



SINGER[®]
Trusted Excellence

SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
THREE MONTHS ENDED 30TH JUNE 2018

Group Chief Executive Officer's Review

The Singer Group revenue in the quarter ended 30th June 2018 was Rs. 15.1 billion, an increase of 16% compared to the prior year.

The business conditions in the quarter remained subdued and challenging. An improved harvest was noted in most areas with an improvement in the rural economy especially in April and May. Consumer income levels and sentiments in urban areas were lower due to higher fuel costs, personal taxes and interest rates continuing to be at high levels.

The consumer durables industry, where Singer is present is more susceptible to market conditions than other industries. When the customer's disposable income and sentiments decrease, the demand for consumer durables is well below that of the general market and vice versa. We have seen this oscillation over many years.

In spite of challenging business conditions, we believe that the Singer Group's revenue growth in the first quarter is well above that of the average consumer durable market. The top-line growth was mainly due to the increasing demand by consumers for smartphones and due to Singer's marketing efforts to directly access the customers through mobile shops, group sales, exhibitions etc.

Although the Company was able to increase the prices of goods arising out of devaluation of rupee and increase in operations costs, the full impact of cost increases was not passed down to the consumer due to slack market conditions. Thus, gross profits increased by only 11% while administration, selling and distribution expenses increased by 13% while net finance costs increased by 12%.

The profit before tax at Rs. 639.8 million had a slight growth of 3% over the prior year. Net profit for the period increased by 7% to Rs. 449.9 million.

In the parent company the profit for the first quarter was Rs. 199 million which was a marginal decrease of 3%. Singer Finance (Lanka) PLC had a first quarter profit of Rs. 117.6 million against

a profit of Rs. 90.1 million in the prior year. Regnis (Lanka) PLC Group made a profit of Rs. 20.6 million during the quarter against a profit of Rs. 37.8 million in the prior year. Singer Industries (Ceylon) PLC made a profit of Rs. 4.2 million in the first quarter versus a loss of Rs. 3.5 million in the prior year.

Strategies and Plans

We anticipate gradual improvements in the Business Conditions during 2018 especially following the expected improved harvest in August/September. Our key business initiatives are:

- To grow e-commerce business and for this to supplement the retail business. The retail business to assist in the last mile delivery of e-commerce.
- To improve margins through new products, brands and through new sourcing.
- To expand business of Singer Finance through expansion of branches, staff and through new products such as gold loans.
- To grow furniture business exponentially with a wider range available to customers in a larger range of showrooms.
- To accelerate the renovation and expansion of our existing shops to increase the retail space to cater for our additional products and brands (in particular furniture).
- Through retail analytics and use of extensive IT tools, to improve the management of inventory and optimise inventory at the distribution centres and retail locations.
- To strengthen and enlarge the Group's manufacturing operations with new factories, additional machinery and more advanced technology.

Sincerely,

Asoka Pieris

Group Chief Executive Officer

8th August 2018

Statement of Profit or Loss and Other Comprehensive Income

	Group		Company		Variance			Variance		
<i>For the quarter ended 30th June</i>	2018 Rs. '000	2017 Rs. '000	2018 Rs. '000	2017 Rs. '000	Group Rs. '000	%	Company Rs. '000	%		
Revenue	15,145,714	13,104,167	11,655,135	10,642,924	2,041,547	+	1,012,211	+	10	
Cost of Sales	(10,622,900)	(9,072,370)	(8,310,118)	(7,558,853)	(1,550,530)	-	(751,265)	-	10	
Direct Interest Cost	(301,083)	(236,304)	—	—	(64,779)	-	—	-	—	
Gross Profit	4,221,731	3,795,493	3,345,017	3,084,071	426,238	+	260,946	+	8	
Other Income	79,289	73,359	29,984	48,053	5,930	+	18,069	-	38	
Selling and Administration Expenses	(3,016,748)	(2,679,233)	(2,572,620)	(2,382,990)	(337,515)	-	(189,630)	-	8	
Operating Profit	1,284,272	1,189,619	802,381	749,134	94,653	+	53,247	+	7	
Finance Cost	(633,541)	(547,972)	(592,350)	(514,838)	(85,569)	-	(77,512)	-	15	
Finance Income	46,351	25,562	83,989	70,924	20,789	+	13,065	+	18	
Net Finance Cost	(587,190)	(522,410)	(508,361)	(443,914)	(64,780)	-	(64,447)	-	15	
Value Added Tax on Financial Services	(57,319)	(46,479)	(9,800)	(10,800)	(10,840)	-	(1,000)	+	9	
Profit Before Tax	639,763	620,730	284,220	294,420	19,033	+	10,200	-	3	
Income Tax Expense	(189,816)	(200,824)	(85,266)	(88,541)	(11,008)	+	(3,275)	+	4	
Profit for the Period	449,947	419,906	198,954	205,879	30,041	+	6,925	-	3	
Total Comprehensive Income for the Period	449,947	419,906	198,954	205,879						
Profit Attributable to:										
Owners of the Company	418,759	385,218	198,954	205,879						
Non-Controlling Interests	31,188	34,688	—	—						
Profit for the Period	449,947	419,906	198,954	205,879						
Total Comprehensive Income Attributable to:										
Owners of the Company	418,759	385,218	198,954	205,879						
Non-Controlling Interests	31,188	34,688	—	—						
Total Comprehensive Income for the period	449,947	419,906	198,954	205,879						
Earning per Share – Basic (Rs.)	1.11	1.03	0.53	0.55						

Above figures are provisional and subject to audit.

	Quarter ended 30th June 2018 Rs.	Quarter ended 30th June 2017 Rs.
Share Prices		
Highest	41.00	52.50
Lowest	33.50	45.00
Last Traded Price	35.00	49.40

Statement of Financial Position

As at	Group			Company		
	30th June 2018	30th June 2017	31st March 2018	30th June 2018	30th June 2017	31st March 2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	5,598,217	5,483,257	5,649,424	3,017,893	2,974,419	3,082,598
Intangible Assets	278,196	268,981	281,317	206,687	213,533	207,145
Investment in Subsidiaries	—	—	—	2,925,222	2,455,180	2,925,222
Other Non-Current Assets	64,408	—	64,520	—	—	—
Other Investments	17,020	27,830	17,061	929,110	939,879	929,110
Trade and Other Receivables	10,016,838	8,480,075	9,162,980	1,599,879	1,930,023	1,341,906
Deferred Tax Assets	—	68,288	—	71,891	150,409	69,643
	15,974,679	14,328,431	15,175,302	8,750,682	8,663,443	8,555,624
Current Assets						
Inventories	11,802,512	10,126,212	12,573,710	9,947,466	8,672,555	10,741,281
Loans due from Related Parties	—	—	—	1,644,151	1,037,936	1,219,151
Income Tax Receivable	—	—	46,635	137,129	83,870	157,630
Trade and Other Receivables	21,496,471	18,047,189	20,693,787	12,790,248	10,646,449	12,150,612
Amounts due from Related Parties	1,200	—	788	10,986	46,831	185,396
Deposits with Banks	82,095	81,772	81,504	—	—	—
Other Financial Assets	12,611	—	—	12,611	—	—
Other Investments	685,670	537,320	671,383	—	—	—
Cash and Cash Equivalents	1,588,781	1,309,238	1,339,007	961,694	879,678	1,017,628
	35,669,340	30,101,731	35,406,814	25,504,285	21,367,319	25,471,698
Total Assets	51,644,019	44,430,162	50,582,116	34,254,967	30,030,762	34,027,322
EQUITY AND LIABILITIES						
Equity						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	572,703	1,049,893	577,919	851,537	1,057,471	847,556
Statutory Reserve	136,009	113,852	136,009	—	—	—
Revenue Reserves	5,919,454	5,807,294	5,495,478	3,521,062	3,673,951	3,326,088
Total Equity Attributable to Equity Holders of the Company	7,254,214	7,597,088	6,835,455	4,998,647	5,357,470	4,799,692
Non-Controlling Interest	1,380,302	1,436,294	1,349,114	—	—	—
Total Equity	8,634,516	9,033,382	8,184,569	4,998,647	5,357,470	4,799,692
Non-Current Liabilities						
Interest-Bearing Loans and Borrowings	4,168,150	8,315,091	4,332,360	2,416,460	3,540,000	2,532,150
Employee Benefit Obligations	817,799	707,784	794,645	587,078	520,917	574,009
Security Deposits	1,243,834	1,098,242	1,199,127	1,243,834	1,098,242	1,199,127
Other Financial Liabilities	826,225	421,083	411,394	—	—	—
Deferred Taxation Liability	475,273	—	467,236	—	—	—
	7,531,281	10,542,200	7,204,762	4,247,372	5,159,159	4,305,286
Current Liabilities						
Trade and Other Payables	7,379,262	5,312,568	8,286,261	5,451,624	4,279,241	6,076,064
Deferred Revenue	215,631	393,365	246,290	215,631	393,365	246,290
Income Tax Payable	31,776	147,188	—	—	—	—
Dividends Payable	41,280	32,501	593,695	31,846	27,893	539,610
Amounts due to Related Parties	21,589	81,806	16,182	3,211,320	614,770	2,639,361
Other Financial Liabilities	3,836,432	2,778,566	4,826,584	—	—	8,338
Interest-Bearing Loans and Borrowings	21,533,863	14,322,225	19,091,083	14,839,425	13,148,494	14,175,592
Bank Overdrafts	2,418,389	1,786,361	2,132,691	1,259,102	1,050,370	1,237,089
	35,478,222	24,854,580	35,192,786	25,008,948	19,514,133	24,922,344
Total Liabilities	43,009,503	35,396,780	42,397,548	29,256,320	24,673,292	29,227,630
Total Equity and Liabilities	51,644,019	44,430,162	50,582,116	34,254,967	30,030,762	34,027,322
Net Assets per Share (Rs.)	19.31	20.22	18.20	13.31	14.26	12.78

I certify that the above Financial Statements of the Company comply with the requirements of the Companies Act No. 07 of 2007.

(Sgd.) Lalith Yatiwella

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.) A. M. Pandithage

Chairman

Colombo,

8th August 2018

(Sgd.) Asoka Pieris

Director/Group Chief Executive Officer

Statement of Changes in Equity

For the three months ended 30th June

Group	Stated Capital	Reserve Fund	Revaluation Reserves	General Reserves	Retained Earnings	Total	Non- Controlling Interest	Total Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2017	626,048	95,361	1,054,508	2,700,000	2,735,953	7,211,870	1,401,606	8,613,476
Realisation on Revaluation Surplus	—	—	(4,614)	—	4,614	—	—	—
Transferred to/(from) during the Period	—	18,491	—	—	(18,491)	—	—	—
Total Comprehensive Income for the Period								
Profit for the Period	—	—	—	—	385,218	385,218	34,688	419,906
Total Comprehensive Income for the Period	—	—	—	—	385,218	385,218	34,688	419,906
Balance as at 30th June 2017	626,048	113,852	1,049,894	2,700,000	3,107,294	7,597,088	1,436,294	9,033,382
Realisation of Revaluation Surplus	—	—	(20,143)	—	20,143	—	—	—
Transferred to/(from) during the Period	—	22,158	—	—	(22,158)	—	—	—
Total Comprehensive Income for the Period								
Profit for the Period	—	—	—	—	498,567	498,567	55,208	553,775
Other Comprehensive Income								
Remeasurement of Employee Benefit Obligations	—	—	—	—	(17,616)	(17,616)	(1,294)	(18,910)
Related Taxes	—	—	—	—	5,990	5,990	330	6,319
Deferred Tax Relating to Revaluation of Land	—	—	(451,831)	—	—	(451,831)	(64,218)	(516,049)
Total Other Comprehensive Income for the Period	—	—	(451,831)	—	(11,626)	(463,457)	(65,183)	(528,640)
Total Comprehensive Income for the Period	—	—	(451,831)	—	486,941	35,110	(9,975)	25,135
Transactions with Owners of the Company, Recognised Directly in Equity								
Distributions to Owners of the Company								
Final Dividend – 2016	—	—	—	—	—	—	(34,347)	(34,347)
Interim Dividend – 2017/18	—	—	—	—	(826,383)	(826,383)	(92,297)	(918,680)
Total Distributions to Owners of the Company	—	—	—	—	(826,383)	(826,383)	(126,644)	(953,027)
Changes in Ownership Interests in Subsidiary								
Right Issue to Non-Controlling Interest	—	—	—	—	—	—	77,732	77,732
Gain on aquisition of Additional Shares in Right issue	—	—	—	—	3,337	3,337	—	3,337
Right Issue Cost	—	—	—	—	(1,990)	(1,990)	—	(1,990)
Effect of Change in Holdings in Subsidiaries	—	—	—	—	28,294	28,294	(28,294)	—
Balance as at 31st March 2018	626,048	136,009	577,920	2,700,000	2,795,478	6,835,455	1,349,114	8,184,569
Realisation of Revaluation Surplus	—	—	(5,217)	—	5,217	—	—	—
Total Comprehensive Income for the Period								
Profit for the Period	—	—	—	—	418,759	418,759	31,188	449,947
Total Comprehensive Income for the Period	—	—	—	—	418,759	418,759	31,188	449,947
Balance as at 30th June 2018	626,048	136,009	572,703	2,700,000	3,219,454	7,254,214	1,380,302	8,634,516

Statement of Changes in Equity

For the three months ended 30th June

Company	Stated Capital Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 1st April 2017	626,048	1,062,086	2,700,000	763,457	5,151,591
Realisation of Revaluation Surplus	–	(4,614)	–	4,614	–
Total Comprehensive Income for the Period					
Profit for the Period	–	–	–	205,879	205,879
Total Comprehensive Income for the Period	–	–	–	205,879	205,879
Balance as at 30th June 2017	626,048	1,057,472	2,700,000	973,950	5,357,470
Realisation of Revaluation Surplus	–	(11,834)	–	11,834	–
Total Comprehensive Income for the Period					
Profit for the Period	–	–	–	473,512	473,512
Other Comprehensive Income					
Remeasurement of Employee Benefit Obligations	–	–	–	(9,478)	(9,478)
Related Taxes	–	–	–	2,654	2,654
Deferred Tax Relating to Revaluation of Land	–	(198,082)	–	–	(198,082)
Total Other Comprehensive Income for the Period	–	(198,082)	–	(6,824)	(204,906)
Total Comprehensive Income for the Period	–	(198,082)	–	466,688	268,606
Transactions with Owners of the Company, Recognised Directly in Equity					
Distributions to Owners of the Company					
Interim Dividend – 2017/18	–	–	–	(826,383)	(826,383)
Total Distributions to Owners of the Company	–	–	–	(826,383)	(826,383)
Balance as at 31st March 2018	626,048	847,556	2,700,000	626,088	4,799,692
Realisation of Revaluation Surplus	–	3,981	–	(3,981)	–
Total Comprehensive Income for the Period					
Profit for the Period	–	–	–	198,954	198,954
Total Comprehensive Income for the Period	–	–	–	198,954	198,954
Balance as at 30th June 2018	626,048	851,537	2,700,000	821,062	4,998,647

Statement of Cash Flows

<i>For the three months ended 30th June</i>	Group		Company	
	2018 Rs. '000	2017 Rs. '000	2018 Rs. '000	2017 Rs. '000
Cash Flows from Operating Activities				
Net Profit before Income Tax Expense	639,763	620,730	284,220	294,420
Adjustments for:				
Depreciation on Property, Plant and Equipment	108,684	118,240	111,184	96,378
Amortisation of Intangible Assets	7,126	5,797	3,025	3,372
(Gain)/Loss on Disposal of Property, Plant and Equipment	1,279	3,613	1,279	3,613
Fair Value Gain from Investment	—	(10,769)	—	(10,769)
Interest Expense	633,541	547,973	592,350	514,839
Interest Income	(46,351)	(25,563)	(83,989)	(70,924)
Impairment of Inventories	27,857	58,220	24,394	58,394
Impairment on Trade and Other Receivables	152,454	121,966	98,687	45,176
Provision for Retiring Gratuity	39,824	29,275	28,344	22,276
Operating Profit before Working Capital Changes	1,564,177	1,469,482	1,059,494	956,775
(Increase)/Decrease in Inventories	743,341	1,645,242	769,421	1,312,331
(Increase)/Decrease in Debtors Falling Due after One Year	(853,858)	(1,821,012)	(257,973)	(23,877)
(Increase)/Decrease in Debtors Falling Due within One Year	(955,138)	750,670	(738,324)	(210,309)
(Increase)/Decrease in Dues from Related Parties	(412)	—	174,410	33,654
Increase/(Decrease) in Dues to Related Parties	5,407	(20,019)	571,959	(334,001)
Increase/(Decrease) in Security Deposits	44,707	34,012	44,707	34,012
Increase/(Decrease) in Trade and Other Payables	(895,574)	(2,421,086)	(613,012)	(1,946,324)
Increase/(Decrease) in Deferred Liabilities	(30,659)	(15,045)	(30,659)	(15,045)
Cash Generated from Operations	(378,011)	(377,756)	980,021	(192,784)
Finance Costs Paid	(644,966)	(505,790)	(603,775)	(472,656)
Retiring Gratuity Paid	(16,670)	(2,333)	(15,274)	(1,999)
Income Tax Paid	(115,977)	(186,365)	(67,013)	(56,324)
Net Cash from/(used in) Operating Activities	(1,155,625)	(1,072,244)	293,959	(723,763)
Cash Flows from Investing Activities				
Acquisition of Property, Plant and Equipment and Intangible Assets	(130,028)	(224,876)	(53,184)	(97,087)
Proceeds from Disposal of Property, Plant and Equipment	2,860	—	2,860	—
(Acquisition)/Disposal of Marketable Securities	50,274	11,935	—	—
Investment in Bank Deposits	(591)	(643)	—	—
Net Cash Flows from Loans Given to Related Companies	—	—	(425,000)	782,499
Interest Income Received	46,351	25,563	83,989	70,924
Net Cash Flows from Investing Activities	(31,134)	(188,021)	(391,335)	756,336
Cash Flows from Financing Activities				
Net Proceeds from Interest-Bearing Loans and Borrowings	2,278,570	1,778,776	527,194	1,343,555
Net Payment to Minority Shareholders	—	673	—	—
Increase/(Decrease) in Customer Deposit Liabilities	(575,321)	102,269	—	—
Dividends Paid	(552,414)	(905,085)	(507,765)	(905,085)
Net Cash Flows from Financing Activities	1,150,835	976,633	19,429	438,470
Net Increase/(Decrease) in Cash and Cash Equivalents	(35,924)	(283,632)	(77,947)	471,043
Cash and Cash Equivalents at the beginning of the Year	(793,684)	(193,491)	(219,461)	(641,735)
Cash and Cash Equivalents at the end of the Period	(829,608)	(477,123)	(297,408)	(170,692)

Notes to the Financial Statements

1 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements for the year ended 31st March 2018, except for the adoption of new standards effective as of 1st April 2018.

The Group applies SLFRS 15 – “Revenue from Contracts with Customers” and SLFRS 9 – “Financial Instruments” for the first time that require restatement of previous Financial Statements. As required by LKAS 34, the nature and effect of these changes are disclosed below:

And for the other amendments and interpretations apply for the first time in 2018 do not have an impact on the Interim Condensed Consolidated Financial Statements of the Group.

(a) SLFRS 15 – “Revenue from Contracts with Customers”

SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under SLFRS.

The Group adopted SLFRS 15 using the full retrospective method of adoption. Based on the assessment performed, the Group concluded that SLFRS 15 does not have a material impact on the Group's Consolidated Financial Statements.

(b) SLFRS 9 – “Financial Instruments”

SLFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. SLFRS 9 is effective for annual periods beginning on or after 1st January 2018. However, paragraph 7.2.16 of SLFRS 9 permits an entity not to apply the requirements of this Standard to interim periods prior to the date of initial application, if it is impracticable.

Based on the “Statement of Alternative Treatment (SoAT) on the figures in the Interim Financial Statements” issued by The Institute of Chartered Accountants of Sri Lanka entities are granted with the option to prepare Interim Financial Statements continuing the application of LKAS 39 with disclosures on impact to the Income Statement and Statement of Profit or Loss and Other Comprehensive Income for the period if SLFRS 9 has been applied.

Accordingly, as permitted by the above SoAT, the Group has prepared the Interim Financial Statements for the quarter ended 30th June 2018 based on LKAS 39.

Notes to the Financial Statements

2.1 Segmental Analysis of Company Net Turnover is as follows:

	Quarter ending 30th June 2018 Rs. '000	Quarter ending 30th June 2017 Rs. '000
Consumer Electronics	1,788,453	1,688,994
Financial Services	904,787	948,567
Furniture	816,556	706,080
Home Appliances	4,934,426	4,657,868
IT Products	1,982,725	1,361,190
Sewing	582,601	583,231
Other	645,587	696,994
	11,655,135	10,642,924

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

	Quarter ending 30th June 2018 Rs. '000	Quarter ending 30th June 2017 Rs. '000
Consumer Electronics	135,033	104,494
Financial Services	217,034	228,881
Furniture	45,260	36,417
Home Appliances	300,861	287,399
IT Products	42,900	18,668
Sewing	36,970	36,504
Other	24,322	36,771
Operating Profit	802,381	749,134
Net Finance Cost	(508,361)	(443,914)
VAT on Financial Services	(9,800)	(10,800)
Profit Before Tax	284,220	294,420

2.3 Segmental Analysis of Group Net Turnover is as follows:

	Quarter ending 30th June 2018 Rs. '000	Quarter ending 30th June 2017 Rs. '000
Consumer Electronics	1,788,453	1,688,994
Financial Services	1,769,116	1,625,297
Furniture	816,556	706,080
Home Appliances	4,936,991	4,660,757
IT Products	4,606,264	3,142,625
Sewing	582,601	583,231
Other	645,733	697,183
	15,145,714	13,104,167

Notes to the Financial Statements

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

	Quarter ending 30th June 2018 Rs. '000	Quarter ending 30th June 2017 Rs. '000
Consumer Electronics	135,033	104,494
Financial Services	474,210	452,091
Furniture	45,260	36,417
Home Appliances	341,258	333,015
IT Products	221,939	198,432
Sewing	40,175	27,535
Other	26,397	37,635
Operating Profit	1,284,272	1,189,619
Net Finance Cost	(587,190)	(522,410)
VAT on Financial Services	(57,319)	(46,479)
Profit Before Tax	639,763	620,730

3. Stated Capital

	30th June 2018	30th June 2017
Value – Ordinary Shares (Rs.)	626,048,050	626,048,050
No. of Shares – Ordinary Shares	375,628,830	375,628,830
Voting Rights	One vote per ordinary share	One vote per ordinary share

4. Contingencies

- (a) Commissioner General of Inland Revenue has issued assessment notices on Singer (Sri Lanka) PLC pertaining to an additional VAT Liability/Payment on account of Deemed VAT for seven quarters for the period 1st January 2014 to 30th September 2015. The assessment was for a Deemed VAT payment of Rs. 1,076 million and Penalty of Rs. 423 million totalling to Rs. 1,499 million. Commissioner General of Inland Revenue has given the determination on the appeal. Accordingly, Rs. 791 million of Deemed VAT liability and penalty of Rs. 395 million totalling to Rs. 1,186 million is payable as a Deemed VAT liability for seven quarters for the period 1st January 2014 to 30th September 2015. The Company after carefully reviewing the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for Deemed VAT and accordingly Company has decided to appeal to the Tax Appeal Commission against the determination. Hence, no provision has been made in the Financial Statements. The Company previously sought a clarification from the Inland Revenue Department on the Interpretation of the Act and did not receive the required clarification. The Company has appealed against the VAT assessment, requesting to cancel the Notice of Assessment. Deemed VAT is removed with effect from 1st January 2016 under VAT Amendment Act No. 20 of 2016.
- (b) Singer (Sri Lanka) PLC has provided bank guarantees amounting to Rs. 262.2 million to Director General of Customs to clear imports during the years 2008 to June 2018. The bank guarantee related to alleged additional duty payable on imports, claimed by the customs and is being contested by the Company in Courts. The Court of Appeal ordered that the Director General of Customs continue with the investigations. The Company being aggrieved by the decision has filed an appeal, which is pending before the Supreme Court. 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.

Notes to the Financial Statements

- (c) The Commissioner General of Inland Revenue has issued assessment notices for the year of assessment 2013/14 and 2014/15 on Singer Finance (Lanka) PLC pertaining to an additional tax liability on account of disallowing impairment charge on Leasing business. The assessment for 2013/14 is for a value of Rs. 31.8 million and a penalty of Rs. 15.9 million totalling to Rs. 47.7 million. The assessment for 2014/15 is for a value of Rs. 56.4 million and a penalty of Rs. 28.2 million totalling to Rs. 84.6 million. Singer Finance (Lanka) PLC after carefully reviewing the advice of tax consultant's, is of the opinion that there is no basis for the Company to be made liable, hence, no provision has been made in the Financial Statements. The Company has appealed against the assessment, requesting the entire tax and penalty be held over pending settlement of the appeal under Section 173 (6) of the Inland Revenue Act No. 10 of 2006.
- (d) Under the Finance Companies (single borrowers limit) Direction No. 4 of 2006/1, the value of unsecured accommodations granted to and outstanding at any point of time from all borrowers should not exceed 5% of the capital funds as shown in the last Audited Balance Sheet. However, the value of unsecured accommodation granted has been exceeded due to credit card product by Rs. 386.8 million as of 31st March 2018. Singer Finance (Lanka) PLC is in the process of seeking methods to be compliant with the said regulation.
- (e) Guarantees given to Banks and Other Lending Institutions by Singer (Sri Lanka) PLC on behalf of Regnis (Lanka) PLC, amounting Rs. 455.5 million, Singer Finance (Lanka) PLC provided letters of guarantees to banks totalling to Rs. 1,050,000/- against Fixed Deposits of Rs. 1,269,928/-. In addition to that, Regnis (Lanka) PLC provided guarantees to Banks and other Lending Institutions on behalf of Regnis Appliances (Pvt) Limited amounting Rs. 345 million.

5. 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.

6. Listed Debentures

Details Regarding the Listed Debentures are as follows:

Interest Rates of Comparable
Government Securities
as at Issue Date
(%)

8.60% senior rated listed unsecured redeemable on 7th June 2018	6.29
9.5% senior rated listed unsecured redeemable on 7th June 2018	6.29
10.5% senior rated listed unsecured redeemable on 15th March 2019	9.43
12.29% senior rated listed unsecured redeemable on 15th March 2019	9.43

Interest rate of comparable Government Securities as at 30th June 2018 was 8.85%.

Highest Traded price, lowest Traded Price, last traded price as at 30th June 2018, interest yield and yield to maturity of trade of debentures which were traded are as follows:

	Highest Traded Price	Lowest Traded Price	Last Traded Price	Interest Yield	Yield to Maturity
	Rs.	Rs.	Rs.	Rs.	Rs.
9.5% senior rated listed unsecured redeemable debentures	95	95	95	14.73	14.73

Notes to the Financial Statements

The following debentures were not traded since date of issue:

- 8.60% Senior rated listed unsecured redeemable debentures
- 10.5% Senior rated listed unsecured redeemable debentures
- 12.29% Senior rated listed unsecured redeemable debentures

	Group		Company	
	30th June 2018	30th June 2017	30th June 2018	30th June 2017
Debt Equity Ratio	3.61	2.91	3.51	3.15
Interest Cover	1.81	2.08	1.51	1.77
Quick Assets Ratio	0.67	0.80	0.62	0.65

7. Top 20 Shareholders as at 30th June 2018

Name	No. of Shares	%
1. National Savings Bank/Hayleys PLC	85,147,054	22.67
2. People's Bank/Hayleys PLC	85,147,053	22.67
3. Hatton National Bank PLC/Hayleys PLC	40,293,659	10.73
4. Hayleys PLC	15,116,388	4.02
5. Hayleys Advantis Limited	37,127,660	9.88
6. Retail Holdings (Sri Lanka) BV	35,562,883	9.47
7. Volanka (Pvt) Limited	11,595,745	3.09
8. Hayleys Aventura (Private) Limited	10,531,915	2.80
9. Carbotels (Pvt) Limited	9,680,851	2.58
10. Hayleys Agriculture Holdings Limited	9,468,085	2.52
11. Mr. Kulappuarachchige Don Dhammika Perera	6,935,913	1.85
12. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund Deut	2,492,130	0.66
13. Mrs. Mihiri Virani Fernando	1,900,000	0.51
14. Andaradeniya Estate Private Limited	669,849	0.18
15. Mrs. Anoma Kamalika Amarasuriya	536,910	0.14
16. Mr. Nai Kaluge Anura Deepal De Silva	441,582	0.12
17. Miss Nai Kaluge Ruvani Hemamala De Silva	397,638	0.11
18. Mr. Nalin Amita De Silva	378,978	0.10
19. Jafferjee Brothers (Exports) Limited	375,600	0.10
20. Mr. Abeyesiri Hemapala Munasinghe	328,644	0.09
	354,128,537	94.28
Others	21,500,293	5.72
	375,628,830	100.00

Notes to the Financial Statements

8. Directors' and CEO's Shareholding as at 30th June 2018

Name of the Director	Shareholding 30th June 2018 No. of Shares	Shareholding 31st March 2018 No. of Shares
Mr. A. M. Pandithage	—	—
Mr. K. D. D. Perera	6,935,913	6,935,913
Mr. H. A. Pieris	6,000	6,000
Mr. D. Sooriyaarachchi	—	—
Mr. M. H. Jamaldeen	—	—
Mr. D. H. Fernando	—	—
Mr. D. K. de Silva Wijeyeratne (Appointed w.e.f. 1st April 2018)	—	—
Mr. G. J. Walker	—	—
Mr. S. C. Ganegoda	—	—
Ms. O. D. Gunewardene (Appointed w.e.f. 1st August 2018)	—	—
Mr. G. M. Gellecanao (Resigned)	—	—
Late Dr. S. Kelegama (Deceased on 23rd June 2017)	—	—
Mr. P. J. O'Donnell (Resigned)	—	—
Mr. J. J. Hyun (Resigned)	—	—
Mr. S. H. Goodman (Ceased to be Director on 31st March 2018 and reappointed w.e.f. 26th June 2018)	—	—
Mr. D. T. R. de Silva (Resigned w.e.f. 31st March 2018)	—	—
Mr. M. H. Wijewardene (Alt.)	—	—
Mr. L. N. S. K. Samarasinghe (Alt.)	17,372	17,372
Mr. K. K. L. P. Yatiwella (Alt.)	—	—
Mr. A. P. Paranavitane (Alt.) – (Resigned)	—	—
Mr. H.A.P.S. Perera (Alt. to Mr. S Goodman) (Ceased to be an Alternate Director w.e.f. 31st March 2018)	—	—

9. Public Holding

Shares held by public as at 30th June 2018

No. of Shareholders	No. of Shares	%
2,617	28,997,574	7.72

Float adjusted market capitalisation – Rs. 1,165,741,536.17.

The Company is not compliant with option 5 of the Listing Rules 7.13.1 (a) – Less than Rs. 2.5 billion. Float Adjusted Market Capitalisation which requires 20% minimum Public Holding.

10. Information of the Company Secretary

Hayleys Group Services (Private) Limited
Contact No. 0112 627 650

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