(FORMERLY KNOWN AS INDRA FINANCE LIMITED)

SERENDIB FINANCE LIMITED

(A FULLY OWNED SUBSIDIARY OF COMMERCIAL BANK OF CEYLON PLC)

PUBLICATION OF AUDITED FINANCIAL STATEMENTS AS AT 31.03.2016 AS PER SECTION 29 (2) OF FINANCE BUSINESS ACT NO 42 OF 2011

STATEMENT OF FINANCIAL POSITION

As at 31 March	2016 Rs.	2015 Rs.
ASSETS		
Cash and cash equivalents	4,563,249	11,413,303
Placements with banks	-	4,869,744
Loans and receivables - Lease	2,387,464,627	1,247,398,998
Loans and receivables - Hire Purchase	172,333,940	357,805,143
Loans and receivables - Others	429,414,272	156,011,953
Securities purchased under resale agreements	17,886,559	16,833,409
Financial investments - Available for sale	78,680,438	1,697,542
Property, plant and equipment	199,040,037	202,280,411
Intangible assets	7,987,045	8,014,279
Current tax assets	13,274,928	-
Other assets	9,695,441	11,680,124
Total assets	**3,320,340,536**	**2,018,004,906**
LIABILITIES		
Due to banks	2,464,655,697	1,064,977,098
Debt securities issued	15,000,000	217,797,494
Current tax liabilities	-	34,410,605
Deferred tax liabilities	21,077,988	23,128,047
Other liabilities	147,993,470	126,062,233
Total liabilities	**2,648,727,155**	**1,466,375,477**
SHAREHOLDERS' FUNDS		
Stated capital	580,000,001	380,000,000
Statutory reserve fund	15,656,516	15,656,516
Retained earnings	(11,981,191)	71,761,906
Other reserves	87,938,055	84,211,007
Total equity	**671,613,381**	**551,629,429**
Total liabilities and equity	**3,320,340,536**	**2,018,004,906**

Certification

We, the undersigned, being the Chief Executive Officer and the Chief Financial Officer of Serendib Finance Limited certify jointly that;

(A) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka,

(B) The Information contained in these statements have been extracted from the audited financial statements of the Company.

……..(Sgd.) ……..(Sgd.)

Chief Executive Officer **Chief Financial Officer**

Date:- 23.06.2016

SATEMENT OF PROFIT OR LOSS AND OTHR COMPREHENSIVE INCOME

For the Year ended 31 March	2016 Rs.	2015 Rs.
Interest income	388,572,775	345,933,398
Interest expenses	(172,786,297)	(124,571,519)
Net interest income	**215,786,478**	**221,361,879**
Fees and commission income	54,925,652	54,546,652
Fee and commission expenses	(19,022,959)	(4,527,714)
Net fees and commission income	35,902,693	50,018,938
Other operating income	3,581,307	4,088,253
Total operating income	**255,270,478**	**275,469,070**
Impairment for loans and other losses		
Collective impairment	(190,408,629)	(131,070,999)
Net operating income	**64,861,849**	**144,398,071**
Operating expenses		
Personnel cost	(60,304,929)	(59,452,355)
Depreciation and amortization	(9,939,330)	(8,782,928)
Other expenses	(69,697,361)	(55,171,367)
Operating profit / (loss) before value added tax on financial services	**(75,079,771)**	**20,991,421**
Value added tax on financial services	-	(2,474,863)
Profit / (loss) before taxation	**(75,079,771)**	**18,516,558**
Income tax expense	(8,677,804)	(16,458,933)
Profit / (loss) for the year	**(83,757,575)**	**2,057,625**
Earnings per share		
Basic earnings per ordinary share	**(3.88)**	**0.10**

STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 March	2016 Rs.	2015 Rs.
Profit / (loss) for the year	**(83,757,575)**	**2,057,625**
Other comprehensive income		
Revaluation surplus of property, plant and equipment	-	57,843,744
Actuarial gains / (losses) on defined benefit plans	20,109	(196,581)
Net change in fair value of available-for-sale financial assets	(27,028)	(16,877)
Less: Tax expense / income relating to components of other comprehensive income	3,748,445	(10,036,052)
Total other comprehensive income, net of taxes	3,741,526	47,594,234
Total comprehensive income for the year, net of taxes	**(80,016,049)**	**49,651,859**

REPORT OF THE AUDITORS

KPMG
(Chartered Accountants)
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Colombo 00300,
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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SERENDIB FINANCE LIMITED (FORMERLY KNOWN AS INDRA FINANCE LIMITED)

Report on the Financial Statements

We have audited the accompanying financial statements of Serendib Finance Limited, formerly known as Indra Finance Limited ("the Company"), which comprise the statement of financial position as at March 31, 2016, and the statements of profit or loss and other comprehensive income, changes in equity and, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07of2007, we state the following:

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

b) In our opinion we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company and the financial statements of the Company, comply with the requirements of section 151 of the Companies Act No 07 of2007.

CHARTERED ACCOUNTANTS
Colombo
23rd June 2016

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

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

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

SELECTED PERFORMANCE INDICATORS

As at 31 March	2016	2015
Regulatory Capital Adequacy		
Core capital (Tier 1 capital), (Rs.'000)	603,792	487,812
Total capital base, (Rs.'000)	603,792	487,812
Core capital adequacy ratio; core capital, as % of risk weighted assets (minimum requirement, 5%)	18.77%	24.50%
Total capital adequacy ratio; total capital, as % of risk weighted assets (minimum requirement, 10%)	18.77%	24.50%
Capital funds to total deposit liabilities ratio (minimum requirement, 10%)	N/A	N/A
Assets Quality (Quality of Loan Portfolio)		
Gross non performing accommodation (Rs.'000)	448,169	469,992
Gross non performing accommodation ratio (%)	13.13%	23.59%
Net non performing accommodation ratio (%)	0.00%	6.30%
Profitability (%)		
Interest margin	9.71%	12.98%
Return on assets (before tax)	-3.14%	0.10%
Return on equity (after tax)	-13.69%	0.39%
Regulatory Liquidity (Rs.'000)		
Required minimum amount of liquid assets	1,500	21,500
Available amount of liquid assets	101,050	34,690
Required minimum amount of government securities	95,310	107,848
Available amount of government securities	96,487	18,424
Memorandum Information		
Number of employees	102	98
Number of branches	5	5
Number of service centers	6	6
Number of pawning centers	0	0

SERENDIB FINANCE

FULLY OWNED SUBSIDIARY OF COMMERCIAL BANK OF CEYLON PLC

187 , KATUGASTOTA ROAD, KANDY

☎ 081-2200272- 2213495-6

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 March 2016	Stated capital Rs.	Capital reserve Rs.	Revaluation reserve Rs.	Statutory reserve fund Rs.	Available for sale asset reserve Rs.	General reserve Rs.	Investment fund reserve Rs.	Retained earnings Rs.	Total equity Rs.
Balance as at 01 April 2014	**380,000,000**	**50,000**	**16,327,346**	**15,553,635**	**-**	**20,097,889**	**5,786,816**	**64,161,884**	**501,977,569**
Comprehensive income									
Profit for the year	-	-	-	-	-	-	-	2,057,625	2,057,625
Other comprehensive income for the year net of tax	-	-	47,747,923	-	(12,151)	-	-	(141,538)	47,594,234
Total comprehensive income	-	-	47,747,923	-	(12,151)	-	-	1,916,087	49,651,859
Transfer during the year	-	-	-	102,881	-	-	(5,786,816)	5,683,935	-
Balance as at 31 March 2015	**380,000,000**	**50,000**	**64,075,269**	**15,656,516**	**(12,151)**	**20,097,889**	**-**	**71,761,906**	**551,629,429**
Balance as at 01 April 2015	380,000,000	50,000	64,075,269	15,656,516	(12,151)	20,097,889	-	71,761,906	551,629,429
Comprehensive income									
Loss for the year	-	-	-	-	-	-	-	(83,757,575)	(83,757,575)
Other comprehensive income for the year net of tax	-	-	3,746,509	-	(19,461)	-	-	14,478	3,741,526
Total comprehensive income	-	-	3,746,509	-	(19,461)	-	-	(83,743,097)	(80,016,049)
Transactions with owners of the Company									
Issue of ordinary shares	200,000,001	-	-	-	-	-	-	-	200,000,001
Balance as at 31 March 2016	**580,000,001**	**50,000**	**67,821,778**	**15,656,516**	**(31,612)**	**20,097,889**	**-**	**(11,981,191)**	**671,613,381**