



SINGER FINANCE (LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
SIX MONTHS ENDED 30TH SEPTEMBER 2012

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CHIEF EXECUTIVE OFFICER'S REVIEW

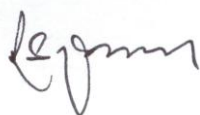
Singer Finance announced impressive financial results for 2Q FY 2012/2013, recording a Net Profit of Rs. 61 Million, which is a growth of 31% over the same quarter of prior year in the midst of a challenging business environment due to escalating Interest rates and in spite of limitations imposed on bank lending. The company's income increased by 46% in the first quarter from Rs.297 Mn to Rs.435.1 Mn.

Net Income was buoyed by an increase in the Leasing and Hire Purchase portfolio, which accounted for 69% of Interest Income for the quarter against 58% of Interest Income for the quarter ended 30th September 2011. Further, the costs in relation to revenue, demonstrated by an operating costs-to-income ratio of 34% - down from 44% same quarter last year.

Further augmenting the numbers were the company's low Non-Performing Loans (NPL) Ratio, which stood at 0.9% as at 30th September 2012. The NPLs are among the lowest in the industry. The Risk Weighted Capital Ratio of 25.8% too is well above the minimum regulatory requirement of 10%.

The financial statements for the quarter ended 30th September 2012 have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) which have materially converged with the International Financial Reporting Standards (IFRS). This interim report is our first, published under the new IFRS guidelines and the previous year's financials have been restated for comparative purposes. The report also covers the key policy changes as required for first time adoption. The effect of the transition from SLASs to SLFRSs has also been presented in the reconciliation statements and accompanying notes to the reconciliation.

There may be a negative impact on top line growth of the Leasing product as duty of vehicles imported under concessional schemes have been revised upward as proposed in the Government budget proposals for 2013. However, the impact for Singer Finance will be less as we have been focusing more on the registered vehicle market and Financing of consumer durables, and we expect this trend to be sustained into the future. The other major introductions emanating from the budget are the 1% levy on the Net Profits to be paid to the National Insurance Trust Fund and the mandatory requirement to lend the funds in the Investment Fund Account (IFA) in specified industries.



R.S Wijeweera
Chief Executive Officer
Colombo, 31st October 2012

SINGER FINANCE (LANKA) PLC
STATEMENT OF FINANCIAL POSITION

As At	30-Sep-2012 Rs.'000	30-Sep-2011 Rs.'000	31-Mar-2012 Rs.'000	01-Apr-2011 Rs.'000
ASSETS				
Cash and Bank Balances	8,318	14,286	11,200	30,084
Government Securities	296,806	272,199	263,884	181,057
Bank Deposits	50,945	-	50,759	-
Hire Purchase Receivables	2,275,963	1,974,243	2,309,497	1,761,246
Finance Lease Receivables	3,079,355	1,453,783	2,467,634	719,145
Loans and Advances	1,273,108	1,490,816	1,378,116	1,516,772
Investments in Securities	41	41	41	41
Inventories	-	15,376	12,433	7,631
Other Debtors, and Prepayments	134,865	120,212	101,890	78,625
VAT Receivables	129,637	94,287	122,999	62,863
Deferred Tax Assets	12,257	-	11,858	13,420
Income Tax Receivable	-	-	2,451	-
Intangible Assets	15,842	13,001	13,650	12,346
Property, Plant & Equipments	38,325	25,984	29,554	27,993
Total Assets	7,315,462	5,474,228	6,775,966	4,411,223
LIABILITIES				
Public Deposits	3,024,895	2,579,463	2,645,169	1,815,117
Interest Bearing Loans & Borrowings	1,050,461	431,862	1,219,391	80,886
Interest Bearing Loans - Related party	563,000	-	490,000	-
Trade & Other Payables	470,727	381,764	459,069	292,970
Amount due to Related Companies	343,739	1,037,579	809,856	1,187,515
Income tax payable	36,569	11,078	-	75,991
Deferred Revenue	24,991	18,828	22,731	13,267
Deferred Tax Liabilities	-	17,027	4,879	3,986
Retirement Benefit Obligations	7,899	6,307	7,479	5,572
Total Liabilities	5,522,281	4,483,908	5,658,574	3,475,304
SHAREHOLDERS' FUND				
Stated Capital	1,440,506	800,000	800,000	800,000
Capital Reserve	27,628	16,350	27,628	16,350
Investment Fund	47,575	23,284	37,533	4,640
Retained Earnings	277,472	150,686	252,231	114,929
Total Equity	1,793,181	990,320	1,117,392	935,919
Total Liabilities & Equity	7,315,462	5,474,228	6,775,966	4,411,223
Net Assets per share (Rs)	10.85	9.28	10.48	8.77

I certify that the financial statements comply with the requirement of the companies Act 07 of 2007

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Thushan Amarasuriya
Chief Financial Officer

Above figures are provisional and subject to audit.

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

(Sgd.) Hemaka Amarasuriya
Director

(Sgd.) Shanthapriya Wijeweera
Director/Chief Executive Officer

Colombo
31st October, 2012

SINGER FINANCE (LANKA) PLC
STATEMENT OF COMPREHENSIVE INCOME

	For the quarter ended 30th September			For the Six Months ended 30th September		
	2012 Rs.'000	2011 Rs.'000	Variance %	2012 Rs.'000	2011 Rs.'000	Variance %
Income	435,119	297,021	46%	850,822	569,240	49%
Interest Income	391,554	270,376	45%	761,668	517,636	47%
Interest Expense	182,860	88,818	(106%)	354,785	168,751	(110%)
Net Interest Income	208,694	181,558	15%	406,883	348,885	17%
Other Income	43,565	26,645	64%	89,154	51,604	73%
Less:- Operating Expenses	252,259	208,203	21%	496,037	400,489	24%
Personnel Cost	38,421	26,445	(45%)	81,634	50,284	(62%)
Administration & Selling Expenses	111,409	102,834	(8%)	220,257	196,174	(12%)
Operating Profit before Provision for Loan Losses and Tax	102,429	78,924	30%	194,146	154,031	26%
Provision for Loan Losses	12,264	2,795	(339%)	17,453	(6,259)	379%
Loan Loss Recoveries	(1,851)	-	0%	(3,772)	(240)	1,472%
Profit from Ordinary Activities before VAT on Financial Services and Tax	92,016	76,129	21%	180,465	160,530	12%
Value Added Tax on Financial Services	4,864	5,940	18%	10,096	15,640	35%
Profit Before Tax	87,152	70,189	24%	170,369	144,890	18%
Income Tax Expense	25,962	23,353	(11%)	49,753	47,823	(4%)
Net profit for the Period	61,190	46,836	31%	120,616	97,067	24%
Other Comprehensive Income	-	-	0%	-	-	0%
Total Comprehensive Income	61,190	46,836	31%	120,616	97,067	24%
Basic Earnings per Share (Rs)	0.53	0.44		1.04	0.91	
Share Price	2nd Quarter 2012 Rs.	2nd Quarter 2011 Rs.		1st Half 2012 Rs.	1st Half 2011 Rs.	
Highest	17.20	44.20		18.50	44.20	
Lowest	10.90	25.50		10.90	25.50	
Closing	15.90	33.00		15.90	33.00	

SINGER FINANCE (LANKA) PLC
STATEMENT OF CHANGES IN EQUITY

For the Six Months ended 30th September

	Stated Capital Rs.'000	Reserve Fund Rs.'000	Investment Fund Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as per SLAS as at 1st April 2011	800,000	16,350	4,640	110,709	931,699
Effects of transition to SLFRS/LKAS	-	-	-	4,221	4,221
Adjusted Balance as at 1st April 2011	800,000	16,350	4,640	114,930	935,920
Final Dividend - 2010/2011	-	-	-	(42,667)	(42,667)
Transfers	-	-	18,644	(18,644)	-
Profit for the Period	-	-	-	97,067	97,067
Balance as at 30th September 2011	<u>800,000</u>	<u>16,350</u>	<u>23,284</u>	<u>150,686</u>	<u>990,320</u>
Transfers	-	11,278	14,249	(25,527)	-
Net Profit of balance Six Months	-	-	-	127,072	127,072
Balance as at 31st March 2012	<u>800,000</u>	<u>27,628</u>	<u>37,533</u>	<u>252,231</u>	<u>1,117,392</u>
Final Dividend - 2011/2012	-	-	-	(85,333)	(85,333)
Issue of Shares	645,333	-	-	-	645,333
Direct Cost on Right Issue	(4,827)	-	-	-	(4,827)
Transfers	-	-	10,042	(10,042)	-
Profit for the Period	-	-	-	120,616	120,616
Balance as at 30th September 2012	<u><u>1,440,506</u></u>	<u><u>27,628</u></u>	<u><u>47,575</u></u>	<u><u>277,472</u></u>	<u><u>1,793,181</u></u>

Interim Financial Statements for the Six Months ended 30th September 2012

SINGER FINANCE (LANKA) PLC

CASH FLOW STATEMENT

For the Six Months ended 30th September	2012 Rs.'000	2011 Rs.'000
Cash Flows From/ (Used in) Operating Activities		
Interest Received	544,026	439,971
Interest Payments	(182,200)	(131,214)
Recoveries on Loans Previously Written Off	3,772	240
Receipts from Other Operating Activities	88,382	77,127
Cash Payments to employees & suppliers	(270,854)	(225,869)
Operating Profit before changes in Operating Assets and Liabilities A	183,126	160,256
(Increase) / Decrease in Operating Assets and Liabilities		
Investments held for Regulatory or Monetary Control Purposes	(32,921)	(91,142)
Investment in Bank Deposits	(186)	-
Funds Advanced to Customers	(490,709)	(915,321)
Public Deposits	379,726	764,346
Amounts Due to Related Companies	(866,117)	(149,937)
	(1,010,207)	(392,054)
Cash Generated from/(used in) Operations		
Retiring Gratuity Paid	(630)	(135)
ESC Paid	(3,509)	(2,694)
Income Tax Paid	(16,010)	(86,275)
	(20,149)	(89,104)
Net Cash Generated from/(used in) Operating Activities	(847,231)	(320,902)
Cash Flows from/(used in) Investing Activities		
Acquisition of Property Plant & Equipment	(16,548)	(1,759)
Proceeds from Sale of Property, Plant & Equipment	3,465	-
Incurred on Software Development	(3,260)	(1,446)
	(16,342)	(3,205)
Cash Flows from/(used in) Financing activities		
Proceeds from issuance of Rights	645,333	-
Direct Cost on Right Issue	(4,374)	-
Cash Inflows from Interest Bearing Loans & Borrowings	172,100	175,000
Cash Inflows from Interest Bearing Loans - Related party	473,000	-
Repayment of Interest Bearing Loans & Borrowings	(123,543)	(15,371)
Dividend Paid	(84,338)	(42,667)
	1,078,178	116,963
Net increase in Cash and Cash Equivalents	214,605	(207,144)
Cash and Cash Equivalents at the beginning of the Period	(282,140)	(26,457)
Cash and Cash Equivalents at the end of the period	(67,535)	(233,601)

A. Reconciliation of Profit Before Tax with Cash Inflow from Operating Activities

Profit before Income Tax	170,369	144,890
Depreciation/Amortisation	6,305	4,558
Provision for Define Benefit Plans - Gratuity	1,050	870
(Profit)/Loss on sale of Property, Plant & Equipment	(925)	-
Provision for Bad Debt	17,452	(6,259)
Deferred Revenue	2,260	5,561
Increase / (Decrease) in Interest Payable	40,673	12,875
(Increase) / Decrease in Inventory	12,433	(7,745)
(Increase) / Decrease in Other Receivables	(36,029)	(70,415)
Increase / (Decrease) in and Other Payables	(30,462)	75,921
	183,126	160,256

Notes to the Financial Statements

1. Corporate Information

1.1 Reporting Entity

1.1.1 General

Singer Finance (Lanka) PLC is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 80, Nawam Mawatha, Colombo 02, and the principal place of business is situated at the above address.

1.1.2 Principal Activities and Nature of Operations

The principal activities of the Company consist of finance leasing, hire purchase financing, financing of consumer durables under loan schemes and granting loans and mobilizing deposits. There have been no significant changes in the nature of the principal activities of the Company during the period under review.

1.1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Singer (Sri Lanka) PLC. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is Retail Holdings N.V., which is incorporated in Netherlands Antilles.

1.1.4 Date of Authorisation for Issue

The Financial Statements of Singer Finance (Lanka) PLC for the quarter ended 30th September 2012 were authorized for issue by the Board of Directors on 31st October 2012.

1.1.5 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

1.2 Basis of Preparation

1.2.1 Statement of Compliance

The interim condensed financial statements have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34-Interim Financial Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2012.

For all periods up to and including the year ended 31 March 2012, the Company prepared its financial statements in accordance with SLAS which were effective up to 31 March 2012. The financial statements for the quarter ended 30 September 2012 are the first financial statements prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) immediately effective from 01 January 2012. These SLFRS/LKAS's have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The effect of the transition to SLFRS/LKAS on previously reported financial positions & financial performances of the Company is given in Notes (5.1 & 5.2) to these financial statements.

1.2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis, which are measured at fair value as explained in the respective Notes to the Financial Statements.

1.2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the functional currency of the Company.

1.2.4 Use of Estimates and Judgments

Significant accounting judgment, estimates and assumptions as at 1 April 2011 and as at 31 March 2012 are consistent with those made for the same dates in accordance with SLAS effective up to 31 March 2011.

The estimates used by the Company to present these financial statement and the accordance with SLFRS/LKAS effective from 1 January 2012 and reflects conditions as at 1 April 2011, the date of transition to SLFRS/LKAS and as of 31 March 2012.

2. Significant Accounting Policies

The changes to accounting policies are set out below have been applied consistently to all periods presented in these condensed financial statements and in preparing the opening SLFRS/LKAS statement of financial position as at 1 April 2011 for the purpose of the transition to SLFRS/LKAS, unless otherwise indicated.

Financial Statements for the Six months ending 30th September 2012 are prepared as per the SLFRS.

2.1. Financial Instruments

The Company recognizes financial assets or financial liabilities in its statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or a liability (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial asset or liability, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognized immediately in the income statement.

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

2.1.1 Financial Assets

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

Financial assets include cash and cash equivalents, short term deposits, receivables, and unquoted investment

2.1.1.1. Held to maturity financial assets

A non-derivative financial asset with fixed or determinable payments with fixed maturity where Company intends to hold to maturity is classified under this category.

Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Held to maturity comprises of treasury bills and treasury bonds.

2.1.1.2. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of hire purchase receivables, finance lease receivables, consumer loans receivable, staff loans and related party receivables.

2.1.1.3. De - recognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the asset has expired, or when the Company has transferred the financial asset and subsequently all the risks and rewards of ownership to another entity.

On de-recognition of financial assets, the difference between the carrying amount of the asset and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognized in other comprehensive income or accumulated in equity is recognized in the Income Statement.

2.1.2. Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings and this determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

2.1.2.1. Financial Liabilities at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss if it is defined as held for trading and is designated at such upon initial recognition.

Gains or losses on liabilities held for trading are recognized in the income statement.

2.1.2.2. Other Financial Liabilities

These are all financial liabilities other than financial liabilities at fair value through profit or loss. Other financial liabilities include trade and other payables, bank overdrafts and loans & borrowings.

2.1.2.3. De-recognition of financial Liability

Financial liabilities are derecognized when and only when they are extinguished, that is when the obligation is discharged, cancelled or expired.

2.1.3. Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments and any impairment and plus/minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount.

2.1.4. Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The fair value of financial instruments that are traded in an active market at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

2.1.5. Impairment losses on available-for-sale financial assets

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

3.0. First Time Adoption of SLFRS/LKAS

The interim condensed financial statements, for the period ended 30 September 2012, are the first financial statements prepared in accordance with SLFRS/LKAS. Previously for period up to and including the year ended 31st March 2012 the Company prepared its financial statements in accordance with Sri Lanka Accounting Standards which were effective up to 31 March 2012.

The accounting policies that are set out in Note 2 have been applied in preparing this interim financial statements for the 6 month's ended 30/09/2012 & 2nd quarter ended 30/09/2012.

3.1. Explanations for Transition to SLFRS/LKASs

In preparing SLFRS/LKAS statement of financial position for previously reported financial periods, required adjustments have been made, in accordance with the respective SLFRS/LKASs. The effect of the transition from SLASs to SLFRS/LKASs has been presented in the reconciling statements and accompanying notes (4.1 - 5.3) for the material reconciliation items.

SINGER FINANCE (LANKA) PLC**Notes to the Financial Statements****4.0 Reconciliation of SLAS to SLFRS/LKRS****4.1 Reconciliation of Financial Position****Equity as at 30th September 2011**

	Note	AS per SLAS Rs.'000	Effect of SLFRS/LKAS Rs.'000	AS per SLFRS/LKAS Rs.'000
ASSETS				
Cash and Bank Balances		14,286	-	14,286
Government Securities		272,199	-	272,199
Bank Deposits		-	-	-
Hire Purchase Receivable	5.2.1	1,974,188	55	1,974,243
Lease Rental Receivables	5.2.1	1,453,714	69	1,453,783
Loans and Advances	5.2.1	1,490,811	5	1,490,816
Investments in Securities		41	-	41
Inventories		15,376	-	15,376
Other Debtors, and Prepayments		120,212	-	120,212
Vat Receivables		94,287	-	94,287
Deferred Tax Assets		-	-	-
Intangible Assets		13,001	-	13,001
Property, Plant & Equipments		25,984	-	25,984
Total Assets		5,474,099	129	5,474,228
LIABILITIES				
Public Deposits		2,579,463	-	2,579,463
Interest Bearing Loans & Borrowings		431,862	-	431,862
Interest Bearing Loans - Related Party		-	-	-
Trade & Other Payables	5.2.2.	384,390	(2,626)	381,764
Amount due to Related Companies		1,037,579	-	1,037,579
Income tax payable		11,078	-	11,078
Deferred Revenue	5.2.3	19,755	(927)	18,828
Deferred Tax Liabilities		17,027	-	17,027
Retirement Benefit Obligations		6,307	-	6,307
Total Liabilities		4,487,461	(3,553)	4,483,908
SHAREHOLDERS' FUND				
Stated Capital		800,000	-	800,000
Capital Reserve		16,350	-	16,350
Investment Fund		23,284	-	23,284
Retained Earnings		147,004	3,682	150,686
Shareholders' Funds		986,638	3,682	990,320
Total Liabilities & Shareholders' Funds		5,474,099	129	5,474,228

4.2 Reconciliation of Financial Position

Reconciliation of Financial Position		Equity as at 31st March 2012			Equity as at 1st April 2011 (date of transition to SLFRS/LKAS)		
As At 31 March	Note	AS per SLAS Rs.'000	Effect of SLFRS/LKAS Rs.'000	AS per SLFRS/LKAS Rs.'000	AS per SLAS Rs.'000	Effect of transition to SLFRS Rs.'000	AS per SLFRS/LKAS Rs.'000
ASSETS							
Cash and Bank Balances		11,200	-	11,200	30,084	-	30,084
Government Securities		263,884	-	263,884	181,057	-	181,057
Bank Deposits		50,759	-	50,759	-	-	-
Hire Purchase Receivables	5.2.1	2,309,364	133	2,309,497	1,761,151	95	1,761,246
Lease Rental Receivables	5.2.1	2,467,591	45	2,467,636	719,011	134	719,145
Loans and Advances	5.2.1	1,378,116	-	1,378,116	1,516,767	5	1,516,772
Investments in Securities		41	-	41	41	-	41
Inventories		12,433	-	12,433	7,631	-	7,631
Other Debtors, and Prepayments		224,887	-	224,887	141,488	-	141,488
Deferred Tax Assets		11,858	-	11,858	13,420	-	13,420
Income Tax Receivable		2,451	-	2,451	-	-	-
Intangible Assets		13,650	-	13,650	12,346	-	12,346
Property, Plant & Equipments		29,554	-	29,554	27,993	-	27,993
Total Assets		6,775,788	178	6,775,966	4,410,989	234	4,411,223
LIABILITIES							
Deposits From Customers		2,645,169	-	2,645,169	1,815,117	-	1,815,117
Interest Bearing Loans & Borrowings		1,219,391	-	1,219,391	80,886	-	80,886
Trade & Other Payables	5.2.2.	462,122	(3,054)	459,068	295,658	(2,688)	292,970
Amount due to Related Companies		1,299,856	-	1,299,856	1,187,515	-	1,187,515
Income Tax payable		-	-	-	75,991	-	75,991
Deferred Revenue	5.2.3	22,310	421	22,731	14,565	(1,298)	13,267
Deferred Tax Liabilities		4,879	-	4,879	3,986	-	3,986
Retirement Benefit Obligations		7,479	-	7,479	5,572	-	5,572
Total Liabilities		5,661,206	(2,633)	5,658,573	3,479,290	(3,986)	3,475,304
EQUITY							
Stated Capital		800,000	-	800,000	800,000	-	800,000
Capital Reserve		27,628	-	27,628	16,350	-	16,350
Investment Fund		37,533	-	37,533	4,640	-	4,640
Retained Earnings		249,421	2,811	252,232	110,709	4,220	114,929
Total Equity		1,114,582	2,811	1,117,393	931,699	4,220	935,919
Total Liabilities & Equity		6,775,788	178	6,775,966	4,410,989	234	4,411,223

4.3 Reconciliation of Income Statements

Six Month Ended 30th September 2011

	Note	AS per SLAS Rs.'000	Effect of SLFRS/LKAS Rs.'000	AS per SLFRS/LKAS Rs.'000
Income		565,134	4,107	569,241
Interest Income	5.1.1	517,741	(105)	517,636
Interest Expense	5.1.2	168,688	63	168,751
Net Interest Income		349,053	(168)	348,885
Other Income	5.1.3	47,392	4,212	51,604
		396,445	4,044	400,489
Less:- Operating Expenses				
Personal Cost	5.1.4	45,702	4,582	50,284
Administration & Selling Expenses		196,174	-	196,174
Operating Profit Before Provision For Loan Losses And Tax		154,569	(538)	154,031
Provision for Loan Losses		(6,259)	-	(6,259)
Loan Loss Recoveries		(240)	-	(240)
Profit from Ordinary Activities before VAT on Financial Services and Tax		161,068	(538)	160,530
Value Added Tax on Financial Services		15,640	-	15,640
Profit Before Tax		145,428	(538)	144,890
Taxation		47,823	-	47,823
Net profit for the Period		97,605	(538)	97,067

SINGER FINANCE (LANKA) PLC**Notes to the Financial Statements****5 Notes to the Reconciliation of SLAS to SLFRS**

Quarter ended 30 September 2011 Rs.'000	Six Months ended 30 September 2011 Rs.'000
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5.1 Income Statement**5.1.1 Revenue**

Under LKAS-39, the corresponding gain or (loss) relating to re-structured loans due to changes in timing or amount of estimated future cash flows (Other than due to impairment) are recognized in the statements of comprehensive income. The impact of this implication is given below.

Interest Income	(37)	(105)
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(37)	(105)
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5.1.2 Interest Expense

The interest expenses on Fixed Deposits calculated based on Effective Interest Rate (EIR) in line with LKAS - 39

Interest Expense - Fixed Deposits	(15)	(63)
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(15)	(63)
------	------

5.1.3 Other Income**5.1.3.1 Deferred Revenue**

Service charge and commission income is recognised as revenue based on Effective Interest Rate (EIR) in line with the LKAS-39

Service charge and commission income	549	(370)
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5.1.3.2 Finance Income

Employee loans that have been fair valued and recognized using market interest rate prevailing at the grant date, with the adoption of LKAS - 39, resulting finance income is as follow.

Finance Income on Employee Loans	1,735	4,582
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2,284	4,212
-------	-------

5.1.4 Personnel Cost

Employee loans have been fair valued using interest rate prevailing at the grant date with the adoption of LKAS - 39, resulting employee benefit is as follow.

Employee Benefit on Employee Loans	(1,735)	(4,582)
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(1,735)	(4,582)
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SINGER FINANCE (LANKA) PLC**Notes to the Financial Statements****5.2 Financial Position****5.2.1 Trade & Other Receivable**

LKAS 39 requires the effect of restructured loans due to change in timing of amount of future cash flows (other than due to impairment) be recognized in the statement of financial position. The corresponding change due to the fairvaluation of the restructured loans are shown in statement of comprehensive income and in the statement of changes in Equity.

	As at 31st March 2012	As at 30th September 2011	As at 1st April 2011
Hire Purchase Receivable	133	55	95
Lease Rental Receivables	45	69	134
Loans and Advances	-	5	5
	178	129	234

5.2.2 Trade & Other Payable

LKAS 39 requires the Interest Expense to be calculated using Effective Interest Rate and recognized effect in the statement of financial position. The corresponding change due to the fairvaluation of the restructured loans are shown in statement of comprehensive income and in the statement of changes in Equity.

Interest Expense Fixed Deposits	(3,053)	(2,626)	(2,689)
	(3,053)	(2,626)	(2,689)

5.2.3 Deferred Revenue

LKAS 39 requires the service charge, charged at the point of entering in to a contract by the company be recognized using Effective Interest Rate. Such adjusted balance is recorded under Differed Revenue whilst the corresponding change due to use in Effective Interest Rate is reflected in the comprehensive income statement and statement of changes in Equity.

Service charge and commission income	421	(927)	(1,298)
	421	(927)	(1,298)

5.3 Retained Earnings

Retained Earnings as reported under SLASs

Trade & Other Receivable (5.2.1)

Trade & Other Payable (5.2.2)

Differed Revenue (5.2.3)

249,421	147,004	110,708
178	129	234
3,053	2,626	2,689
(421)	927	1,298
252,231	150,686	114,929

SINGER FINANCE (LANKA) PLC

Notes to the Financial Statements

6.1 FINANCIAL REPORTING BY SEGMENTS AS PER PROVISION OF THE SRI LANKA ACCOUNTING STANDARD NO.28

The primary business segment reporting format is determined to be business segment as nature of the products and services provided, with each segment representing a strategic business unit that offers different product and serves different markets

The following table presents financial information regarding business segments:

Business Segments (Rs.'000)

For the Quarter Ended 30th September	Finance Lease		Hire Purchase		Loan & Advances		Investments		Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Interest	151,817	61,626	117,630	96,283	122,107	112,467					391,554	270,376
Other	13,569	5,701	11,419	9,872	1,829	1,687	11,295	5,231	5,452	4,154	43,565	26,645
Total Revenue	165,386	67,327	129,049	106,155	123,936	114,154	11,295	5,231	5,452	4,154	435,119	297,021
Profit Before Tax	29,930	18,576	24,230	25,641	32,992	25,972	-	-	-	-	87,152	70,189
Income Tax Expense											(25,962)	(23,353)
Profit After Tax											61,190	46,836
Segment Assets	3,079,356	1,469,160	2,275,962	1,974,242	1,273,108	1,490,816	347,792	272,240	339,244	267,770	7,315,462	5,474,228
Segment Liabilities	2,660,733	1,365,912	1,860,762	1,676,887	658,634	1,197,737	-	-	342,151	243,373	5,522,281	4,483,908

Notes to the Financial Statements

6.2 FINANCIAL REPORTING BY SEGMENTS AS PER PROVISIONS OF SLFRS 08

The primary business segment reporting format is determined to be business segment as nature of the products and services provided, with each segment representing a strategic business unit that offers different product and serves different markets

The following table presents financial information regarding business segments:

Business Segments (Rs.'000)

For the Six Months Ended 30th September	Finance Lease		Hire Purchase		Loan & Advances		Investments		Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Interest	285,533	106,560	234,448	190,736	241,687	220,340					761,668	517,636
Other	27,512	11,647	23,258	19,307	5,255	3,527	23,294	9,618	9,834	7,507	89,154	51,604
Total Revenue	313,046	118,206	257,706	210,042	246,942	223,867	23,294	9,618	9,834	7,507	850,822	569,240
Profit Before Tax	63,079	33,201	50,166	58,896	57,124	52,792	-	-	-	-	170,369	144,890
Income Tax Expense											(49,753)	(47,823)
Profit After Tax											120,616	97,067
Segment Assets	3,079,356	1,469,160	2,275,962	1,974,242	1,273,108	1,490,816	347,792	272,240	339,244	267,770	7,315,462	5,474,228
Segment Liabilities	2,660,480	1,365,407	1,858,031	1,677,475	661,618	1,197,653	-	-	342,151	243,373	5,522,281	4,483,908

SINGER FINANCE (LANKA) PLC

Notes to the Financial Statements

7 The Interim Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards - LKAS 34 - Interim Financial Reporting.

8 RELATED PARTY TRANSACTIONS

8.1 Identity of Related Parties

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

8.2 Transactions with Key Management Personnel and Directors

a) 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	2012 Rs.Million	2011 Rs.Million
Singer (Sri Lanka) PLC (Parent Company)	Mr.H.D.S. Amarasuriya	Payments to Singer (Sri Lanka) PLC on behalf of customers	642.3	936.1
	Dr. G.C.B. Wijeyesinghe (Resigned w.e.f. 30.12.2011)	Sales Financed to purchase goods from Singer (Sri Lanka) PLC	700.3	1,093.3
	Mr. H.A. Pieris	Administrative Fees Paid	40.8	41.5
	Dr. S. Kelegama	Loans Obtained During The Period	220.0	-
	Mr. M.P.A. Salgado	Loans Settled During The Period	400.0	-
	Mr. G.J. Walker	Purchase of Assets	0.3	-
	Mr. J.Hyun	Dividend Paid (Gross)	64.0	32.0
	(Appointed w.e.f. 10.06.2011)	Interest Expense	69.0	36.2
		Rental Collections through Singer (Sri Lanka) PLC	1,473.6	1,492.1
		Collection Commission Paid	8.5	5.2
		Royalty Paid Through Singer (Sri Lanka) PLC	8.6	5.9
		Rent Reimbursed	6.5	7.0
		Expenses Paid Through Singer (Sri Lanka) PLC	82.5	53.3
		Balance Payable	906.7	1,037.6
Singer Industries (Ceylon) PLC (Affiliate Company)	Mr.H.D.S. Amarasuriya	Investments Fixed Deposit	57.6	137.9
	Dr. G.C.B. Wijeyesinghe (Resigned w.e.f. 30.12.2011)	Deposits Capital Repayment	-	-
	Mr. H.A. Pieris	Deposits Interest Payment (Gross)	6.4	3.6
	Mr. G.J. Walker			
Sampath Bank PLC	Dr. S. Kelegama (Resigned w.e.f. 30.12.2011)	Loans Balance	550.0	200.0
		Loan Re-payment	24.9	-
		Interest Paid	49.0	1.3
		Bank Overdraft	35.0	52.0

b) Following companies are also parent companies of Singer Finance (Lanka) PLC, with whom no transactions were entered into during the period.

Company	Relationship
Singer (Sri Lanka) B.V	Intermediate Parent
Singer Asia Holdings N.V	Intermediate Parent
Retail Holdings N.V	Ultimate Parent

c) Company has not given loans to its Directors.

9 CONTINGENCIES

The Company has provided letters of guarantee totalling to Rs. 300,000/- against Fixed Deposits of Rs. 443,774/-

10 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date which require adjustments to or disclosure in the financial statements.

SINGER FINANCE (LANKA) PLC

Notes to the Financial Statements

11 INFORMATION ON ORDINARY SHARES

a)	Stated Capital	30-Sep-2012	30-Sep-2011
	Value-Ordinary Shares	Rs.1,440,506,388/-	Rs.800,000,005/-
	No of Shares-Ordinary Shares	165,333,334	106,666,667
	Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

b) Twenty Largest holders of Shares as at 30th September 2012

Name	No of Shares	%
1 Singer (Sri Lanka) Limited	132,931,054	80.40
2 Associated Electrical Corporation Ltd	1,536,000	0.93
3 Mr. Shakir Asgerally Lukmanjee	680,000	0.41
4 Pan Asia Banking Corporation Plc/Mr.R.C.J.Goonewardene	500,000	0.30
5 Naqeah (Pvt) Limited	443,089	0.27
6 DPMC Assetline Holdings (Pvt) Ltd. Account No. 02	409,600	0.25
7 Mercantile Investments And Finance Plc	400,000	0.24
8 A E C Properties (Pvt) Ltd	360,000	0.22
9 Mrs.Shivanthi Sandamalee De Fonseka	359,400	0.22
10 Pan Asia Banking Corporations Plc. / Nuwara Eliya Property Development	353,300	0.21
11 Seylan Bank Limited/Ruwan Prasanna Sugathadasa	331,279	0.20
12 Mr. Muruges Kanapathippillai Nambiyarooran	320,001	0.19
13 Seylan Bank Plc/Mr.Duleep Nissanka Daluwatte	301,800	0.18
14 Navara Capital Limited	250,000	0.15
15 Richard Pieris Financial Services (Pvt) Ltd/Fortune One (Pvt) Ltd	214,300	0.13
16 Mr. Periyasaami Pillai Thevarajah	208,680	0.13
17 Mr. Chandasiri Jayasingha Pandita Siriwardana	200,000	0.12
18 Mr. Saheedul Hijiry Mohamed Rishan	200,000	0.12
19 Waldock Mackenzie Limited/Mrs.A.C.Jayasinghe	165,385	0.10
20 Mr. Vidyaratne Ganitaguruge Kulatunge Vidyaratne	155,000	0.09
	140,318,888	84.87
Others	25,014,446	15.13
	165,333,334	100.00

SINGER FINANCE (LANKA) PLC

Notes to the Financial Statements

c) **Directors' and CEO's Shareholding as at 30th September 2012**

Name of the Director	Sharholding 30-Sep-2012 No of Shares	Sharholding 30-Sep-2011 No of Shares
Mr.H D S Amarasuriya	10,009	6
Dr. S. Kelegama	-	-
Mr.J.A.Setukavalar	-	-
Mrs.M.A Tharmaratnam (Appointed w.e.f 28/09/2012)	-	-
Mr.J. Hyun	-	-
Mr. G.J. Walker	-	-
Mr. H.A. Pieris (Group Chief Executive Officer)	51,002	2
Mr.R.S Wijeweera (Chief Executive Officer)	31,003	2
Mr. M.P.A. Salgado (Alternate Director to Mr. H.A. Pieris - Appointed w.e.f 28/09/2012)	68,442	2
Mr.S. Ramanathan (Alternate Director to Mr. G.J. Walker - Resigned w.e.f 28/09/2012)	-	-
Mr.J. Kan (Appointed w.e.f 28/09/2012)	-	-

d) **Public Holding**

Public holding as at 30th September 2012 is 19.50% (As at 30th September 2011 - 25.00%).