



# SINGER<sup>®</sup>

Trusted Excellence



SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE  
THREE MONTHS ENDED 31ST MARCH 2014

## Group Chief Executive Officer's Review

The business environment continued to be difficult in the first quarter of 2014 with low demand from the customers and difficulty in collections.

While collections were difficult, the strong systems and culture at Singer supplemented by an on-line real time ERP system, use of call centre for collections, use of reminders by SMS for collections together with traditional collection drives ensured that our arrears were well under control.

In the 1st Quarter, the revenue of the Company and the Group increased by 8% over the prior year.

While revenue of the communications segment increased by 18%, it was good to see revenue growth from the two major segments - consumer electronics and white goods.

In 2013, Company's revenue and profits were impacted by imposition of value added tax in the retail sector. In 2014, we may also be impacted by the imposition of deemed VAT. While the final legislation is not yet available, the Company has provided Rs. 46 Million for possible liability for deemed VAT.

While the Group improved its gross profit by 7.3%, the provision for possible deemed VAT reduced the increase to 5%. Selling and administration expenses increased by 14% due to inflation and increase in rents, electricity costs. The net finance cost for the year declined by 13%. The income tax was lower due to lower profit.

The profit of the Company decreased by 40%, while the Group profit decreased by 24%, primarily due to provision for deemed VAT as well as increase in expenses.

The Company's subsidiary Singer Finance (Lanka) PLC, had increased revenue by 9% and net profit increased by 13%.

Despite the fact that the current business environment is sluggish there is a reason for optimism when we look at the growth of revenue over the last one year. In the 2nd quarter of last year there was a decline of 1% in Group revenue followed by a 3% decline in the 3rd quarter of last year. In the 4th quarter of last year we experienced a 3% growth and in the 1st quarter of 2014, we have experienced an 8% growth. This leaves us with optimism that there will be a double digit growth in the 2nd quarter of 2014 and onwards.

I wish to place on record my appreciation of all our staff for their contribution and commitment in challenging market conditions.

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*

## Statement of Comprehensive Income

For the quarter ended 31st March	Group		Company		Variance		Variance	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	6,741,325	6,245,782	6,285,719	5,826,289	495,543	+ 8%	459,430	+ 8%
Cost of Sales	(4,255,065)	(3,912,361)	(4,255,065)	(3,912,361)	(342,704)	+ 9%	(342,704)	+ 9%
Direct Interest Cost	(185,400)	(147,780)	—	—	(37,620)	+ 25%	—	—
Gross Profit	2,300,860	2,185,641	2,030,654	1,913,928	115,219	+ 5%	116,726	+ 6%
Other Income	41,304	32,466	22,653	36,430	8,838	+ 27%	13,777	- 38%
Selling and Administration Expenses	(1,773,161)	(1,550,411)	(1,582,573)	(1,401,121)	(222,750)	+ 14%	(181,452)	+ 13%
Other Operating Expenses	(66,374)	(65,423)	(62,025)	(61,161)	(951)	+ 1%	(864)	+ 1%
Finance Cost	(293,691)	(327,201)	(293,691)	(327,201)	(33,510)	- 10%	(33,510)	- 10%
Finance Income	17,828	10,966	6,697	43,194	6,862	+ 63%	36,496	- 84%
Net Finance Cost	(275,863)	(316,235)	(286,994)	(284,007)	(40,372)	- 13%	2,987	+ 1%
Share of Profit of Equity Accounted Investees (Net of Income Tax)	350	334	—	—	16	+ 5%	—	—
Value Added Tax on Financial Services	(18,873)	(5,905)	(9,800)	(5,250)	(12,968)	+ 220%	(4,550)	+ 87%
<b>Profit before Tax</b>	<b>208,243</b>	<b>280,467</b>	<b>111,915</b>	<b>198,819</b>	<b>72,224</b>	<b>- 26%</b>	<b>86,904</b>	<b>- 44%</b>
Income Tax Expense	(65,749)	(93,350)	(34,157)	(69,067)	(27,601)	- 30%	(34,910)	- 51%
<b>Profit for the Period</b>	<b>142,494</b>	<b>187,117</b>	<b>77,758</b>	<b>129,752</b>	<b>44,623</b>	<b>- 24%</b>	<b>51,994</b>	<b>- 40%</b>
Other Comprehensive Income	—	—	—	—	—	—	—	—
<b>Total Comprehensive Income for the Period</b>	<b>142,494</b>	<b>187,117</b>	<b>77,758</b>	<b>129,752</b>	—	—	—	—
<b>Profit Attributable to:</b>								
Owners of the Company	129,876	175,940	77,758	129,752	—	—	—	—
Non-Controlling Interest	12,618	11,177	—	—	—	—	—	—
Profit for the Period	142,494	187,117	77,758	129,752	—	—	—	—
<b>Total Comprehensive Income Attributable to:</b>								
Owners of the Company	129,876	175,940	77,758	129,752	—	—	—	—
Non-Controlling Interest	12,618	11,177	—	—	—	—	—	—
<b>Total Comprehensive Income for the Period</b>	<b>142,494</b>	<b>187,117</b>	<b>77,758</b>	<b>129,752</b>	—	—	—	—
Earnings per Share - Basic (Rs.)	1.04	1.41	0.62	1.04	—	—	—	—

Above figures are provisional and subject to audit.

	1st Quarter 2014 Rs.	1st Quarter 2013 Rs.
Share Prices		
Highest	97.00	113.00
Lowest	82.00	95.00
Last Traded Price	90.30	99.50

## Statement of Financial Position

As at 31st	Group			Company		
	March 2014 Rs. '000	March 2013 Rs. '000	December 2013 Rs. '000	March 2014 Rs. '000	March 2013 Rs. '000	December 2013 Rs. '000
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property, Plant and Equipment	2,537,624	2,250,107	2,505,355	2,464,913	2,196,647	2,434,878
Intangible Assets	197,830	188,379	198,082	165,447	163,116	166,101
Investments in Subsidiaries	—	—	—	982,242	982,242	982,242
Investments in Equity Accounted Investees	53,576	52,998	53,226	48,000	48,000	48,000
Other Financial Assets	17,061	17,061	17,061	166,303	17,020	166,303
Trade and Other Receivables	5,667,863	5,125,087	5,669,229	1,616,538	1,302,874	1,514,132
Deferred Tax Assets	119,022	145,346	119,022	135,362	145,346	135,362
	<b>8,592,976</b>	<b>7,778,978</b>	<b>8,561,974</b>	<b>5,578,805</b>	<b>4,855,245</b>	<b>5,447,017</b>
<b>Current Assets</b>						
Inventories	6,174,342	5,642,070	5,155,666	6,174,342	5,642,070	5,155,666
Loans due from Related Parties	66,635	153,635	69,635	95,313	815,285	90,881
Income Tax Receivable	36,230	—	50,963	36,230	—	50,963
Trade and Other Receivables	9,868,344	8,958,362	9,518,037	6,755,075	6,046,555	6,399,592
Amounts due from Related Parties	7,612	59,293	7,620	7,612	59,293	7,620
Deposits with Banks	115,884	50,267	113,960	—	—	—
Other Financial Assets	453,888	338,075	427,885	—	—	—
Cash and Cash Equivalents	748,997	600,883	692,458	499,196	586,252	519,015
	<b>17,471,932</b>	<b>15,802,585</b>	<b>16,036,223</b>	<b>13,567,768</b>	<b>13,149,455</b>	<b>12,223,736</b>
<b>Total Assets</b>	<b>26,064,908</b>	<b>23,581,563</b>	<b>24,598,197</b>	<b>19,146,573</b>	<b>18,004,700</b>	<b>17,670,753</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	759,213	770,492	762,033	759,213	770,493	762,033
Statutory Reserve	128,447	83,982	128,447	—	—	—
Revenue Reserves	3,267,216	3,200,340	3,447,544	2,696,364	2,750,893	2,928,810
<b>Total Equity Attributable for Equity Holders of the Company</b>	<b>4,780,924</b>	<b>4,680,862</b>	<b>4,964,072</b>	<b>4,081,625</b>	<b>4,147,433</b>	<b>4,316,891</b>
<b>Non-Controlling Interest</b>	<b>408,521</b>	<b>368,231</b>	<b>395,903</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Equity</b>	<b>5,189,445</b>	<b>5,049,093</b>	<b>5,359,975</b>	<b>4,081,625</b>	<b>4,147,433</b>	<b>4,316,891</b>
<b>Non-Current Liabilities</b>						
Interest Bearing Loans and Borrowings	4,231,243	1,602,166	4,337,116	3,150,443	1,402,146	3,150,881
Retirement Benefit Obligations	337,749	290,747	320,033	322,802	279,226	305,783
Deferred Taxation Liability	108,444	129,289	109,540	108,444	112,830	109,540
Security Deposits	670,279	598,746	651,765	670,279	598,746	651,765
Other Financial Liabilities due to Customers	829,392	680,266	756,232	—	—	—
	<b>6,177,107</b>	<b>3,301,214</b>	<b>6,174,686</b>	<b>4,251,968</b>	<b>2,392,948</b>	<b>4,217,969</b>
<b>Current Liabilities</b>						
Trade and Other Payables	3,569,197	3,778,695	3,386,638	3,264,885	3,340,768	2,964,492
Deferred Revenue	17,844	21,389	20,878	17,844	21,389	20,878
Income Tax Payable	33,425	108,233	15,639	—	78,186	—
Dividends Payable	274,259	695,585	14,956	274,259	695,585	14,956
Amounts due to Related Parties - Trade	325,859	446,209	333,565	325,859	446,209	333,565
Amounts due to Related Parties - Non-Trade	151,297	141,887	76,746	151,297	141,887	76,746
Other Financial Liabilities due to Customers	3,447,943	2,494,275	3,011,998	—	—	—
Interest Bearing Loans and Borrowings	6,878,532	7,544,984	6,203,117	6,778,836	6,740,295	5,725,255
	<b>14,698,356</b>	<b>15,231,256</b>	<b>13,063,536</b>	<b>10,812,980</b>	<b>11,464,319</b>	<b>9,135,893</b>
<b>Total Equity and Liabilities</b>	<b>26,064,908</b>	<b>23,581,563</b>	<b>24,598,197</b>	<b>19,146,573</b>	<b>18,004,700</b>	<b>17,670,753</b>
<b>Net Assets per Share</b>	<b>38.18</b>	<b>37.38</b>	<b>39.65</b>	<b>32.60</b>	<b>33.12</b>	<b>34.48</b>

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  
Colombo,  
9th May 2014

(Sgd.) Asoka Pieris  
Director/Group Chief Executive Officer

## Statement of Changes in Equity

For the three months ended 31st March 2013

Group	Attributable to Equity Holders of the Company							Non-Controlling Interest Rs. '000	Total Equity Rs. '000
	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		
Balance at 1st January 2013	626,048	27,628	50,797	773,312	2,500,000	1,278,395	5,256,180	357,054	5,613,234
Realisation of Revaluation Surplus	-	-	-	(2,820)	-	2,820	-	-	-
Transferred to/(from) during the Year	-	-	5,557	-	-	(5,557)	-	-	-
Transactions with Owners of the Company, Recognised Directly in Equity									
Distributions to Owners of the Company									
Final Dividend - 2012	-	-	-	-	-	(751,258)	(751,258)	-	(751,258)
Total Distributions to Owners of the Company	-	-	-	-	-	(751,258)	(751,258)	-	(751,258)
Total Comprehensive Income for the Period									
Profit for the Three Months Period	-	-	-	-	-	175,940	175,940	11,177	187,117
Other Comprehensive Income	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	-	175,940	175,940	11,177	187,117
Balance at 31st March 2013	626,048	27,628	56,354	770,492	2,500,000	700,340	4,680,862	368,231	5,049,093
Realisation of Revaluation Surplus	-	-	-	(8,459)	-	8,459	-	-	-
Transferred to/(from) during the Year	-	12,827	31,638	-	-	(44,465)	-	-	-
Transactions with Owners of the Company, Recognised Directly in Equity									
Distributions to Owners of the Company									
Dividend paid by Subsidiary Company to Non-Controlling Interest - 2012	-	-	-	-	-	-	-	(21,061)	(21,061)
Total Distributions to Owners of the Company	-	-	-	-	-	-	-	(21,061)	(21,061)
Total Comprehensive Income for the Period									
Profit for the Nine Months Period	-	-	-	-	-	286,153	286,153	48,796	334,949
Other Comprehensive Income									
Actuarial Loss on Retirement Benefit Obligation	-	-	-	-	-	(4,088)	(4,088)	(88)	(4,176)
Tax on Other Comprehensive Income	-	-	-	-	-	1,145	1,145	25	1,170
Total Other Comprehensive Income for the Period	-	-	-	-	-	(2,943)	(2,943)	(63)	(3,006)
Total Comprehensive Income for the Period	-	-	-	-	-	283,210	283,210	48,733	331,943
Balance at 31st December 2013	626,048	40,455	87,992	762,033	2,500,000	947,544	4,964,072	395,903	5,359,975
Realisation of Revaluation Surplus	-	-	-	(2,820)	-	2,820	-	-	-
Transferred to/(from) during the Year	-	-	-	-	-	-	-	-	-
Transactions with Owners of the Company, Recognised Directly in Equity									
Distributions to owners of the Company									
Final Dividend - 2013	-	-	-	-	-	(313,024)	(313,024)	-	(313,024)
Total Distributions to Owners of the Company	-	-	-	-	-	(313,024)	(313,024)	-	(313,024)
Total Comprehensive Income for the Period									
Profit for the Three Months Period	-	-	-	-	-	129,876	129,876	12,618	142,494
Other Comprehensive Income	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	-	129,876	129,876	12,618	142,494
Balance at 31st March 2014	626,048	40,455	87,992	759,213	2,500,000	767,216	4,780,924	408,521	5,189,445

## 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 at 1st January 2013</b>	626,048	773,312	2,500,000	869,579	4,768,939
Realisation of Revaluation Surplus	-	(2,820)	-	2,820	-
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>					
<b>Distributions to Owners of the Company</b>					
Final Dividend - 2012	-	-	-	(751,258)	(751,258)
<b>Total Distributions to Owners of the Company</b>	-	-	-	(751,258)	(751,258)
<b>Total Comprehensive Income for the Period</b>					
Profit for the Period	-	-	-	129,752	129,752
Other Comprehensive Income	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	-	-	-	129,752	129,752
<b>Balance at 31st March 2013</b>	<b>626,048</b>	<b>770,492</b>	<b>2,500,000</b>	<b>250,893</b>	<b>4,147,433</b>
Realisation of Revaluation Surplus	-	(8,459)	-	8,459	-
Transferred to/(from) during the Year	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>					
Profit for the Period	-	-	-	172,142	172,142
<b>Other Comprehensive Income</b>					
Actuarial Loss on Retirement Benefit Obligation	-	-	-	(3,728)	(3,728)
Tax on Other Comprehensive Income	-	-	-	1,044	1,044
<b>Total Other Comprehensive Income for the Period</b>	-	-	-	(2,684)	(2,684)
<b>Total Comprehensive Income for the Period</b>	-	-	-	169,458	169,458
<b>Balance at 31st December 2013</b>	<b>626,048</b>	<b>762,033</b>	<b>2,500,000</b>	<b>428,810</b>	<b>4,316,891</b>
Realisation of Revaluation Surplus	-	(2,820)	-	2,820	-
Transferred to/(from) during the Year	-	-	-	-	-
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>					
<b>Distributions to Owners of the Company</b>					
Final Dividend - 2013	-	-	-	(313,024)	(313,024)
<b>Total Distributions to Owners of the Company</b>	-	-	-	(313,024)	(313,024)
<b>Total Comprehensive Income for the Period</b>					
Profit for the Period	-	-	-	77,758	77,758
Other Comprehensive Income	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	-	-	-	77,758	77,758
<b>Balance at 31st March 2014</b>	<b>626,048</b>	<b>759,213</b>	<b>2,500,000</b>	<b>196,364</b>	<b>4,081,625</b>

## Statement of Cash Flow

For the three months ended 31st March	Group		Company	
	2014 Rs. '000	2013 Rs. '000	2014 Rs. '000	2013 Rs. '000
<b>Cash Flows from Operating Activities</b>				
Net Profit before Income Tax Expense	208,242	280,466	111,915	198,818
<b>Adjustments for:</b>				
Depreciation on Property, Plant & Equipment	68,495	66,577	65,231	63,148
Share of Profit from Equity Accounted Investees	(350)	(334)	—	—
Amortisation of Intangible Assets	4,283	5,116	3,198	4,283
(Gain) on Disposal of Property, Plant & Equipment	(51)	(101)	(51)	(101)
Interest Expense	286,450	327,201	286,450	327,201
Interest Income	(17,805)	(10,966)	(6,697)	(43,194)
Impairment of Inventories	15,577	(1,547)	15,577	(1,547)
Bad Debts Written-off	(49,658)	(9,859)	(14,644)	(6,977)
Impairment on Trade and Other Receivables	105,506	25,310	53,405	4,706
Provision for Retiring Gratuity	19,048	21,923	18,351	21,323
<b>Operating Profit before Working Capital Changes</b>	<b>639,737</b>	<b>703,786</b>	<b>532,736</b>	<b>567,661</b>
(Increase)/Decrease in Inventories	(1,034,253)	(1,414,449)	(1,034,253)	(1,414,449)
(Increase)/Decrease in Debtors Falling Due after one Year	1,366	(80,297)	(102,406)	(7,391)
(Increase)/Decrease in Debtors Falling Due within one Year	(409,187)	(619,101)	(397,278)	(716,208)
(Increase)/Decrease in Dues from Related Parties	8	94,285	8	98,468
Increase/(Decrease) in Dues from Related Parties	66,845	330,968	66,845	330,968
Increase/(Decrease) in Security Deposits	18,514	22,098	18,514	22,098
Increase/(Decrease) in Customer Deposit Liabilities	509,105	310,021	—	—
Increase/(Decrease) in Trade and Other Payables	199,920	1,052,834	279,586	876,425
<b>Cash Generated from Operations</b>	<b>(7,945)</b>	<b>400,145</b>	<b>(636,249)</b>	<b>(242,429)</b>
Finance Costs Paid	(303,812)	(254,835)	(265,644)	(124,399)
Retiring Gratuity Paid	(1,332)	(1,715)	(1,332)	(1,455)
Income Tax Paid	(34,325)	(32,030)	(20,520)	(30,000)
<b>Net Cash from/(used in) Operating Activities</b>	<b>(347,414)</b>	<b>111,565</b>	<b>(923,745)</b>	<b>(398,283)</b>
<b>Cash Flows from Investing Activities</b>				
Acquisition of Property, Plant & Equipment and Intangible Assets	(104,937)	(169,736)	(97,951)	(153,878)
Proceeds from Disposal of Property, Plant & Equipment	191	121	191	121
(Acquisition)/Disposal of Marketable Securities	(26,003)	(19,355)	—	—
Investment in Bank Deposits	(1,924)	716	—	—
Net Cash Flows from Loans Given to Related Companies	3,000	(60,000)	(4,433)	676,768
Interest Income Received	17,805	10,966	6,697	43,194
<b>Net Cash Flows from/(used in) Investing Activities</b>	<b>(111,867)</b>	<b>(237,289)</b>	<b>(95,495)</b>	<b>566,205</b>
<b>Cash Flows from Financing Activities</b>				
Net Proceeds from Interest Bearing Loans and Borrowings	135,189	52,050	580,566	133,653
Dividends Paid	(53,721)	(66,495)	(53,721)	(66,495)
<b>Net Cash Flow (used)/from Financing Activities</b>	<b>81,468</b>	<b>(14,446)</b>	<b>526,845</b>	<b>67,158</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(377,814)</b>	<b>(140,170)</b>	<b>(492,396)</b>	<b>235,079</b>
<b>Cash and Cash Equivalents at the beginning of the Year</b>	<b>(148,644)</b>	<b>(48,199)</b>	<b>(234,304)</b>	<b>(207,304)</b>
<b>Cash and Cash Equivalents at the end of the Period</b>	<b>(526,458)</b>	<b>(188,368)</b>	<b>(726,700)</b>	<b>27,775</b>

## Notes to the Financial Statements

- 1.1** The Interim Financial Statements of the Company and Group have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st December 2013, are in compliance with Sri Lanka Accounting Standard 34 - 'Interim Financial Reporting'.

**2.1 Segmental Analysis of Company Net Turnover is as follows:**

	1st Quarter ending 31st March 2014 Rs. '000	1st Quarter ending 31st March 2013 Rs. '000
Sewing-Related Products	692,356	611,709
Consumer Electronics	1,433,889	1,380,917
White Goods	2,096,370	2,020,120
Kitchen-Related Products	402,980	379,565
Communications	845,164	713,556
Furniture	409,110	368,847
Transport	162,524	168,939
Agro	243,326	182,636
	<b>6,285,719</b>	<b>5,826,289</b>

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

	1st Quarter ending 31st March 2014 Rs. '000	1st Quarter ending 31st March 2013 Rs. '000
Sewing-Related Products	13,620	22,242
Consumer Electronics	30,427	54,184
White Goods	36,424	66,081
Kitchen-Related Products	9,323	16,200
Communications	9,390	19,558
Furniture	7,303	11,698
Transport	614	2,028
Agro	4,814	6,828
	<b>111,915</b>	<b>198,819</b>

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

	1st Quarter ending 31st March 2014 Rs. '000	1st Quarter ending 31st March 2013 Rs. '000
Sewing-Related Products	692,356	611,709
Consumer Electronics	1,433,889	1,380,917
White Goods	2,096,370	2,020,120
Kitchen-Related Products	402,980	379,565
Communications	845,164	713,556
Furniture	409,110	368,847
Transport	162,524	168,939
Agro	243,326	182,636
Singer Finance (Lanka) PLC	455,606	419,493
	<b>6,741,325</b>	<b>6,245,782</b>



## Notes to the Financial Statements

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

	1st Quarter ending 31st March 2014 Rs. '000	1st Quarter ending 31st March 2013 Rs. '000
Sewing-Related Products	13,620	22,242
Consumer Electronics	30,427	54,184
White Goods	36,424	66,081
Kitchen-Related Products	9,323	16,200
Communications	9,390	19,558
Furniture	7,303	11,698
Transport	614	2,028
Agro	4,814	6,828
Singer Finance (Lanka) PLC	95,977	81,315
Share of Profit on Equity Accounted Investees	350	334
	<b>208,242</b>	<b>280,468</b>

### 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, the Company had following transactions with its Parent Companies:

##### Singer Asia Ltd. - (Intermediate Parent)

	2014 Rs. Million	2013 Rs. Million
Royalty Expenses	69.8	64.8
Royalty Payable Balance as at Period End	151.3	141.9

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

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

- (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 (Sri Lanka) BV	Intermediate Parent
Singer Asia Holdings NV	Intermediate Parent
Retail Holdings NV	Ultimate Parent
Sewco Holdings Ltd.	Intermediate Parent

## Notes to the Financial Statements

### 3.3 Transactions with Subsidiary Companies

	2014 Rs. Million	2013 Rs. Million
<b>Singer Finance (Lanka) PLC</b>		
Sales Financed through Singer Finance (Lanka) PLC	59.6	37.6
Payments to Singer (Sri Lanka) PLC on behalf of Customers	306.5	204.5
Short-Term Loans Granted	–	220.0
Short-Term Loans Recovered	–	440.0
Interest Income	2.7	45.2
Cash Collection through Singer (Sri Lanka) PLC	412.9	617.5
Expenses Paid	44.0	38.2
Administrative Fee Charged	0.1	9.9
Collecting Commission Paid through Singer (Sri Lanka) PLC	4.7	4.4
Purchase of Assets	0.5	0.7
Rent Reimbursed	3.0	3.3
Royalty Paid through Singer (Sri Lanka) PLC	4.8	4.6
Balance Receivable - Loans	28.7	661.6

### 3.4 Transactions with Associate Companies

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

	2014 Rs. Million	2013 Rs. Million
<b>Reality (Lanka) Ltd.</b>		
Rent Expenses	1.2	1.3
Loans Receivable	66.6	73.6

(b) 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.

### 3.5 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
Regnis Appliances (Pvt) Ltd.	Affiliate Company
Singer Asia Sourcing Ltd.	Affiliate Company

## Notes to the Financial Statements

### 3.6 Transactions with Key Management Personnel

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	2014 Rs. Million	2013 Rs. Million
Singer Industries (Ceylon) PLC (Affiliate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	250.6	254.1
	Late Dr. G.C.B. Wijeyesinghe	Corporate Guarantee Given	75.0	75.0
	Deshabandu A.M. de S. Jayaratne	Lease Rental Paid	0.9	0.9
	Mr. G. J. Walker	Net Finance Charge	0.1	–
	Mr. H.A. Pieris	Trade Credit Settled	230.4	261.8
	Mr. V.G.K. Vidyaratne	Expenses Reimbursed	0.3	2.4
		Balance Payable	125.8	107.7
Regnis (Lanka) PLC (Affiliate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	740.7	644.8
	Late Dr. G.C.B. Wijeyesinghe	Corporate Guarantees Given	455.5	455.5
	Dr. S. Kelegama	Interest Income	1.2	1.4
	Mr. G.J. Walker	Trade Credit Settled	829.9	558.6
	Mr. H.A. Pieris	Sales Taxes	105.8	92.1
	Mr. V.G.K. Vidyaratne	Expenses Reimbursed	12.0	11.7
		Loans Receivable	–	80.0
		Balance Payable	173.1	214.1
Singer Finance (Lanka) PLC (Subsidiary Company)	Mr. H.D.S. Amarasuriya (Chairman) (Resigned w.e.f. 30.04.2013)	Sales Financed through Singer Finance (Lanka) PLC	59.6	37.6
	Dr. S. Kelegama	Payments to Singer (Sri Lanka) PLC on behalf of Customers	306.5	204.5
	Mr. G.J. Walker	Short -Term Loan Granted	–	220.0
	Mr. J.J. Hyun	Short-Term Loan Recovered	–	440.0
	Mr. H.A. Pieris (Resigned w.e.f. 30.04.2013)	Interest Income	2.7	45.2
	Mr. M.P.A. Salgado (Appointed w.e.f. 30.04.2013)	Cash Collection through Singer (Sri Lanka) PLC	412.9	617.5
		Expenses Paid	44.0	38.2
		Administrative Fee Charged	0.1	9.9
		Collecting Commission paid through Singer (Sri Lanka) PLC	4.7	4.4
		Purchase of Assets	0.5	0.7
		Rent Reimbursed	3.0	3.3
		Royalty Paid through Singer (Sri Lanka) PLC	4.8	4.6
		Balance Receivable - Loans	28.7	661.6
Singer Asia Sourcing Ltd. (Affiliate Company)	Mr. G.J. Walker	Balance (Receivable)/Payables	7.6	7.4

## Notes to the Financial Statements

Name of the Company and Relationship	Name of Director	Nature of Transaction	2014 Rs. Million	2013 Rs. Million
Singer Asia Ltd. (Intermediate Parent Company)	Mr. P.J. O'Donnell	Royalty Expenses	<b>69.8</b>	64.8
	Mr. G.J. Walker	Royalty Payable	<b>151.3</b>	141.9
Reality Lanka Ltd. (Associate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Rent Expenses	<b>1.2</b>	1.3
	Mr. G.J. Walker	Loans Receivable	<b>66.6</b>	73.6
	Mr. H.A. Pieris			
	Mr. V.G.K. Vidyaratne			
Regnis Appliances (Pvt) Ltd.	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	<b>157.3</b>	552.3
	Mr. H.A. Pieris	Trade Settlements	<b>214.3</b>	448.6
	Mr. V.G.K. Vidyaratne	Expenses Paid	<b>0.6</b>	0.7
	Mr. A.N. Majeed ( <i>Resigned w.e.f. 30.04.2013</i> )	Sales Taxes	<b>22.8</b>	103.6
		Finance Charges	<b>0.5</b>	3.2
		Loans Granted	–	100.0
		Loans Recovered	–	120.0
		Balance Payable - Trade	<b>27.8</b>	75.9

- 3.7** 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**

	2014 Rs. Million	2013 Rs. Million
Deposits kept by Key Management Personnel or their close family members of Singer Finance (Lanka) PLC	<b>88.5</b>	87.2

## 4. Stated Capital

	31st March 2014	31st March 2013
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

## 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. 190.1 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.

### 7. Listed Debentures

Details regarding the listed debentures are as follows:

- 17% senior rated unsecured redeemable on 30th September 2015.
- 14.5% senior rated listed unsecured redeemable on 30th May 2015 and 30th May 2016.

Interest rate of comparable Government Securities as at date of issue, 25th October 2012 was 11.84%.

Highest Traded Price, Lowest Traded Price, Last Traded Price as at 31st March 2013, 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 %
1. 17% senior rated unsecured redeemable debentures	99.98	99.98	99.98	17.003	17.013
2. 14.5% senior rated listed unsecured redeemable debentures	100	100	100	14.5	14.5
	31st March 2014			31st March 2013	
Debt Equity Ratio			0.77		0.34
Interest Cover			1.39		1.70
Quick Assets Ratio			0.76		0.66

## Notes to the Financial Statements

### 8. Top 20 Shareholders as at 31st March 2014

Name	No. of Shares	%
1. Singer (Sri Lanka) BV	107,812,850	86.11
2. Bank of Ceylon A/c Ceybank Unit Trust	4,247,206	3.39
3. Miss Ranjani Eileen Weeraratne Jayasuriya	673,174	0.54
4. Mrs. Mihiri Virani Fernando	600,000	0.48
5. Bank of Ceylon A/c Ceybank Century Growth Fund	599,112	0.48
6. Mrs. Zohra Taher Jafferjee	330,890	0.26
7. Deutsche Bank Ag As Trustee For Jb Vantage Value Equity Fund Deut	206,282	0.16
8. Dr. Nimal Ebenezer Herat Sanderatne	180,333	0.14
9. Mrs. Anoma Kamalika Amarasuriya	178,970	0.14
10. Sri Lanka Insurance Corporation Ltd. - General Fund	177,500	0.14
11. Mrs. Kalutaravedage Jinangali Manel De Silva	131,248	0.10
12. Mr. Nalin Amita De Silva	126,326	0.10
13. Jafferjee Brothers (Exports) Ltd.	125,200	0.10
14. Miss Nai Kaluge Ruvani Hemamala De Silva	118,195	0.09
15. Miss Tasneem Maria Moosajee	117,000	0.09
16. Mrs. Enoka Kamali Wickramasinghe	112,644	0.09
17. Mr. Abeyisiri Hemapala Munasinghe	109,548	0.09
18. Mrs. Jasbinderjit Kaur Piara Singh	91,268	0.07
19. Mr. Hemaka Devapriya Senarath Amarasuriya	89,482	0.07
20. Merchant Bank of Sri Lanka Ltd./Union Investments Ltd.	88,894	0.07
	116,116,122	92.74
Others	9,093,488	7.26
<b>Total</b>	<b>125,209,610</b>	<b>100.00</b>

### 9. Directors and CEO's Shareholding as at 31st March 2014

Name of the Director	Shareholding 31st March 2014 No. of Shares	Shareholding 31st December 2013 No. of Shares
Mr. H.D.S. Amarasuriya	89,482	89,482
Mr. H.A. Pieris - CEO	2,000	2,000
Dr. G.C.B. Wijeyesinghe	-	-
Dr. Saman Kelegama	-	-
Deshabandu Ajit Jayaratne	-	-
Mr. P.J. O'Donnell	-	-
Mr. J.J. Hyun	-	-
Mr. G.J. Walker	-	-
Mr. V.G.K. Vidyaratne	25,131	23,831
Mr. M.H. Wijewardene	-	-
Mr. K. Samarasinghe	4,124	4,124
Mr. M.P.A. Salgado	4,000	4,000

### 10. Public Holding

Public holding as at 31st March 2014 is 13.65% (As at 31st March 2013 - 13.65%).





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