



SINGER[®]

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SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
NINE MONTHS ENDED 31ST DECEMBER 2019

Statement of Profit or Loss and Other Comprehensive Income

For the quarter ended 31st December	Consolidated		Company		Variance		Variance	
	2019/20 Rs. '000	2018/19 Rs. '000	2019/20 Rs. '000	2018/19 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	15,511,174	15,894,056	12,488,309	11,685,990	382,882	- 2	802,319	+ 7
Cost of Sales	(10,470,021)	(11,349,806)	(8,789,404)	(8,411,711)	(879,785)	- 8	(377,693)	+ 4
Direct Interest Cost	(473,518)	(333,828)	-	-	(139,690)	+ 42	-	-
Gross Profit	4,567,635	4,210,422	3,698,905	3,274,279	357,213	+ 8	424,626	+ 13
Other Income	54,290	76,642	155,436	22,910	22,352	- 29	132,526	+ >100
Selling and Administrative Expenses	(3,036,660)	(3,047,297)	(2,584,976)	(2,655,473)	(10,637)	- 0	(70,497)	- 3
Impairment Loss on Trade and Other Receivables	(247,339)	(139,841)	(193,750)	(79,465)	(107,498)	+ 77	(114,285)	+ >100
Operating Profit	1,337,926	1,099,926	1,075,615	562,251	238,000	+ 22	513,364	+ 91
Finance Cost	(822,162)	(1,015,598)	(815,276)	(833,258)	(193,436)	- 19	(17,982)	- 2
Finance Income	104,001	44,355	104,921	111,423	59,646	+ >100	6,502	- 6
Net Finance Cost	(718,161)	(971,243)	(710,355)	(721,835)	(253,082)	- 26	(11,480)	- 2
Value Added Tax on Financial Services	(97,750)	(95,292)	(14,200)	(10,800)	(2,458)	+ 3	(3,400)	+ 31
Profit/(Loss) Before Tax	522,015	33,391	351,060	(170,384)	488,624	+ >100	N/A	N/A
Income Tax (Expense)/Reversal	(180,661)	(16,004)	(59,336)	61,115	(164,657)	+ >100	N/A	N/A
Profit/(Loss) for the Period	341,354	17,387	291,724	(109,269)	323,967	+ >100	N/A	N/A
Total Comprehensive Income for the Period	341,354	17,387	291,724	(109,269)				
Profit/(Loss) Attributable to –								
Owners of the Company	306,652	(16,055)	291,724	(109,269)				
Non-controlling Interests	34,702	33,442	-	-				
Profit/(Loss) for the Period	341,354	17,387	291,724	(109,269)				
Total Comprehensive Income Attributable to –								
Owners of the Company	306,652	(16,055)	291,724	(109,269)				
Non-controlling Interests	34,702	33,442	-	-				
Total Comprehensive Income for the Period Net of Tax	341,354	17,387	291,724	(109,269)				
Earnings/(Loss) Per Share – Basic (Rs.)	0.82	(0.48)	0.78	(0.29)				

Above figures are provisional and subject to audit.

	Quarter ended 31st December 2019 Rs.	Quarter ended 31st December 2018 Rs.
Share Prices		
Highest	39.50	35.10
Lowest	25.00	28.00
Last Traded Price	35.10	30.00

Statement of Profit or Loss and Other Comprehensive Income

For the nine months ended 31st December	Consolidated		Company		Variance		Variance	
	2019/20 Rs. '000	2018/19 Rs. '000	2019/20 Rs. '000	2018/19 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	42,586,770	44,500,797	34,583,255	33,161,998	1,914,027	- 4	1,421,257	+ 4
Cost of Sales	(28,578,165)	(31,418,349)	(24,444,648)	(23,804,412)	(2,840,184)	- 9	(640,236)	+ 3
Direct Interest Cost	(1,390,739)	(915,213)	-	-	(475,526)	+ 52	-	-
Gross Profit	12,617,866	12,167,235	10,138,607	9,357,586	450,631	+ 4	781,021	+ 8
Other Income	200,089	249,206	232,545	356,705	49,117	- 20	124,160	- 35
Selling and Administrative Expenses	(8,905,865)	(8,729,231)	(7,570,884)	(7,530,915)	(176,634)	+ 2	(39,969)	+ 1
Impairment Loss on Trade and Other Receivables	(701,791)	(444,170)	(450,839)	(277,718)	(257,621)	+ 58	(173,121)	+ 62
Operating Profit	3,210,299	3,243,040	2,349,429	1,905,658	32,741	- 1	443,771	+ 23
Finance Cost	(2,692,123)	(2,533,240)	(2,592,290)	(2,178,129)	(158,883)	+ 6	(414,161)	+ 19
Finance Income	276,573	107,673	331,861	311,654	168,900	+ >100	20,207	+ 6
Net Finance Cost	(2,415,550)	(2,425,567)	(2,260,429)	(1,866,475)	(10,017)	- 0	(393,954)	+ 21
Value Added Tax on Financial Services	(249,622)	(222,338)	(35,800)	(31,400)	(27,284)	+ 12	(4,400)	+ 14
Profit Before Tax	545,127	595,135	53,200	7,783	50,008	- 8	45,417	+ >100
Income Tax (Expense)/Reversal	(178,699)	(242,343)	49,779	86,871	(63,644)	- 26	(37,092)	- 43
Profit for the Period	366,428	352,792	102,979	94,654	13,636	+ 4	8,325	+ 9
Total Comprehensive Income for the Period	366,428	352,792	102,979	94,654				
Profit/(Loss) Attributable to –								
Owners of the Company	281,809	258,571	102,979	94,654				
Non-Controlling Interests	84,619	94,221	-	-				
Profit/(Loss) for the Period	366,428	352,792	102,979	94,654				
Total Comprehensive Income Attributable to –								
Owners of the Company	281,809	258,571	102,979	94,654				
Non-Controlling Interests	84,619	94,221	-	-				
Total Comprehensive Income for the Period Net of Tax	366,428	352,792	102,979	94,654				
Earnings (Loss) per Share – Basic (Rs.)	0.75	0.69	0.27	0.25				

Above figures are provisional and subject to audit.

	Nine Months ended 31st December 2019 Rs.	Nine Months ended 31st December 2018 Rs.
Share Prices		
Highest	39.50	41.00
Lowest	21.50	28.00
Last Traded Price	35.10	30.00

Statement of Financial Position

As at	Consolidated			Company		
	31st December 2019 Rs. '000	31st December 2018 Rs. '000	31st March 2019 Rs. '000	31st December 2019 Rs. '000	31st December 2018 Rs. '000	31st March 2019 Rs. '000
ASSETS						
Non-current Assets						
Property, Plant and Equipment	6,914,249	5,682,313	6,704,649	3,653,435	2,994,993	3,498,021
Right of Use Assets	4,931,678	–	–	4,466,631	–	–
Intangible Assets	260,254	269,036	268,296	198,904	201,282	201,001
Investment in Subsidiaries	–	–	–	2,968,023	2,900,873	2,900,873
Other Non-Current Assets	62,243	63,653	63,219	–	–	–
Other Investments	115,249	17,061	17,061	17,020	929,110	616,203
Trade and Other Receivables	12,224,963	11,293,520	11,478,309	1,998,134	1,586,114	1,432,236
Deferred Tax Assets	31,253	–	–	555,324	263,956	264,757
	24,539,889	17,325,583	18,531,534	13,857,471	8,876,328	8,913,091
Current Assets						
Inventories	13,244,451	12,563,720	14,125,717	11,557,468	10,794,154	12,135,242
Loans Due from Related Parties	–	–	–	540,000	1,845,151	1,215,820
Income Tax Receivables	224,837	249,241	70,954	312,385	343,144	240,188
Trade and Other Receivables	22,545,704	22,896,241	22,672,158	12,228,052	12,698,459	12,860,387
Amounts Due from Related Parties	5,495	2,017	–	5,495	111,169	3,311
Other Financial Assets	40,353	144,111	85,648	40,353	144,111	85,648
Deposits with Banks	101,362	82,670	83,324	–	–	–
Other Investments	639,715	609,668	623,372	600,090	–	312,090
Cash and Cash Equivalents	1,266,758	3,514,185	1,849,643	955,469	1,814,111	1,337,713
	38,068,675	40,061,853	39,510,816	26,239,312	27,750,299	28,190,398
Total Assets	62,608,564	57,387,436	58,042,350	40,096,783	36,626,627	37,103,489
EQUITY AND LIABILITIES						
Equity						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	1,104,666	567,485	1,118,123	1,149,044	835,612	1,158,333
Statutory Reserve	163,096	136,009	163,096	–	–	–
Revenue Reserves	4,504,020	5,315,850	5,035,831	2,172,303	3,065,285	2,851,601
Total Equity Attributable to Owners of the Company	6,397,830	6,645,392	6,943,098	3,947,395	4,526,945	4,635,982
Non-Controlling Interest	1,582,320	1,475,797	1,508,546	–	–	–
Total Equity	7,980,150	8,121,189	8,451,644	3,947,395	4,526,945	4,635,982
Non-Current Liabilities						
Interest-Bearing Loans and Borrowings	8,067,612	9,200,437	10,640,159	6,406,800	6,682,017	7,373,929
Other Financial Liabilities	1,335,898	692,722	804,556	–	–	–
Lease Liability	4,702,676	–	–	4,325,043	–	–
Employee Benefit Obligations	934,190	855,565	871,971	661,033	613,428	630,758
Security Deposits	1,359,172	1,322,066	1,388,433	1,304,413	1,322,066	1,332,128
Deferred Tax Liability	–	303,078	246,869	–	–	–
Deferred Revenue	77,890	57,420	85,928	77,890	57,421	85,928
Other Non-Current Liabilities	107,961	143,126	143,126	107,961	143,126	143,126
	16,585,399	12,574,414	14,181,043	12,883,140	8,818,058	9,565,870
Current Liabilities						
Trade and Other Payables	9,211,523	9,285,494	7,321,038	5,793,658	6,456,152	5,114,174
Lease Liability	579,521	–	–	482,516	–	–
Deferred Revenue	168,785	220,270	188,045	161,577	216,338	182,535
Dividends Payable	39,277	38,458	88,497	31,895	30,642	49,212
Amounts Due to Related Parties	208,198	39,029	256,021	2,893,739	2,301,942	2,762,314
Other Financial Liabilities	5,152,035	3,920,243	5,148,467	–	–	–
Interest-Bearing Loans and Borrowings	20,694,491	20,961,905	19,491,167	12,793,013	13,582,470	13,376,313
Bank Overdrafts	1,989,185	2,226,434	2,916,428	1,109,850	694,080	1,417,089
	38,043,015	36,691,833	35,409,664	23,266,248	23,281,624	22,901,637
Total Liabilities	54,628,414	49,266,247	49,590,707	36,149,388	32,099,682	32,467,507
Total Equity and Liabilities	62,608,564	57,387,436	58,042,350	40,096,783	36,626,627	37,103,489
Net Assets per Share (Rs.)	17.03	17.69	18.48	10.51	12.05	12.34

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.) A. M. Pandithage
Chairman

Colombo,
11th February 2020

(Sgd.) Mahesh H. Wijewardene
Director/Group Chief Executive Officer

Statement of Changes in Equity

For the nine months ended 31st December

Group	Stated Capital Rs. '000	Reserve Fund Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000	Non-Controlling Interest Rs. '000	Total Equity Rs. '000
Balance as at 31st March 2018	626,048	136,009	577,919	2,700,000	2,795,478	6,835,455	1,349,114	8,184,569
Adjustment on Error Correction	–	–	–	–	43,358	43,358	6,070	49,428
Adjustment of Initial Application of SLFRS 9 Net of Tax	–	–	–	–	(283,954)	(283,954)	(21,947)	(305,901)
Adjustment of Initial Application of SLFRS 15 Net of Tax	–	–	–	–	(188,079)	(188,079)	–	(188,079)
Adjusted Balance as at 1st April 2018	626,048	136,009	577,919	2,700,000	2,366,803	6,406,780	1,333,237	7,740,017
Realisation of Revaluation Surplus	–	–	(10,434)	–	10,434	–	–	–
Total Comprehensive Income for the Period								
Profit for the Period	–	–	–	–	258,571	258,571	94,221	352,792
Total Comprehensive Income for the Period	–	–	–	–	258,571	258,571	94,221	352,792
Distributions to Owners of the Company								
Dividend Paid in Terms of Bonus Issue	–	–	–	–	(10,018)	(10,018)	–	(10,018)
Total Distributions to Owners of the Company	–	–	–	–	(10,018)	(10,018)	–	(10,018)
Effect of Change in Holdings in Subsidiaries	–	–	–	–	(9,940)	(9,940)	48,339	38,399
Balance as at 31st December 2018	626,048	136,009	567,485	2,700,000	2,615,850	6,645,392	1,475,797	8,121,189
Realisation of Revaluation Surplus	–	–	(13,956)	–	13,956	–	–	–
Transferred to/(from) During the Period	–	27,087	–	–	(27,087)	–	–	–
Total Comprehensive Income for the Period								
Profit/(Loss) for the Period	–	–	–	–	(8,450)	(8,450)	41,638	33,188
Other Comprehensive Income								
Revaluation of Property, Plant and Equipment	–	–	784,157	–	–	784,157	98,667	882,824
Re-Measurement of Employee Benefit Obligations	–	–	–	–	(21,499)	(21,499)	341	(21,158)
Related Taxes								
Tax on Other Comprehensive Income	–	–	–	–	5,989	5,989	(117)	5,872
Deferred Tax on Revaluation of Property, Plant and Equipment	–	–	(219,564)	–	–	(219,564)	(27,627)	(247,191)
Total Other Comprehensive Income for the Period	–	–	564,593	–	(15,510)	549,083	71,264	620,347
Total Comprehensive Income for the Period	–	–	564,593	–	(23,960)	540,633	112,902	653,535
Transactions with Owners of the Company, Recognised Directly in Equity								
Distributions to Owners of the Company	–	–	–	–	–	–	–	–
Dividend paid in terms of Bonus Issue	–	–	–	–	1,230	1,230	(1,230)	–
Interim Dividend – 2018/19	–	–	–	–	(244,159)	(244,159)	(78,923)	(323,081)
Total Distributions to Owners of the Company	–	–	–	–	(242,929)	(242,929)	(80,153)	(323,081)
Changes in Ownership Interests in Subsidiary								
Effect of Change in Holdings in Subsidiaries	–	–	–	–	–	–	–	–
Total Transactions with Owners of the Company	–	–	–	–	(242,929)	(242,929)	(80,153)	(323,081)
Balance as at 31st March 2019	626,048	163,096	1,118,123	2,700,000	2,335,831	6,943,098	1,508,546	8,451,644
Adjustment on initial Application of SLFRS 16 Leases Net of Tax	–	–	–	–	(827,076)	(827,076)	(8,918)	(835,994)
Realisation of Revaluation Surplus	–	–	(13,457)	–	13,457	–	–	–
Total Comprehensive Income for the Period								
Profit for the Period	–	–	–	–	281,809	281,809	84,619	366,428
Total Comprehensive Income for the Period	–	–	–	–	281,809	281,809	84,619	366,428
Distributions to Owners of the Company								
Interim Dividend – 2018/19	–	–	–	–	–	–	(1,928)	(1,928)
Total Distributions to Owners of the Company	–	–	–	–	–	–	(1,928)	(1,928)
Balance as at 31st December 2019	626,048	163,096	1,104,666	2,700,000	1,804,020	6,397,830	1,582,320	7,980,150

Statement of Changes in Equity

For the nine months ended 31st December

Company	Stated Capital Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 31st March 2018	626,048	847,555	2,700,000	626,088	4,799,691
Adjustment of Initial Application of SLFRS 9 Net of Tax	–	–	–	(179,322)	(179,322)
Adjustment of Initial Application of SLFRS 15 Net of Tax	–	–	–	(188,079)	(188,079)
Adjusted balance as at 1st April 2018	626,048	847,555	2,700,000	258,688	4,432,291
Realisation of Revaluation Surplus	–	(11,943)	–	11,943	–
Total Comprehensive Income for the Period					
Profit for the Period	–	–	–	94,654	94,654
Total Comprehensive Income for the Period	–	–	–	94,654	94,654
Balance as at 31st December 2018	626,048	835,612	2,700,000	365,285	4,526,945
Realisation of Revaluation Surplus	–	(3,981)	–	3,981	–
Total Comprehensive Income for the Period					
Profit for the Period	–	–	–	45,896	45,896
Other Comprehensive Income					
Revaluation of Property, Plant and Equipment	–	453,752	–	–	453,752
Re-Measurement of Employee Benefit Obligations	–	–	–	(26,947)	(26,947)
Related Taxes					
Tax on Other Comprehensive Income	–	–	–	7,545	7,545
Deferred Tax on Revaluation of Property, Plant and Equipment	–	(127,051)	–	–	(127,051)
Total Other Comprehensive Income for the Period	–	326,701	–	(19,402)	307,299
Total Comprehensive Income for the Period	–	326,701	–	26,494	353,195
Transactions with Owners of the Company, Recognised Directly in Equity					
Distributions to Owners of the Company					
Interim Dividend – 2018/19	–	–	–	(244,159)	(244,159)
Total Distributions to Owners of the Company	–	–	–	(244,159)	(244,159)
Balance as at 31st March 2019	626,048	1,158,333	2,700,000	151,601	4,635,982
Adjustment on initial Application of SLFRS 16 Leases Net of Tax	–	–	–	(791,566)	(791,566)
Realisation of Revaluation Surplus	–	(9,289)	–	9,289	–
Total Comprehensive Income for the Period					
Profit for the Period	–	–	–	102,979	102,979
Total Comprehensive Income for the Period	–	–	–	102,979	102,979
Balance as at 31st December 2019	626,048	1,149,044	2,700,000	(527,697)	3,947,395

Statement of Cash Flows

For the nine months ended 31st December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Cash Flows from Operating Activities				
Net Profit Before Income Tax Expense	545,127	595,135	53,200	7,783
Adjustment for:				
Depreciation on Property, Plant and Equipment	492,885	372,878	374,319	339,537
Amortisation of Intangible Assets	16,188	16,251	8,737	9,180
Amortisation of Leasehold Right	976	867	–	–
Amortisation of Right of Use Assets	656,665	–	607,766	–
(Gain)/Loss on Disposal of Property, Plant and Equipment	1,418	(20)	(6,112)	(85)
Changing Fair Value of Derivative (Assets)/Liabilities	45,295	–	45,295	–
(Gain)/Loss on Disposal of Investment in Subsidiary	–	–	–	(14,049)
Interest Expense	2,692,123	2,533,240	2,592,290	2,178,129
Interest Income	(276,573)	(107,673)	(331,861)	(311,654)
Impairment of Inventories	23,825	157,989	(25,565)	151,627
Impairment of Trade and Other Receivables	701,791	444,170	450,839	277,718
Dividend Income	(241)	–	(140,844)	(264,020)
Provision for Retiring Gratuity	88,182	109,071	90,228	75,583
Operating Profit Before Working Capital Changes	4,987,661	4,121,908	3,718,292	2,449,749
(Increase)/Decrease in Inventories	857,441	(148,000)	603,339	(204,500)
(Increase)/Decrease in Debtors Falling Due after One Year	(748,947)	(2,130,540)	(565,898)	(244,208)
(Increase)/Decrease in Debtors Falling Due within One Year	(1,401,007)	(3,028,964)	(588,443)	(1,073,785)
(Increase)/Decrease in Dues from Related Parties	(5,495)	(1,229)	(2,184)	74,227
Increase/(Decrease) in Dues to Related Parties	(47,823)	505	131,427	(356,127)
Increase/(Decrease) in Security Deposits	(29,261)	122,938	(27,715)	122,938
Increase/(Decrease) in Trade and Other Payables	1,855,319	873,178	644,315	250,401
Increase/(Decrease) in Deferred Liabilities	(27,298)	(26,020)	(28,997)	(29,952)
Cash Generated from Operations	5,440,590	(216,224)	3,884,136	988,743
Finance Costs Paid	(2,224,981)	(2,410,920)	(2,175,114)	(2,055,810)
Retiring Gratuity Paid	(25,963)	(48,151)	(59,953)	(36,164)
Income Tax Paid	(527,831)	(523,364)	(226,008)	(185,514)
Net Cash from/(used in) Operating Activities	2,661,815	(3,198,659)	1,423,060	(1,288,745)
Cash Flows from Investing Activities				
Acquisition of Property, Plant and Equipment and Intangible Assets	(731,411)	(373,116)	(549,622)	(287,280)
Proceeds from Disposal of Property, Plant and Equipment	19,363	32,050	19,363	32,117
Proceeds from Disposal of Investment in Shares and Debentures in Subsidiaries	–	38,399	310,366	38,399
(Acquisition)/Disposal of Marketable Securities	(114,531)	61,715	–	–
Investment in Bank Deposits	(18,038)	(1,166)	–	–
Net Cash Flows from Loans Given to Related Companies	–	–	609,487	(626,000)
Interest Income Received	276,573	107,673	331,861	311,654
Dividends Received	241	–	140,844	264,020
Net Cash Flows from Investing Activities	(567,803)	(134,445)	862,298	(267,090)
Cash Flow from Financing Activities				
Net Proceeds from Interest-Bearing Loans and Borrowings	(1,337,380)	6,594,788	(1,518,586)	3,404,296
Net Settlements to Lease Creditors	(896,036)	–	(824,459)	–
Net (Payment) to Minority Shareholders	(1,928)	–	–	–
Increase/(Decrease) in Customer Deposit Liabilities	534,910	(625,012)	–	–
Dividends Paid	(49,220)	(555,237)	(17,317)	(508,969)
Net Cash Flow from Financing Activities	(1,749,654)	5,414,539	(2,360,363)	2,895,327
Net Increase/(Decrease) in Cash and Cash Equivalents	344,358	2,081,435	(75,005)	1,339,492
Cash and Cash Equivalents at the Beginning of the Year	(1,066,785)	(793,684)	(79,376)	(219,461)
Cash and Cash Equivalents at the End of the Period	(722,427)	1,287,751	(154,381)	1,120,031

Notes to the Financial Statements

1. Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements for the year ended 31st March 2019, except for the initial adoption of SLFRS 16 – “Leases” which became applicable for financial reporting periods beginning on or after 1st January 2019.

SLFRS 16 requires the recognition of lease liabilities and right of use of assets for leases previously classified as operating leases in accordance with LKAS 17 – “Leases”:

1.1 SLFRS 9 and SLFRS 15 became applicable for financial periods beginning on or after 1st January 2018. However, Group previously presented the Interim Financial Statements for the period ended 31st December 2018 by applying LKAS 39 – “Financial Instruments – Recognition and Measurement” as permitted by the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements” issued by CA Sri Lanka. Therefore, the comparative Financial Statements for the period ended 31st December 2018 is reported under LKAS 39 and is not comparable to the information presented for 2019. Differences arising from the adoption of SLFRS 9 and SLFRS 15 have been recognised directly in retained earnings as of 1st April 2018.

2.1 Segmental Analysis of Company Net Turnover is as follows:

	Quarter ended 31st December 2019 Rs. '000	Quarter ended 31st December 2018 Rs. '000	Nine months ended 31st December 2019 Rs. '000	Nine months ended 31st December 2018 Rs. '000
Consumer Electronics	2,231,177	1,927,446	5,669,490	5,114,663
Financial Services	937,756	836,266	2,813,985	2,584,889
Furniture	758,623	700,033	2,174,648	2,046,953
Home Appliances	4,681,407	4,281,795	13,866,030	12,952,949
IT Products	2,358,699	2,425,121	6,155,272	6,406,891
Sewing Machines	684,667	747,970	1,660,834	1,998,727
Other	835,980	767,359	2,242,996	2,056,926
	12,488,309	11,685,990	34,583,255	33,161,998

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

	Quarter ended 31st December 2019 Rs. '000	Quarter ended 31st December 2018 Rs. '000	Nine months ended 31st December 2019 Rs. '000	Nine months ended 31st December 2018 Rs. '000
Consumer Electronics	368,653	114,300	624,292	312,253
Financial Services	164,622	161,777	685,264	529,207
Furniture	55,928	36,688	117,415	99,613
Home Appliances	382,121	199,901	836,720	654,624
IT Products	62,138	51,761	157,955	131,300
Sewing Machines	52,011	35,118	112,928	105,584
Other	54,892	28,121	124,850	72,725
Intercompany Dividend	129,000	–	140,844	264,020
Impairment Loss on Trade and Other Receivables	(193,750)	(79,465)	(450,839)	(277,718)
Gain on Disposal of Shares in Subsidiary	–	14,050	–	14,050
Operating Profit	1,075,615	562,251	2,349,429	1,905,658
Net Finance Cost	(710,355)	(721,835)	(2,260,429)	(1,866,475)
VAT on Financial Services	(14,200)	(10,800)	(35,800)	(31,400)
Profit/(Loss) Before Tax	351,060	(170,384)	53,200	7,783

Notes to the Financial Statements

2.3 Segmental Analysis of Group Net Turnover is as follows:

	Quarter ended 31st December 2019 Rs. '000	Quarter ended 31st December 2018 Rs. '000	Nine months ended 31st December 2019 Rs. '000	Nine months ended 31st December 2018 Rs. '000
Consumer Electronics	2,231,177	1,927,446	5,669,490	5,114,663
Financial Services	2,030,266	1,816,429	6,047,124	5,348,130
Furniture	758,623	700,033	2,174,648	2,046,953
Home Appliances	4,683,575	4,284,034	13,871,883	12,959,649
IT Products	4,285,840	5,650,657	10,918,038	14,975,268
Sewing Machines	684,667	747,970	1,660,834	1,998,727
Other	837,026	767,487	2,244,753	2,057,407
	15,511,174	15,894,056	42,586,770	44,500,797

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

	Quarter ended 31st December 2019 Rs. '000	Quarter ended 31st December 2018 Rs. '000	Nine months ended 31st December 2019 Rs. '000	Nine months ended 31st December 2018 Rs. '000
Consumer Electronics	368,655	114,301	624,292	312,253
Financial Services	453,061	577,826	1,546,009	1,656,330
Furniture	55,928	36,688	117,415	99,613
Home Appliances	442,775	250,039	1,003,986	767,136
IT Products	151,556	197,609	378,320	666,325
Sewing Machines	54,756	32,986	107,738	106,220
Other	58,534	30,318	134,330	79,333
Impairment Loss on Trade and Other Receivables	(247,339)	(139,841)	(701,791)	(444,170)
Operating Profit	1,337,926	1,099,926	3,210,299	3,243,040
Net Finance Cost	(718,161)	(971,243)	(2,415,550)	(2,425,567)
VAT on Financial Services	(97,750)	(95,292)	(249,622)	(222,338)
Profit Before Tax	522,015	33,391	545,127	595,135

Notes to the Financial Statements

3. Stated Capital

3.1	31st December 2019	31st December 2018
Value – Ordinary Shares (Rs.)	626,048,050	626,048,050
Number of Shares – Ordinary Shares	375,628,830	375,628,830
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

4. Contingencies

- (a) Commissioner General of Inland Revenue has issued assessment notices on Singer (Sri Lanka) PLC pertaining to an additional VAT Liability/Payment on account of Deemed VAT for seven quarters for the period 1st January 2014 to 30th September 2015. The assessment was for a Deemed VAT payment of Rs. 1,076 million and Penalty of Rs. 423 million totalling to Rs. 1,499 million. Commissioner General of Inland Revenue has given the determination on the appeal. Accordingly, Rs. 791 million of Deemed VAT liability and penalty of Rs. 395 million totalling to Rs. 1,186 million is payable as a Deemed VAT liability for seven quarters for the period 1st January 2014 to 30th September 2015. The Company after carefully reviewing the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for Deemed VAT and accordingly company has decided to appeal to the Tax Appeal Commission against the determination. Hence, no provision has been made in the Financial Statements. The Company previously sought a clarification from the Inland Revenue Department on the interpretation of the Act and did not receive the required clarification. Deemed VAT is removed with effect from 1st January 2016 under VAT Amendment Act No. 20 of 2016.
- (b) Singer (Sri Lanka) PLC has provided bank guarantees amounting to Rs. 292 million to Director General of Customs to clear imports during the years 2008 to March 2019. The bank guarantee related to alleged additional duty payable on imports, claimed by the customs and is being contested by the Company in courts. The Court of Appeal ordered that the Director General of Customs continue with the investigations. The Company being aggrieved by the decision 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.
- (c) Singer Finance (Lanka) PLC has provided letters of guarantee totalling to Rs. 4.5 million against Fixed Deposits of Rs. 4.7 million.
- (d) Regnis Lanka PLC has provided Corporate guarantees to banks on behalf of Regnis Appliances (Pvt) Ltd. amounting to Rs. 410 million for the purpose of obtaining banking facilities.
- (e) Regnis Lanka (Pvt) Limited cleared a shipment of imported goods during the year 2008 on provision of a bank guarantee amounting to Rs. 6.5 million to the Director of Customs. The bank guarantee relates to alleged additional duty payable on imports which is contested by the Company. The customs inquiry initiated in 2008 is still pending. The management is 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.

Notes to the Financial Statements

5. Events Occurring after the Balance Sheet Date

There have been no material events occurring after the Balance Sheet Date that require disclosure in the Financial Statements.

6. Listed Debentures

Details Regarding the Listed Debentures are as follows:

Interest Rates of Comparable Government Securities as at Issue Date (%)

i. 12% senior rated listed unsecured redeemable on 28th September 2021	9.51
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Interest rates of comparable Government Securities as at 31st December 2019 were 8.81%.
The Debentures were not traded during the quarter ended 31st December 2019.

	Group		Company	
	31st December 2019	31st December 2018	31st December 2019	31st December 2018
Debt Equity Ratio	4.51	3.91	4.90	3.91
Interest Cover	1.23	1.25	1.02	1.00
Quick Assets Ratio	0.65	0.76	0.63	0.74

7. Top 20 Shareholders as at 31st December 2019

Name	Number of Shares	Percentage
1. National Savings Bank/Hayleys PLC	85,147,054	22.67
Peoples Bank/Hayleys PLC	85,147,053	22.67
Hayleys PLC	50,679,271	13.49
Hatton National Bank PLC/Hayleys PLC	40,293,659	10.73
2. Hayleys Advantis Limited	37,127,660	9.88
3. Volanka (Pvt) Limited	11,595,745	3.09
4. Hayleys Aventura (Private) Limited	10,531,915	2.80
5. Carbotels (Pvt) Limited	9,680,851	2.58
6. Hayleys Agriculture Holdings Limited	9,468,085	2.52
7. Mr. Kulappuarachchige Don Dammika Perera	6,935,913	1.85
8. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	2,492,130	0.66
9. Mrs. Mihiri Virani Fernando	1,990,000	0.53
10. Commercial Bank of Ceylon PLC/Andaradeniya Estate (Pvt) Ltd.	669,849	0.18
11. Mrs. Anoma Kamalika Amarasuriya	536,910	0.14
12. Miss Nai Kaluge Ruvani Hemamala De Silva	397,638	0.11
13. Mr. Nalin Amita De Silva	378,978	0.10
14. Jafferjee Brothers (Exports) Limited	375,600	0.10
15. J. B. Cocoshell (Pvt) Ltd.	334,451	0.09
16. Mr. Abeyisiri Hemapala Munasinghe	328,644	0.09
17. Dr. Ananda Krishnakumar Abeytunga Jayawardene	323,738	0.09
18. Mrs. Enoka Kamali Wickramasinghe	319,857	0.09
19. Mr. Leslie Premal Mendis and Mrs. M. S. Mendis	274,934	0.07
20. Mr. Hemaka Devapriya Senarath Amarasuriya	268,446	0.07
Sub Total	355,298,381	94.59
Others	20,330,449	5.41
Total Issued Shares	375,628,830	100

Notes to the Financial Statements

8. Director's and CEO's Shareholding as at

Name of the Director	Shareholding 31st December 2019 Number of Shares	Shareholding 31st March 2019 Number of Shares
Mr. A. M. Pandithage	–	–
Mr. K. D. D. Perera	6,935,913	6,935,913
Mr. M. H. Wijewardene (CEO)	–	–
Mr. D. Sooriyaarachchi	–	–
Mr. D. H. Fernando	–	–
Mr. M. H. Jamaldeen	–	–
Mr. S. C. Ganegoda	–	–
Mr. D. K. De Silva Wijeyeratne	–	–
Mr. S. Goodman – Ceased to be Director w.e.f. 25th June 2019	–	–
Ms. O. D. Gunawardene – Ceased to be a Director w.e.f. 31st December 2019	–	–
Mr. L. N. S. K. Samarasinghe (Alternate Director to M.H.Jamaldeen) – Resigned w.e.f. 15th January 2020	17,372	17,372
Mr. H. P. S. Perera (Alternate Director to M. H. Wijewardene)	–	–
Mr. K. K. L. P. Yatiwella (Alternate Director to S. C. Ganegoda)	–	–
Ms. A. A. K. Amarasinghe Alternate Director to Mr. K. D. D. Perera (Appointed w.e.f. 8th August 2019)	–	–

9. Public Holding

Shares held by public as at 31st December 2019

Number of shareholders	Number of Shares	Percentage
2,782	29,004,252	7.72%

Float adjusted market capitalisation – Rs.1,017,848,953.23

The Company is not in compliance with option five of the Listing Rule 7.13.1 (a) which requires a Company with a Float Adjusted Market Capitalisation of less than Rs. 2.5 Billion to maintain a minimum Public Holding of 20%.

10. Explanatory Note

Hayleys Group Services (Private) Limited
400, Deans Road,
Colombo 10,
Sri Lanka
Contact Number: 011 262 7650

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