



SINGER[®]

Trusted Excellence



SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
SIX MONTHS ENDED 30TH JUNE 2013

Group Chief Executive Officer's Review

The business environment continued to be difficult with low demand by the customers and difficulty in collections. The consumer segments served by Singer were particularly affected by the increase in electricity charges.

While collections were difficult the strong systems and culture at Singer including the on-line real time ERP system, use of call centres, collection reminders by SMS made sure that our arrears were under control.

We believe that the challenging economic conditions will not last and that Sri Lanka has good prospects in the medium term. With this in view, we have continued to expand our shops and brands and strengthen our infrastructure.

In the first half the Company's gross sales revenue increased by 1%. However, as the retail sector came under Value Added Tax, the revenue which is recorded, net of turn over taxes was 1% below prior year. At group level, the revenue was marginally below prior year.

The Company's communications segment continued to do well and increased revenue by 116%. The transport segment grew by 12% and furniture by 18%, while all other segments declined.

Despite the increase in VAT, the Company was able to improve its margins both at company level and at Group level. However, selling and administration expenses increased due to inflation, expansion of shops and increase in electricity expenses. The net finance cost for the period was an increase of 65% for the Company and 59% for the Group. While the borrowings increased, the main reason for increase in finance cost was the increase in interest rates. The income tax was lower due to lower profits. The Company's profit reduced by 56%, while the Group profit decreased by 51%.

Finance cost was the biggest factor affecting profits. In order to reduce borrowing rates, the Company had a debenture issue of Rs. 1.5 Billion in late May and also secured a loan of Rs. 1.3 Billion from overseas with interest cost (after exchange cover) at a lower rate in early July.

The Company's Subsidiary Singer Finance (Lanka) PLC, increased revenue by 19% and grew Net profit by 8%.

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

Colombo,
15th August 2013

Statement of Comprehensive Income

For the quarter ended 30th June	Group		Company		Variance		Variance		
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000	Group Rs.'000	%	Company Rs.'000	%	
Revenue	6,349,625	6,414,263	5,918,964	6,034,536	(64,638)	-	(115,571)	-	1.9
Cost of Sales	(3,920,146)	(4,058,995)	(3,920,146)	(4,058,995)	138,849	+	138,849	+	3
Direct Interest Cost	(161,298)	(135,712)	—	—	(25,586)	-	—	—	—
Gross Profit	2,268,181	2,219,556	1,998,818	1,975,541	48,625	+	23,276	+	1
Other Income	58,844	45,002	103,927	101,454	13,842	+	2,473	+	2
Selling and Administration Expenses	(1,699,155)	(1,476,722)	(1,518,524)	(1,352,688)	(222,432)	-	(165,837)	-	12
Other Operating Expenses	(73,968)	(56,505)	(69,604)	(53,481)	(17,463)	-	(16,123)	-	30
Finance Cost	(367,435)	(260,446)	(367,435)	(260,446)	(106,589)	-	(106,989)	-	41
Finance Income	17,320	(170)	34,464	28,361	17,490	+	6,104	+	22
Net Finance Cost	(350,115)	(260,616)	(332,972)	(232,085)	(89,500)	-	(100,887)	-	43
Share of Profit/(Loss) of Equity Accounted Investees (Net of Income Tax)	324	375	—	—	(51)	-	—	—	—
Value Added Tax on Financial Services	(16,541)	(16,483)	(7,300)	(11,251)	(58)	-	3,951	+	35
Profit before Tax	187,570	454,608	174,346	427,490	(267,038)	-	(253,145)	-	59
Income Tax Expense	(40,750)	(143,719)	(31,389)	(115,410)	102,969	+	84,021	+	73
Profit for the Period	146,820	310,889	142,957	312,081	(164,070)	-	(169,124)	-	54
Other Comprehensive Income									
Revaluation of Property, Plant and Equipment	—	—	—	—	—	—	—	—	—
Income Tax on Other Comprehensive Income	—	—	—	—	—	—	—	—	—
Other Comprehensive Income for the Period - Net of Tax	—	—	—	—	—	—	—	—	—
Total Comprehensive Income for the Period	146,820	310,889	142,957	312,081	—	—	—	—	—
Profit Attributable to:									
Owners of the Company	129,192	295,281	142,957	312,081	—	—	—	—	—
Non-Controlling Interest	17,628	15,608	—	—	—	—	—	—	—
Profit for the Period	146,820	310,889	142,957	312,081	—	—	—	—	—
Total Comprehensive Income Attributable to:									
Owners of the Company	129,192	295,281	142,957	312,081	—	—	—	—	—
Non-Controlling Interest	17,628	15,608	—	—	—	—	—	—	—
Total Comprehensive Income for the Period	146,820	310,889	142,957	312,081	—	—	—	—	—
Earnings per Share - Basic (Rs.)	1.03	2.36	1.14	2.49	—	—	—	—	—

Above figures are provisional and subject to audit.

	2nd Quarter 2013 Rs.	2nd Quarter 2012 Rs.
Share Prices		
Highest	105.00	108.50
Lowest	95.20	78.00
Last Traded Price	98.00	97.70

Statement of Comprehensive Income

For the six months ended 30th June	Group		Company		Variance		Variance	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	12,570,326	12,596,124	11,745,254	11,880,618	(25,799)	- 0	(135,365)	- 1
Cost of Sales	(7,832,507)	(8,000,997)	(7,832,507)	(8,000,997)	168,489	+ 2	168,489	+ 2
Direct Interest Cost	(309,079)	(245,491)	-	-	(63,588)	- 26	-	-
Gross Profit	4,428,740	4,349,636	3,912,746	3,879,622	79,102	+ 2	33,124	+ 1
Other Income	116,392	87,146	140,357	142,069	29,246	+ 34	(1,712)	- 1
Selling and Administration Expenses	(3,249,567)	(2,896,386)	(2,919,644)	(2,641,821)	(353,180)	- 12	(277,823)	- 11
Other Operating Expenses	(139,391)	(101,645)	(130,765)	(95,932)	(37,746)	- 37	(34,832)	- 36
Finance Cost	(694,637)	(446,970)	(694,637)	(446,970)	(247,666)	- 55	(247,666)	- 55
Finance Income	28,286	26,909	77,657	72,446	1,376	+ 5	5,211	+ 7
Net Finance Cost	(666,351)	(420,061)	(616,979)	(374,524)	(246,289)	- 59	(242,455)	- 65
Share of Profit/(Loss) of Equity Accounted Investees (Net of Income Tax)	658	774	-	-	(114)	- 15	-	-
Value Added Tax on Financial Services	(22,445)	(26,478)	(12,550)	(16,501)	4,033	+ 15	3,951	+ 24
Profit before Tax	468,037	992,986	373,164	892,912	(524,951)	- 53	(519,748)	- 58
Income Tax Expense	(135,196)	(307,504)	(101,551)	(279,830)	172,307	+ 56	178,277	+ 64
Profit for the Period	332,841	685,482	271,613	613,083	(352,641)	- 51	(341,470)	- 56
Other Comprehensive Income								
Revaluation of Property, Plant and Equipment	-	-	-	-				
Income Tax on Other Comprehensive Income	-	-	-	-				
Other Comprehensive Income for the Period - Net of Tax	-	-	-	-				
Total Comprehensive Income for the Period	332,841	685,482	271,613	613,083				
Profit Attributable to:								
Owners of the Company	304,036	651,577	271,613	613,083				
Non-Controlling Interest	28,805	33,905	-	-				
Profit for the Period	332,841	685,482	271,613	613,083				
Total Comprehensive Income Attributable to:								
Owners of the Company	304,036	651,576	271,613	613,083				
Non-Controlling Interest	28,805	33,905	-	-				
Total Comprehensive Income for the Period	332,841	685,482	271,613	613,083				
Earnings per Share - Basic (Rs.)	2.43	5.20	2.17	4.90				

Above figures are provisional and subject to audit.

Share Prices	Six months 2013 Rs.	Six months 2012 Rs.
Highest	113.00	138.50
Lowest	95.00	78.00
Last Traded Price	98.00	97.70

Statement of Financial Position

As at 30th	Group			Company		
	June 2013 Rs. '000	June 2012 Rs. '000	December 2012 Rs. '000	June 2013 Rs. '000	June 2012 Rs. '000	December 2012 Rs. '000
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	2,330,624	1,777,244	2,151,208	2,275,763	1,737,036	2,106,383
Intangible Assets	186,649	162,571	189,256	161,020	147,057	166,954
Investments in Subsidiaries	—	—	—	982,242	400,000	982,242
Investments in Equity Accounted Investees	53,322	47,659	52,663	48,000	48,000	48,000
Other Investments	17,061	17,061	17,061	17,020	17,020	17,020
Trade and Other Receivables	5,266,361	4,738,992	5,044,790	1,345,710	1,261,567	1,295,483
Deferred Tax Assets	145,346	125,502	150,284	145,346	125,502	146,300
	7,999,362	6,869,026	7,605,262	4,975,101	3,736,183	4,762,381
Current Assets						
Inventories	4,888,413	4,457,840	4,226,074	4,888,413	4,454,698	4,226,074
Loans due from Related Parties	78,635	183,673	93,635	741,888	1,117,245	1,492,054
Trade and Other Receivables	9,072,245	7,916,074	8,355,654	6,085,886	4,872,261	5,329,017
Amounts due from Related Parties - Trade	8,312	14,500	134,398	125,803	321,543	138,581
Amounts due from Related Parties - Non-Trade	49,890	34,960	19,181	49,890	34,960	19,181
Deposits with Banks	51,458	50,799	50,983	—	—	—
Marketable Securities	387,403	274,433	318,720	—	—	—
Cash and Cash Equivalents	617,563	383,484	615,316	599,161	362,444	424,277
	15,153,918	13,315,762	13,813,960	12,491,041	11,163,151	11,629,183
Total Assets	23,153,279	20,184,790	21,419,223	17,466,142	14,899,334	16,391,564
EQUITY AND LIABILITIES						
Equity						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	767,673	650,910	773,312	767,673	650,910	773,312
Statutory Reserve	115,418	67,618	78,425	—	—	—
Revenue Reserves	3,302,375	3,305,157	3,778,757	2,897,767	2,967,412	3,369,579
Total Equity Attributable for Equity Holders of the Company	4,811,515	4,649,733	5,256,543	4,291,488	4,244,370	4,768,939
Non-Controlling Interest	364,435	268,568	356,692	—	—	—
Total Equity	5,175,950	4,918,301	5,613,235	4,291,488	4,244,370	4,768,939
Non-Current Liabilities						
Loans and Borrowings	3,220,503	1,446,117	1,633,823	3,051,731	1,152,353	1,402,555
Retirement Benefit Obligations	308,172	242,544	270,539	296,216	235,170	259,359
Deferred Taxation Liability	112,709	104,654	113,926	111,733	94,038	113,926
Security Deposits	623,475	537,768	576,648	623,475	537,768	576,648
Deposits from Customers	935,200	526,743	342,850	—	—	—
	5,200,059	2,857,827	2,937,787	4,083,155	2,019,330	2,352,488
Current Liabilities						
Trade and Other Payables	2,923,316	2,706,568	2,653,496	2,418,330	2,319,954	2,261,543
Deferred Revenue	24,743	17,654	22,330	24,743	17,654	22,330
Income Tax Payable	54,383	216,130	67,213	14,574	225,233	38,976
Dividends Payable	17,805	22,694	10,822	17,805	22,694	10,822
Amounts due to Related Parties - Trade	141,461	284,756	184,453	141,525	284,756	184,453
Amounts due to Related Parties - Non-Trade	71,986	141,239	72,675	71,989	141,242	72,675
Deposits from Customers	2,578,102	2,382,956	2,521,670	—	—	—
Loans and Borrowings	6,965,472	6,636,665	7,335,542	6,402,532	5,624,102	6,679,336
	12,777,270	12,408,661	12,868,201	9,091,499	8,635,636	9,270,136
Total Equity and Liabilities	23,153,279	20,184,790	21,419,223	17,466,142	14,899,334	16,391,564
Net Assets per Share	38.27	37.14	41.98	34.27	33.90	38.09

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 Amarasureiya

Director

Colombo,

15th August 2013

(Sgd.) Asoka Pieris

Director/Group Chief Executive Officer

Statement of Changes in Equity

For the six months ended 30th June 2013

Group	Attributable to Equity Holders of the Company									
	Stated Capital	Statutory Reserve			Revaluation Reserves	General Reserves	Retained Earnings	Total	Non-Controlling Interest	Total Equity
		Reserve Fund	Investment Fund	National Insurance Trust Fund						
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Restated Balance at 31st December 2011	626,048	16,350	28,058	—	655,454	2,200,000	1,221,738	4,747,647	255,995	5,003,642
Realisation of Revaluation Surplus	—	—	—	—	(6,311)	—	6,311	—	—	—
Deferred Tax Effect on Realisation of Revaluation Surplus	—	—	—	—	1,767	—	—	1,767	—	1,767
Transferred to/(from) during the Year	—	11,278	11,933	—	—	—	(23,211)	—	—	—
Transactions with Owners of the Company, Recognised Directly in Equity										
Distributions to Owners of the Company										
Final Dividend - 2011	—	—	—	—	—	—	(751,258)	(751,258)	(21,333)	(772,591)
Total Distributions to Owners of the Company	—	—	—	—	—	—	(751,258)	(751,258)	(21,333)	(772,591)
Total Comprehensive Income for the Period										
Profit for the Period	—	—	—	—	—	—	651,577	651,577	33,906	685,483
Total Comprehensive Income for the Period	—	—	—	—	—	—	651,577	651,577	33,906	685,483
Balance as at 30th June 2012	626,048	27,628	39,990	—	650,910	2,200,000	1,105,157	4,649,733	268,568	4,918,301
Realisation of Revaluation Surplus	—	—	—	—	(6,311)	—	6,311	—	—	—
Deferred Tax Effect on Realisation of Revaluation Surplus	—	—	—	—	1,767	—	—	1,767	—	1,767
Transferred to/(from) during the Year	—	—	10,807	—	—	300,000	(310,807)	—	—	—
Transactions with Owners of the Company, Recognised Directly in Equity										
Distributions to Owners of the Company										
Final Dividend - 2011	—	—	—	—	—	—	—	—	—	—
Total Distributions to Owners of the Company	—	—	—	—	—	—	—	—	—	—
Changes in Ownership Interests in Subsidiary										
Acquisition of Non-Controlling Interests Without Change in Control	—	—	—	—	—	—	(8,069)	(8,069)	—	(8,069)
Issue Shares of Subsidiary to Non-Controlling Interest	—	—	—	—	—	—	—	—	66,334	66,334
Total Transactions with Owners of the Company	—	—	—	—	—	—	(8,069)	(8,069)	66,334	58,265
Total Comprehensive Income for the Period										
Profit for the Period	—	—	—	—	—	—	486,166	486,166	21,790	507,955
Other Comprehensive Income										
Surplus on Revaluation for the Year	—	—	—	—	148,602	—	—	148,602	—	148,602
Deferred Tax Effect on Revaluation	—	—	—	—	(21,655)	—	—	(21,655)	—	(21,655)
Total Other Comprehensive Income for the Period	—	—	—	—	126,947	—	—	126,947	—	126,947
Total Comprehensive Income for the Period	—	—	—	—	126,947	—	486,166	613,112	21,790	634,902
Balance at 31st December 2012	626,048	27,628	50,797	—	773,312	2,500,000	1,278,758	5,256,543	356,692	5,613,235
Realisation of Revaluation Surplus	—	—	—	—	(7,832)	—	7,832	—	—	—
Deferred Tax Effect on Realisation of Revaluation Surplus	—	—	—	—	2,193	—	—	2,193	—	2,193
Transferred to/(from) during the Year	—	12,827	22,723	1,444	—	—	(36,993)	—	—	—

Statement of Changes in Equity

Group	Attributable to Equity Holders of the Company								
	Statutory Reserve				Revaluation Reserves	General Reserves	Retained Earnings	Total	Non-Controlling Interest
	Stated Capital	Reserve Fund	Investment Fund	National Insurance Trust Fund					
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Transactions with Owners of the Company, Recognised Directly in Equity									
Distributions to owners of the Company	-	-	-	-	-	-	-	-	-
Final Dividend - 2012	-	-	-	-	-	-	(751,258)	(751,258)	(21,061)
Total Distributions to Owners of the Company	-	-	-	-	-	-	(751,258)	(751,258)	(21,061)
Total Comprehensive Income for the Period	-	-	-	-	-	-	-	-	-
Profit for the Period	-	-	-	-	-	-	304,036	304,036	28,805
Other Comprehensive Income	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	-	-	304,036	304,036	28,805
Balance at 30th June 2013	626,048	40,455	73,520	1,444	767,673	2,500,000	802,375	4,811,515	364,435

Company	Stated Capital Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Restated Balance at 31st December 2011	626,048	655,454	2,200,000	899,277	4,380,778
Realisation of Revaluation Surplus	-	(6,311)	-	6,311	-
Deferred Tax Effect on Realisation of Revaluation Surplus	-	1,767	-	-	1,767
Transactions with Owners of the Company, Recognised Directly in Equity					
Distributions to Owners of the Company					
Final Dividend - 2011	-	-	-	(751,258)	(751,258)
Total Distributions to Owners of the Company	-	-	-	(751,258)	(751,258)
Total Comprehensive Income for the Period	-	-	-	-	-
Profit for the Period	-	-	-	613,083	613,083
Total Comprehensive Income for the Period	-	-	-	613,083	613,083
Balance at 30th June 2012	626,048	650,910	2,200,000	767,412	4,244,370
Realisation of Revaluation Surplus	-	(6,311)	-	6,311	-
Deferred Tax Effect on Realisation of Revaluation Surplus	-	1,767	-	-	1,767
Transferred to/(from) during the year	-	-	300,000	(300,000)	-
Total Comprehensive Income for the Period	-	-	-	-	-
Profit for the Period	-	-	-	395,856	395,856
Other Comprehensive Income					
Surplus on Revaluation for the Year	-	148,602	-	-	148,602
Deferred Tax Effect on Revaluation	-	(21,655)	-	-	(21,655)
Total Other Comprehensive Income for the Period	-	126,947	-	-	126,947
Total Comprehensive Income for the Period	-	126,947	-	395,856	522,803
Balance at 31st December 2012	626,048	773,312	2,500,000	869,580	4,768,940
Realisation of Revaluation Surplus	-	(7,832)	-	7,832	-
Deferred Tax Effect on Realisation of Revaluation Surplus	-	2,193	-	-	2,193
Transactions with Owners of the Company, Recognised Directly in Equity					
Distributions to Owners of the Company	-	-	-	-	-
Final Dividend - 2012	-	-	-	(751,258)	(751,258)
Total Distributions to Owners of the Company	-	-	-	(751,258)	(751,258)
Total Comprehensive Income for the Period	-	-	-	-	-
Profit for the Period	-	-	-	271,613	271,613
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	271,613	271,613
Balance at 30th June 2013	626,048	767,673	2,500,000	397,767	4,291,488

Statement of Cash Flow

For the six months ended 30th June	Group		Company	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
Cash Flows from Operating Activities				
Net Profit before Income Tax Expense	468,037	989,081	373,164	892,912
Adjustments for:				
Depreciation on Property, Plant & Equipment	141,670	92,704	122,171	87,973
Share of (Profit) from Equity Accounted Investees	(658)	(774)	—	—
Amortisation of Intangible Assets	10,263	8,941	8,595	7,960
(Gain) on Disposal of Property, Plant & Equipment	150	(3,332)	150	(3,332)
Interest Expense	694,637	693,435	694,637	446,970
Interest Income	(28,286)	(26,909)	(77,657)	(72,446)
Impairment of Inventory	(8,162)	36,957	(8,162)	36,957
Bad Debts Written-off	(26,755)	—	(6,977)	—
Impairment on Trade and Other Receivables	121,144	56,532	42,114	40,709
Dividend Income	(759)	(1,996)	(78,524)	(59,596)
Provision for Retiring Gratuity	39,512	39,110	38,312	38,060
Operating Profit before Working Capital Changes	1,410,793	1,883,750	1,107,823	1,416,167
(Increase)/Decrease in Inventories	(654,177)	(1,063,971)	(654,177)	(1,105,611)
(Increase)/Decrease in Debtors Falling due after One Year	(221,571)	(477,891)	(50,227)	(38,807)
(Increase)/Decrease in Debtors Falling due within One Year	(808,568)	(1,134,315)	(789,592)	(622,714)
(Increase)/Decrease in Trade dues from Related Parties	95,377	(17,933)	(17,932)	237,010
Increase/(Decrease) in Trade dues to Related Parties	(43,678)	181,285	(43,614)	181,285
Increase in Security Deposits	46,826	50,320	46,826	50,320
Increase/(Decrease) in Customer Deposit Liabilities	648,783	246,700	—	—
Increase/(Decrease) in Trade and Other Payables	297,919	132,349	155,640	137,650
Cash Generated from Operations	771,705	(199,707)	(245,252)	255,300
Finance Costs Paid	(722,735)	(693,435)	(693,488)	(390,775)
Retiring Gratuity Paid	(1,880)	(1,354)	(1,455)	(724)
Income Tax Paid	(142,113)	(262,816)	(125,000)	(225,144)
Net Cash from/(used in) Operating Activities	(95,023)	(1,157,311)	(1,065,196)	(361,343)
Cash Flows from Investing Activities				
Acquisition of Property, Plant & Equipment and Intangible Assets	(331,662)	(187,890)	(297,133)	(170,590)
Proceeds from Disposal of Property, Plant & Equipment	2,770	8,552	2,770	8,515
(Acquisition)/Disposal of Marketable Securities	(68,683)	15,880	—	—
Investment in Bank Deposits	(475)	(50,799)	—	—
Net Cash Flows from Loans Given to Related Companies	15,000	(10,038)	750,165	(577,739)
Interest Received	28,286	26,909	77,657	72,446
Dividend Received	759	1,996	78,524	59,596
Net Cash Flows from/(used in) Investing Activities	(354,005)	(195,390)	611,983	(607,772)
Cash Flow from Financing Activities				
Proceeds from Loans & Borrowings	1,180,131	1,814,407	1,441,905	1,507,810
Repayment of Loans & Borrowings	—	—	—	—
Proceeds from Rights Issue Purchased by Minority Share Holders	—	—	—	—
Net payment to Minority Shareholders	(21,061)	(21,333)	—	—
Dividends Paid	(744,275)	(734,389)	(744,275)	(734,389)
Net Cash Flow from Financing Activities	414,795	1,058,685	697,631	773,423
Net Increase/(Decrease) in Cash and Cash Equivalents	(34,234)	(294,017)	244,418	(195,693)
Cash and Cash Equivalents at the beginning of the Period	(48,199)	(302,562)	(207,304)	(181,976)
Cash and Cash Equivalents at the end of the Period	(82,432)	(596,578)	37,114	(377,670)

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 2012, are in compliance with Sri Lanka Accounting Standards 34 - 'Interim Financial Reporting'.

1.2 Application of Sri Lanka Accounting Standards (SLFRS/LKAS)

The Financial Statements for the period ended 31st December 2012 are the First Financial Statements prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) immediately effective from 1st January 2012. These SLFRS/LKASs have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.1 Segmental Analysis of Company Net Turnover is as Follows:

	Quarter ending 30th June 2013 Rs. '000	Quarter ending 30th June 2012 Rs. '000	1st half ending 30th June 2013 Rs. '000	1st half ending 30th June 2012 Rs. '000
Sewing-Related Products	524,534	640,154	1,136,244	1,358,139
Consumer Electronics	1,308,744	1,448,778	2,689,662	2,920,439
White Goods	2,288,969	2,454,521	4,309,089	4,713,796
Kitchen-Related Products	411,172	448,651	790,737	872,225
Communications	600,133	274,262	1,313,689	607,983
Furniture	404,878	365,373	773,725	659,856
Transport	139,083	159,364	308,022	277,145
Agro	241,451	243,433	424,087	471,035
	5,918,964	6,034,536	11,745,254	11,880,618

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

	Quarter ending 30th June 2013 Rs. '000	Quarter ending 30th June 2012 Rs. '000	1st half ending 30th June 2013 Rs. '000	1st half ending 30th June 2012 Rs. '000
Sewing-Related Products	9,183	41,088	31,424	96,873
Consumer Electronics	28,033	103,565	82,217	245,059
White Goods	45,323	142,374	111,404	304,791
Kitchen-Related Products	9,181	33,182	25,381	73,977
Communications	5,408	13,140	24,966	32,587
Furniture	6,281	18,925	17,979	42,390
Transport	(11,901)	3,606	(9,873)	7,987
Agro	4,314	12,014	11,142	29,653
Dividend Income	78,524	59,596	78,524	59,596
	174,346	427,490	373,164	892,912

Notes to the Financial Statements

2.3 Segmental Analysis of Group Net Turnover is as Follows:

	Quarter ending 30th June 2013 Rs. '000	Quarter ending 30th June 2012 Rs. '000	1st half ending 30th June 2013 Rs. '000	1st half ending 30th June 2012 Rs. '000
Sewing-Related Products	524,534	640,154	1,136,244	1,358,139
Consumer Electronics	1,308,745	1,448,779	2,689,662	2,920,439
White Goods	2,288,969	2,454,521	4,309,089	4,713,796
Kitchen-Related Products	411,172	448,651	790,737	872,225
Communications	600,133	274,262	1,313,689	607,983
Furniture	404,878	365,373	773,725	659,856
Transport	139,083	159,364	308,022	277,145
Agro	241,451	243,433	424,087	471,035
Singer Finance (Lanka) PLC	430,660	379,726	825,072	715,506
	6,349,625	6,414,263	12,570,326	12,596,124

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

	Quarter ending 30th June 2013 Rs. '000	Quarter ending 30th June 2012 Rs. '000	1st half ending 30th June 2013 Rs. '000	1st half ending 30th June 2012 Rs. '000
Sewing-Related Products	9,183	41,088	31,424	96,875
Consumer Electronics	28,033	103,565	82,217	245,059
White Goods	45,323	142,374	111,404	304,791
Kitchen-Related Products	9,181	33,182	25,381	73,977
Communications	5,408	13,140	24,966	32,587
Furniture	6,281	18,925	17,979	42,390
Transport	(11,901)	3,606	(9,873)	7,987
Agro	4,314	12,014	11,142	29,653
Singer Finance (Lanka) PLC	90,665	84,342	171,980	156,899
Dividend	759	1,996	759	1,996
Share of Profit on Equity Accounted Investees	324	375	658	774
	187,570	454,608	468,037	992,987

2.5 There are no separately distinguishable assets and liabilities for the above segments.

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 period Company had following transactions with its Parent Companies:

Singer Asia Ltd. - (Intermediate Parent)

	2013 Rs. Million	2012 Rs. Million
Royalty Expenses	130.5	131.8
Royalty Payable Balance as at Period End	72.0	141.2

Singer Asia Holdings BV - (Intermediate Parent)

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

Notes to the Financial Statements

Singer (Sri Lanka) B.V. - (Intermediate Parent)

	2013 Rs. Million	2012 Rs. Million
Divident paid	646.9	646.9

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

3.3 Transactions with Subsidiary Companies

	2013 Rs. Million	2012 Rs. Million
Singer Finance (Lanka) PLC		
Sales Financed through Singer Finance (Lanka) PLC	36.2	644.1
Payments to Singer (Sri Lanka) PLC on behalf of Customers	198.3	727.8
Short-Term Loans Granted	575.0	710.0
Short-Term Loans Recovered	399.1	—
Interest Income	28.6	60.8
Dividend Received (Gross)	86.4	64.0
Cash Collection through Singer (Sri Lanka) PLC	223.6	1,422.3
Expenses Paid	64.0	79.3
Administrative Fee Charged	6.0	41.4
Collecting Commission Paid through Singer (Sri Lanka) PLC	4.6	7.8
Purchase of Assets	—	0.3
Rent Reimbursed	2.9	—
Royalty Paid through Singer (Sri Lanka) PLC	4.8	7.9
Balance Receivable - Trade	—	307.0
Balance Receivable - Loans	780.7	933.6

3.4 Transactions with Associate Companies

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

	2013 Rs. Million	2012 Rs. Million
Reality (Lanka) Ltd.		
Rent Expenses	2.6	2.7
Loans Receivable	73.7	73.7

- (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 period:

Telshan Network (Pvt) Ltd.

Notes to the Financial Statements

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
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	2013 Rs. Million	2012 Rs. Million
Singer Industries (Ceylon) PLC (Affiliate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	377.7	452.0
	Mr. H.A. Pieris	Corporate Guarantee Given	75.0	75.0
	Late Dr. G.C.B. Wijeyesinghe	Lease Rental Paid	1.8	2.6
	Mr. G. J. Walker	Purchase of Raw Material	–	5.0
	Deshabandu A.M. de S. Jayaratne	Trade Credit Settled	452.0	412.0
	Mr. V.G.K. Vidyaratne	Expenses Reimbursed	5.0	8.1
		Balance Payable	39.4	90.5
Regnis (Lanka) PLC (Affiliate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	1,130.7	1,074.6
	Late Dr. G.C.B. Wijeyesinghe	Corporate Guarantees Given	455.5	455.5
	Mr. H.A. Pieris	Interest Income	2.2	5.4
	Mr. V.G.K. Vidyaratne	Non-Trade Settlement	35	20
	Mr. G.J. Walker	Trade Credit Settled	1,306.7	1,154.2
	Dr. S. Kelegama	Sales Taxes	161.5	153.5
		Expenses Reimbursed	24.7	23.9
		Loans Receivable	80.0	60.0
		Loan Recovered	75.0	–
		Balance Payable	42.5	122.8
Singer Finance (Lanka) PLC (Subsidiary Company)	Mr. H.D.S. Amarasuriya (Chairman) (Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th April 2013)	Sales Financed through Singer Finance (Lanka) PLC	36.2	644.1
	Mr. H.A. Pieris (Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th April 2013)	Payments to Singer (Sri Lanka) PLC on behalf of Customers	198.3	727.8
	Dr. S. Kelegama	Short -Term Loan Granted	575.0	710.0
	Mr. M.P.A. Salgado	Short-Term Loan Recovered	399.1	–
	Mr. G.J. Walker	Interest Income	28.6	60.8
	Mr. J.J. Hyun	Dividend Received - Gross	86.4	64.0
		Cash Collection through Singer (Sri Lanka) PLC	223.6	1,422.3
		Expenses Paid	64.0	79.3
		Administrative Fee Charged	6.0	41.4
		Collecting Commission paid through Singer (Sri Lanka) PLC	4.6	7.8
		Purchase of Assets	–	0.3

Notes to the Financial Statements

Name of the Company and Relationship	Name of Director	Nature of Transaction	2013 Rs. Million	2012 Rs. Million
		Rent Reimbursed	2.9	7.3
		Royalty Paid through Singer (Sri Lanka) PLC	4.8	7.9
		Balance Receivable - Trade	-	307.0
		Balance Receivable - Loans	780.7	933.6
National Development Bank PLC	Mr. H.D.S. Amarasuriya	Borrowed Money	290.0	130.0
		Interest Expenses	10.9	15.6
		Issue of Debentures	-	150.0
Singer Asia Sourcing Ltd. (Affiliate Company)	Mr. G.J. Walker	Purchases	-	-
		Settlements	-	0.2
		Balance (Receivable)/Payables	7.6	7.7
Singer Asia Ltd. (Intermediate Parent Company)	Mr. P.J. O'Donnell	Royalty Expenses	130.5	131.8
	Mr. G.J. Walker	Royalty Payable	72.0	141.2
	Mr. H.A. Pieris			
Reality Lanka Ltd. (Associate Company)	Mr. H.D.S. Amarasuriya	Rent Expenses	2.6	2.7
	Mr. H.A. Pieris	Loans Receivable	73.7	73.7
	Mr. V.G.K. Vidyaratne		-	-
	Mr. G.J. Walker		-	-
Regnis Appliances (Pvt) Ltd.	Mr. H.D.S. Amarasuriya	Purchases	649.0	506.5
	Mr. H.A. Pieris	Trade Settlements	628.3	587.6
	Mr. V.G.K. Vidyaratne	Non-Trade Settlements	4.3	-
	Mr. A.N. Majeed	Expenses Paid	1.4	1.1
	(Resigned w.e.f. 18th June 2013)	Finance Charges	3.2	4.4
		Loans Granted	100.0	-
		Loans Recovered	120.0	-
		Balance Receivable - Loan	-	50.0
		Balance Payable - Trade	10.7	30.0
Fintravels Ltd.	Late Dr. G.C.B. Wijeyesinghe	Business Transactions	3.4	5.1

(c) 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

	2013 Rs. Million	2012 Rs. Million
Deposits kept by Key Management Personnel or their close family members of Singer (Finance) PLC	88.7	73.5

4. Stated Capital

4.1	30th June 2013	30th June 2012
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. 184.2 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. Comparative Information

Comparative information has been created in line with the changes to the new Accounting Standards (SLFRS/LKAS) which are effective from 1st January 2012.

8. 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%.

The Listed Debentures were not traded during the period 25th October 2012 to 30th June 2013.

Therefore, Highest Traded Price, Lowest Traded Price, Last Traded Price as at 30th June 2013, Interest Yield and Yield to Maturity of trade were not available.

	30th June 2013	30th June 2012
Debt Equity Ratio	0.71	0.27
Interest Cover	1.52	3.38
Quick Assets Ratio	0.84	0.77

Notes to the Financial Statements

9. Top 20 Shareholders as at 30th June 2013

Name	No. of Shares	%
1. Singer (Sri Lanka) BV	107,812,850	86.11
2. Bank of Ceylon A/c Ceybank Unit Trust	4,205,457	3.36
3. Miss Ranjani Eileen Weeraratne Jayasuriya	609,682	0.49
4. Mrs. Mihiri Virani Fernando	600,000	0.48
5. Bank of Ceylon A/c Ceybank Century Growth Fund	594,418	0.47
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	177,333	0.14
10. Sampath Bank PLC/Capital Trust Holdings Private Ltd.	142,756	0.11
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. Amana Bank Ltd.	123,900	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. Hemaka Devapriya Senarath Amarasuriya	89,482	0.07
18. Merchant Bank of Sri Lanka Ltd./Union Investments Ltd.	88,894	0.07
19. Mr. Abey Siri Hemapala Munasinghe	83,986	0.07
20. Mrs. Malini Wijenaike	82,006	0.07
	115,911,788	92.57
Others	9,297,822	7.43
Total	125,209,610	100.00

10. Directors and CEO's Shareholding as at 30th June 2013

Name of the Director	Shareholding 30th June 2013 No. of Shares	Shareholding 31st December 2012 No. of Shares
Mr. H.D.S. Amarasuriya	89,482	89,482
Mr. H.A. Pieris - CEO	2,000	2,000
Late 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. M.P.A. Salgado	4,000	4,000
Mr. A.N. Majeed	-	5,000
Mr. K. Samarasinghe	4,124	4,124

11. Public Holding

Public holding as at 30th June 2013 is 13.65% (As at 30th June 2012 - 13.65%).



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