



**SINGER<sup>®</sup>**  
Trusted Excellence

**SINGER (SRI LANKA) PLC**

INTERIM FINANCIAL STATEMENTS FOR THE  
SIX MONTHS ENDED 30th JUNE 2016

## Group Chief Executive Officer's Review

Singer (Sri Lanka) PLC Group continued to have good growth on revenue and net income. In the 2nd quarter of 2016, Group revenue increased by 23% to Rs. 11.6 Billion. Group net profit for 2nd quarter inclusive of a one-time gain and consolidation of new acquisitions, as described below was Rs. 613.4 Million. This is an increase of 60% when compared with the prior year.

At the end of first six months, Group revenue was Rs. 22.1 Billion, an increase of 23% over the prior year. This is on top of the increase last year and is a 58% growth over the two years.

At the end of first six months, Group net profit inclusive of a one-time gain and consolidation of new acquisitions, as described below is Rs. 1,423 Million, an increase of 115% over the prior year.

During the first six months, Singer (Sri Lanka) PLC acquired majority stakes in Singer Industries (Ceylon) PLC and Regnis (Lanka) PLC from its parent company Singer (Sri Lanka) B.V. making these companies subsidiaries of Singer (Sri Lanka) PLC. The acquiring of these companies resulted in a one-time gain on bargain purchase amounting to Rs. 507.7 Million.

Regnis (Lanka) PLC Group made a profit of Rs. 179.2 Million in the first six months of 2016, an increase of 16%, while Singer Industries (Ceylon) PLC made a profit of Rs. 37 Million, including Rs. 24 Million gain on change in fair value of investment property. Post-acquisition net income of these two companies are consolidated in the Group results of Singer (Sri Lanka) PLC in 2016, and after considering financial costs of the acquisition gives a gain of around Rs. 76 Million, whereas there was no consolidation in the corresponding period of last year. There was no impact on Group revenue due to this acquisition.

At Singer Finance (Lanka) PLC, revenue increased by 14%, but net profit decreased marginally by 2% in the first six months.

The Company's subsidiary Singer Digital Media (Pvt) Limited, which concentrates on the sale of mobile phones to the trade channel, had revenue to external parties of Rs. 1.9 Billion.

In case of Singer (Sri Lanka) PLC, company's only results, net profit for the 1st quarter was Rs. 499.5 Million, an increase of 30%.

The growth in revenue and net income is due both to the initiatives undertaken by the Group and the business environment.

The Group continues to pursue new initiatives including: opening additional shops; adding new dealers and channels of distribution; improving and renovating shops; securing new brands and distributorships; introducing new products and improving processes. In the first six months significant initiatives included the launch of Singer's own Credit Card with Visa; launch of the new Singer Smart TV range under the sub-brand Singer Vista; opening of digital media corners in retail shops; expansion of capacity at refrigerator factory; introduction of new furniture brand for dealers; thrust into dealer markets for computers and furniture and institutional market for digital media and air conditioners. The Group also continued its successful campaigns on refrigerators, televisions and air conditioners.

The consumer demand kept up despite the increase of interest rates and inflation. The Government's wavering policies on VAT continue to disturb the market, both for consumers and businesses.

With regard to product lines we had growth in most sectors. In case of our traditional product lines, refrigerators grew by 21%, panel televisions by 12% and sewing machines by 2%. Growth in our thrust product categories were naturally stronger: smart mobile phones grew by 53%, deep freezers by 31%, computers by 24%, washing machines by 17%, air conditioners by 78% and air coolers by 65%.

I wish to place on record my appreciation of all staff in our Group for their contribution and commitment in achieving these outstanding results.

I also thank the Chairman of the Group and all of the Board of Directors of the Company, the Chairman and the 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 Officer

August 01, 2016

## Statement of Profit or Loss and Other Comprehensive Income

For the quarter ended 30th June	Group		Company		Variance		Variance	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	11,557,844	9,408,982	9,970,280	8,243,204	2,148,862	+ 23	1,727,075	+ 21
Cost of Sales	(7,685,590)	(6,281,640)	(7,015,129)	(5,731,802)	(1,403,950)	+ 22	(1,283,327)	+ 22
Direct Interest Cost	(208,900)	(152,734)	—	—	(56,166)	+ 37	—	—
Gross Profit	3,663,354	2,974,608	2,955,151	2,511,402	688,746	+ 23	443,749	+ 18
Other Income	114,474	21,362	269,862	161,261	93,113	+ 436	108,601	+ 67
Selling and Administration Expenses	(2,436,233)	(2,060,287)	(2,176,433)	(1,861,185)	(375,945)	+ 18	(315,249)	+ 17
Other Operating Expenses	(104,614)	(68,191)	(87,054)	(62,820)	(36,423)	+ 53	(24,234)	+ 39
Finance Cost	(413,182)	(272,758)	(381,713)	(260,959)	(140,422)	+ 51	120,755	+ 46
Finance Income	55,369	35,831	53,754	15,041	19,538	+ 55	38,712	+ 257
Net Finance Cost	(357,813)	(236,928)	(327,959)	(245,917)	(120,885)	+ 51	(82,041)	+ 33
Share of Profit of Equity Accounted Investees (Net of Income Tax)	—	604	—	—	(604)	— 100	—	—
Value Added Tax on Financial Services	(39,283)	(26,774)	(13,300)	(7,000)	(12,510)	+ 47	(6,300)	+ 90
<b>Profit before Tax</b>	<b>839,886</b>	<b>604,394</b>	<b>620,268</b>	<b>495,740</b>	<b>235,492</b>	<b>+ 39</b>	<b>124,527</b>	<b>+ 25</b>
Income Tax Expense	(226,510)	(221,904)	(120,796)	(111,048)	(4,606)	+ 2	(9,748)	+ 9
<b>Profit for the Period</b>	<b>613,376</b>	<b>382,490</b>	<b>499,472</b>	<b>384,692</b>	<b>230,886</b>	<b>+ 60</b>	<b>114,779</b>	<b>+ 30</b>
<b>Total Comprehensive Income for the Period</b>	<b>613,376</b>	<b>382,490</b>	<b>499,472</b>	<b>384,692</b>				
<b>Profit Attributable to:</b>								
Owners of the Company	552,715	363,245	499,472	384,692				
Non-Controlling Interests	60,662	19,245	—	—				
<b>Profit for the Period</b>	<b>613,376</b>	<b>382,490</b>	<b>499,472</b>	<b>384,692</b>				
<b>Total Comprehensive Income Attributable to:</b>								
Owners of the Company	552,715	363,245	499,472	384,692				
Non-Controlling Interest	60,662	19,245	—	—				
<b>Total Comprehensive Income for the Period</b>	<b>613,376</b>	<b>382,490</b>	<b>499,472</b>	<b>384,692</b>				
Earnings per Share – Basic (Rs.)	4.41	2.90	3.99	3.07				

Above figures are provisional and subject to audit.

	Quarter Ended 2016 Rs.	Quarter Ended 2015 Rs.
Share Prices		
Highest	125.00	135.00
Lowest	108.00	105.50
Last Traded Price	110.00	127.90

## Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th June	Group		Company		Variance		Variance			
	2016	2015	2016	2015	Group	%	Company	%		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000		Rs. '000			
Revenue	22,115,205	18,004,428	19,083,897	15,656,111	4,110,777	+	23	3,427,786	+	22
Cost of Sales	(14,831,840)	(12,016,828)	(13,394,084)	(10,875,131)	(2,815,012)	+	23	(2,518,953)	+	23
Direct Interest Cost	(393,706)	(304,110)	—	—	(89,596)	+	29	—	—	—
Gross Profit	6,889,659	5,683,489	5,689,813	4,780,980	1,206,169	+	21	908,833	+	19
Other Income	598,404	48,717	299,256	178,423	549,687	+	1,128	120,833	+	68
Selling and Administration Expenses	(4,748,818)	(4,038,666)	(4,271,722)	(3,647,430)	(710,152)	+	18	(624,292)	+	17
Other Operating Expenses	(189,232)	(141,169)	(159,684)	(130,217)	(48,062)	+	34	(29,466)	+	23
Finance Cost	(721,924)	(545,082)	(698,878)	(547,060)	(176,841)	+	32	(151,818)	+	28
Finance Income	64,321	43,670	100,278	51,901	20,651	+	47	48,376	+	93
Net Finance Cost	(657,602)	(501,413)	(598,600)	(495,158)	(156,190)	+	31	(103,441)	+	21
Share of Profit/(Loss) of Equity Accounted Investees (Net of Income Tax)	—	982	—	—	982	—	100	—	—	—
Value Added Tax on Financial Services	(69,482)	(43,842)	(22,400)	(9,400)	(25,640)	+	58	13,000	+	138
Profit before Tax	1,822,930	1,008,099	936,664	677,198	814,831	+	81	259,466	+	38
Income Tax Expense	(400,301)	(347,820)	(222,286)	(168,749)	(52,481)	+	15	(53,537)	+	32
Profit for the Period	1,422,629	660,277	714,378	508,450	762,351	+	115	205,928	+	41
Total Comprehensive Income for the Period	1,422,629	660,277	714,378	508,450						
Profit Attributable to -										
Owners of the Company	1,325,332	616,909	714,378	508,450						
Non-Controlling Interest	97,297	43,368	—	—						
Profit for the Period	1,422,629	660,277	714,378	508,450						
Total Comprehensive Income										
Attributable to -										
Owners of the Company	1,325,332	616,909	714,378	508,450						
Non-Controlling Interest	97,297	43,368	—	—						
Total Comprehensive Income for the Period	1,422,629	660,277	714,378	508,450						
Earnings per Share - Basic (Rs.)	10.58	4.93	5.71	4.06						

Above figures are provisional and subject to audit.

	Six Months Ended 2016	Six Months Ended 2015
	Rs.	Rs.
Share Prices		
Highest	125.00	135.00
Lowest	108.00	105.50
Last Traded Price	110.00	127.90

## Statement of Financial Position

As at	Group			Company		
	30th June 2016 Rs. '000	30th June 2015 Rs. '000	31st December 2015 Rs. '000	30th June 2016 Rs. '000	30th June 2015 Rs. '000	31st December 2015 Rs. '000
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property, Plant & Equipment	4,797,877	2,586,053	2,715,401	2,705,434	2,513,837	2,600,437
Intangible Assets	250,595	246,881	249,892	210,013	203,351	200,297
Investments in Subsidiaries	—	—	—	2,455,180	992,242	992,242
Investments in Equity Accounted Investees	—	56,171	54,831	—	48,000	48,000
Other Financial Assets	143,061	17,061	17,061	1,078,393	616,303	616,303
Trade and Other Receivables	7,975,760	6,350,235	7,222,705	1,713,988	1,556,205	1,620,582
Deferred Tax Assets	186,290	37,912	144,224	126,977	61,391	124,492
	<b>13,353,584</b>	<b>9,294,313</b>	<b>10,404,114</b>	<b>8,289,986</b>	<b>5,991,328</b>	<b>6,202,352</b>
<b>Current Assets</b>						
Inventories	8,682,400	5,999,290	6,919,159	7,325,680	5,614,626	6,677,027
Loans Due from Related Parties	—	63,135	65,891	1,305,804	602,665	1,122,638
Income Tax Receivable	2,978	—	—	—	—	—
Trade and Other Receivables	15,613,873	12,365,878	13,270,919	9,689,706	7,947,973	8,325,781
Amounts Due from Related Parties	—	—	—	233,301	47,353	234,257
Deposits with Banks	190,867	90,725	85,344	—	—	—
Marketable Securities	541,844	932,466	606,011	—	—	—
Cash and Cash Equivalents	1,061,605	1,536,711	910,169	721,719	1,512,131	876,594
	<b>26,093,466</b>	<b>20,988,205</b>	<b>21,857,494</b>	<b>19,276,210</b>	<b>15,724,748</b>	<b>17,236,297</b>
<b>Total Assets</b>	<b>39,447,050</b>	<b>30,282,518</b>	<b>32,261,608</b>	<b>27,566,196</b>	<b>21,716,077</b>	<b>23,438,650</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	851,191	863,969	857,580	851,191	863,969	857,580
Statutory Reserve	95,361	73,318	73,318	—	—	—
Revenue Reserves	5,518,619	4,215,760	4,728,455	3,807,664	3,284,116	3,612,779
<b>Total Equity Attributable to Equity Holders of the Company</b>	<b>7,091,218</b>	<b>5,779,095</b>	<b>6,285,401</b>	<b>5,284,903</b>	<b>4,774,132</b>	<b>5,096,407</b>
<b>Non-Controlling Interest</b>	<b>1,246,282</b>	<b>444,826</b>	<b>484,584</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Equity</b>	<b>8,337,500</b>	<b>6,223,920</b>	<b>6,769,985</b>	<b>5,284,903</b>	<b>4,774,132</b>	<b>5,096,407</b>
<b>Non-Current Liabilities</b>						
Interest-Bearing Loans and Borrowings	10,971,059	6,623,668	8,091,907	8,250,000	4,500,000	6,250,000
Retirement Benefit Obligations	669,288	433,147	486,465	505,801	409,728	457,182
Deferred Taxation Liability	148,750	—	—	—	—	—
Security Deposits	944,910	787,879	851,794	944,910	787,879	851,794
Other Financial Liabilities	650,692	595,088	645,008	—	—	—
	<b>13,384,700</b>	<b>8,439,783</b>	<b>10,075,174</b>	<b>9,700,711</b>	<b>5,697,607</b>	<b>7,558,976</b>
<b>Current Liabilities</b>						
Trade and Other Payables	5,516,818	5,062,484	4,388,035	3,704,992	4,159,558	3,345,458
Deferred Revenue	384,717	261,084	318,460	384,717	261,084	318,460
Income Tax Payable	566,809	405,970	349,605	218,499	210,750	133,791
Dividends Payable	25,876	267,261	17,515	21,576	267,261	17,515
Amounts Due to Related Parties – Trade	15,983	365,331	454,203	837,083	365,331	771,744
Amounts Due to Related Parties – Non-Trade	107,755	98,017	122,214	107,755	103,186	125,239
Other Financial Liabilities	2,466,347	2,994,603	2,722,825	—	—	—
Interest-Bearing Loans and Borrowings	8,640,546	6,164,064	7,043,592	7,305,961	5,877,166	6,071,059
	<b>17,724,850</b>	<b>15,618,814</b>	<b>15,416,448</b>	<b>12,580,582</b>	<b>11,244,337</b>	<b>10,783,267</b>
<b>Total Equity and Liabilities</b>	<b>39,447,050</b>	<b>30,282,518</b>	<b>32,261,608</b>	<b>27,566,196</b>	<b>21,716,077</b>	<b>23,438,650</b>
<b>Net Assets per Share (Rs.)</b>	<b>56.63</b>	<b>46.16</b>	<b>50.20</b>	<b>42.21</b>	<b>38.13</b>	<b>40.70</b>

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.) Dr. Saman Kelegama

Director

Colombo,

1st August 2016

(Sgd.) Asoka Pieris

Director/Group Chief Executive Officer

## Statement of Changes in Equity

For the six months ended 30th June 2016

Group	Stated Capital	Reserve Fund	Investment Fund	Revaluation Reserves	General Reserves	Retained Earnings	Total	Non- Controlling Interest	Total Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Balance as at 1st January 2015</b>	<b>626,048</b>	<b>53,885</b>	<b>82,243</b>	<b>870,358</b>	<b>2,600,000</b>	<b>1,242,675</b>	<b>5,475,208</b>	<b>441,960</b>	<b>5,917,169</b>
Realisation of Revaluation Surplus	-	-	-	(3,195)	-	3,195	-	-	-
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>									
<b>Distributions to Owners of the Company</b>									
Final Dividend – 2014	-	-	-	-	-	(313,024)	(313,024)	-	(313,024)
<b>Total Distributions to Owners of the Company</b>	-	-	-	-	-	(313,024)	(313,024)	-	(313,024)
<b>Total Comprehensive Income for the Period</b>									
Profit for the Six Months ended 30th June 2015	-	-	-	-	-	253,666	253,666	24,123	277,789
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	-	<b>253,666</b>	<b>253,666</b>	<b>24,123</b>	<b>277,789</b>
<b>Balance as at 30th June 2015</b>	<b>626,048</b>	<b>53,885</b>	<b>82,243</b>	<b>867,164</b>	<b>2,600,000</b>	<b>1,186,511</b>	<b>5,415,851</b>	<b>466,083</b>	<b>5,881,934</b>
Realisation of Revaluation Surplus	-	-	-	(9,584)	-	9,584	-	-	-
Transferred to/(from) during the Year	-	19,433	(82,243)	-	100,000	(37,190)	-	-	-
<b>Distributions to Owners of the Company</b>									
Dividend Paid by Subsidiary Company to Non-Controlling Interest – 2014	-	-	-	-	-	-	-	(40,503)	(40,503)
<b>Total Distributions to Owners of the Company</b>	-	-	-	-	-	-	-	<b>(40,503)</b>	<b>(40,503)</b>
<b>Total Comprehensive Income for the Period</b>									
Profit for the Six Months Period	-	-	-	-	-	899,105	899,105	59,145	958,250
Actuarial Loss on Retirement Benefit Obligation	-	-	-	-	-	(41,048)	(41,048)	(196)	(41,244)
Tax on Other Comprehensive Income	-	-	-	-	-	11,493	11,493	55	11,548
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	-	<b>869,550</b>	<b>869,550</b>	<b>59,004</b>	<b>928,554</b>
<b>Balance as at 31st December 2015</b>	<b>626,048</b>	<b>73,318</b>	<b>-</b>	<b>857,580</b>	<b>2,700,000</b>	<b>2,028,455</b>	<b>6,285,401</b>	<b>484,584</b>	<b>6,769,985</b>
Realisation of Revaluation Surplus	-	-	-	(6,389)	-	6,389	-	-	-
Non-Controlling Interest on Initial Acquisition of Subsidiaries	-	-	-	-	-	-	-	814,833	814,833
Subsequent Acquisition of Non-Controlling Interest	-	-	-	-	-	-	-	(59,535)	(59,535)
Transferred to/(from) during the Year	-	22,043	-	-	-	(22,043)	-	-	-
<b>Distributions to Owners of the Company</b>									
Final Dividend – 2015	-	-	-	-	-	(525,880)	(525,880)	-	(525,880)
Dividend Paid by Subsidiary Company to Non-Controlling Interest 2015	-	-	-	-	-	-	-	(90,898)	(90,898)
<b>Total Distributions to Owners of the Company</b>	-	-	-	-	-	<b>(525,880)</b>	<b>(525,880)</b>	<b>(90,898)</b>	<b>(616,778)</b>
Gain on Acquisition of Non-Controlling Interest	-	-	-	-	-	13,197	13,197	-	13,197
Disposal of Associate Companies	-	-	-	-	-	(6,831)	(6,831)	-	(6,831)
Profit for the Six Months Ended 30th June 2016	-	-	-	-	-	1,325,332	1,325,332	97,297	1,422,629
<b>Balance as at 30th June 2016</b>	<b>626,048</b>	<b>95,361</b>	<b>-</b>	<b>851,191</b>	<b>2,700,000</b>	<b>2,818,619</b>	<b>7,091,218</b>	<b>1,246,282</b>	<b>8,337,500</b>

## 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
<b>Balance as at 1st January 2015</b>	<b>626,048</b>	<b>870,358</b>	<b>2,600,000</b>	<b>482,301</b>	<b>4,578,707</b>
Realisation on Revaluation Surplus	–	(3,195)	–	3,195	–
Final Dividend – 2014	–	–	–	(313,024)	(313,024)
<b>Total Comprehensive Income for the Period</b>					
Profit for the Six Months Ended 30th June 2015	–	–	–	123,757	123,757
<b>Total Comprehensive Income for the Period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>123,757</b>	<b>123,757</b>
<b>Balance as at 30th June 2015</b>	<b>626,048</b>	<b>867,164</b>	<b>2,600,000</b>	<b>296,228</b>	<b>4,389,440</b>
Realisation on Revaluation Surplus	–	(9,584)	–	9,584	–
Transferred to/(from) during the Year	–	–	100,000	(100,000)	–
<b>Total Comprehensive Income for the Period</b>					
Profit for the Six Months Period	–	–	–	735,948	735,948
Actuarial Loss on Retirement Benefit Obligation	–	–	–	(40,252)	(40,252)
Tax on Other Comprehensive Income	–	–	–	11,271	11,271
<b>Total Comprehensive Income for the Period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>706,967</b>	<b>706,967</b>
<b>Balance as at 31st December 2015</b>	<b>626,048</b>	<b>857,580</b>	<b>2,700,000</b>	<b>912,779</b>	<b>5,096,407</b>
Realisation on Revaluation Surplus	–	(6,389)	–	6,389	–
Final Dividend 2015	–	–	–	(525,880)	(525,880)
<b>Total Comprehensive Income for the Period</b>					
Profit for the Six Months ended 30th June 2016	–	–	–	714,377	714,377
<b>Total Comprehensive Income for the Period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>714,377</b>	<b>714,377</b>
<b>Balance as at 30th June 2016</b>	<b>626,048</b>	<b>851,191</b>	<b>2,700,000</b>	<b>1,107,664</b>	<b>5,284,903</b>

## Statement of Cash Flows

For the six months ended 30th June	Group		Company	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
<b>Cash Flows from Operating Activities</b>				
Net Profit before Income Tax Expense	1,822,930	1,008,099	936,663	677,198
<b>Adjustments for:</b>				
Depreciation on Property, Plant & Equipment	208,812	147,167	168,222	139,473
Share of Profit from Equity Accounted Investees	—	(982)	—	—
Amortisation of Intangible Assets	21,080	9,067	6,986	6,238
Gain on Disposal of Property, Plant & Equipment	2	30	2	30
Interest Expense	976,200	538,545	698,878	540,522
Interest Income	(136,703)	(43,670)	(100,278)	(51,901)
Impairment of Inventories	106,453	124,074	92,723	118,852
Impairment on Trade and Other Receivables	101,897	144,133	99,534	85,052
Dividend Income	—	(1,547)	—	(151,095)
Provision for Retiring Gratuity	68,271	51,970	57,664	49,870
Gain on Bargain Purchase	267,726	—	—	—
<b>Operating Profit before Working Capital Changes</b>	<b>3,436,668</b>	<b>1,976,885</b>	<b>1,960,394</b>	<b>1,414,240</b>
(Increase)/Decrease in Inventories	(840,657)	(647,573)	(741,376)	(555,263)
(Increase)/Decrease in Debtors Falling Due after One Year	(753,056)	(572,036)	(93,406)	8,470
(Increase)/Decrease in Debtors Falling Due within One Year	(2,444,851)	(1,465,858)	(1,463,459)	(908,287)
(Increase)/Decrease in Dues from Related Parties	62,479	45,073	955	251,036
Increase/(Decrease) in Dues to Related Parties	(438,220)	26,335	47,854	(388,898)
Increase/(Decrease) in Security Deposits	93,115	55,755	93,115	55,755
Increase/(Decrease) in Trade and Other Payables	550,018	1,019,499	359,534	885,816
Increase/(Decrease) in Deferred Liabilities	(14,925)	—	66,257	—
<b>Cash Generated from Operations</b>	<b>(349,429)</b>	<b>438,080</b>	<b>229,869</b>	<b>762,868</b>
Finance Costs Paid	(976,200)	(512,202)	(596,848)	(513,210)
Retiring Gratuity Paid	(13,852)	(2,735)	(9,045)	(2,735)
Income Tax Paid	(172,782)	(154,002)	(140,063)	(69,003)
<b>Net Cash from/(used in) Operating Activities</b>	<b>(1,512,263)</b>	<b>(230,859)</b>	<b>(516,087)</b>	<b>177,920</b>
<b>Cash Flows from Investing Activities</b>				
Acquisition of Property, Plant & Equipment and Intangible Assets	(313,506)	(76,436)	(293,147)	(53,826)
Proceeds from Disposal of Property, Plant & Equipment	23	—	3,222	—
Investment in Shares/Debentures in Subsidiary Company	(1,712,403)	—	(1,877,028)	(455,000)
(Acquisition)/Disposal of Marketable Securities	64,167	(279,085)	—	—
Investment in Bank Deposits	(105,522)	19,663	—	—
Net Cash Flows from Loans Given to Related Companies	—	—	(183,165)	114,404
Interest Income Received	136,703	43,670	100,278	51,901
Dividends Received	—	1,547	—	151,095
<b>Net Cash Flows from Investing Activities</b>	<b>(1,930,539)</b>	<b>(290,642)</b>	<b>(2,249,840)</b>	<b>(191,426)</b>
<b>Cash Flows from Financing Activities</b>				
Net Proceeds from Interest-Bearing Loans and Borrowings	4,453,448	1,979,087	2,625,912	804,107
Net Payment to Minority Shareholders	(90,898)	(40,503)	—	—
Increase/(Decrease) in Customer Deposit Liabilities	(250,793)	(904,951)	—	—
Dividends Paid	(517,519)	(61,254)	(521,820)	(61,254)
Net Cash Flows from Financing Activities	3,594,238	972,379	2,104,093	742,853
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>151,436</b>	<b>450,878</b>	<b>(661,834)</b>	<b>729,346</b>
<b>Cash and Cash Equivalents at the beginning of the Year</b>	<b>111,849</b>	<b>827,988</b>	<b>259,637</b>	<b>607,657</b>
<b>Cash and Cash Equivalents at the end of the Period</b>	<b>263,285</b>	<b>1,278,866</b>	<b>(402,197)</b>	<b>1,337,003</b>



## Notes to the Financial Statements

- 1.1** The Interim Financial Statements of the Company and the Group have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st December 2015, 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 2016 Rs. '000	Quarter ending 30th June 2015 Rs. '000	Six months ending 30th June 2016 Rs. '000	Six months ending 30th June 2015 Rs. '000
Consumer Electronics	1,590,782	1,357,376	3,027,011	2,873,610
Financial Services	815,073	727,980	1,547,985	1,399,202
Furniture	655,264	537,585	1,217,528	969,648
Home Appliances	4,427,041	3,465,503	8,055,599	6,245,203
IT Products	1,200,295	816,693	2,319,559	1,612,896
Sewing	624,317	648,743	1,541,495	1,403,366
Other	657,508	689,324	1,374,720	1,152,186
	<b>9,970,280</b>	<b>8,243,204</b>	<b>19,083,897</b>	<b>15,656,111</b>

**2.2 Segmental Analysis of Company Profits Before Tax is as Follows:**

	Quarter ending 30th June 2016 Rs. '000	Quarter ending 30th June 2015 Rs. '000	Six months ending 30th June 2016 Rs. '000	Six months ending 30th June 2015 Rs. '000
Consumer Electronics	104,789	80,163	149,737	116,285
Financial Services	164,555	140,180	245,214	192,247
Furniture	34,035	26,633	51,659	35,305
Home Appliances	231,372	171,674	344,973	227,331
IT Products	12,119	12,037	26,815	19,019
Sewing	39,842	35,930	68,230	50,485
Other	33,555	29,123	50,036	36,526
	<b>620,267</b>	<b>495,740</b>	<b>936,664</b>	<b>677,198</b>

**2.3 Segmental Analysis of Group Net Turnover is as Follows:**

	Quarter ending 30th June 2016 Rs. '000	Quarter ending 30th June 2015 Rs. '000	Six months ending 30th June 2016 Rs. '000	Six months ending 30th June 2015 Rs. '000
Consumer Electronics	1,590,782	1,357,376	3,027,011	2,873,610
Financial Services	1,403,081	1,228,616	2,624,354	2,345,393
Furniture	655,264	537,585	1,217,528	969,648
Home Appliances	4,436,862	3,465,503	8,059,101	6,245,203
IT Products	2,189,739	1,481,770	4,270,705	3,014,957
Sewing	624,317	648,743	1,541,495	1,403,366
Other	657,799	689,389	1,375,011	1,152,251
	<b>11,557,844</b>	<b>9,408,982</b>	<b>22,115,205</b>	<b>18,004,428</b>

## Notes to the Financial Statements

### 2.4 Segmental Analysis of Group Profits Before Tax is as Follows:

	Quarter ending 30th June 2016 Rs. '000	Quarter ending 30th June 2015 Rs. '000	Six months ending 30th June 2016 Rs. '000	Six months ending 30th June 2015 Rs. '000
Consumer Electronics	104,789	80,163	149,737	116,285
Financial Services	312,389	303,149	545,189	535,324
Furniture	34,035	26,633	51,659	35,305
Home Appliances	376,147	171,674	526,330	227,331
IT Products	104,807	106,187	140,772	155,308
Sewing	41,873	35,930	82,518	50,485
Other	35,173	30,205	53,318	37,608
Inter Company Dividend	(234,283)	(149,547)	(234,283)	(149,547)
Gain on Acquisition	64,956	—	507,690	—
	<b>839,886</b>	<b>604,394</b>	<b>1,822,930</b>	<b>1,008,099</b>

### 3. Related Parties

#### 3.1 Identity of Related Parties

##### Acquisition of Subsidiary

##### (I) Acquisition of Singer Industries (Ceylon) PLC

Subsequent to obtaining all regulatory clearance, on 4th January 2016, Singer (Sri Lanka) PLC purchased 3,213,600 shares in Singer Industries (Ceylon) PLC from its Parent Retail Holdings (Sri Lanka) BV [formerly known as Singer (Sri Lanka) BV] and thereby obtained 83.55% of controlling interest in Singer Industries (Ceylon) PLC.

##### Consideration Transferred

Singer (Sri Lanka) PLC has paid Rs. 206/- per share for the acquisition and paid the consideration in cash. Total consideration amounted to Rs. 664,070,355/-.

##### (II) Acquisition of Regnis (Lanka) PLC

On 24th February 2016, the Singer (Sri Lanka) PLC purchased 6,568,461 shares in Regnis (Lanka) PLC from its Parent Retail Holdings (Sri Lanka) BV [formerly known as Singer (Sri Lanka) BV] and thereby obtained 58.29% of controlling interest in Regnis (Lanka) PLC.

##### Consideration Transferred

Singer (Sri Lanka) PLC has paid Rs. 110/- per share for the acquisition and paid the consideration in cash. Total consideration amounted to Rs. 722,530,710/-.

##### (III) Acquisition of Non-Controlling Interest of Singer Industries (Ceylon) PLC

On 18th March 2016 and 30th June 2016 the Group acquired 1.73% and 2.44% of the shares and voting rights of Singer Industries (Ceylon) PLC respectively and paid the consideration in cash. Total consideration amounted to Rs. 28,337,328/-.

## Notes to the Financial Statements

### 3.2 Transactions with Parent Companies

#### a) Retail Holdings (Sri Lanka) BV [formerly known as Singer (Sri Lanka) BV] - (Immediate Parent)

Consideration paid on acquisition of following Companies:	2016 Rs. Million	2015 Rs. Million
Singer Industries (Ceylon) PLC	692.4	—
Regnis (Lanka) PLC	722.5	—

#### b) Singer Asia Holdings BV - (Intermediate Parent)

	2016 Rs. Million	2015 Rs. Million
Royalty Expenses	212.0	174.0
Royalty Payable Balance as at Period End	108.0	98.0

### 3.3 Transactions with Subsidiary Companies

Name of the Company and Relationship	Nature of Transaction	2016 Rs. Million	2015 Rs. Million
<b>Singer Finance (Lanka) PLC</b>	Sales Financed through Singer Finance (Lanka) PLC	265.4	88.9
	Withdrawal of Rental Collections from Singer ( Sri Lanka ) PLC	1,116.3	760.7
	Interest income/(Expense)	5.0	2.4
	Dividend Received – Gross	199.4	166.2
	Cash Collection through Singer (Sri Lanka) PLC	1,362.9	1,003.3
	Expenses Paid	171.4	126.8
	Royalty Exp. Charged during the Period	11.4	—
	Collecting Commission Paid through Singer (Sri Lanka) PLC	12.1	10.2
	Rent Reimbursed	7.8	6.8
	Royalty Paid through Singer (Sri Lanka) PLC	9.1	9.9
	Loans Settled during the Period	500.0	—
	Balance Settled	200.0	—
	Loans Obtained During The Period	200.0	—
	Service Charge Income	6.3	—
<b>Singer Digital Media (Pvt) Ltd.</b>	Purchase of Assets	3.5	0.4
	Balance Payable	113.1	47.4
	Purchases	1,053.0	855.9
	Expenses Reimbursed	65.4	33.3
	Interest Charged	61.0	30.7
	Fixed Assets acquisitions	—	0.2
	Royalty Paid through Singer (Sri Lanka) PLC	—	15.6
	Loan Granted	1,447.4	—
	Loan Settlements	1,124.7	—
	Balance Receivable – Loans	1,247.0	1,037.2
	Balance Payable – Trade	117.8	76.5
	Balance Receivable – Non-Trade	—	17.4
	Corporate Guarantee Given	50.0	50.0

## Notes to the Financial Statements

Name of the Company and Relationship	Nature of Transaction	2016 Rs. Million	2015 Rs. Million
<b>Singer Business School (Pvt) Ltd.</b>	Services Provided	2.3	1.7
	Expenses Reimbursed	–	1.4
	Capital Invested	–	5.0
	Balance Payable – Trade	1.3	5.3
<b>Reality (Lanka) Ltd.</b>	Rent Expense	3.8	3.6
	Loan Receivable	58.6	63.1
<b>Singer Industries (Ceylon) PLC</b>	Purchases	457.7	448.1
	Corporate Guarantee Given	75.0	75.0
	Lease Rental Paid	2.1	2.1
	Net Finance Charges	0.2	0.2
	Trade Creditor Settled	473.1	513.2
	Expenses Reimbursed	0.1	2.6
	Balance Payable	83.9	43.4
<b>Regnis (Lanka) PLC</b>	Purchases	1,889.1	1,527.7
	Sales Taxes	290.9	202.6
	Corporate Guarantees given	455.5	455.5
	Interest Expense	1.1	1.1
	Interest Income	1.2	1.1
	Non-Trade Settlement	25.0	15.0
	Trade Credit Settled	2,136.9	1,600.8
	Expenses Reimbursed	42.5	23.3
	Fixed Assets Purchases	0.2	–
	Transfer of Staff Loan	0.9	–
	Balance Payable	241.2	268.6
<b>Regnis Appliances (Pvt) Ltd.</b>	Purchases	549.8	432.7
	Trade Settlements	618.0	478.0
	Sales Taxes	79.2	57.4
	Expenses Paid	13.0	3.5
	Finance Charged	3.6	0.6
	Non-Trade Settlement	4.5	–
	Balance Payable	146.5	54.4

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.

- 3.4** 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**

	2016 Rs. Million	2015 Rs. Million
Deposits kept by Key Management Personnel or their close family members of Singer Finance (Lanka) PLC	27.8	46.6

## Notes to the Financial Statements

### 3.5 Terms and Conditions of Transactions with Related Parties

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions only if such terms can be substantiated.

Transactions with related parties are carried out in the ordinary course of business. Outstanding current account balances at the year end are unsecured, and the settlements will be made in cash subject to the credit period.

### 3.6 Subsidiaries/Associate and Related Companies

Company Name	Principal Activity	Directors
Singer Finance (Lanka) PLC Singer – Interest 80.4%	Leasing Hire Purchasing Lending and Accepting Deposits	Dr. Saman Kelegama Mr. J.A. Setukavalal Mr. Russel De Mel Mr. R.S. Wijeweera Mr. Gavin J. Walker Mr. John Hyun Mr. Joe Kan Mr. Janaka Mendis Mr. S. Ramanathan Mr. K.K.L.P. Yatiwella
Singer Digital Media (Pvt) Ltd. Singer – Interest 100%	Marketing Mobile Phones, Computers and Cameras	Mr. H.A. Pieris Mr. M.H. Wijewardena Mr. K.K.L.P. Yatiwella
Reality Lanka Ltd. Singer – Interest 86.3% (indirect)	Investment on Properties	Dr. Saman Kelegama Mr. Gavin J. Walker Mr. H.A. Pieris
Singer Business School (Pvt) Ltd. Singer – Interest 100%	Educational Services	Mr. H.A. Pieris Mr. M.H. Wijewardena Mr. K.K.L.P. Yatiwella
Singer Industries (Ceylon) PLC Singer – Interest 87.7%	Manufacturing Sewing Machines	Dr. Saman Kelegama Mr. Ranil De Silva Mr. G.J. Walker Mr. H.A. Pieris Mr. V.G.K. Vidyaratne Mr. K.D. Kospelawatta
Regnis (Lanka) PLC Singer – Interest 58.3%	Manufacturing Refrigerators	Dr. Saman Kelegama Mr. Ranil De Silva Mr. G.J. Walker Mr. H.A. Pieris Mr. V.G.K. Vidyaratne Mr. K.D. Kospelawatta
Regnis Appliances (Pvt) Ltd. Singer – Interest 58.3% (indirect)	Manufacturing Washing Machines	Dr. Saman Kelegama Mr. H.A. Pieris Mr. V.G.K. Vidyaratne Mr. K.D. Kospelawatta

## Notes to the Financial Statements

### 4. Stated Capital

4.1	30th June 2016	30th June 2015
Value – Ordinary Shares	<b>Rs. 626,048,050/-</b>	Rs. 626,048,050/-
No. of Shares – Ordinary Shares	<b>125,209,610</b>	125,209,610
Voting Rights	<b>One Vote per Ordinary Share</b>	One Vote per Ordinary Share

### 5. Contingencies

- (a) Guarantees given to banks and other lending institutions by Singer Group on behalf of Singer Industries (Ceylon) PLC, Regnis (Lanka) PLC and Singer Digital Media (Pvt) Ltd., amounts to Rs. 75 Million, Rs. 455.5 Million and 50 Million respectively.

Regnis (Lanka) PLC provided guarantees to the banks and other lending institutions amounted Rs. 345 Million.

- (b) The Company has provided bank guarantees amounting to Rs. 232.2 Million to Director General of Customs to clear imports during the year 2008 to June 2016. 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 guarantees to its Fixed Deposit Holders amounting to Rs. 750,000/- holding deposit holders Fixed Deposits amounting to Rs. 972,044/- as security.
- (d) 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 five 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 totaling to Rs. 1,499 Million.

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, 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. The Company has appealed against the VAT assessment, requesting to cancel the notice of assessment.

As per the Circular No. SEC/2016/02 issued on 29th January 2016 by the Department of Inland Revenue, deemed VAT is removed with effect from 1st January 2016.

### 6. 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.

## Notes to the Financial Statements

### 7. Listed Debentures

Details regarding the listed debentures are as follows:

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

8.25% senior rated listed unsecured redeemable on 22nd December 2017	6.66
8.60% senior rated listed unsecured redeemable on 7th June 2018	6.97
8.55% senior rated listed unsecured redeemable on 7th June 2018	6.97
10.50% senior rated listed unsecured redeemable on 19th March 2019	9.29
10.93% senior rated listed unsecured redeemable on 19th March 2019	9.29

Interest rate of Government Securities as at 30th June 2016 was 9.86%.

The listed debentures issued on 23.12.2014 were traded on 10.2.2016.

Highest Traded Price, Lowest Traded Price, Last Traded Price as at 30th June 2016, 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 %
8.25% Senior Rated Listed Unsecured Redeemable Debentures	99.97	99.97	99.97	8.25	8.25

	30th June 2016	30th June 2015
Debt Equity Ratio	2.81	1.86
Interest Cover	2.89	1.52
Quick Assets Ratio	0.95	0.84

**8. Top 20 Shareholders as at 30th June 2016**

Name	No. of Shares	%
1. Retail Holdings (Sri Lanka) BV – Formerly known as Singer (Sri Lanka) BV	99,762,850	79.68
2. BNYM SA/NV-CF Ruffer Investment Funds: CF Ruffer Pacific Fund BNY	5,000,000	3.99
3. Bank of Ceylon A/C Ceybank Unit Trust	4,807,979	3.84
4. Sri Lanka Insurance Corporation Ltd. – General Fund	1,837,500	1.47
5. Pemberton Asian Opportunities Fund	1,323,117	1.06
6. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund DEUT	830,710	0.66
7. Bank of Ceylon A/C Ceybank Century Growth Fund	667,175	0.53
8. Mrs. Mihiri Virani Fernando	620,000	0.50
9. Mrs. Zohra Taher Jafferjee	330,890	0.26
10. People's Bank	200,000	0.16
11. Dr. Nimal Ebenezer Herat Sanderatne	180,403	0.14
12. Mrs. Anoma Kamalika Amarasuriya	178,970	0.14
13. Mrs. Kalutaravedage Jinangali Manel De Silva	131,248	0.10
14. Mr. Nalin Amita De Silva	126,326	0.10
15. Jafferjee Brothers (Exports) Ltd.	125,200	0.10
16. Union Investments Private Ltd.	120,144	0.10
17. Mr. Abey Siri Hemapala Munasinghe	109,548	0.09
18. Mrs. Enoka Kamali Wickramasinghe	106,619	0.09
19. Deutsche Bank AG Singapore Branch	99,775	0.08
20. Bank of Ceylon No. 1 Account	93,896	0.07
	<b>116,652,350</b>	<b>93.17</b>
Others	8,557,260	6.83
	<b>125,209,610</b>	<b>100.00</b>

**9. Directors' and CEO's Shareholding as at 30th June 2016**

Name of the Director	Shareholding 30th June 2016 No. of Shares	Shareholding 31st December 2015 No. of Shares
Dr. Saman Kelegama	–	–
Mr. H.A. Pieris	2,000	2,000
Mr. L.N.S. Kumara Samarasinghe	4,124	4,124
Mr. M.H. Wijewardene	–	–
Mr. P.J. O'Donnell	–	–
Mr. G.J. Walker	–	–
Mr. J.J. Hyun	–	–
Mr. A.S. Paranavitane	–	–
Mr. D.T.R. De Silva	–	–
Mr. Deepal Sooriyarachchi	–	–
Mr. K.K.L.P. Yatiwella	–	–
Mr. S.H. Goodman	–	–
Mr. Gelmart Martin Gellecanao	–	–
Mr. H.A.P. Sujeewa Perera	–	–



**10. Public Holding**

Shares held by public as at 30th June 2016

No. of Shareholders	No. of Shares	%
2,475	25,440,636	20.32

**11. Information of the Company Secretary**

A.C.M. Irzan  
 FCMA (UK)  
 Contact No. 2300129

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