



SINGER[®]

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SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
SIX MONTHS ENDED 30TH JUNE 2014

Group Chief Executive Officer's Review

The group revenue for the 2nd quarter increased by 14% over the prior year. Considering that revenue increase in the 1st quarter of 2014 was 8% over the prior year and revenue increase in 4th quarter of 2013 was 3% compared to a decline in the 2nd quarter of 2013 of 1% and a decline of 3% in the 3rd quarter of 2013, we can now state that we have recovered on our trend of revenue growth. We are optimistic that there will be a double digit growth in the next quarter as well.

However, the business environment continues to be difficult with the present drought conditions and difficulty in collections.

While collections were difficult, the strong systems and culture at Singer supplemented by an online real time ERP system, use of call centre for collections, use of reminders by SMS for collections together with traditional collection drives ensured that our arrears were well under control.

While the revenue trend over the last few quarters is favourable, the same cannot be said of the profits. This is mainly due to the impact of imposition of deemed VAT. While there are doubts on the interpretation and we are in the process of clarifying these with the authorities, the Company has provided Rs. 155 million for possible liability for deemed VAT.

In the 2nd quarter, the net profit of the Group declined by 11% while the net profit of the Company was a marginal decline. However, if there was no deemed VAT charge the Group profits would have increased by 42% and the Company profits would have increased by 54%.

For the first half of 2014, the Group revenue increased by 11% and Company revenue increased by 12%.

At the end of the first half the Group revenue crossed the Rs. 14 billion mark.

For the first half of 2014, the Group net profits declined by 18% while the Company net profits declined by 19%. If there was no deemed VAT, the Group profits would have increased by 15% and Company profits would have increased by 22%.

While revenue of the communications segment increased by 35% for the first half, revenue also grew on the other major segments - consumer electronics, white goods and sewing-related products.

While the Company improved its gross profit by 7%, the provision for possible deemed VAT resulted the increase to be only an increase of 4%. Selling and administration expenses increased by 10% due to inflation and increase in rents, electricity costs. The net finance cost for the first half declined by 18% as the interest rates declined and borrowings were controlled.

In the first half, the Company's Subsidiary Singer Finance (Lanka) PLC, had increased revenue of 5%, although net profit reduced by 6%.

I wish to place on record my appreciation of all our staff for their contribution and commitment in challenging market conditions.

I also thank the Chairman and Board of Directors of the Company and the Chairman and Chief Executive Officer of Singer Asia for their valuable support and guidance.

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

Sincerely,

Asoka Pieris

Group Chief Executive

Statement of Comprehensive Income

	Group		Company		Variance		Variance		
For the quarter ended 30th June	2014	2013	2014	2013	Group	%	Company	%	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000		Rs. '000		
Revenue	7,286,090	6,377,826	6,820,751	5,918,964	908,264	+	901,787	+	15
Cost of Sales	(4,777,623)	(3,920,146)	(4,777,623)	(3,920,146)	(857,477)	+	(857,477)	+	22
Direct Interest Cost	(169,594)	(161,298)	—	—	(8,296)	+	—	—	
Gross Profit	2,338,872	2,296,382	2,043,127	1,998,818	42,490	+	44,309	+	2
Other Income	28,623	30,643	98,211	103,927	2,020	-	5,716	-	6
Selling and Administration Expenses	(1,797,239)	(1,699,155)	(1,607,790)	(1,518,524)	(98,083)	+	(89,266)	+	6
Other Operating Expenses	(64,652)	(73,968)	(59,783)	(69,604)	(9,315)	-	(9,821)	-	14
Finance Cost	(291,756)	(367,435)	(291,756)	(367,435)	(75,679)	-	(75,678)	-	21
Finance Income	19,080	17,320	3,796	34,464	1,760	+	30,668	-	89
Net Finance Cost	(272,676)	(350,115)	(287,961)	(332,971)	(77,439)	-	(45,010)	-	14
Share of Profit of Equity Accounted Investees (Net of Income Tax)	330	324	—	—	6	+	—	—	
Value Added Tax on Financial Services	(23,139)	(16,541)	(10,800)	(7,300)	(6,598)	+	(3,500)	+	48
Profit before Tax	210,119	187,570	175,004	174,347	22,549	+	657	+	0
Income Tax Expense	(78,837)	(39,653)	(31,296)	(30,292)	(39,184)	+	(1,004)	+	3
Profit for the Period	131,282	147,917	143,708	144,055	16,635	-	347	-	0
Other Comprehensive Income	—	—	—	—					
Total Comprehensive Income for the Period	131,282	147,917	143,708	144,055					
Profit Attributable to -									
Owners of the Company	116,849	130,289	143,708	144,055					
Non-Controlling Interest	14,434	17,628	—	—					
Profit for the Period	131,282	147,917	143,708	144,055					
Total Comprehensive Income Attributable to -									
Owners of the Company	116,849	130,289	143,708	144,055					
Non-Controlling Interest	14,434	17,628	—	—					
Total Comprehensive Income for the Period	131,282	147,917	143,708	144,055					
Earnings per Share - Basic (Rs.)	0.93	1.04	1.15	1.15					

Above figures are provisional and subject to audit.

	2nd Quarter 2014 Rs.	2nd Quarter 2013 Rs.
Share Prices		
Highest	98.90	105.00
Lowest	88.00	95.20
Last Traded Price	93.40	98.00

Statement of Comprehensive Income

For the six months ended 30th June	Group		Company		Variance		Variance	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	14,027,415	12,623,608	13,106,470	11,745,254	1,403,807	+	1,361,216	+
Cost of Sales	(9,032,688)	(7,832,507)	(9,032,688)	(7,832,507)	(1,200,181)	+	(1,200,181)	+
Direct Interest Cost	(354,995)	(309,079)	—	—	(45,916)	+	—	—
Gross Profit	4,639,732	4,482,022	4,073,782	3,912,747	157,710	+	161,035	+
Other Income	69,928	63,110	120,863	140,357	6,818	+	19,494	-
Selling and Administration Expenses	(3,570,401)	(3,249,567)	(3,190,363)	(2,919,645)	(320,834)	+	(270,718)	+
Other Operating Expenses	(131,026)	(139,391)	(121,808)	(130,765)	(8,365)	-	(8,957)	-
Finance Cost	(585,448)	(694,637)	(585,448)	(694,637)	(109,189)	-	(109,189)	+
Finance Income	36,909	28,286	10,493	77,657	8,622	+	(67,164)	-
Net Finance Cost	(548,539)	(666,351)	(574,955)	(616,980)	117,812	-	42,025	-
Share of Profit of Equity Accounted Investees (Net of Income Tax)	680	658	—	—	23	+	—	—
Value Added Tax on Financial Services	(42,012)	(22,445)	(20,600)	(12,550)	(19,567)	+	(8,050)	+
Profit before Tax	418,362	468,036	286,919	373,164	49,675	-	(86,244)	-
Income Tax Expense	(144,586)	(133,003)	(65,453)	(99,358)	(11,584)	-	(33,905)	-
Profit for the Period	273,776	335,033	221,466	273,806	61,259	-	52,339	-
Other Comprehensive Income	—	—	—	—				
Total Comprehensive Income for the Period	273,776	335,033	221,466	273,806				
Profit Attributable to -								
Owners of the Company	246,724	306,229	221,466	273,806				
Non-Controlling Interest	27,052	28,804	—	—				
Profit for the Period	273,776	335,033	221,466	273,806				
Total Comprehensive Income Attributable to -								
Owners of the Company	246,724	306,229	221,466	273,806				
Non-Controlling Interest	27,052	28,804	—	—				
Total Comprehensive Income for the Period	273,776	335,033	221,466	273,806				
Earnings per Share - Basic (Rs.)	1.97	2.45	1.77	2.19				

Above figures are provisional and subject to audit.

Share Prices	Six Months 2014 Rs.	Six Months 2013 Rs.
Highest	98.90	113.00
Lowest	88.00	95.00
Last Traded Price	93.40	98.00

Statement of Financial Position

As at 30th	Group			Company		
	June 2014 Rs. '000	June 2013 Rs. '000	December 2013 Rs. '000	June 2014 Rs. '000	June 2013 Rs. '000	December 2013 Rs. '000
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	2,492,042	2,330,624	2,505,355	2,421,505	2,275,763	2,434,878
Intangible Assets	198,405	186,649	198,082	164,921	161,020	166,101
Investments in Subsidiaries	—	—	—	982,242	982,242	982,242
Investments in Equity Accounted Investees	53,906	53,322	53,226	48,000	48,000	48,000
Other Financial Assets	17,061	17,061	17,061	166,303	17,020	166,303
Trade and Other Receivables	5,667,829	5,266,361	5,669,229	1,606,113	1,345,710	1,514,132
Deferred Tax Assets	110,412	145,346	119,022	135,362	145,346	135,362
	8,539,655	7,999,363	8,561,975	5,524,446	4,975,101	5,447,017
Current Assets						
Inventories	4,974,983	4,888,413	5,155,666	4,974,983	4,888,413	5,155,666
Loans due from Related Parties	66,635	78,635	69,635	114,921	741,888	90,881
Income Tax Receivable	28,838	—	50,963	28,838	—	50,963
Trade and Other Receivables	10,499,472	9,072,245	9,518,037	7,082,397	6,085,886	6,399,592
Amounts due from Related Parties	7,590	8,312	7,620	7,590	125,803	7,620
Deposits with Banks	112,849	51,458	113,960	—	—	—
Other Financial Assets	554,537	387,403	427,885	—	—	—
Cash and Cash Equivalents	1,234,603	617,563	692,458	774,038	599,161	519,015
	17,479,507	15,104,029	16,036,224	12,982,767	12,441,151	12,223,736
Total Assets	26,019,162	23,103,392	24,598,199	18,507,213	17,416,252	17,670,753
EQUITY AND LIABILITIES						
Equity						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	756,394	767,673	762,034	756,394	767,673	762,034
Statutory Reserve	136,128	115,419	128,447	—	—	—
Revenue Reserves	3,379,202	3,302,012	3,447,543	2,842,892	2,897,766	2,928,810
Total Equity Attributable for Equity Holders of the Company	4,897,772	4,811,152	4,964,072	4,225,334	4,291,487	4,316,892
Non-Controlling Interest	401,894	364,797	395,903	—	—	—
Total Equity	5,299,666	5,175,949	5,359,975	4,225,334	4,291,487	4,316,892
Non-Current Liabilities						
Interest-Bearing Loans and Borrowings	3,681,372	3,220,503	4,337,116	2,600,000	3,051,731	3,150,881
Retirement Benefit Obligations	356,257	308,172	320,033	340,445	296,216	305,783
Deferred Taxation Liability	107,347	112,709	109,540	107,347	111,733	109,540
Security Deposits	680,667	623,475	651,765	680,667	623,475	651,765
Other Financial Liabilities	855,230	935,200	756,232	—	—	—
	5,680,873	5,200,059	6,174,686	3,728,459	4,083,155	4,217,969
Current Liabilities						
Trade and Other Payables	3,292,049	2,923,318	3,386,639	2,846,869	2,418,331	2,964,492
Deferred Revenue	17,460	24,743	20,878	17,460	24,743	20,878
Income Tax Payable	50,093	54,383	15,639	—	14,574	—
Dividends Payable	16,251	17,805	14,956	16,251	17,805	14,956
Amounts due to Related Parties - Trade	272,876	141,461	333,565	272,876	141,525	333,565
Amounts due to Related Parties - Non-Trade	80,542	22,100	76,746	80,542	22,099	76,746
Other Financial Liabilities	3,926,040	2,578,102	3,011,998	—	—	—
Interest-Bearing Loans and Borrowings	7,383,312	6,965,472	6,203,117	7,319,422	6,402,532	5,725,255
	15,038,623	12,727,384	13,063,538	10,553,420	9,041,610	9,135,892
Total Equity and Liabilities	26,019,162	23,103,392	24,598,199	18,507,213	17,416,252	17,670,753
Net Assets per Share	39.12	38.42	39.65	33.75	34.27	34.48

I certify that the above Financial Statements of the Company comply with the requirements of the Companies Act No. 07 of 2007.

(Sgd.) Lalith Yatiwella
Finance Director

Above figures are provisional and subject to audit.

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

Signed for and on behalf of the Board by,

(Sgd.) Hemaka Amarasuriya
Director
Colombo,
08th August 2014

(Sgd.) Asoka Pieris
Director/Group Chief Executive Officer

Statement of Changes in Equity

For the six months ended 30th June 2013

Group	Attributable to Equity Holders of the Company							Total	Non-Controlling Interest	Total Equity
	Stated Capital	Statutory Reserve		NIT Fund	Revaluation Reserves	General Reserves	Retained Earnings			
		Reserve Fund	Investment Fund							
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at 1st January 2013	626,048	27,628	50,797	—	773,312	2,500,000	1,278,395	5,256,180	357,054	5,613,234
Realisation of Revaluation Surplus	—	—	—	—	(5,639)	—	5,639	—	—	—
Transferred to/(from) during the Year	—	12,827	22,723	1,444	—	—	(36,993)	—	—	—
Transactions with Owners of the Company, Recognised Directly in Equity										
Distributions to Owners of the Company										
Final Dividend - 2012	—	—	—	—	—	—	(751,258)	(751,258)	—	(751,258)
Dividend Paid by Subsidiary Company to Non-Controlling Interest - 2012	—	—	—	—	—	—	—	—	(21,061)	(21,061)
Total Distributions to Owners of the Company	—	—	—	—	—	—	(751,258)	(751,258)	(21,061)	(772,319)
Total Comprehensive Income for the Period										
Profit for the Six-Month Period	—	—	—	—	—	—	306,229	306,229	28,804	335,033
Other Comprehensive Income	—	—	—	—	—	—	—	—	—	—
Total Comprehensive Income for the Period	—	—	—	—	—	—	306,229	306,229	28,804	335,033
Balance at 30th June 2013	626,048	40,455	73,520	1,444	767,673	2,500,000	802,012	4,811,152	364,797	5,175,949
Realisation of Revaluation Surplus	—	—	—	—	(5,639)	—	5,639	—	—	—
Transferred to/(from) during the Year	—	—	14,472	(1,444)	—	—	(13,028)	—	—	—
Total Comprehensive Income for the Period										
Profit for the Six-Month Period	—	—	—	—	—	—	155,863	155,863	31,169	187,032
Other Comprehensive Income										
Actuarial Loss on Retirement Benefit Obligation	—	—	—	—	—	—	(4,088)	(4,088)	(88)	(4,176)
Tax on Other Comprehensive Income	—	—	—	—	—	—	1,145	1,145	25	1,170
Total Other Comprehensive Income for the Period	—	—	—	—	—	—	(2,943)	(2,943)	(63)	(3,006)
Total Comprehensive Income for the Period	—	—	—	—	—	—	152,920	152,920	31,106	184,026
Balance at 31st December 2013	626,048	40,455	87,992	—	762,034	2,500,000	947,543	4,964,072	395,903	5,359,975
Realisation of Revaluation Surplus	—	—	—	—	(5,640)	—	5,640	—	—	—
Transferred to/(from) during the Year	—	13,430	(5,749)	—	—	—	(7,681)	—	—	—
Transactions with Owners of the Company, Recognised Directly in Equity										
Distributions to Owners of the Company										
Final Dividend - 2013	—	—	—	—	—	—	(313,024)	(313,024)	—	(313,024)
Dividend Paid by Subsidiary Company to Non-Controlling Interest - 2014	—	—	—	—	—	—	—	—	(21,061)	(21,061)
Total Distributions to Owners of the Company	—	—	—	—	—	—	(313,024)	(313,024)	(21,061)	(334,086)
Total Comprehensive Income for the Period										
Profit for the Six-Month Period	—	—	—	—	—	—	246,724	246,724	27,052	273,776
Other Comprehensive Income	—	—	—	—	—	—	—	—	—	—
Total Comprehensive Income for the Period	—	—	—	—	—	—	246,724	246,724	27,052	273,776
Balance at 30th June 2014	626,048	53,885	82,243	—	756,394	2,500,000	879,202	4,897,772	401,894	5,299,666

Statement of Changes in Equity

Company	Stated Capital Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance at 1st January 2013	626,048	773,312	2,500,000	869,579	4,768,939
Realisation of Revaluation Surplus	—	(5,639)	—	5,639	—
Transactions with Owners of the Company, Recognised Directly in Equity					
Distributions to Owners of the Company					
Final Dividend - 2012	—	—	—	(751,258)	(751,258)
Total Distributions to Owners of the Company	—	—	—	(751,258)	(751,258)
Total Comprehensive Income for the Period					
Profit for the Six-Month Period	—	—	—	273,806	273,806
Other Comprehensive Income	—	—	—	—	—
Total Comprehensive Income for the Period	—	—	—	273,806	273,806
Balance at 30th June 2013	626,048	767,673	2,500,000	397,766	4,291,487
Realisation of Revaluation Surplus	—	(5,639)	—	5,639	—
Transferred to/(from) during the Year	—	—	—	—	—
Total Comprehensive Income for the Period					
Profit for the Six-Month Period	—	—	—	28,089	28,089
Other Comprehensive Income					
Actuarial Loss on Retirement Benefit Obligation	—	—	—	(3,728)	(3,728)
Tax on Other Comprehensive Income	—	—	—	1,044	1,044
Total Other Comprehensive Income for the Period	—	—	—	(2,684)	(2,684)
Total Comprehensive Income for the Period	—	—	—	25,404	25,404
Balance at 31st December 2013	626,048	762,034	2,500,000	428,810	4,316,892
Realisation of Revaluation Surplus	—	(5,640)	—	5,640	—
Transferred to/(from) during the Year	—	—	—	—	—
Transactions with Owners of the Company, Recognised Directly in Equity					
Distributions to Owners of the Company					
Final Dividend - 2013	—	—	—	(313,024)	(313,024)
Total Distributions to Owners of the Company	—	—	—	(313,024)	(313,024)
Total Comprehensive Income for the Period					
Profit for the Period	—	—	—	221,466	221,466
Other Comprehensive Income	—	—	—	—	—
Total Comprehensive Income for the Period	—	—	—	221,466	221,466
Balance at 30th June 2014	626,048	756,394	2,500,000	342,892	4,225,334

Statement of Cash Flows

For the six months ended 30th June	Group		Company	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
Cash Flows from Operating Activities				
Net Profit before Income Tax Expense	418,362	468,036	286,919	373,164
Adjustments for -				
Depreciation on Property, Plant and Equipment	136,787	141,670	129,803	122,171
Share of Profit from Equity Accounted Investees	(680)	(658)	-	-
Amortisation of Intangible Assets	8,409	10,263	6,175	8,595
Gain on Disposal of Property, Plant and Equipment	2,333	150	2,333	150
Interest Expense	578,395	694,637	578,395	694,637
Interest Income	(36,886)	(28,286)	(10,493)	(77,657)
Impairment of Inventories	28,641	(8,162)	28,641	(8,162)
Bad Debts Written-off	(8,268)	(26,755)	(1,068)	(6,977)
Impairment on Trade and Other Receivables	227,728	121,144	103,096	42,114
Dividend Income	(36)	(759)	(77,765)	(78,524)
Provision for Retiring Gratuity	38,196	39,512	36,634	38,312
Operating Profit before Working Capital Changes	1,392,981	1,410,793	1,082,670	1,107,823
(Increase)/Decrease in Inventories	152,042	(654,177)	152,042	(654,177)
(Increase)/Decrease in Debtors Falling Due after One Year	1,400	(221,571)	(91,982)	(50,227)
(Increase)/Decrease in Debtors Falling Due within One Year	(1,204,312)	(808,568)	(788,252)	(789,591)
(Increase)/Decrease in Dues from Related Parties	29	95,377	29	(17,932)
Increase/(Decrease) in Dues to Related Parties	(56,893)	(43,678)	(56,893)	(43,614)
Increase/(Decrease) in Security Deposits	28,902	46,826	28,902	46,826
Increase/(Decrease) in Customer Deposit Liabilities	1,013,040	648,783	-	-
Increase/(Decrease) in Trade and Other Payables	(77,226)	297,919	(98,266)	155,640
Cash Generated from Operations	1,249,963	771,705	228,250	(245,252)
Finance Costs Paid	(595,757)	(722,735)	(597,752)	(693,488)
Retiring Gratuity Paid	(1,972)	(1,880)	(1,972)	(1,455)
Income Tax Paid	(81,589)	(142,113)	(45,520)	(125,000)
Net Cash from/(used in) Operating Activities	570,645	(95,023)	(416,994)	(1,065,195)
Cash Flows from Investing Activities				
Acquisition of Property, Plant and Equipment and Intangible Assets	(132,348)	(331,662)	(129,515)	(297,133)
Proceeds from Disposal of Property, Plant and Equipment	(2,193)	2,770	5,757	2,770
(Acquisition)/Disposal of Marketable Securities	(126,652)	(68,683)	-	-
Investment in Bank Deposits	1,110	(475)	-	-
Net Cash Flows from Loans Given to Related Companies	3,000	15,000	(24,040)	750,165
Interest Income Received	36,886	28,286	10,493	77,657
Dividends Received	36	759	77,765	78,524
Net Cash Flows from Investing Activities	(220,161)	(354,005)	(59,540)	611,983
Cash Flows from Financing Activities				
Net Proceeds from Interest-Bearing Loans and Borrowings	331,165	1,180,131	813,154	1,441,905
Net Payment to Minority Shareholders	(21,061)	(21,061)	-	-
Dividends Paid	(311,729)	(744,275)	(311,729)	(744,275)
Net Cash Flow from Financing Activities	(1,625)	414,795	501,425	697,630
Net Increase/(Decrease) in Cash and Cash Equivalents	348,859	(34,233)	24,891	244,418
Cash and Cash Equivalents at the beginning of the Year	(148,644)	(48,199)	(234,304)	(207,304)
Cash and Cash Equivalents at the end of the Period	200,215	(82,432)	(209,413)	37,114

Notes to the Financial Statements

- 1.1** The Interim Financial Statements of the Company and Group have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st December 2013, are in compliance with Sri Lanka Accounting Standard 34 - 'Interim Financial Reporting'.

2.1 Segmental Analysis of Company Net Turnover is as follows:

	Quarter ending 30th June 2014 Rs. '000	Quarter ending 30th June 2013 Rs. '000	1st half ending 30th June 2014 Rs. '000	1st half ending 30th June 2013 Rs. '000
Sewing-Related Products	632,118	524,534	1,238,345	1,136,244
Consumer Electronics	1,321,166	1,308,744	2,777,901	2,689,662
White Goods	2,765,894	2,288,969	4,895,666	4,309,088
Kitchen-Related Products	413,101	411,172	819,510	790,737
Communications	913,023	600,133	1,771,654	1,313,689
Furniture	439,255	404,878	854,884	773,725
Transport	110,058	139,083	275,171	308,022
Agro	226,136	241,451	473,339	424,087
	6,820,751	5,918,964	13,106,470	11,745,254

2.2 Segmental Analysis of Company Profits Before Tax is as follows:

	Quarter ending 30th June 2014 Rs. '000	Quarter ending 30th June 2013 Rs. '000	1st half ending 30th June 2014 Rs. '000	1st half ending 30th June 2013 Rs. '000
Sewing-Related Products	10,862	9,183	21,983	31,424
Consumer Electronics	21,086	28,034	52,275	82,217
White Goods	41,301	45,323	78,637	111,404
Kitchen-Related Products	7,528	9,181	17,120	25,381
Communications	6,793	5,408	16,149	24,966
Furniture	5,518	6,281	13,004	17,979
Transport	491	(11,901)	1,120	(9,873)
Agro	3,660	4,314	8,595	11,142
Dividend Income	77,765	78,524	77,765	78,524
	175,004	174,347	286,919	373,164

2.3 Segmental Analysis of Group Net Turnover is as follows:

	Quarter ending 30th June 2014 Rs. '000	Quarter ending 30th June 2013 Rs. '000	1st half ending 30th June 2014 Rs. '000	1st half ending 30th June 2013 Rs. '000
Sewing-Related Products	632,118	524,534	1,238,345	1,136,244
Consumer Electronics	1,321,166	1,308,744	2,777,901	2,689,662
White Goods	2,765,894	2,288,969	4,895,666	4,309,088
Kitchen-Related Products	413,101	411,172	819,510	790,737
Communications	913,023	600,133	1,771,654	1,313,689
Furniture	439,255	404,878	854,884	773,725
Transport	110,058	139,083	275,171	308,022
Agro	226,136	241,451	473,339	424,087
Singer Finance (Lanka) PLC	465,339	458,862	920,945	878,353
	7,286,090	6,377,826	14,027,415	12,623,608

Notes to the Financial Statements

2.4 Segmental Analysis of Group Profits Before Tax is as follows:

	Quarter ending 30th June 2014 Rs. '000	Quarter ending 30th June 2013 Rs. '000	1st half ending 30th June 2014 Rs. '000	1st half ending 30th June 2013 Rs. '000
Sewing-Related Products	10,862	9,183	21,983	31,424
Consumer Electronics	21,086	28,034	52,275	82,217
White Goods	41,301	45,323	78,637	111,404
Kitchen-Related Products	7,528	9,181	17,120	25,381
Communications	6,793	5,408	16,419	24,966
Furniture	5,518	6,281	13,004	17,979
Transport	419	(11,901)	1,120	(9,873)
Agro	3,660	4,314	8,595	11,142
Singer Finance (Lanka) PLC	112,514	90,664	208,492	171,979
Dividend	36	759	36	759
Share of Profit on Equity Accounted Investees	330	324	680	658
	210,119	187,570	418,362	468,036

3. Related Party Transactions

3.1 Identity of Related Parties

The Company has a related party relationship with its Parent Company, its Associate Companies, Affiliate Companies and with its Directors.

3.2 Transactions with Parent Companies

(a) During the year, the Company had following transactions with its Parent Companies:

Singer Asia Ltd. - (Intermediate Parent)

	2014 Rs. Million	2013 Rs. Million
Royalty Expenses	145.6	130.5
Royalty Payable Balance as at Period End	80.5	72.0

Singer Asia Holdings BV - (Intermediate Parent)

Royalty Paid to Singer Asia Ltd. through Singer Asia Holdings BV

Singer (Sri Lanka) B.V - (Intermediate Parent)

	2014 Rs. Million	2013 Rs. Million
Dividend Paid	269.5	646.9

(b) Following companies are also Parent Companies of Singer (Sri Lanka) PLC and Singer Finance (Lanka) PLC, with whom no transactions were entered into during the period:

Company	Relationship
Singer Asia Holdings BV	Intermediate Parent
Sewco Holdings Ltd.	Intermediate Parent
Retail Holdings NV	Ultimate Parent

Notes to the Financial Statements

3.3 Transactions with Subsidiary Companies

	2014 Rs. Million	2013 Rs. Million
Singer Finance (Lanka) PLC		
Sales Financed through Singer Finance (Lanka) PLC	131.8	36.2
Withdrawals of Rental Collections from Singer (Sri Lanka) PLC	746.7	—
Payments to Singer (Sri Lanka) PLC on behalf of Customers	—	198.3
Short-Term Loans Granted	—	575.0
Short-Term Loans Recovered	—	399.1
Interest Income/(Expense)	(8.2)	28.6
Dividend Received - Gross	86.4	86.4
Cash Collection through Singer (Sri Lanka) PLC	972.1	223.6
Expenses Paid	103.4	64.0
Administrative Fee Charged/(Paid)	(0.1)	6.0
Collecting Commission Paid through Singer (Sri Lanka) PLC	9.3	4.6
Purchase of Assets	0.5	—
Rent Reimbursed	6.0	2.9
Royalty Paid through Singer (Sri Lanka) PLC	9.6	4.8
Balance Receivable - Loans	48.3	780.7

3.4 Transactions with Associate Companies

- (a) During the year, the Company had following transactions with its Associate Companies:

	2014 Rs. Million	2013 Rs. Million
Reality (Lanka) Ltd.		
Interest Rent Expenses	2.4	2.4
Loans Receivable	66.6	73.7

- (b) Following company is an Associate Company of Singer (Sri Lanka) PLC, with whom Singer (Sri Lanka) PLC or Singer Finance (Lanka) PLC had no transactions taken place other than through advertising agencies during the year:

Telshan Network (Pvt) Ltd.

3.5 Transactions with Other Related Parties

Transactions with following parties have been disclosed in Note 3.6:

Company	Relationship
Regnis (Lanka) PLC	Affiliate Company
Singer Industries (Ceylon) PLC	Affiliate Company
Regnis Appliances (Pvt) Ltd.	Affiliate Company
Singer Asia Sourcing Ltd.	Affiliate Company
Singer Asia Logistic Ltd.	Affiliate Company

Notes to the Financial Statements

3.6 Transactions with Key Management Personnel

A number of Key Management Personnel or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. These transactions are given below:

Name of the Company and Relationship	Name of Director	Nature of Transaction	2014 Rs. Million	2013 Rs. Million
Singer Industries (Ceylon) PLC (Affiliate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	383.9	377.7
	Late Dr. G.C.B. Wijeyesinghe	Corporate Guarantee Given	75.0	75.0
	Deshabandu A.M. de S. Jayaratne	Lease Rental Paid	1.9	1.8
	Mr. G. J. Walker	Net Finance Charges	0.2	–
	Mr. H.A. Pieris	Trade Credit Settled	427.5	452.0
	Mr. V.G.K. Vidyaratne	Expenses Reimbursed	0.8	5.0
		Balance Payable	62	39.4
Regnis (Lanka) PLC (Affiliate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	1,344.4	1,130.7
	Late Dr. G.C.B. Wijeyesinghe	Corporate Guarantees Given	455.5	455.5
	Dr. S. Kelegama	Interest Income/(Expense)	(0.7)	2.2
	Mr. G.J. Walker	Non-Trade Settlement	10.0	35.0
	Mr. H.A. Pieris	Trade Credit Settled	1,508.4	1,306.7
	Mr. V.G.K. Vidyaratne	Sales Taxes	192.1	161.5
		Expenses Reimbursed	25.2	24.7
		Loans Receivables	–	80.0
		Loans Recovered	–	75.0
		Balance Payable	180.7	42.5
Singer Finance (Lanka) PLC (Subsidiary Company)	Mr. H.D.S. Amarasuriya (Chairman) <i>(Resigned w.e.f. 30.04.2013)</i>	Sales Financed through Singer Finance (Lanka) PLC	131.8	36.2
	Dr. S. Kelegama	Withdrawals of Rental Collections from Singer (Sri Lanka) PLC	746.7	–
	Mr. G.J. Walker	Payments to Singer (Sri Lanka) PLC on behalf of Customers	–	198.3
	Mr. J.J. Hyun	Short-Term Loan Granted	–	575.0
	Mr. H.A. Pieris <i>(Resigned w.e.f. 30.04.2013)</i>	Short-Term Loan Recovered	–	399.1
	Mr. M.P.A. Salgado <i>(Resigned w.e.f. 30.06.2014)</i>	Interest Income/(Expense)	(8.2)	28.6
		Dividend Received - Gross	86.4	86.4
		Cash Collection through Singer (Sri Lanka) PLC	972.1	223.6
		Expenses Paid	103.4	64.0
		Administrative Fee Charged/ (Paid)	(0.1)	6.0
		Collecting Commission paid through Singer (Sri Lanka) PLC	9.3	4.6
		Purchase of Assets	0.5	–
		Rent Reimbursed	6	2.9
		Royalty Paid through Singer (Sri Lanka) PLC	9.6	4.8
		Balance Receivable - Loans	48.3	780.7

Notes to the Financial Statements

Name of the Company and Relationship	Name of Director	Nature of Transaction	2014 Rs. Million	2013 Rs. Million
Singer Asia Ltd. (Intermediate Parent Company)	Mr. P.J. O'Donnell	Royalty Expenses	145.6	130.5
	Mr. G.J. Walker	Royalty Payable	80.5	72.0
	Mr. H.A. Pieris			
Reality Lanka Ltd. (Associate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Rent Expenses	2.4	2.4
	Mr. G.J. Walker	Loans Receivable	66.6	73.7
	Mr. H.A. Pieris			
	Mr. V.G.K. Vidyaratne			
Regnis Appliances (Pvt) Ltd.	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	276.1	649.0
	Mr. H.A. Pieris	Trade Settlements	346.9	628.3
	Mr. V.G.K. Vidyaratne	Sales Taxes	39.8	—
	Mr. A.N. Majeed (<i>Resigned w.e.f. 18.06.2013</i>)	Non-Trade Settlement	—	4.3
		Expenses Paid	1.2	1.4
		Finance Charges	0.6	3.2
		Loans Granted	—	100.0
		Balance Payable - Trade	30.5	10.7

- 3.7** Key Management Personnel includes members of the Board of Directors of the Company, its Subsidiary and Parent. Transactions with Key Management Personnel, their close family members and parties/entities in which such Key Management Personnel or their close family members have control, joint control or significant influence can be shown as follows:

(i) Transactions with Key Management Personnel or their Close Family Members

	2014 Rs. Million	2013 Rs. Million
Deposits kept by Key Management Personnel or their close family members of Singer Finance (Lanka) PLC	80.0	76.3

4. Stated Capital

	30th June 2014	30th June 2013
Value - Ordinary Shares	Rs. 626,048,050/-	Rs. 626,048,050/-
No. of Shares - Ordinary Shares	125,209,610	125,209,610
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

Notes to the Financial Statements

5. Contingencies

- (a) Guarantees given to banks and other lending institutions on behalf of Singer Industries (Ceylon) PLC and Regnis (Lanka) PLC amounts to Rs. 75 Million and Rs. 455.5 Million respectively.
- (b) The Company has provided bank guarantees amounting to Rs. 192.2 Million to the Director General of Customs to clear imports during the years 2008-2013. The bank guarantees related to alleged additions duty on imports claimed by the Customs and is being contested by the Company in Courts.

The Court of Appeal made order that the Director General of Customs continue with the investigations. The Company being aggrieved by the decision of the Court of Appeal has filed an appeal which is pending before the Supreme Court.

The Company lawyers are of the opinion that there is no basis that the Company is liable for the additional duty and hence, no provision is made in the Financial Statements.

6. Events Occurring after the Balance Sheet Date

There have been no material events occurring after the reporting date that require disclosure in the Financial Statements, except;

On 16th May 2014, the Company has invested 100% of initial capital of Singer Digital Media (Pvt) Ltd. amounts of Rs. 5.0 Million.

7. Listed Debentures

Details regarding the listed debentures are as follows:

- 17% senior rated unsecured redeemable on 30th September 2015.
- 14.5% senior rated listed unsecured redeemable on 30th May 2015 and 30th May 2016.

Interest rate of comparable Government Securities as at date of issue, 25th October 2012 was 11.84%.

Highest Traded Price, Lowest Traded Price, Last Traded Price as at 30th June 2014, Interest Yield and Yield to Maturity of trade are as follows:

	Highest Traded Price Rs.	Lowest Traded Price Rs.	Last Traded Price Rs.	Interest Yield %	Yield to Maturity %
1. 17% senior rated unsecured redeemable debentures	99.98	99.98	99.98	17.003	17.013
2. 4.5% senior rated listed unsecured redeemable debentures	100	100	100	14.5	14.5
	30th June 2014			30th June 2013	
Debt Equity Ratio			0.62		0.71
Interest Cover			1.61		1.52
Quick Assets Ratio			0.76		0.84

Notes to the Financial Statements

8. Top 20 Shareholders as at 30th June 2014

Name	No. of Shares	%
1. Singer (Sri Lanka) BV	107,812,850	86.11
2. Bank of Ceylon A/c Ceybank Unit Trust	4,307,752	3.44
3. Mrs. Mihiri Virani Fernando	610,000	0.49
4. Bank of Ceylon A/c Ceybank Century Growth Fund	603,043	0.48
5. Deutsche Bank Ag as Trustee for Jb Vantage Value Equity Fund Deut	440,256	0.35
6. People's Bank	350,000	0.28
7. Mrs. Zohra Taher Jafferjee	330,890	0.26
8. Dr. Nimal Ebenezer Herat Sanderatne	180,333	0.14
9. Mrs. Anoma Kamalika Amarasuriya	178,970	0.14
10. Sri Lanka Insurance Corporation Ltd. - General Fund	177,500	0.14
11. Miss Tasneem Maria Moosajee	154,257	0.12
12. Mrs. Kalutaravedage Jinangali Manel De Silva	131,248	0.10
13. Mr. Nalin Amita De Silva	126,326	0.10
14. Jafferjee Brothers (Exports) Ltd.	125,200	0.10
15. Miss Nai Kaluge Ruvani Hemamala De Silva	118,195	0.09
16. Mrs. Enoka Kamali Wickramasinghe	112,644	0.09
17. Mr. Abeyesiri Hemapala Munasinghe	109,548	0.09
18. Miss. Ranjani Eileen Weeraratne Jayasuriya	100,000	0.08
19. Mrs. Jasbinderjit Kaur Piara Singh	91,268	0.07
20. Mr. Hemaka Devapriya Senarath Amarasuriya	89,482	0.07
	116,149,762	92.76
Others	9,059,848	7.24
Total	125,209,610	100.00

9. Directors and CEO's Shareholding as at 30th June 2014

Name of the Director	Shareholding 30th June 2014 No. of Shares	Shareholding 31st December 2013 No. of Shares
Mr. H.D.S. Amarasuriya	89,482	89,482
Mr. H.A. Pieris - CEO	2,000	2,000
Late Dr. G.C.B. Wijeyesinghe	-	-
Dr. Saman Kelegama	-	-
Deshabandu Ajit Jayaratne	-	-
Mr. P.J. O'Donnell	-	-
Mr. J.J. Hyun	-	-
Mr. G.J. Walker	-	-
Mr. V.G.K. Vidyaratne	25,131	23,831
Mr. M.H. Wijewardene	-	-
Mr. M.P.A. Salgado (Resigned w.e.f. 30.06.2014)	-	4,000
Mr. K. Samarasinghe	4,124	4,124
Mr. M.A.N. Majeed (Resigned w.e.f. 18.06.2013)	-	5,000
Prof. U.P. Liyanage	-	-

10. Public Holding

Public holding as at 30th June 2014 is 13.65% (As at 30th June 2013 - 13.65%).



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