



SINGER[®]

Trusted Excellence



SINGER (SRI LANKA) PLC

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

Group Chief Executive Officer's Review

Singer Group continued its trend of growth in the top line as well as the bottom line at the end of the first half of the year. This was on top of its growth achieved in 2010 and 2011. At the end of the first half the Group Revenue was Rs. 12.6 Billion, while the Company Revenue was Rs. 11.9 Billion. Revenue grew by Rs. 2.3 Billion and in percentage terms by 23%.

The growth was despite the fact that the economy and consumer sentiments were affected by the sharp devaluation and sharp increase in interest rates, electricity and fuel costs. These adversely impacted the consumer sentiments and the buying power of the consumers.

In major product categories, Refrigerators had a growth of 27% above the prior year first half, while Domestic and Artisan Sewing Machines had a growth of 16%. Television volumes reduced by 19% since television volumes in the prior year were driven by the cricket world cup.

Other product lines which had a significant growth over prior year first half were Fans (59%), Microwaves (510%), Air Conditioners (34%), Kitchen Appliances (42%), Irons (141%), Water Pumps (29%), Bicycles (41%) and Rice Cookers (99%). Other Product lines which had a significant volume reduction were Audios (33%) and Motor Bikes (15%). The Company had growth from new categories introduced such as Cameras, Mobile Phones, Water Purifiers, Sprayers, Induction Cookers, Gas Cylinders, Air Coolers and Blu-Ray Players.

The sharp rise of interest rates is a major concern to all in the business sector. At the time of writing the AWPLR is 13.8% compared to 9.4% an year ago. The net finance cost for the first half was an increase of 59% for the Company and 85% for the Group.

Despite the adverse impact of net finance cost the Group Profit before tax for the first half grew by 3% and Company Profit before tax for the first half grew by 5% over the prior year. Due to lower taxes in the current year the profit for the period improved by 21% for the Group and 19% for the Company.

During the year, up to date of writing, the Company opened 16 new showrooms.

The Company's subsidiary Singer Finance (Lanka) PLC., increased revenue by 45% and profit before tax by 10%, while due to reduction of tax rates and add backs the net profit grew by 67%.

I wish to place on record my appreciation of all our staff for their contribution and commitment without which it would have not been possible to achieve these results.

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

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

Sincerely,

Asoka Pieris

Group Chief Executive Officer

Colombo

7th August 2012

Income Statement

For the quarter ended 30th June	Group		Company		Variance		Variance	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	6,411,332	5,187,076	6,034,537	4,930,505	1,224,256	+24	1,104,032	+22
Cost of Sales	(4,058,997)	(3,193,043)	(4,058,997)	(3,188,918)	(865,954)	+27	(870,079)	+27
Gross Profit	2,352,336	1,994,033	1,975,541	1,741,587	358,302	+18	233,953	+13
Other Operating Income	47,583	19,907	101,454	50,878	27,676	+139	50,576	+99
Selling & Administration Expenses	(1,481,883)	(1,288,395)	(1,352,688)	(1,186,921)	(193,488)	+15	(165,767)	+14
Other Operating Expenses	(56,505)	(57,149)	(53,481)	(54,886)	(644)	-1	(1,405)	-3
Finance Cost	(397,131)	(199,700)	(260,446)	(139,865)	(197,431)	+99	(120,581)	+86
Finance Income	2,411	18,947	28,361	24,973	16,536	-87	3,388	+14
Net Finance Cost	(394,720)	(180,753)	(232,085)	(114,892)	(213,967)	+118	(117,192)	+102
Share of Profit/(Loss) of Equity Accounted Investees (Net of Income Tax)	375	(298)	-	-	673	+226	-	-
Value Added Tax on Financial Services	(16,483)	(14,707)	(11,251)	(9,000)	(1,776)	+12	(2,251)	+25
Profit before Tax	450,703	472,638	427,490	426,766	21,935	-5	724	+0.002
Income Tax Expense	(120,119)	(167,561)	(115,410)	(138,348)	(47,442)	-28	(22,938)	-17
Profit for the Quarter	330,584	305,077	312,080	288,418	25,507	+8	23,663	+8
Attributable to:								
Equity Holders of the Company	310,052	292,838	312,080	288,418				
Non-Controlling Interest	20,532	12,239	-	-				
Profit for the Period	330,584	305,077	312,080	288,418				
Earnings per Share - Basic (Rs.)	2.48	2.34	2.49	2.30				

Above figures are provisional and subject to audit.

Share Prices	2nd Quarter 2012	2nd Quarter 2011
	Rs.	Rs.
Highest	108.50	169.50
Lowest	78.00	92.10
Last Traded Price	97.70	116.10

Income Statement

For the period ended 30th June	Group		Company		Variance		Variance	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	12,593,194	10,267,506	11,880,618	9,775,776	2,325,688	+23	2,104,842	+22
Cost of Sales	(8,000,997)	(6,344,468)	(8,000,998)	(6,344,468)	(1,656,529)	+26	(1,656,530)	+26
Gross Profit	4,592,197	3,923,038	3,879,621	3,431,308	669,159	+17	448,313	+13
Other Operating Income	89,727	37,348	142,069	86,625	52,379	+140	55,444	+64
Selling & Administration Expenses	(2,898,967)	(2,502,120)	(2,641,821)	(2,314,941)	(396,847)	+16	(326,880)	+14
Other Operating Expenses	(101,645)	(106,142)	(95,932)	(101,713)	4,497	-4	5,781	-6
Finance Cost	(693,435)	(396,466)	(446,970)	(282,583)	(296,969)	+75	164,387	+58
Finance Income	26,909	35,969	72,446	47,661	9,060	-25	24,785	+52
Net Finance Cost	(666,526)	(360,497)	(374,524)	(234,922)	(306,029)	+85	(139,603)	+59
Share of Loss of Equity Accounted Investees (Net of Income Tax)	774	(619)	-	-	1,393	+225	-	-
Value Added Tax on Financial Services	(26,478)	(33,357)	(16,501)	(18,000)	(6,879)	-21	1,499	-8
Profit before Tax	989,082	957,651	892,910	848,357	31,431	+3	44,553	+5
Income Tax Expense	(308,468)	(395,648)	(279,830)	(332,059)	(87,180)	-22	(52,229)	-16
Profit for the Period	680,614	562,003	613,080	516,298	118,611	+21	96,782	+19
Attributable to:								
Equity Holders of the Company	647,925	542,423	613,080	516,298				
Non Controlling Interest	32,689	19,580	-	-				
Profit for the Period	680,614	562,003	613,080	516,298				
Earnings per Share - Basic (Rs.)	5.17	4.33	4.90	4.12				

Above figures are provisional and subject to audit.

	Six months 2012 Rs.	Six months 2011 Rs.
Share Prices		
Highest	138.50	169.50
Lowest	78.00	92.10
Last Traded Price	97.70	116.10

Balance Sheet

	June 2012	Group June 2011	Audited December 2011	June 2012	Company June 2011	Audited December 2011
As at 30th	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS						
Non-Current Assets						
Property, Plant & Equipment	1,777,244	1,520,293	1,691,107	1,737,036	1,494,114	1,659,601
Intangible Assets	148,821	160,971	153,933	133,307	149,021	141,266
Investments in Subsidiaries	—	—	—	400,000	400,000	400,000
Investments in Equity Accounted Investees	47,659	46,906	46,886	48,000	48,000	48,000
Other Investments	17,061	17,061	17,061	17,020	17,020	17,020
Trade and Other Receivables	4,788,082	1,215,926	4,261,101	1,310,657	1,215,926	1,258,913
Deferred Tax Assets	125,502	14,324	147,577	125,502	14,324	125,502
	6,904,369	2,975,481	6,317,665	3,771,522	3,338,405	3,650,302
Current Assets						
Inventories	4,531,706	2,789,679	3,430,827	4,528,564	2,767,475	3,413,956
Loans Due From Related Parties	183,673	200,089	173,635	1,117,245	633,963	539,506
Trade and Other Receivables	8,018,501	8,331,677	6,960,125	4,938,765	3,743,972	4,326,897
Amounts Due from Related Parties - Trade	14,500	5,489	7,986	321,543	812,459	569,973
Amounts Due from Related Parties - Non-Trade	34,959	98,746	23,540	34,959	98,746	23,540
Deposits with Banks	50,799	—	—	—	—	—
Marketable Securities	274,433	219,371	290,313	—	—	—
Cash and Cash Equivalents	383,306	261,117	372,303	362,267	253,805	364,736
	13,491,877	11,906,168	11,258,729	11,303,343	8,310,420	9,238,608
Total Assets	20,396,246	14,881,649	17,576,394	15,074,865	11,648,825	12,888,910
EQUITY AND LIABILITIES						
Equity						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	650,909	675,266	655,453	650,909	658,916	655,453
Statutory Reserve	56,341	14,500	44,408	—	—	—
Revenue Reserves	3,304,058	2,887,155	3,413,013	2,953,662	2,619,652	3,085,527
Total Equity Attributable for Equity Holders of the Company	4,637,356	4,202,969	4,738,922	4,230,619	3,904,616	4,367,028
Non-Controlling Interest	269,025	233,147	257,669	—	—	—
Total Equity	4,906,381	4,436,116	4,996,591	4,230,619	3,904,616	4,367,028
Non-Current Liabilities						
Interest-Bearing Loans and Borrowings	1,446,117	1,492,526	1,110,385	1,152,353	1,475,115	754,125
Retirement Benefit Obligations	242,544	223,486	204,787	235,170	217,494	197,833
Deferred Taxation Liability	104,654	11,240	99,932	94,038	—	95,805
Security Deposits	537,768	441,029	487,449	537,768	441,029	487,449
Deposits from Customers	526,743	401,430	503,142	—	—	—
	2,857,826	2,569,711	2,405,695	2,019,329	2,133,638	1,535,212
Current Liabilities						
Trade and Other Payables	2,759,282	2,122,739	2,574,219	2,368,941	1,819,696	2,126,109
Deferred Revenue	181,672	118,142	139,379	157,949	101,194	118,359
Income Tax Payable	222,772	420,843	197,322	225,233	353,452	170,547
Dividends Payable	22,694	9,450	5,825	22,694	9,450	5,825
Amounts Due to Related Parties - Trade	284,756	260,031	171,273	284,756	260,031	171,272
Amounts Due to Related Parties - Non-Trade	141,242	114,074	73,441	141,242	114,074	73,441
Deposits from Customers	2,382,956	1,795,596	2,159,857	—	—	—
Interest-Bearing Loans and Borrowings	6,636,665	3,034,946	4,852,792	5,624,102	2,952,674	4,321,117
	12,632,039	7,875,821	10,174,108	8,824,917	5,610,571	6,986,670
Total Equity and Liabilities	20,396,246	14,881,649	17,576,394	15,074,865	11,648,825	12,888,910
Net Assets per Share	37.04	33.57	37.85	33.79	31.18	34.88

I certify that the above Financial Statements have been prepared in accordance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.) Priyath Salgado

Finance Director

Above figures are provisional and subject to audit.

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

Signed for and on behalf of the Board by,

(Sgd.) Hemaka Amarasuriya

Director

(Sgd.) Asoka Pieris

Director/Group Chief Executive Officer

Colombo
07th August 2012

Statement of Changes in Equity

For the six months ended 30th June 2012

Group	Attributable to Equity Holders of the Company								Non-Controlling Interest	Total Equity
	Stated Capital	Statutory Reserve		Revaluation Reserves	General Reserves	Retained Earnings	Total			
		Reserve Fund	Investment Fund							
		Rs. '000	Rs. '000							
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Balance as at 1st January 2011	626,048	10,748	–	664,542	2,000,000	578,325	3,879,663	224,234	4,103,897	
Realisation on Revaluation Surplus	–	–	–	(5,626)	–	5,626	–	–	–	
Transfer to/(from) during the year	–	5,602	14,500	–	–	(20,102)	–	–	–	
Net Profit for the Period	–	–	–	–	–	542,423	542,423	19,580	562,003	
Final Dividend - 2010	–	–	–	–	–	(219,117)	(219,117)	(10,667)	(229,784)	
Balance as at 30th June 2011	626,048	16,350	14,500	658,916	2,000,000	887,155	4,202,969	233,147	4,436,116	
Realisation on Revaluation Surplus	–	–	–	(6,997)	–	6,997	–	–	–	
Deferred Tax Effect on Transfer of Revaluation Surplus	–	–	–	3,534	–	–	3,534	–	3,534	
Transfer to/(from) during the Year	–	–	13,558	–	200,000	(213,558)	–	–	–	
Net Profit for the Balance Six Months - 2011	–	–	–	–	–	720,233	720,233	24,522	744,755	
Interim Dividend - 2011	–	–	–	–	–	(187,814)	(187,814)	–	(187,814)	
Balance as at 31st December 2011	626,048	16,350	28,058	655,453	2,200,000	1,213,013	4,738,922	257,669	4,996,591	
Realisation on Revaluation Surplus	–	–	–	(6,311)	–	6,311	–	–	–	
Deferred Tax Effect on Transfer of Revaluation Surplus	–	–	–	1,767	–	–	1,767	–	1,767	
Transfer to/(from) during the Year	–	–	11,933	–	–	(11,933)	–	–	–	
Net profit for the Period	–	–	–	–	–	647,925	647,925	32,689	680,614	
Final Dividend - 2011	–	–	–	–	–	(751,258)	(751,258)	(21,333)	(772,591)	
Balance as at 30th June 2012	626,048	16,350	39,991	650,909	2,200,000	1,104,058	4,637,356	269,025	4,906,381	

Company	Stated Capital	Revaluation Reserves	General Reserves	Retained Earnings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st January 2011	626,048	664,542	2,000,000	316,845	3,607,435
Realisation on Revaluation Surplus	—	(5,626)	—	5,626	—
Net Profit for the Period	—	—	—	516,298	516,298
Final Dividend - 2010	—	—	—	(219,117)	(219,117)
Balance as at 30th June 2011	626,048	658,916	2,000,000	619,652	3,904,616
Realisation on Revaluation Surplus	—	(6,997)	—	6,997	—
Deferred Tax Effect on Transfer of Revaluation Surplus	—	3,534	—	—	3,534
Transfer to/(from) during the Year	—	—	200,000	(200,000)	—
Net Profit for the Balance Six Months - 2011	—	—	—	646,692	646,692
Interim Dividend - 2011	—	—	—	(187,814)	(187,814)
Balance as at 31st December 2011	626,048	655,453	2,200,000	885,527	4,367,028
Realisation on Revaluation Surplus	—	(6,311)	—	6,311	—
Deferred Tax Effect on Transfer of Revaluation Surplus	—	1,767	—	—	1,767
Net Profit for the Period	—	—	—	613,082	613,082
Final Dividend - 2011	—	—	—	(751,258)	(751,258)
Balance as at 30th June 2012	626,048	650,909	2,200,000	753,662	4,230,619

Cash Flow Statement

For the six months ended 30th June	Group		Company	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
Cash Flows from Operating Activities				
Net Profit before Income Tax Expense	989,082	957,650	892,910	848,358
Adjustments for:				
Depreciation on Property, Plant & Equipment	92,704	98,545	87,973	94,855
Share of (Profit)/Loss from Equity Accounted Investees	(774)	619	—	—
Amortization of Intangible Assets	8,941	7,597	7,960	6,857
Gain on Disposal of Property, Plant & Equipment	(3,332)	(2,162)	(3,332)	(2,162)
Interest Expense	693,435	396,466	446,970	282,583
Interest Income	(26,909)	(35,969)	(72,446)	(47,661)
Deferred Profit on Hire Debtors	17,843	185,606	17,843	185,606
Provision for Obsolete Inventory	36,957	12,216	36,957	12,216
Provision for Bad and Doubtful Receivables	56,532	50,350	40,709	46,880
Deferred Revenue	42,292	38,833	39,590	34,911
Dividend Income	(1,996)	(1)	(59,596)	(28,801)
Provision for Retiring Gratuity	39,110	41,830	38,060	41,050
Operating Profit before Working Capital Changes	1,943,886	1,751,580	1,473,598	1,474,692
(Increase)/Decrease in Inventories	(1,137,838)	(652,853)	(1,151,566)	(630,649)
(Increase)/Decrease in Debtors Falling Due after one Year	(526,981)	1,329,816	(51,744)	(180,626)
(Increase)/Decrease in Debtors Falling Due within one Year	(1,132,751)	(3,091,888)	(670,420)	(756,619)
(Increase)/Decrease in Trade Dues from Related Parties	(17,933)	(67,955)	237,010	72,202
Increase/(Decrease) in Trade Dues to Related Parties	181,285	52,185	181,286	52,187
Increase in Employee Security Deposits	50,320	37,135	50,320	37,135
Increase/(Decrease) in Customer Deposit Liabilities	246,700	549,043	—	—
Increase/(Decrease) in Trade and Other Payables	185,065	622,423	242,833	601,491
Cash Generated from Operations	(208,247)	529,486	311,317	669,813
Finance Costs Paid	(693,435)	(396,466)	(446,970)	(282,583)
Retiring Gratuity Paid	(1,354)	(220)	(724)	(220)
Income Tax Paid	(254,454)	(122,881)	(225,144)	(100,948)
Net Cash Flows from Operating Activities	(1,157,489)	9,919	(361,521)	286,062
Cash Flows from Investing Activities				
Acquisition of Property, Plant & Equipment and Intangible Assets	(187,890)	(60,095)	(170,590)	(55,294)
Proceeds from Disposal of Property, Plant & Equipment	8,552	4,280	8,515	4,280
Investment in Bank Deposits	(50,799)	—	—	—
Investment in Associate Companies	—	(24,000)	—	(24,000)
Acquisition of Marketable Securities	15,880	191,181	—	—
Net Cash Flows from Loans Given to Related Companies	(10,038)	2,129	(577,739)	(22,553)
Interest Received	26,909	35,969	72,446	47,661
Dividend Received	1,996	1	59,596	28,801
Net Cash Flows from Investing Activities	(195,390)	149,466	(607,772)	(21,105)
Cash Flows from Financing Activities				
Proceeds from Interest-Bearing Loans & Borrowings	1,814,407	(12,806)	1,507,810	(3,471)
Net Payment to Minority Shareholders	(21,333)	(10,667)	—	—
Dividend Paid	(734,389)	(212,871)	(734,389)	(212,871)
Net Cash Flow from Financing Activities	1,058,685	(236,344)	773,422	(216,342)
Net Increase/(Decrease) in Cash and Cash Equivalents	(294,194)	(76,959)	(195,871)	48,615
Cash and Cash Equivalents at the beginning of the Period	(302,562)	(207,198)	(181,976)	(257,369)
Cash and Cash Equivalents at the end of the Period	(596,756)	(284,157)	(377,847)	(208,754)

Notes to the Financial Statements

- 1.1** The Institute of Chartered Accountants of Sri Lanka had issued a new volume of Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after 1st January 2012. These Sri Lanka Accounting Standards comprise of Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS).

The Company is required to prepare interim Financial Statements in accordance with LKAS 34 - Interim Financial Reporting. However, The Institute of Chartered Accountants of Sri Lanka has decided to allow companies to prepare interim Financial Statements during the first financial year commencing on or after 1st January 2012 in accordance with Sri Lanka Accounting Standards that existed immediately prior to the date (SLAS) with disclosures on impact to the Statement of Comprehensive Income for the period and Net Assets based on SLFRS/LKAS. If determination of that impact is impracticable, the Company should disclose that fact.

The Company is currently in the process of quantifying the impact to the Statement of Comprehensive Income for the period and Net Assets based on the new volume of Sri Lanka Accounting Standards.

2.1 Segmental Analysis of Company Net Turnover is as follows:

	Quarter ending 30th June 2012 Rs. '000	Quarter ending 30th June 2011 Rs. '000	1st Half ending 30th June 2012 Rs. '000	1st Half ending 30th June 2011 Rs. '000
Sewing-Related Products	640,154	539,979	1,358,139	1,073,111
Consumer Electronics	1,448,779	1,358,036	2,920,439	2,944,428
White Goods	2,454,521	1,901,927	4,713,796	3,454,761
Kitchen-Related Products	448,651	330,219	872,225	680,588
Communications	274,262	248,362	607,983	552,268
Furniture	365,373	267,996	659,856	504,365
Transport	159,364	102,757	277,145	241,246
Agro	243,433	181,229	471,035	325,009
	6,034,537	4,930,505	11,880,618	9,775,776

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

	Quarter ending 30th June 2012 Rs. '000	Quarter ending 30th June 2011 Rs. '000	1st Half ending 30th June 2012 Rs. '000	1st Half ending 30th June 2011 Rs. '000
Sewing-Related Products	42,567	46,968	98,789	88,497
Consumer Electronics	107,294	112,992	249,911	289,515
White Goods	147,500	149,303	310,826	266,336
Kitchen-Related Products	34,377	47,869	75,442	90,926
Communications	13,613	12,554	35,233	32,810
Furniture	19,607	23,555	43,229	40,928
Transport	3,736	(3,514)	8,145	743
Agro	12,447	14,038	30,240	24,603
Dividend Income	57,600	32,000	59,596	32,000
Value Added Tax on Financial Services	(11,251)	(9,000)	(16,501)	(18,000)
	427,490	426,766	892,910	848,357

Notes to the Financial Statements

2.3 Segmental Analysis of Group Net Turnover is as follows:

	Quarter ending 30th June 2012 Rs. '000	Quarter ending 30th June 2011 Rs. '000	1st Half ending 30th June 2012 Rs. '000	1st Half ending 30th June 2011 Rs. '000
Sewing-Related Products	640,154	539,979	1,358,139	1,073,111
Consumer Electronics	1,448,779	1,358,036	2,920,439	2,944,428
White Goods	2,454,521	1,901,927	4,713,796	3,454,761
Kitchen-Related Products	448,651	330,219	872,225	680,588
Communications	274,262	248,362	607,983	552,268
Furniture	365,373	267,996	659,856	504,365
Transport	159,364	102,757	277,145	241,246
Agro	243,433	181,229	471,035	325,009
Singer Finance (Lanka) PLC	376,795	256,571	712,576	491,730
	6,411,332	5,187,076	12,593,194	10,267,506

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

	Quarter ending 30th June 2012 Rs. '000	Quarter ending 30th June 2011 Rs. '000	1st Half ending 30th June 2012 Rs. '000	1st Half ending 30th June 2011 Rs. '000
Sewing-Related Products	42,344	46,968	98,789	88,497
Consumer Electronics	106,732	112,992	249,911	289,515
White Goods	146,728	149,303	310,826	266,336
Kitchen-Related Products	34,197	47,869	75,442	90,926
Communications	13,541	12,554	33,233	32,810
Furniture	19,504	23,555	43,229	40,928
Transport	3,717	(3,514)	8,145	743
Agro	12,382	14,038	30,245	24,603
Singer Finance (Lanka) PLC	85,670	83,878	162,975	157,269
Dividend	1,996	—	1,996	—
Share of Profit on Equity Accounted Investees	375	(298)	774	(619)
Value Added Tax on Financial Services	(16,483)	(14,707)	(26,478)	(33,357)
	450,703	472,638	989,082	957,651

Notes to the Financial Statements

3. Related Party Transactions

3.1 Identity of Related Parties

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

3.2 Transactions with Parent Companies

(a) *During the year, Company had Following Transactions with its Parent Companies:*

Singer Asia Ltd. - (Intermediate Parent)

	2012 Rs. Million	2011 Rs. Million
Royalty Expenses	131.8	108.7
Royalty Payable Balance as at Period end	141.2	114.0

Singer Asia Holdings BV - (Intermediate Parent)

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

Singer (Sri Lanka) BV - (Intermediate Parent)

	2012 Rs. Million	2011 Rs. Million
Dividend Paid	646.9	188.7

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

Company	Relationship
Singer Asia Holdings NV	Intermediate Parent
Retail Holdings NV	Ultimate Parent

3.3 Transactions with Subsidiary Companies

	2012 Rs. Million	2011 Rs. Million
Singer Finance (Lanka) PLC		
Sales Financed through SFL	644.1	1,115.6
Payments to Singer (Sri Lanka) PLC on behalf of Customers	727.8	972.7
Short-Term Loan Given	710.0	—
Interest Income	60.8	39.5
Dividend Received (Gross)	64.0	32.0
Rental Collection through Singer (Sri Lanka) PLC	1,422.3	1,457.9
Expenses Paid	79.3	42.2
Administrative Fee Charged	41.4	33.7
Collecting Commission Paid through Singer (Sri Lanka) PLC	7.8	4.4
Purchase of Assets	0.3	—
Royalty Paid through Singer (Sri Lanka) PLC	7.9	5.5
Balance Receivable - Trade	307.0	807.0
Balance Receivable - Loans	933.6	433.8

Notes to the Financial Statements

3.4 Transactions with Associate Companies

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

	2012 Rs. Million	2011 Rs. Million
Reality (Lanka) Ltd.		
Rent Charged by Reality Lanka Ltd.	2.7	1.8
Interest Income Charged by Singer (Sri Lanka) PLC	–	3.3
Investment Made	–	24.0
Interest Receivable	–	21.1
Balance Receivable	73.7	102.9

(b) Following company is an Associate Company of Singer (Sri Lanka) PLC. Both SSL and SFL did not transact with Telshan Network (Pvt) Ltd. during the period under review except for advertising related expenses paid through advertising agencies:

Telshan Network (Pvt) Ltd.

3.5 Transactions with Other Related Parties

Transactions with the following parties have been disclosed in Note 3.6:

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

3.6 Transactions with Key Management Personnel and Directors

(a) Loans to Directors

No Loans have been given to the Directors of the Company.

(b) 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 Industries (Ceylon) PLC (Affiliate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	452.0	459.0
	Mr. H.A. Pieris	Net Finance (Charges)/Income	–	1.3
	Dr. G.C.B. Wijeyesinghe	Corporate Guarantee Given	75.0	75.0
	Mr. G. J. Walker	Lease Rental Paid	2.6	1.3
	Deshabandu	Expenses Paid	8.1	–
	A.M. de S. Jayaratne	Dividend Paid	–	2.9
	Mr. V.G.K. Vidyaratne	Purchase of Raw Material	5.0	0.10
		Trade Credit Settled	412.0	511.0
		Loans Receivable	–	–
		Balance Payable	90.5	83.5

Notes to the Financial Statements

Name of the Company and Relationship	Name of Director	Nature of Transaction	2012 Rs. Million	2011 Rs. Million
Regnis (Lanka) PLC (Affiliate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	1,074.6	862.2
	Dr. G.C.B. Wijeyesinghe	Corporate Guarantees Given	455.5	455.5
	Mr. H.A. Pieris	Interest Income	5.4	3.7
	Mr. V.G.K. Vidyaratne	Non-Trade Settlement	20.0	10.0
	Mr. G.J. Walker	Trade Credit Settled	1,154.2	963.4
	Dr. Saman Kelegama	Sales Taxes	153.51	147.75
		Expenses Paid	23.9	20.9
		Loan Settled	–	10.0
		Loan Payable	60.0	60.00
		Balance Payable	122.8	77.8
Singer Finance (Lanka) PLC (Subsidiary Company)	Mr. H.D.S. Amarasuriya (Chairman)	Sales financed through Singer Finance (Lanka) Ltd.	644.1	1,115.6
	Dr. G.C.B. Wijeyesinghe (Resigned w.e.f 30.12.2011)	Payments to Singer (Sri Lanka) PLC on behalf of Customers	727.8	972.7
	Mr. H.A. Pieris	Short-Term Loan Given	710.0	–
	Dr. S. Kelegama	Interest Income	60.8	39.5
	Mr. M.P.A. Salgado	Dividend Received (Gross)	64.0	32.0
	Mr. G.J. Walker	Rental Collection through Singer (Sri Lanka) PLC	1,422.3	1,457.9
	Mr. John J. Hyun (Appointed w.e.f.28.2.2011)	Expenses Paid	79.3	42.2
		Administrative Fee Charged	41.4	33.7
		Collecting Commission Paid through Singer (Sri Lanka) PLC	7.8	4.40
		Purchase of Assets	0.3	–
		Rent Reimbursed	7.3	4.7
		Royalty Paid through Singer (Sri Lanka) PLC	7.9	5.5
		Balance Receivable - Trade	307.0	807.0
		Balance Receivable - Loans	933.6	433.8
National Development Bank PLC	Mr. H.D.S. Amarasuriya	Borrowed Money	130.0	201.0
		Interest Paid	15.6	11.6
		Issue of Debentures	150.0	270.0
		Debenture Interest	–	14.7
Singer Asia Sourcing Ltd. (Affiliate Company)	Mr. G.J. Walker	Purchases	–	17.6
		Settlements	0.2	19.0
		Balance (Receivable)/Payables	(7.7)	(5.3)

Notes to the Financial Statements

Name of the Company and Relationship	Name of Director	Nature of Transaction	2012 Rs. Million	2011 Rs. Million
Singer Asia Ltd. (Intermediate Parent Company)	Mr. P.J. O'Donnell	Royalty Expenses	131.8	108.7
	Mr. T. Brown (Resigned w.e.f. 10.06.2011)	Royalty Payable	141.2	114.0
	Mr. G.J. Walker			
	Mr. H.A. Pieris			
Sampath Bank PLC	Dr. Saman Kelegama (Resigned w.e.f. 30.12.2011)	Borrowed Money	–	155.4
		Interest Paid	19.9	6.7
Reality Lanka Ltd. (Associate Company)	Mr. H.D.S. Amarasuriya	Rent Charged	2.7	1.8
	Mr. H.A. Pieris	Interest Income	–	3.3
	Mr. V.G.K. Vidyaratne	Investment Made	–	24.0
	Mr. G.J. Walker	Interest Receivable	–	21.1
		Loan Receivable	73.7	102.9
Regnis Appliances (Pvt) Ltd.	Mr. H.D.S. Amarasuriya	Purchases	506.5	246.0
	Mr. H.A. Pieris	Settlements	–	300.0
	Mr. V.G.K. Vidyaratne	Expenses paid	1.1	–
	Mr. A.N. Majeed	Finance Charges	4.4	0.1
		Funds received from sales	587.6	299.9
		Balance Payable - Trade	30.0	0.2
		Balance Payable - Loan	50.0	–
Fintravels Ltd.	Dr. G.C.B. Wijeyesinghe	Business Transactions	5.1	3.6

- (c) Key Management Personnel includes members of the Board of Directors of the Company, its Subsidiary and Parent. Transaction 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

	2012 Rs. Million	2011 Rs. Million
Deposits kept by Key Management Personnel or their close family members of Singer Finance (Lanka) PLC	74.4	38.5

4. Stated Capital

4.1	30th June 2012	30th June 2011
Value - Ordinary Shares	Rs. 626,048,050/-	Rs. 626,048,050/-
No. of Shares - Ordinary Shares	125,209,610	125,209,610
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

Notes to the Financial Statements

5. Contingencies

- (a) Guarantees given to banks and other lending institutions on behalf of Singer Industries (Ceylon) PLC and Regnis (Lanka) PLC amounts to Rs. 75 Million and Rs. 455.5 Million respectively.
- (b) The Company has provided Bank Guarantees amounting to Rs. 130.6 Million to the Director General of Customs to clear imports during the year under review pending completion of legal proceedings in the Court of Appeal.

The Bank Guarantee related to alleged additional duty payable on imports, is being contested by the Company in Courts.

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

6. Events Occurring after the Balance Sheet Date

There have been no material events occurring after the Balance Sheet date that require disclosure in the Financial Statements, except -

- (i) Subsidiary Company Singer Finance (Lanka) PLC offered 58,666,667 ordinary shares as a rights issue at the basis of 11 shares for existing 20 shares.
Company subscribed to the entitlement of 43,999,993 ordinary shares and additional shares of 8,925,153 at Rs. 11/- per share amounting to Rs. 582,176,685/- which resulted to increase holding of the Company further by 5.40% to 80.40% of Singer Finance (Lanka) PLC.

7. Listed Debentures

Details regarding the listed debentures are as follows:

- 19.75% debentures unsecured redeemable on 29th February 2013.
- 6 months TB +1.65 debentures unsecured redeemable on 29th September 2012.

Interest rate of comparable Government Securities as at date of issue, 30th September 2008 was 19.75%.

Interest rate of comparable Government Securities as at 30th June 2012 was 12.61%.

The listed debentures were not traded during the period 30th September 2008 to 30th June 2012.

Therefore, highest traded price, lowest traded price, last traded price as at 30th June 2012, interest yield and yield to maturity of trade were not available.

	30th June 2012	30th June 2011
Debt Equity Ratio	0.27	0.38
Interest Cover	3.38	4.61
Quick Assets Ratio	0.77	0.99

Notes to the Financial Statements

8. Top 20 Shareholders as at 30th June 2012

Name	No. of Shares	%
1. Singer (Sri Lanka) BV	107,812,850	86.11
2. Bank of Ceylon A/c Ceybank Unit Trust	3,977,527	3.18
3. Miss Ranjani Eileen Weeraratne Jayasuriya	592,516	0.47
4. Bank of Ceylon A/c Ceybank Century Growth Fund	583,842	0.47
5. Mrs. Mihiri Virani Fernando	470,000	0.38
6. Mrs. Zohra Taher Jafferjee	330,890	0.26
7. Mrs. Anoma Kamalika Amarasuriya	178,970	0.14
8. Sri Lanka Insurance Corporation Ltd. - General Fund	177,500	0.14
9. Dr. Nimal Ebenezer Herat Sanderatne	174,664	0.14
10. Sampath Bank PLC/Capital Trust Holdings (Pvt) Ltd.	152,806	0.12
11. Mas Capital (Pvt) Ltd.	135,400	0.11
12. Mrs. Kalutaravedage Jinangali Manel De Silva	131,248	0.10
13. Mr. Nalin Amita De Silva	126,326	0.10
14. Jafferjee Brothers (Exports) Ltd.	125,200	0.10
15. Miss Nai Kaluge Ruvani Hemamala De Silva	118,246	0.09
16. Mrs. Enoka Kamali Wickramasinghe	112,644	0.09
17. Mr. Harsha Nilantha De Silva	90,000	0.07
18. Mr. Hemaka Devapriya Senarath Amarasuriya	89,482	0.07
19. Merchant Bank of Sri Lanka Ltd./Union Investments Ltd.	88,894	0.07
20. Mr. Abeysiri Hemapala Munasinghe	87,382	0.07
	115,556,387	92.29
Others	9,653,223	7.71
Total	125,209,610	100.00

9. Directors and CEO's Shareholding as at 30th June 2012

Name of the Director	Shareholding 30th June 2012 No. of Shares	Shareholding 31st December 2011 No. of Shares
Mr. H.D.S. Amarasuriya	89,482	89,482
Mr. H.A. Pieris - CEO	2,000	500
Dr. G.C.B. Wijeyesinghe	-	-
Dr. Saman Kelegama	-	-
Deshabandu Ajit Jayaratne	-	-
Mr. P.J. O'Donnell	-	-
Mr. John J. Hyun	-	-
Mr. G.J. Walker	-	-
Mr. V.G.K. Vidyaratne	23,831	21,236
Mr. M.H. Wijewardene	-	-
Mr. N. Majeed	5,000	1,000
Mr. K. Samarasinghe	4,124	3,124
Mr. M.P.A Salgado	4,000	-

10. Public Holding

Public holding as at 30th June 2012 is 13.65% (As at 30th June 2011 - 12.22%).



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