtained and Interest Accrued Rs.	Repayment Rs.	As at 31.12.2015 Rs.	Term of the Loan	Interest Rate	Security Offered
PABC Term Loan 200 M	151,465,068	10,034,932	111,128,000	50,372,000	8 Quarters	Fixed Interest Rate 11.5%	Lease Portfolio and Corporate Guarantee from AMW
Sampath Term Loan 500 M	425,523,973	35,219,863	135,245,384	325,498,452	20 Quarters	AWPLR + 2.25%	Lease Portfolio and Corporate Guarantee from AMW
	576,989,041	45,254,795	246,373,384	375,870,452			

15. INTEREST BEARING BORROWINGS (Contd…)

15.3 Money Market Loan

Money Market Loan	As at 01.01.2015 Rs.	Loans Obtained and Interest Accrued Rs.	Repayment Rs.	As at 31.12.2015 Rs.	Term of the Loan	Interest Rate	Security Offered
DFCC	-	1,530,630,137	1,030,219,178	500,410,959	Short Term	7.50%	Lease Portfolio and Corporate Guarantee from AMW
Union Bank	-	517,776,542	434,416,749	83,359,793	Short Term	6.75%	Lease Portfolio and Corporate Guarantee from AMW
	-	2,048,406,679	1,464,635,927	583,770,752			

15.4 Inter Company Loan

Inter Company Loan	As at 01.01.2015 Rs.	Loans Obtained and Interest Accrued Rs.	Repayment Rs.	As at 31.12.2015 Rs.	Term of the Loan	Interest Rate	
AMW Term Loan 1000M	965,048,231	67,845,890	319,597,603	713,296,518	48 months	Fixed Interest Rate 8.25%	Lease Portfolio
AMW Term Loan 1000M	985,819,634	67,456,621	319,155,251	734,121,004	48 months	Fixed Interest Rate 8%	Lease Portfolio
	1,950,867,865	135,302,511	638,752,854	1,447,417,522			

15.5 Unutilised Funding Facilities

Type of Facility	Rs.
Overdraft	125,000,000
Overdraft / Money Market Loan	1,000,000,000
Short Term Loan	450,000,000
	1,575,000,000

16. PROVISION FOR INCOME TAX

	2015 Rs.	2014 Rs.
Balance as at 01 January	82,452,559	45,974,689
Provision for the year	68,798,346	127,127,923
Under/(Over) provision in respect of previous year	(8,284,374)	(1,212,158)
	142,966,531	171,890,454
Payments made during the year	(131,404,535)	(86,814,889)
WHT on Treasury Bill Interest	(6,266,990)	(2,623,006)
Balance as at 31 December	5,295,006	82,452,559

17. DEFERRED TAX LIABILITY

	2015 Rs.	2014 Rs.
Balance as at 01 January	92,105,767	89,284,269
Provision/ (Reversal) made during the year	98,565,684	2,821,498
Charge/(Reversal) for the year through Statement of Other Comprehensive Income	415,880	-
Balance as at 31 December	191,087,331	92,105,767
The closing Deferred Tax Liability balance relates to the following		
Accelerated Depreciation for tax purposes	9,085,350	10,619,591
Future Rentals Receivable - Lease	187,618,017	89,495,242
Employee Benefit Obligation	(5,616,036)	(4,074,496)
Provision for Impairment	-	(3,934,570)
	191,087,331	92,105,767

18. EMPLOYEE BENEFIT OBLIGATION

	2015 Rs.	2014 Rs.
Balance as at 01 January	14,551,775	10,910,623
Current Service Cost	4,099,435	1,091,062
Interest for the Year	1,455,177	3,487,174
Benefits Paid	-	(2,121,159)
Actuarial (Gain)/Loss	(1,386,268)	1,184,075
Balance as at 31 December	18,720,119	14,551,775

The Employee Benefit Liability is based on the actuarial valuation carried out as at 31 December 2015 by Messrs. Actuarial and Management Consultants (Pvt) Ltd., actuaries. The principal assumptions used in determining the cost of employee benefits were :

	2015	2014
Discount rate	10%	10%
Future Salary Increment	12%	12%

A sensitivity was carried out as follows.

	2015		2014	
Effect on the present value of Defined Benefit Obligation	+1%	-1%	+1%	-1%
One percentage point change in the discount rate	(1,387,559)	1,586,373	(1,345,448)	1,569,145
One percentage point change in the salary escalation rate	1,607,966	(1,434,601)	1,594,253	(1,391,348)

Information about Maturity Profile of the Defined Benefit Obligation

Future Working Life Time	As at 31.12.2015	As at 31.12.2014
Within the next 12 months	1,460,610	868,792
Between 1-2 years	2,716,895	1,780,604
Between 2-5 years	4,776,536	1,515,446
Between 5-10 years	3,984,329	3,906,938
Beyond 10 years	5,781,749	6,479,995
Total	18,720,119	14,551,775

19. STATED CAPITAL

	2015	2014
Number of Ordinary Shares issued and fully paid	20,000,000	20,000,000

	2015 Rs.	2014 Rs.
Balance as at 01 January	200,000,000	200,000,000
Balance as at 31 December	200,000,000	200,000,000

20. STATUTORY RESERVE FUND

	2015 Rs.	2014 Rs.
Balance as at 01 January	49,704,555	38,411,510
Transfers during the year	11,533,567	11,293,045
Balance as at 31 December	61,238,122	49,704,555

The Company's Statutory Reserve Fund is maintained in accordance with Direction No. 9 of 1991 as amended by Direction No. 1 of 2003 issued by the Central Bank of Sri Lanka.

21. INVESTMENT FUND RESERVE

The reserve is created in accordance with the Central Bank guidelines issued to create an Investment Fund Reserve. 8% of the profits liable for VAT on Financial Services and 5% of the profits before tax calculated for payment of income taxes are transferred to this reserve when the payment of VAT on Financial Services and the self assessment payment of income tax for the period become due. Operations of the Investment Fund has been ceased with effect from 1st October 2014 and remaining balance has been transferred to retained earnings through the Statement of Changes in Equity in accordance with the new guideline issued by the Central Bank of Sri Lanka.

	2015 Rs.	2014 Rs.
Balance as at 01 January	-	54,726,071
Transfers to Investment Fund	-	8,271,544
Transfers from Investment Fund	-	(62,997,615)
Balance as at 31 December	-	-

22. GENERAL RESERVE FUND

	2015 Rs.	2014 Rs.
Balance as at 01 January	-	7,823,196
Transfers to Retained Profit	-	(7,823,196)
Balance as at 31 December	-	-

23. INTEREST INCOME

	2015 Rs.	2014 Rs.
Lease	800,322,543	621,406,369
Hire Purchase	104,787,789	196,648,179
Term Loan	403,681,162	321,050,504
FD Loan Interest	1,049,072	466,156
Interest Income on Held to Maturity Investments	57,288,594	32,936,716
	1,367,129,160	1,172,507,924

24. INTEREST EXPENSES

	2015 Rs.	2014 Rs.
Inter Company Loan	135,302,511	64,397,801
Inter Company Current Account	81,834,291	89,994,616
Securitization Loan	110,106,563	131,575,022
Bank Borrowings	94,136,582	145,669,280
Interest on Time Deposits	177,291,606	82,320,105
	598,671,553	513,956,824

25. OTHER OPERATING INCOME

	2015 Rs.	2014 Rs.
Overdue Interest Income	38,123,514	32,219,227
Profit from Pre-Termination	98,328,601	72,038,368
Dividend income	60,000	40,000
Commission from Insurance	33,116,174	24,188,244
Income from additional charges	42,467,824	21,686,950
Bank Charges Claimed on cheque returns	1,124,757	763,387
Rental Income - Inter Company	1,560,000	-
Administration Income - Inter Company	2,415,000	-
Miscellaneous Income	7,766,753	4,947,522
Gain on Disposal of Property, Plant & Equipment	3,818,351	261,905
	228,780,974	156,145,603

26. PROFIT BEFORE TAXATION

is stated after charging :

	2015 Rs.	2014 Rs.
Staff Salaries	121,548,034	105,712,379
Defined Contribution Plan Cost - E.P.F & E.T.F	19,587,834	17,211,940
Directors Emoluments	24,401,359	21,422,460
Auditors' Remuneration		
- Audit	1,166,100	1,153,285
- Non Audit	214,000	633,019
Management Fee	1,222,440	1,222,440
Defined Benefit Plan - Expense	5,554,612	4,578,236
Provision for Impairment losses	47,740,160	78,090,365
Depreciation & Amortization	38,775,373	36,671,513

27. INCOME TAX

The major components of income tax expense for the years ended 31 December are as follows :

	2015 Rs.	2014 Rs.
Current Income Tax		
Current Income Tax Charge (27.1)	60,513,972	125,915,765
Deferred Income Tax		
Deferred Taxation Charge / (Reversal) (27.2)	98,565,684	2,821,498
Income tax expense reported in the Income Statement	159,079,656	128,737,263

27. INCOME TAX (Contd…)

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

	2015 Rs.	2014 Rs.
Profit Before Tax	389,750,991	354,598,174
Aggregate Accounting Profit	389,750,991	354,598,174
Aggregated Disallowed Expenses	1,980,308,728	1,448,318,266
Aggregated Allowed Expenses	(2,124,351,340)	(1,348,888,142)
Adjusted Profit	245,708,379	454,028,298
Taxable Income	245,708,379	454,028,298
Income Tax at the rate of 28% on Taxable Income (2014-28%)	68,798,346	127,127,923
Under / Over provision in respect of previous year	(8,284,374)	(1,212,158)
Current tax on profit for the year	60,513,972	125,915,765
Deferred tax charge for the year	98,565,684	2,821,498
Tax expense for the year	159,079,656	128,737,263
At the effective Income Tax Rate of 40.9% (2014 - 36.3%)		

27.2 Deferred Tax

	2015 Rs.	2014 Rs.
Income Statement		
Deferred Tax arising from		
Accelerated Depreciation for tax purposes	(1,534,241)	4,022,883
Future Rental Receivable	98,122,775	486,761
Employee Benefit Obligation	(1,957,420)	(1,084,569)
Provision for Impairment	3,934,570	(603,577)
	98,565,684	2,821,498
Other Comprehensive Income		
Acturial (Gain) / Loss on Employee Benefit Obligation	415,880	-
	415,880	-
	98,981,564	2,821,498

Deferred Tax has been computed using the current tax rate of 30%.(2014-28%)

28. BASIC EARNINGS PER SHARE

28.1 Basic Earnings Per Share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

28.2 The following reflects the Income & Share data used in the Basic Earnings Per Share computation.

	2015 Rs.	2014 Rs.
Amounts Used as the Numerators:		
Net Profit Attributable to Ordinary Shareholders	230,671,335	225,860,911
Number of Ordinary Shares Used as Denominators for Basic Earnings per share		
Weighted Average number of Ordinary Shares in issue		
Applicable to Basic Earnings Per Share	20,000,000	20,000,000
28.3 Basic Earnings Per Share	11.53	11.29

29. DIVIDEND PER SHARE

	2015 Rs.	2014 Rs.
Declared and Paid during the year	21,000,000	17,000,000
Dividend Per Share	1.05	0.85

30. CAPITAL COMMITMENTS AND CONTINGENCIES

As at 31 December 2015, the Company had no significant commitments and contingencies. (31.12.2014 - Rs.4,782,821/-)

31. EVENTS AFTER THE REPORTING PERIOD

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

32. RELATED PARTY DISCLOSURES

32.1 Transaction with Related Entities

	2015 Rs.	2014 Rs.
Associated Motorways (Pvt) Ltd -Parent		
Transactions during the period		
Management fees paid	1,224,480	1,224,480
Rent Paid	15,744,577	10,850,525
Interest Paid	217,136,802	154,392,417
Fees paid for repair services	873,460	1,420,878
Expense Reimbursements	15,537,060	8,087,415
Salary Reimbursements	6,122,400	6,122,400
Inter Company Loans Obtained and Interest Accrued	135,302,511	2,030,952,626
Loan Repayment	638,752,854	1,125,084,761
Inter Company Settlement for Vehicles	4,061,933,227	1,041,234,777
Promotional Expenses Paid	47,960,000	-
	5,140,587,371	4,379,370,279

Amounts Due to	31.12.2015 Rs.	31.12.2014 Rs.
Trade Creditors	284,524,586	216,688,463
Loans Payable	1,447,417,522	1,950,867,865
Current Account with parent	769,580,668	1,699,982,281
Interest Payable	10,234,339	5,423,093
Other Payable	18,779,876	-
	2,530,536,991	3,872,961,702

Associated Motorways (Pvt) Ltd has given following corporate guarantees on behalf of AMW Capital Leasing & Finance PLC as at 31.12.2015.

(i) Hongkong and Shanghai Banking Corporation an overdraft / money market loan facility amounting to Rs. 1,500 Mn.
(ii) Commercial Bank of Ceylon PLC an overdraft / short term / money market loan facility amounting to Rs. 200 Mn.
(iii) Sampath Bank PLC an overdraft / short term loan (money) facility amounting to Rs. 625 Mn.
(iv) DFCC Vardhana Bank PLC a short term loan facility amounting to Rs. 500 Mn.
(v) Pan Asia Banking Corporation PLC a term loan / short term loan facility amounting to Rs. 400 Mn.
(vi) National Development Bank PLC a short term loan facility amounting to Rs. 250 Mn.
(vii) Union Bank PLC a short term loan facility amounting to Rs. 500 Mn.
(viii) Securitization loan facility amounting to Rs. 750 Mn.

32. RELATED PARTY DISCLOSURES (Contd…)

Orient Insurance Limited - Other Related Company

Transactions during the Year	2015 Rs.	2014 Rs.
Vehicle Hire Charges	5,818,344	6,328,957
Insurance Commission Income	16,052,417	13,450,994
Insurance Premiums Paid on Fixed Assets Insured	-	1,254,928
Proceeds on Sale of Vehicles	6,429,134	-
	28,299,895	21,034,879

Amounts Due to	31.12.2015 Rs.	31.12.2014 Rs.
Insurance Payable	15,020,727	11,029,016
	15,020,727	11,029,016
Fixed Deposit	216,726,024	222,928,215

32.2 Transactions with Key Management Personnel and Close Family Members of Key Managerial Personnel

Key management personnel include members of the Board of Directors and that of the parent company and ultimate parent company.
Mr. T. De Zoysa, Mr. B. P. Morris, Mr. N.Johnson, Mr. A.Majumdar, Mr. S.A.B.Rajapaksa, Mr. N.S.Welikala, Mr. A.M.Patrick,
Mr. K.A.Wijewickrama , Mr. S. M. Faulkner and Mrs. D.C.Yatawaka were Directors of the Company during the financial year ended 31 December 2015.

Mr.K.A. Wijewickrama joined the Board w.e.f. 29.04.2015 and Mr. S. M. Faulkner joined the board w.e.f 23.06.2015.

Mr. S. A. B. Rajapaksa and Mr. A. Majumdar were also Directors of the Parent Company-Associated Motorways (Pvt) Ltd.

Transactions with Key Management Personnel	2015 Rs.	2014 Rs.
Key Managerial Persons' Remuneration	24,401,359	21,422,460
Deposit Made	25,500,000	-

Amounts Due to Key Management Personnel	31.12.2015 Rs.	31.12.2014 Rs.
Fixed Deposits	27,045,104	1,109,249

Transactions with Close Family Members of the Key Management Personnel	2015 Rs.	2014 Rs.
Lease Rentals Received excluding taxes	117,680	706,435
Fixed Deposits Made	12,000,000	500,000
Fixed Deposits Withdrawn	(418,903)	-

Amounts Due to Close Family Members of the Key Management Personnel	2015 Rs.	2014 Rs.
Fixed Deposit	12,558,697	504,450

Amounts Due from Close Family Members of the Key Management Personnel	31.12.2015 Rs.	31.12.2014 Rs.
Leases Outstanding excluding Taxes	-	116,918

32.3 Terms and Conditions of Transactions with Related Parties

Transactions with related parties have been conducted under normal commercial terms.

34. FINANCIAL REPORTING BY SEGMENT

For management purposes, the Company is organized into four operating segments as follows.

Finance Lease - Assets leased to customers, which transfer substantially all the risks and rewards associated with ownership other than legal title (absolute ownership).

Hire Purchase -Assets hired to customers under Hire Purchase agreements, which transfer all the risks and rewards incidental to ownership as well as the legal title at the end of such contractual period.

Term Loans - Loans given to individual and institutional customers.

Operating Lease - Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the leased term.

Unallocated - Operations that cannot be specifically identified into above classifications.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Income Taxes are managed on a group basis and are not allocated to operating segments.

	Finance Lease		Hire Purchase		Term Loans		Operating Lease		Unallocated		Total	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Interest Income	800,322,543	621,406,369	104,787,789	196,648,179	404,730,234	321,516,660	-	-	57,288,594	32,936,716	1,367,129,160	1,172,507,924
Other Operating Income	94,032,257	63,050,443	21,543,329	25,542,506	64,469,111	37,351,596	-	-	48,736,277	30,201,058	228,780,974	156,145,603
Rental Income	-	-	-	-	-	-	8,765,185	13,464,592	-	-	8,765,185	13,464,592
Total Revenue	894,354,800	684,456,812	126,331,118	222,190,685	469,199,345	358,868,256	8,765,185	13,464,592	106,024,871	63,137,774	1,604,675,319	1,342,118,119
Unallocated Expenses											(1,214,924,328)	(987,519,945)
Profit Before Tax											389,750,991	354,598,174
Taxation											(159,079,656)	(128,737,263)
Profit After Tax											230,671,335	225,860,911
Segment Assets	6,371,393,318	3,337,442,567	296,449,833	690,768,745	2,321,144,984	2,235,435,352	9,750,079	24,200,975	-	-	8,998,738,214	6,287,847,639
Unallocated Assets	-	-	-	-	-	-	-	-	633,436,343	1,957,431,514	633,436,343	1,957,431,514
Total Assets	6,371,393,318	3,337,442,567	296,449,833	690,768,745	2,321,144,984	2,235,435,352	9,750,079	24,200,975	633,436,343	1,957,431,514	9,632,174,557	8,245,279,153
Segment Liabilities	5,979,302,231	3,899,776,520	276,539,816	709,346,019	1,994,262,835	2,243,400,638	-	-	-	-	8,250,104,882	6,852,523,177
Unallocated Liabilities	-	-	-	-	-	-	-	-	27,484,441	248,812,465	27,484,441	248,812,465
Total Labilities	5,979,302,231	3,899,776,520	276,539,816	709,346,019	1,994,262,835	2,243,400,638	-	-	27,484,441	248,812,465	8,277,589,323	7,101,335,642

35. MATURITY OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

As at 31 December	2015 Less than 12 months Rs.	2015 Over 12 months Rs.	2015 Total Rs.	2014 Less than 12 months Rs.	2014 Over 12 months Rs.	2014 Total Rs.
Assets						
Cash and Bank	49,960,730	-	49,960,730	47,592,268	-	47,592,268
Other Financial Assets	34,215,446	11,314,000	45,529,446	34,259,514	-	34,259,514
Other Non Financial Assets	29,120,342	3,680,351	32,800,693	15,821,109	-	15,821,109
Rentals Receivable on Lease and Hire Purchase Assets	1,984,180,154	4,639,055,959	6,623,236,113	1,533,904,447	2,463,295,727	3,997,200,174
Loans and Advances	796,141,188	1,537,052,917	2,333,194,105	667,252,935	1,574,097,349	2,241,350,284
Financial Investments - Available for Sale	-	80,400	80,400	-	80,400	80,400
Financial Investments - Held-to-Maturity	417,613,751	57,943,320	475,557,071	1,763,239,687	56,032,473	1,819,272,160
Property, Plant & Equipment	-	55,155,604	55,155,604	-	65,351,461	65,351,461
Intangible Assets	-	16,660,395	16,660,395	-	24,351,783	24,351,783
	3,311,231,611	6,320,942,945	9,632,174,557	4,062,069,960	4,183,209,193	8,245,279,153
Liabilities						
Bank Overdraft	72,390,785	-	72,390,785	40,344,147	-	40,344,147
Trade & Other payables	736,599,841	-	736,599,841	482,378,969	-	482,378,969
Time Deposits	2,280,353,280	550,303,648	2,830,656,928	737,203,672	236,692,592	973,896,264
Amounts due to Related Parties	769,580,668	-	769,580,668	1,699,982,281	-	1,699,982,281
Interest Bearing Borrowings	1,743,358,645	1,909,900,000	3,653,258,645	1,339,708,658	2,375,915,222	3,715,623,880
Provision for Income Tax	5,295,006	-	5,295,006	82,452,559	-	82,452,559
Deferred Tax Liability	-	191,087,331	191,087,331	-	92,105,767	92,105,767
Employee Benefit Obligation	-	18,720,119	18,720,119	-	14,551,775	14,551,775
	5,607,578,225	2,670,011,098	8,277,589,323	4,382,070,286	2,719,265,356	7,101,335,642

36. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Pledged 2015 Rs.	Carrying Amount Pledged 2014 Rs.	Included Under
Rentals Receivables	Securitization Loan	1,778,295,539	1,820,826,006	Rentals Receivable on Lease and Hire Purchase Assets
Rentals Receivables	Short Term Loan	946,725,151	489,551,397	Rentals Receivable on Lease and Hire Purchase Assets
Rentals Receivables	Term Loan	1,426,534,753	2,440,252,737	Rentals Receivable on Lease and Hire Purchase Assets

37. DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	2015		2014	
	Carrying Amount Rs.	Fair Value Rs.	Carrying Amount Rs.	Fair Value Rs.
Financial Assets				
Cash and Bank	49,960,730	49,960,730	47,592,268	47,592,268
Other Financial Assets	45,529,446	45,529,446	34,259,514	34,259,514
Rentals Receivable on Lease and Hire Purchase Assets	6,623,236,113	6,718,946,931	3,997,200,174	4,258,931,698
Loans and Advances	2,333,194,105	2,390,814,910	2,241,350,284	2,393,390,489
Financial Investments - Held-to-Maturity	475,557,071	482,554,597	1,819,272,160	1,831,886,918
Total Financial Assets	9,527,477,465	9,687,806,614	8,139,674,400	8,566,060,887
Financial Liabilities				
Bank Overdraft	72,390,785	72,390,785	40,344,147	40,344,147
Trade and Other Payables	736,599,841	736,599,841	482,378,969	482,378,969
Time Deposits	2,830,656,928	2,791,633,732	973,896,264	998,539,725
Amounts due to Related Parties	769,580,668	769,580,668	1,699,982,281	1,688,048,685
Interest Bearing Borrowings	3,653,258,645	3,652,495,927	3,715,623,880	3,847,953,673
Total Financial Liabilities	8,062,486,867	8,022,700,953	6,912,225,541	7,057,265,199

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

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

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

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

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

Fair value measurement hierarchy – financial assets and liabilities measured at amortised cost

	2015			2014		
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial assets measured at amortised cost						
Cash and Bank	49,960,730	-	-	47,592,268	-	-
Other Financial Assets	-	45,529,446	-	-	34,259,514	-
Rentals Receivable on Lease and Hire Purchase Assets	-	6,718,946,931	-	-	4,258,931,698	-
Loans and Advances	-	2,390,814,910	-	-	2,393,390,489	-
Financial Investments - Held-to-Maturity	482,554,597	-	-	1,831,886,918	-	-
Financial liabilities measured at amortised cost						
Bank Overdraft	72,390,785	-	-	40,344,147	-	-
Trade and Other payables	-	736,599,841	-	-	482,378,969	-
Time Deposits	-	2,791,633,732	-	-	998,539,725	-
Amounts due to Related Parties	-	769,580,668	-	-	1,688,048,685	-
Interest Bearing Borrowings	-	3,652,495,927	-	-	3,847,953,673	-

37. DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY

Fair Value of Financial Assets and Liabilities not Carried at Fair Value

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity it is assumed that the carrying amounts approximate their fair value.

Fixed Rate Financial Instruments

The fair value of fixed rate financial assets and liabilities (other than assets and liabilities with maturities within 12 months) carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

38. RISK MANAGEMENT OBJECTIVES AND POLICIES

38.1 Risk Management

Risk- taking is an inherent element of finance business and, indeed, profits are in part the reward for successful risk taking in business. The primary goal of risk management in the Company is to ensure that the outcome of risk-taking activities are consistent with the Company's strategies and risk appetite and that there is an appropriate balance between risk and reward in order to maximize shareholder returns. The company is primarily exposed to credit risk, interest rate risk, liquidity risk and operational risk on its day to day business activities while being exposed to business and strategic risk on its strategic direction, formulation and execution.

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

38.1.1 Integrated Risk Management Committee

The company has set up an Integrated Risk Management Committee (IRMC), appointed by the Board of Directors as per the CBSL Direction No.3 of 2008 on Corporate Governance with the broad objective of assessing all risks, including credit risks to the company. The IRMC has the following objectives;

- Ensure that risk management policies are in place which are appropriate to the implementation of the business plan and that organizational structure and staffing support the implementation of those policies.
- Assess all risks, i.e., credit, market, liquidity, operational and strategic risks on a monthly basis through appropriate risk indicators and management information.
- Review the adequacy and effectiveness of all management level committees such as the Credit Committee and the Asset-Liability Committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.
- Take prompt corrective action to mitigate the effects of specific risks.
- Take appropriate actions against the officers responsible for failure to identify specific risks and take prompt corrective actions as recommended by the committee.
- Submit risk assessment report to the Board of Directors seeking the Board's views, concurrence and/or specific directions.

The IRMC comprises of the Independent Directors, Chief Executive Officer, Executive Directors, General Manager, Head of Risk Management, Group Internal Auditor, Senior Manager-Finance, Senior Manager - Treasury and any other executives invited by the CEO.

The Risk Management Unit is responsible for implementing and maintaining risk related procedures to ensure an independent control process maintained. The unit works closely with the IRMC to ensure that procedures are compliant with the overall framework.

38.1.2 Assets and Liability Committee (ALCO)

ALCO is chaired by the Chief Executive Officer and has representatives from Director - Finance, General Manager, Deputy General Manager - Marketing, Head of Deposits, Senior Manager - Finance, Senior Manager - Treasury and Head of Risk & Compliance. The Committee meets at least once a month to monitor and manage assets and liabilities of the Company and also the overall liquidity position. Decisions taken by ALCO are referred to IRMC for ratification.

38.1.3 Audit Committee

The Audit Committee is responsible for monitoring Risk Management Policies and procedures and for reviewing the adequacy of risk management framework.

38.2 Credit Risk

38.2.1 Overview

Credit risk is the likelihood that a customer or counterparty is unwilling or unable to pay interest or repay the principal according to the terms specified in a credit agreement resulting in a loss to the Company. Credit risk is managed through a properly defined credit procedure manual which considers target market norms, specific credit selection criteria (both financial and non-financial), concentration limits, delegation of approval authority, credit pricing, segregation of marketing and credit approval and administration and active portfolio monitoring.

38.2.2 Portfolio analysis: Product wise

The lending portfolio is primarily made up of finance leasing with 70.49% of exposure, with hire purchase and auto loans being 3.78% and 25.73% respectively as at 31 December 2015.

38. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd…)

38.2.2.1 Exposure based on Product class

Product	As at 31 Dec 2015		As at 31 Dec 2014	
	Exposure Rs.Mn	%	Exposure Rs.Mn	%
Finance Leasing	6,436.90	70.49%	3,357.62	52.69%
Hire Purchase	345.03	3.78%	736.34	11.55%
Auto Loans	2,349.57	25.73%	2,278.71	35.76%
Total	9,131.50	100.00%	6,372.67	100.00%

38.2.2.2 Portfolio Analysis: Exposure Based on Asset type

The profile based on the asset class is monitored monthly to identify trends in the type of assets financed and the impact on the risk profile of the lending portfolio. Certain types of assets are more sensitive to general macroeconomic and business cycles in addition to borrower risk profile, and hence monitored to gauge to future impact on the risk profile and expectations of stress to the quality of the portfolio.

Product	As at 31 Dec 2015		As at 31 Dec 2014	
	Exposure Rs.Mn	%	Exposure Rs.Mn	%
Motor Cars	6,895.41	75.51%	4,223.77	66.28%
Two Wheeler	548.61	6.01%	359.46	5.64%
Three Wheeler	385.56	4.22%	447.26	7.02%
Dual Purpose vehicles	774.45	8.48%	821.93	12.90%
Commercial vehicles	304.19	3.33%	360.38	5.65%
Working capital Loans	9.23	0.10%	42.41	0.66%
Equipment	177.67	1.95%	99.74	1.57%
Agricultural Tractors	36.38	0.40%	17.72	0.28%
Total	9,131.50	100.00%	6,372.67	100.00%

38. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd..)

38.2.3 Collections and recovery

The tables below shows the age analysis of the installments in arrears for all Financial Assets exposed to credit risk as at 31 December 2015.The amounts presented are gross receivable amounts.

38.2.3.1. Age Analysis of past due dates on product dats (Rs.'000)

As at 31 December 2015	Leases		Hire Purchase		Auto Loans		Islamic Finace		Total	
Arrears Bucket	Arrears	Capital Outstanding	Arrears	Capital Outstanding	Arrears	Capital Outstanding	Arrears	Capital Outstanding	Arrears	Capital Outstanding
1- 29 days	18,617	1,176,768	2,157	53,813	7,462	474,995	-	1,171	28,236	1,706,747
30- 59 days	23,860	388,382	3,195	39,847	11,200	226,051	-	-	38,255	654,280
60- 89 days	16,551	137,321	3,537	28,541	7,535	85,577	-	-	27,623	251,439
90- 179 days	16,935	65,057	6,304	23,520	10,567	43,381	-	-	33,806	131,958
180- 365 days	64,925	11,157	23,486	2,302	11,430	1,377	-	-	99,841	14,836
Over365days	35,755	15,571	24,828	4,929	7,649	4,017	-	-	68,232	24,517

As at 31 December 2014	Leases		Hire Purchase		Auto Loans		Islamic Finance		Total	
Arrears Bucket	Arrears	Capital Outstanding	Arrears	Capital Outstanding	Arrears	Capital Outstanding	Arrears	Capital Outstanding	Arrears	Capital Outstanding
1- 29 days	11,746	529,078	2,763	120,959	7,389	419,707	-	1,623	21,898	1,071,367
30- 59 days	20,562	355,956	6,521	100,337	9,107	197,300	-	568	36,190	654,161
60- 89 days	18,742	153,439	6,006	52,561	7,520	86,468	-	-	32,268	292,468
90- 179 days	20,096	105,995	7,057	29,625	7,223	49,466	-	-	34,376	185,086
180- 365 days	43,787	21,535	26,211	10,953	10,861	8,085	-	-	80,859	40,573
Over365days	20,148	16,371	15,154	6,692	3,522	4,518	-	-	38,824	27,581

38. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd…)

38.2.3.2 Age analysis of past due based on Financial Assets (Rs'000)

As at 31 December 2015 ASSETS	Neither Past due or Impaired	Past due but not impaired 0-29 days	30- 59 days	60- 89 days	90- 179 days	180- 365 days	Over 365 days	Total
Cash and Bank (Excluding Cash in Hand)	22,487	-	-	-	-	-	-	22,487
Other Financial Assets	45,529	-	-	-	-	-	-	45,529
Rentals Receivable on Lease and Hire Purchase Assets	4,607,803	1,252,526	455,284	185,950	111,816	99,720	68,844	6,781,943
Less : Impairment Charges	-	-	-	-	-	-	-	(158,707)
Loans and Advances	1,473,870	482,457	237,251	93,112	53,948	12,172	11,666	2,364,476
Less : Impairment Charges	-	-	-	-	-	-	-	(31,282)
Financial Investments - Available for Sale	80	-	-	-	-	-	-	80
Financial Investments - Held-to-Maturity	475,557	-	-	-	-	-	-	475,557
	6,625,326	1,734,983	692,535	279,062	165,764	111,892	80,510	9,500,083

As at 31 December 2014 ASSETS	Neither Past due or Impaired	Past due but not impaired 0-29 days	30- 59 days	60- 89 days	90- 179 days	180- 365 days	Over 365 days	Total
Cash and Bank (Excluding Cash in Hand)	47,592	-	-	-	-	-	-	47,592
Other Financial Assets	34,260	-	-	-	-	-	-	34,260
Rentals Receivable on Lease and Hire Purchase Assets	2,445,437	666,186	483,945	230,748	162,773	46,508	58,365	4,093,962
Less : Impairment Charges	-	-	-	-	-	-	-	(96,762)
Loans and Advances	1,484,376	427,009	206,407	93,987	56,689	10,329	8,040	2,286,837
Less : Impairment Charges	-	-	-	-	-	-	-	(45,487)
Financial Investments - Available for Sale	80	-	-	-	-	-	-	80
Financial Investments - Held-to-Maturity	1,819,272	-	-	-	-	-	-	1,819,272
	5,831,017	1,093,195	690,352	324,735	219,462	56,837	66,405	8,139,754

38.2.3.3 Non Performing Portfolio

As at 31 December	2015 Rs. Mn	2014 Rs. Mn
Non-Performing Portfolio	198.30	168.20
Total Advances	9,131.51	6,372.68
Non-performing %	2.17%	2.64%
Loan loss provisions	189.99	142.25

38.2.4 Impairment Assessment

For accounting purposes, the Company uses collective and individual impairment method and take account Probability of Default (PD) and Loss Given Default (LGD). Allowances are assessed collectively for losses on leases, auto loans and hire purchase facilities with similar characteristics. Individually significant leases, auto loans and hire purchase accommodations are assessed on individual basis.

Such provision for Impairment made at the end of reporting period, 31 December 2015 amounts to Rs 189.99 Mn. (2014 - Rs. 142.25 Mn.).

38. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd…)

38.2.5 Fair Value of Collateral and Credit Enhancements held

Carrying Value of Financial Assets as at 31 December	2015 Rs.	2014 Rs.
Other Financial Assets	45,529,446	34,259,514
Rentals Receivable on Lease and Hire Purchase Assets	6,623,236,113	3,997,200,174
Loans and Advances	2,333,194,105	2,241,350,284
Financial Investments - Available for Sale	80,400	80,400
Financial Investments - Held-to-Maturity	475,557,071	1,819,272,160

The Company endeavors to obtain adequate collateral to secure its credit facilities. The Company continuously monitor the quality of such collateral to mitigate credit losses. A reasonable margin of safety is maintained in collateral values to absorb fall in value of collateral.

38.3 Liquidity Risk

38.3.1 Overview

Liquidity risk is the risk that the company may not be able to generate sufficient cash flow at reasonable cost to meet expected and or unexpected claims. It arises in the functions of lending, trading and investment activities. It includes both the risk of unexpected increases in the cost of funding assets due to unanticipated funding requirements and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

To manage Liquidity Risk diversified funding sources have been arranged. Additionally future cash flows, funding requirement and liquidity is monitored on daily basis. The Company has a sound Contingency Funding Plan. There are committed lines of credit from Banks and Parent Company which could be drawn upon at short notice.

38.3.1.1 Contractual Maturities of Undiscounted Cash Flows of Financial Assets and Liabilities (Rs.'000)

As at 31 December 2015	Less than 1 month	1 - 3 months	3 - 12 months	1 - 3 years	3 - 5 years	Over 5 years	Total
Financial Assets							
Cash and Bank	49,961	-	-	-	-	-	49,961
Other Financial Assets	5,758	26,232	2,225	4,599	6,715	-	45,529
Rentals Receivable on Lease and Hire Purchase Assets	418,284	498,899	2,057,506	3,899,703	1,769,909	66,530	8,710,831
Loans and Advances	149,275	223,099	758,708	1,417,958	463,744	3,246	3,016,030
Financial Investments - Available for Sale	-	80	-	-	-	-	80
Financial Investments - Held-to-Maturity	419,231	-	4,885	10,891	51,317	25,085	511,409
Total Undiscounted Financial Assets	1,042,509	748,310	2,823,324	5,333,151	2,291,685	94,861	12,333,840
Financial Liabilities							
Bank Overdraft	72,391	-	-	-	-	-	72,391
Trade and Other payables	608,867	37,005	90,497	-	-	231	736,600
Time Deposits	302,448	1,126,879	914,937	505,929	108,462	-	2,958,655
Amounts due to Related Parties	-	769,581	-	-	-	-	769,581
Interest Bearing Borrowings	670,709	264,581	939,779	1,835,050	409,196	-	4,119,315
Total Undiscounted Financial Liabilities	1,654,415	2,198,046	1,945,213	2,340,979	517,658	231	8,656,542
GAP	(611,906)	(1,449,736)	878,111	2,992,172	1,774,027	94,630	3,677,298
Cumulative GAP	(611,906)	(2,061,642)	(1,183,531)	1,808,641	3,582,668	3,677,298	-

38. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd…)

38.3.1.1 Contractual Maturities of Undiscounted Cash Flows of Financial Assets and Liabilities (Rs.'000) (Contd...)

As at 31 December 2014	Less than 1 month	1 - 3 months	3 - 12 months	1 - 3 years	3 - 5 years	Over 5 years	Total
Financial Assets							
Cash and Bank	47,592	-	-	-	-	-	47,592
Other Financial Assets	27,021	262	1,134	720	5,122	-	34,259
Rentals Receivable on Lease and Hire Purchase Assets	338,525	367,720	1,518,322	2,377,543	651,642	16,422	5,270,174
Loans and Advances	137,046	197,548	720,684	1,412,812	576,882	12,885	3,057,857
Financial Investments - Available for Sale	-	80	-	-	-	-	80
Financial Investments - Held-to-Maturity	257,976	1,267,889	262,116	10,891	54,833	27,015	1,880,720
Total Undiscounted Financial Assets	808,160	1,833,499	2,502,256	3,801,966	1,288,479	56,322	10,290,682
Financial Liabilities							
Bank Overdraft	40,344	-	-	-	-	-	40,344
Trade and Other payables	450,177	23,075	8,933	-	-	194	482,379
Time Deposits	50,316	352,277	370,535	246,096	29,479	-	1,048,703
Amounts due to Related Parties	-	1,699,982	-	-	-	-	1,699,982
Interest Bearing Borrowings	26,465	143,037	735,002	781,606	1,980,478	587,957	4,254,545
Total Undiscounted Financial Liabilities	567,302	2,218,371	1,114,470	1,027,702	2,009,957	588,151	7,525,953
GAP	240,858	(384,872)	1,387,786	2,774,264	(721,478)	(531,829)	2,764,729
Cumulative GAP	240,858	(144,014)	1,243,772	4,018,036	3,296,558	2,764,729	-

The Asset and Liability Committee (ALCO) meet on a regular basis and discusses the liquidity profile of the operations and considers the dynamic liquidity impact based on the future funding requirements of the company's operations.

38.4 Interest Rate Risk

38.4.1 Overview

Interest rate risk is the risk that changes in market interest rates might adversely affect the company's financial condition. It is the risk of potential variability in earnings and capital value resulting from changes in market interest rates. The risk can be classified as:

- Repricing Risk
- Basis risk
- Yield curve risk

The Company continuously monitor the behavior of interest rates to manage interest rate risk. The Company also manage the interest rate risk by having a balanced portfolio of fixed and variable rate borrowings. The company also prepares static gap analysis and dynamic interest rate gap analysis on monthly basis to measure the risk.

The table below analyses the company's interest rate risk exposure on its non-traded assets and liabilities. The assets and liabilities are included at carrying amount and categorized by the earlier of contractual re-pricing or residual maturity dates.

38.4.1.1 Interest Rate Sensitivity Gaps (Rs. '000)

As at 31 December 2015	Less than 7 days	8- 30 days	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 years	Total
Sensitive Assets							
Rentals Receivable on Lease, Hire Purchase and Auto loan Assets	99,635	225,070	494,566	702,110	1,258,940	6,176,109	8,956,430
Financial Investments - Available for Sale	-	-	80	-	-	-	80
Financial Investments - Held-to-Maturity	-	423,128	-	-	-	52,429	475,557
Total Sensitive Assets	99,635	648,198	494,646	702,110	1,258,940	6,228,538	9,432,067
Sensitive Liabilities							
Bank Overdraft	72,391	-	-	-	-	-	72,391
Time Deposits	91,275	204,883	1,114,545	618,011	251,638	550,305	2,830,657
Amounts due to Related Parties	-	769,581	-	-	-	-	769,581
Interest Bearing Borrowings	500,410	161,668	231,836	284,745	564,700	1,909,900	3,653,259
Total Sensitive Liabilities	664,076	1,136,132	1,346,381	902,756	816,338	2,460,205	7,325,888
Gap	(564,441)	(487,934)	(851,735)	(200,646)	442,602	3,768,333	2,106,179
Cumulative Gap	(564,441)	(1,052,375)	(1,904,110)	(2,104,756)	1,662,154	2,106,179	-

38. RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

38.4.1.1 Interest Rate Sensitivity Gaps (Rs. '000) (Contd..)

As at 31 December 2014	Less than 7 days	8- 30 days	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 1 years	Total
Sensitive Assets							
Rentals Receivable on Lease and Hire Purchase Assets	25,273	236,262	381,507	561,280	996,835	4,037,393	6,238,550
Financial Investments - Available for Sale	-	-	80	-	-	-	80
Financial Investments - Held-to-Maturity	-	1,763,240	-	-	-	56,032	1,819,272
Total Sensitive Assets	25,273	1,999,502	381,587	561,280	996,835	4,093,425	8,057,902
Sensitive Liabilities							
Bank Overdraft	40,344	-	-	-	-	-	40,344
Time Deposits	-	48,788	466,985	221,431	210,543	26,149	973,896
Amounts due to Related Parties	-	1,699,982	-	-	-	-	1,699,982
Interest Bearing Borrowings	-	425,524	5,000	-	67,712	3,217,388	3,715,624
Total Sensitive Liabilities	40,344	2,174,294	471,985	221,431	278,255	3,243,537	6,429,846
Gap	(15,071)	(174,792)	(90,398)	339,849	718,580	849,888	1,628,056
Cumulative gap	(15,071)	(189,863)	(280,261)	59,588	778,168	1,628,056	

Note : Fixed Interest Bearing Assets and Liabilities have also been taken into consideration in arriving at the Interest Rate Sensitivity Gaps.

38.4.1.2 Income impact from change in interest rates within one month

(Rs. '000)	Increase in funding cost 2015		Increase in funding cost 2014	
	10 bps	25 bps	10 bps	25 bps
P&L impact (Monthly)	(1,052)	(2,631)	(190)	(475)

38.5 Operational Risk

Operational risk is the risk of loss due to inadequate or failed internal processes, people and systems, or from external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. Controls include effective segregation of duties, access, authorization and reconciliation procedures and assessment processes, such as the use of internal audit.

SHARE INFORMATION

Stock Exchange
The Ordinary Shares of the Company are listed on the Diri Savi Board of the Colombo Stock Exchange.

Ordinary Shares as at 31st December 2015 : 20,000,000
(Stated Capital of the Company solely represents voting ordinary shares.)

Distribution of Shareholders
There were 3 registered shareholders as at 31st December 2015, distributed as follows.

Distribution of shareholders	As at 31st December 2015				As at 31st December 2014			
	No. of Shareholders	%	No. of Shares	%	No. of Shareholders	%	No. of Shares	%
Shares								
1 - 1,000	1	0.01	1	0.01	1	0.01	1	0.01
Over 1,000,000	2	99.99	19,999,999	99.99	2	99.99	19,999,999	99.99
Total	3	100	20,000,000	100	3	100	20,000,000	100

Analysis of Shareholders

Resident/ Non-Resident

Category	As at 31st December 2015				As at 31st December 2014			
	No. of Shareholders	%	No. of Shares	%	No. of Shareholders	%	No. of Shares	%
Resident	2	90	18,000,001	90	2	90	18,000,001	90
Non-Resident	1	10	1,999,999	10	1	10	1,999,999	10
Total	3	100	20,000,000	100	3	100	20,000,000	100

Shareholders	As at 31st December 2015		As at 31st December 2014	
	No. of Shares	%	No. of Shares	%
Associated Motorways (Private) Limited	18,000,000	90.00	18,000,000	90.00
Trading Enterprises Company LLC	1,999,999	9.99	1,999,999	9.99
A A De Silva	1	0.01	1	0.01

Shareholding	As at 31st December 2015		As at 31st December 2014	
	No. of Shares	%	No. of Shares	%
Public	2,000,000	10	2,000,000	10
Controlled Companies	18,000,000	90	18,000,000	90
Total	20,000,000	100	20,000,000	100

DIRECTORS' AND CEO'S SHARE HOLDING AS AT 31ST DECEMBER 2015
NIL

SHARE PRICES FOR THE YEAR

	31.12.2015 Rs.
Market price per share	
Highest	Rs.22.40 *Not Traded
Lowest	Rs.22.40 *Not Traded
As at end	Rs.22.40 *Not Traded

KEY RATIOS

	31.12.2015	31.12.2014
Dividend Per Share (Rs.)	1.05	0.85
Dividend Payout Ratio	0.09	0.07
Net Asset Value Per Share (Rs.)	67.73	57.20

Corporate Information

DATE OF INCORPORATION	:	23rd February 2006
DATE OF RE-REGISTRATION	:	27th June 2007
COMPANY REGISTRATION NO	:	PB14PQ
IMPORTANT DATES	:	• Formed as a Leasing Establishment in July 2006 • Obtained Finance Company Licence in November 2008 • Listed on the Diri Savi Board of the Colombo Stock Exchange w.e.f:08th June 2011.
PRINCIPAL ACTIVITY	:	Hire Purchase Leasing Auto Loans Operating Leases Acceptance of Deposits
STATED CAPITAL	:	Rs.200,000,000/- (20,000,000 shares)
LEGAL FORM	:	Quoted on the Diri Savi Board of the CSE with Limited Liability
BOARD OF DIRECTORS	:	Mr. T De Zoysa - Chairman Mr. B P Morris - Director/CEO Mr. S A B Rajapaksa Mr. A Majumdar Mr. N D Johnson Mr. S M Faulkner - appointed w.e.f:23.06.2015 Mr. N S Welikala Mr. A M Patrick Ms. D C Yatawaka Mr. K A Wijewickrama - appointed w.e.f:29.04.2015
COMPANY SECRETARY	:	Mrs. S. D. De Silva (FCIS, FCCS)
AUDITORS	:	M/s. Ernst & Young Chartered Accountants
BANKERS	:	Bank of Ceylon Commercial Bank of Ceylon PLC Hongkong & Shanghai Banking Corporation Limited Nations Trust Bank PLC Peoples Bank PLC Sampath Bank PLC DFCC Vardhana Bank PLC Pan Asia Banking Corporation PLC National Development Bank PLC Union Bank of Colombo PLC Hatton National Bank PLC
REGISTERED OFFICE	:	No. 185, Union Place, Colombo 2
AUDIT COMMITTEE	:	The Audit Committee of the Company was formed on 10.02.2011 as a pre-requisite to Listing the Company on the CSE. Mr. A M Patrick - Chairman Mr. N S Welikala Mr. S A B Rajapaksa
INTEGRATED RISK MANAGEMENT COMMITTEE	:	The Integrated Risk Management Committee of the Company was formed on 02.08.2011. Mr. N S Welikala - Chairman Mr. A M Patrick Mr. B P Morris Mr. S A B Rajapaksa Ms. D C Yatawaka Mr. U Fernando - resigned w.e.f.:30.06.2015 Mr. P Mendis Ms. D I Brohier Mr. H N N K Perera Mr. T Ranawaka - resigned w.e.f.15.12.2015 Mr. S Wickremesinghe Mr. S Fernando - appointed w.e.f:20.08.2015
REMUNERATION COMMITTEE	:	The Remuneration Committee of the Company was formed on 10.02.2011 Mr. A M Patrick - Chairman - appointed w.e.f :29.04.2015 Mr. N S Welikala Mr. S A B Rajapaksa - appointed w.e.f:29.04.2015 Mr. K A Wijewickrama - appointed w.e.f:28.05.2015

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AMW Capital Leasing and Finance PLC
No. 185, Union Place, Colombo 2.
Tel: 011-2446476, 2446419, 2446374, 2446278
Fax : 011-2325557
Website : www.capitalleasing.lk