



**SINGER
FINANCE**

SINGER FINANCE (LANKA) PLC

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

SINGER[®]
Trusted Excellence



CHIEF EXECUTIVE OFFICER'S REVIEW

Singer Finance announced impressive financial results for 1Q FY 2012/2013, recording a Net Profit of Rs. 59 Million, which is a growth of 16% over the same quarter of prior year in the midst of a challenging business environment due to increased tariff on Motor Vehicles, devaluing rupee, escalating Interest rates etc.

The company's income increased by 51% in the first quarter from Rs 269.5 Mn to Rs 406.9 Mn. Net Income was buoyed by an increase in the Leasing and Hire Purchase portfolio, which accounted for 68% of revenue for the quarter against 56% of revenue for the quarter ended 30th June 2011. Further, the costs in relation to revenue, demonstrated by an operating costs-to-income ratio, was favourable in the period under review compared to the same period prior year (35% Vs 42%)

Further augmenting the numbers were the company's low Non-Performing Loans (NPL) Ratio, which stood at 1.6% as at 30th June 2012. The NPLs are among the lowest in the industry. The Risk Weighted Capital Ratio of 16.8% too is well above the minimum regulatory requirement of 10%.

Singer Finance has zero exposure to shares and the stock market and is totally unaffected by the decline in share prices experienced currently. In the quarter under review, Singer Finance opened two branches in Embilipitiya and Tissamaharama respectively, demonstrating the Company's strategic intentions and confidence in capitalising on opportunities withstanding a difficult economic climate.

Singer Finance (Lanka) PLC was listed on the main board of Colombo Stock Exchange and currently 24.94% of Shares are held by the public.

Singer Finance (Lanka) PLC (SFLP), a subsidiary of Singer (Sri Lanka) PLC (SSL), was incorporated on 19th April 2004 to carry out finance business within the provisions of the Finance Companies Act No.78 of 1988 as amended by Act No.23 of 1991 and subsequently replaced by Finance Business Act No. 42 of 2011. SFLP obtained the License from Central Bank of Sri Lanka to carry out Finance Leasing business and licensed as a registered "Finance Company" in terms of section 2 of the Finance Companies Act No.78 of 1988. The company's asset base currently is approximately Rs.7 Billion.

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, Group Chief Executive Officer and the Chairman and Chief Executive Officer of Singer Asia for their valuable support and guidance.

I also thank all our Shareholders who contributed to the fully subscribed Rights Issue and for continued trust in the Board of Directors and the Management of the Company.

Sincerely,

(Sgd.)R.S Wijeweera
Chief Executive Officer
Colombo, 7th August 2012

SINGER FINANCE (LANKA) PLC

BALANCE SHEET

As At	30-Jun-2012 Rs.'000	30-Jun-2011 Rs.'000	Audited 31-Mar-2012 Rs.'000
ASSETS			
Cash and Bank Balances	21,039	7,311	11,200
Government Securities	274,433	219,371	263,884
Bank Deposits	50,799	-	50,759
Hire Purchase Receivable	2,279,628	1,838,896	2,309,364
Lease Rental Receivables	2,682,289	1,073,032	2,467,589
Loans and Advances	1,375,427	1,492,121	1,378,116
Investments in Securities	41	41	41
Inventories	3,142	22,204	12,433
Other Debtors, and Prepayments	108,056	114,638	101,890
VAT Receivables	130,537	78,062	122,999
Deferred Tax Assets	-	-	11,858
Income Tax Receivable	2,461	-	2,451
Intangible Assets	15,514	11,950	13,650
Property, Plant & Equipments	40,208	26,178	29,554
Total Assets	6,983,574	4,883,804	6,775,788
LIABILITIES			
Public Deposits	2,909,700	2,197,027	2,645,169
Interest Bearing Loans & Borrowings	1,306,327	99,683	1,219,391
Interest Bearing Loans - Related party	710,000	-	490,000
Trade & Other Payables	390,342	300,582	462,122
Amount due to Related Companies	530,616	1,240,844	809,856
Income tax payable	-	67,391	-
Deferred Revenue	23,723	16,948	22,310
Deferred Tax Liabilities	16,812	15,036	4,879
Retirement Benefit Obligations	7,374	5,992	7,479
Total Liabilities	5,894,894	3,943,503	5,661,206
SHAREHOLDERS' FUND			
Stated Capital	800,000	800,000	800,000
Capital Reserve	27,628	16,350	27,628
Investment Fund	41,038	15,178	37,533
Retained Earnings	220,014	108,773	249,421
Total Equity	1,088,680	940,301	1,114,582
Total Liabilities & Equity	6,983,574	4,883,804	6,775,788
Net Assets per share (Rs)	10.21	8.82	10.45

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

.....
(Sgd.) 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.

Signed for and on behalf of the board by,

.....
(Sgd.) Hemaka Amarasuriya

Director

.....
(Sgd.) Shanthapriya Wijeweera

Director/Chief Executive Officer

Colombo
07th August, 2012

SINGER FINANCE (LANKA) PLC
INCOME STATEMENT

For the Three Months ended 30th June

	2012 Rs.'000	2011 Rs.'000	Variance %
Income	406,903	269,460	51%
Interest Income	369,989	247,328	50%
Interest Expense	172,600	79,884	(116%)
Net Interest Income	197,389	167,444	18%
Other Income	36,914	22,132	67%
	234,303	189,576	24%
Less:- Operating Expenses			
Personnel Cost	33,733	20,092	(68%)
Administration & Selling Expenses	108,848	93,340	(17%)
Operating Profit before Provision for Loan Losses and Tax	91,722	76,144	20%
Provision for Loan Losses	5,189	(9,054)	157%
Loan Loss Recoveries	(1,921)	(240)	700%
Profit from Ordinary Activities before VAT on Financial Services and Tax	88,454	85,438	4%
Value Added Tax on Financial Services	5,232	9,700	46%
Profit Before Tax	83,222	75,738	10%
Income Tax Expense	23,791	24,470	3%
Net profit for the Period	<u>59,431</u>	<u>51,268</u>	16%
Basic Earnings per Share (Rs)	0.56	0.48	
Share Price	1st Quarter 2012 Rs.	1st Quarter 2011 Rs.	
Highest	18.50	38.50	
Lowest	11.00	29.50	
Closing	12.30	29.80	

SINGER FINANCE (LANKA) PLC

STATEMENT OF CHANGES IN EQUITY

For the Three Months ended 30th June

	Stated Capital Rs.'000	Reserve Fund Rs.'000	Investment Fund Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 1st April 2011	800,000	16,350	4,640	110,710	931,700
Final Dividend - 2010/2011	-	-	-	(42,667)	(42,667)
Transfers	-	-	10,538	(10,538)	-
Profit for the Period	-	-	-	51,268	51,268
Balance as at 30th June 2011	800,000	16,350	15,178	108,773	940,301
Transfers	-	11,278	22,355	(33,633)	-
Net Profit of balance Nine Months	-	-	-	174,281	174,281
Balance as at 31st March 2012	800,000	27,628	37,533	249,421	1,114,582
Final Dividend - 2011/2012	-	-	-	(85,333)	(85,333)
Transfers	-	-	3,505	(3,505)	-
Profit for the Period	-	-	-	59,431	59,431
Balance as at 30th June 2012	800,000	27,628	41,038	220,014	1,088,680

Interim Financial Statements for the Three Months ended 30th June 2012

SINGER FINANCE (LANKA) PLC

CASH FLOW STATEMENT

For the Three Months ended 30th June	2012 Rs.'000	2011 Rs.'000
Cash Flows From/ (Used in) Operating Activities		
Interest Received	191,820	158,915
Interest Payments	(82,897)	(29,475)
Recoveries on Loans Previously Written Off	1,921	240
Receipts from Other Operating Activities	44,287	34,220
Cash Payments to employees & suppliers	(134,830)	(150,371)
Operating Profit before changes in Operating Assets and Liabilities A	20,301	13,529
(Increase) / Decrease in Operating Assets and Liabilities		
Investments held for Regulatory or Monetary Control Purposes	(10,549)	(38,314)
Investment in Bank Deposits	(39)	-
Funds Advanced to Customers	(187,078)	(398,010)
Public Deposits	264,531	381,910
Amounts Due to Related Companies	(279,240)	53,329
	(212,375)	(1,085)
Cash Generated from/(used in) Operations		
Retiring Gratuity Paid	(630)	-
ESC Paid	(3,509)	(2,694)
Income Tax Paid	(10)	(8,600)
	(4,149)	(11,294)
Net Cash Generated from/(used in) Operating Activities	(196,223)	1,150
Cash Flows from/(used in) Investing Activities		
Acquisition of Property Plant & Equipment	(13,154)	(53)
Incurred on Software Development	(2,387)	-
Net Cash Flows used in Investing Activities	(15,541)	(53)
Cash Flows from/(used in) Financing activities		
Cash Inflows from Interest Bearing Loans & Borrowing:	172,100	-
Cash Inflows from Interest Bearing Loans - Related party	220,000	-
Repayment of Interest Bearing Loans & Borrowings	(31,771)	(7,376)
Dividend Paid	(85,333)	(42,667)
Net Cash Flows from/(used in) Financing activities	274,995	(50,043)
Net increase in Cash and Cash Equivalents	63,232	(48,946)
Cash and Cash Equivalents at the beginning of the Period	(282,140)	(26,457)
Cash and Cash Equivalents at the end of the period	(218,909)	(75,403)

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

Profit before Income Tax	83,222	75,738
Depreciation/Amortisation	3,024	2,263
Provision for Define Benefit Plans - Gratuity	525	420
Provision for Bad Debt	5,189	(9,054)
Deferred Revenue	1,413	2,383
Increase / (Decrease) in Interest Payable	27,164	7,426
(Increase) / Decrease in Inventory	9,291	(14,573)
(Increase) / Decrease in Other Receivables	(10,583)	(48,572)
Increase / (Decrease) in and Other Payables	(98,943)	(2,501)
	20,301	13,529

Interim Financial Statements for the Three Months ended 30th June 2012

SINGER FINANCE (LANKA) PLC

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 Quarter Ended 30th June	Finance Lease		Hire Purchase		Loan & Advances		Investments		Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Interest	133,592	45,002	116,818	94,453	119,579	107,873					369,989	247,328
Other	11,743	4,445	9,939	9,034	1,826	1,340	9,206	3,959	4,200	3,353	36,914	22,132
Total Revenue	145,335	49,447	126,757	103,487	121,406	109,213	9,206	3,959	4,200	3,353	406,903	269,460
Profit Before Tax	30,676	14,714	23,836	33,344	28,711	27,680	-	-	-	-	83,222	75,738
Income Tax Expense											(23,791)	(24,470)
Profit After Tax											59,431	51,268
Segment Assets	2,685,431	1,095,236	2,279,628	1,838,896	1,375,427	1,492,121	325,273	219,412	317,815	238,139	6,983,574	4,883,804
Segment Liabilities	2,545,320	892,781	2,110,283	1,409,859	910,517	1,368,441	-	-	328,773	272,422	5,894,894	3,943,503

SINGER FINANCE (LANKA) PLC

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 RELATED PARTY TRANSACTIONS

2.1 Identity of Related Parties

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

2.2 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	376.7	386.0
	Dr. G.C.B Wijeyesinghe	Sales Financed to purchase goods from Singer (Sri Lanka) PLC	370.6	584.7
	(Resigned w.e.f. 30.12.2011)	Administrative Fees Paid	21.0	19.4
	Mr. H.A. Pieris	Loans Obtained During The Period	220.0	-
	Dr. S. Kelegama	Purchase of Assets	0.3	-
	Mr. M.P.A. Salgado	Dividend Paid (Gross)	64.0	32.0
	Mr. G.J. Walker	Interest Expense	34.9	20.0
	Mr. J.Hyun	Rental Collections through Singer (Sri Lanka) PLC	808.7	657.8
	(Appointed w.e.f. 10.06.2011)	Collection Commission Paid	4.4	2.5
		Royalty Paid Through Singer (Sri Lanka) PLC	4.2	2.8
		Rent Reimbursed	3.2	3.6
		Expenses Paid Through Singer (Sri Lanka) PLC	44.6	27.5
		Balance Payable	1,240.6	1,240.8
Singer Industries (Ceylon) PLC (Affiliate Company)	Mr.H D S Amarasuriya	Investments Fixed Deposit	55.8	160.00
	Dr. G.C.B Wijeyesinghe	Deposits Capital Repayment	54.4	-
	(Resigned w.e.f. 30.12.2011)	Deposits Interest Payment (Gross)	6.4	-
	Mr. H.A. Pieris			
Sampath Bank PLC	Dr. S. Kelegama	Loan Re-payment	12.3	-
	(Resigned w.e.f. 30.12.2011)	Interest Paid	24.0	0.6
		Bank Overdraft	100.9	20.8

- 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 it's Directors

3 CONTINGENCIES

The Company has provided letters of guarantee totalling to Rs. 550,000/- against Fixed Deposits of Rs. 679,633/-

4 EVENTS OCCURING 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 except the following:

The Board of Directors, Monetary Board of the Central Bank of Sri Lanka, Colombo Stock Exchange and shareholders at an Extraordinary General Meeting have approved the Rights Issue of 11 shares for every 20 ordinary shares amounting to 58,666,667 number of shares to a value of Rs. 645,333,337/-.

Parent Company Singer (Sri Lanka) PLC's shareholding increased to 80.4% from 75% ,as the parent company applied for the shares which were not subscribed in the Right Issue by the minority shareholders.

Interim Financial Statements for the Three Months ended 30th June 2012

SINGER FINANCE (LANKA) PLC

Notes to the Financial Statements

5 INFORMATION ON ORDINARY SHARES

a)	Stated Capital	30-Jun-2012	30-Jun-2011
	Value-Ordinary Shares	Rs.800,000,005/-	Rs.800,000,005/-
	No of Shares-Ordinary Shares	106,666,667	106,666,667
	Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

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

Name	No of Shares	%
1 Singer (Sri Lanka) Plc	79,999,988	75.00
2 Associated Electrical Corporation Ltd	1,536,000	1.44
3 Seylan Bank Plc/W.D.N.H.Perera	591,900	0.55
4 Mr.Shakir Asgerally Lukmanjee	540,000	0.51
5 Dr.Thirugnanasambandar Senthilvel	495,420	0.46
6 Naqeah (Pvt) Limited	421,300	0.39
7 DPMC Assetline Holdings (Pvt) Ltd. Account No. 02	409,600	0.38
8 Mercantile Investments And Finance Plc	400,000	0.37
9 A E C Properties (Pvt) Ltd.	360,000	0.34
10 Mrs.Shivanthi Sandamalee De Fonseka	359,400	0.34
11 Pan Asia Banking Corporations Plc. / Nuwara Eliya Property Developers	353,300	0.33
12 Navara Capital Limited.	250,000	0.23
13 Richard Pieris Financial Services (Pvt) Ltd/Fortune One (Pvt) Ltd	214,300	0.20
14 Mr.Chandasiri Jayasingha Pandita Siriwardana	200,000	0.19
15 Mr.Saheedul Hijiry Mohamed Rishan	200,000	0.19
16 Merchant Bank Of Sri Lanka Plc/J A S Piyawardena	192,100	0.18
17 Employees Trust Fund Board	127,100	0.12
18 Mr.Weerathunga Arachchige Sampath Palitha De Saram	127,001	0.12
19 Mr.Vishvalal Ravindra Kathiragamamby	125,000	0.12
20 Deshabandu - Dissanayake Mudiyanse Indunil Dissanayake	122,200	0.11
	87,024,609	81.59
Others	19,642,058	18.41
	106,666,667	100.00

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

Name of the Director	Sharholding 30-Jun-2012 No of Shares	Sharholding 31-Mar2012 No of Shares
Mr.H D S Amarasuriya	6	6
Dr. S. Kelegama	-	-
Mr.J.A.Setukavalar	-	-
Mr.J. Hyun	-	-
Mr. G.J. Walker	-	-
Mr. H.A. Pieris (Group Chief Executive Officer)	20,002	20002
Mr.R.S Wijeweera (Chief Executive Officer)	20,002	20002
Mr. M.P.A. Salgado	24,802	20002
Mr.S. Ramanathan (Alternate Director to Mr. G.J. Walker)	-	-

d) **Public Holding**

Public holding as at 30th June 2012 is 24.94% (As at 30th June 2011 - 25.00%).