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SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2012

Group Chief Executive Officer's Review

Singer Group ended the year with a growth of 15% in the top line while bottom line declined by 9%.

The year 2012 was a tough year for businesses as the economy and consumer sentiments were affected by the sharp devaluation and sharp increase in interest rates, electricity and fuel costs. In addition, the drought destroyed part of the harvest and resulted in power cuts and shortages of water for consumers in some districts in the third quarter while floods affected some districts in the final quarter.

The Group Revenue for the year was Rs. 25.4 billion, while the Company revenue was Rs. 23.85 billion. Revenue grew by Rs. 3.3 billion and in percentage terms by 15.2% for the Group. The Company Revenue grew by Rs. 2.9 billion and in percentage terms by 13.9%. The fourth quarter revenue was the highest revenue for any quarter, but revenue growth over prior year was only 2% for the Group and 1% for the Company.

The Group Net Profit for the year was Rs. 1,193 million, which was a decline of Rs. 115 million when compared with prior year. In percentage terms the decline is 9%. In case of the Company, Net Profit for the year was Rs. 1,009 million which was a decline of Rs. 162 million when compared with the prior year. In percentage terms the decline was 14%. The decline in Profits needs to be viewed in context of the big increase in Profits in 2011. When compared with 2010, the 2012 Group Net Profit is 78% above 2010 levels while the 2012 Company Net Profit is 138% above 2010 level.

The company adopted the Sri Lanka Accounting Standards (SLFRS/LKAS) in the current year and in accordance with the reporting format discloses the comprehensive income. The total Group comprehensive income for the year was Rs. 1,320 Million compared with Rs. 1,308 million in the prior year, mainly due to revaluation of property plant and equipment.

The sharp rise of interest rates was the major factor affecting profit. The net finance cost for the year was an increase of 89% for the Company and 92% for the Group. The income tax was lower due to lower Profit and lower average tax rates in the current year.

The Company's subsidiary Singer Finance (Lanka) PLC, did well to increase revenue by 40% and Net Profit by 43% for the year.

I wish to place on record my appreciation of all our staff for their contribution and commitment without which it would have not been possible to achieve these results 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
28th February 2013

Comprehensive Income Statement

	Group		Company		Variance		Variance		
For the quarter ended 31st December	2012	2011	2012	2011	Group	%	Company	%	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000		Rs. '000		
Revenue	6,718,920	6,567,148	6,305,355	6,247,775	151,772	+	57,580	+	1
Cost of Sales	(4,277,998)	(4,056,818)	(4,277,998)	(4,056,818)	(221,180)	+	(221,180)	+	5
Direct Interest Cost	(151,141)	(93,413)	—	—	(57,728)	+	—	-	—
Gross Profit	2,289,781	2,416,917	2,027,357	2,190,957	127,136	-	163,600	-	7
Other Operating Income	49,707	71,789	36,917	39,794	22,081	+	2,877	-	7
Selling and Administration Expenses	(1,511,117)	(1,720,281)	(1,350,605)	(1,568,889)	(209,164)	-	(218,283)	-	14
Other Operating Expenses	(63,639)	(39,394)	(60,142)	(36,713)	(24,245)	+	(23,429)	+	64
Finance Cost	(323,690)	(167,000)	(323,690)	(144,773)	(156,690)	+	(178,917)	+	124
Finance Income	56,691	11,114	67,230	20,404	45,577	+	46,826	+	229
Net Finance Cost	(266,999)	(155,886)	(256,460)	(124,369)	(111,113)	+	(132,091)	+	106
Share of Profit/(Loss) of Equity Accounted Investees (Net of Income Tax)	4,667	(33)	—	—	4,700	+	—	-	—
Value Added Tax on Financial Services	(12,703)	(8,210)	(7,300)	(2,000)	(4,493)	+	(5,300)	+	265
Profit before Tax	489,698	564,902	389,767	498,781	76,204	-	109,014	-	22
Income Tax Expense	(183,441)	(124,650)	(142,329)	(103,755)	(58,791)	-	(38,574)	-	37
Profit for the Quarter	306,256	440,252	247,438	395,026	133,996	-	147,588	+	37
Other Comprehensive Income									
Revaluation of Property, Plant and Equipment	148,602	—	148,602	—	—	—	—	—	—
Income Tax on Other Comprehensive Income	(21,655)	—	(21,655)	—	—	—	—	—	—
Other Comprehensive Income for the Period - Net of Tax	126,947	—	126,947	—	—	—	—	—	—
Total Comprehensive Income for the Period	433,203	440,252	374,385	395,026	—	—	—	—	—
Attributable to:									
Equity Holders of the Parent	293,958	427,194	247,438	395,026	—	—	—	—	—
Non-Controlling Interest	12,298	13,058	—	—	—	—	—	—	—
Profit for the Period	306,256	440,252	247,438	395,026	—	—	—	—	—
Total Comprehensive Income Attributable to:									
Owners of the Company	420,905	427,194	374,385	395,026	—	—	—	—	—
Non-Controlling Interest	12,298	13,058	—	—	—	—	—	—	—
Total Comprehensive Income for the Year	433,203	440,252	374,385	395,026	—	—	—	—	—
Earnings per Share - Basic (Rs.)	2.35	3.41	1.98	3.15	—	—	—	—	—

Above figures are provisional and subject to audit.

Share Prices	4th Quarter 2012 Rs.	4th Quarter 2011 Rs.
Highest	124.00	138.50
Lowest	95.00	105.00
Last Traded Price	102.30	130.20

Comprehensive Income Statement

For the year ended 31st December	Group		Company		Variance		Variance	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	25,372,963	22,031,653	23,850,203	20,944,437	3,341,310	+ 15	2,905,766	+ 14
Cost of Sales	(16,120,453)	(13,655,528)	(16,120,453)	(13,655,528)	(2,464,925)	+ 18	(2,464,925)	+ 18
Direct Interest Cost	(547,208)	(279,648)	—	—	(267,560)	+ 96	—	- —
Gross Profit	8,705,302	8,096,477	7,729,750	7,288,909	608,825	+ 8	440,841	+ 6
Other Operating Income	190,545	134,710	221,965	167,245	55,835	+ 41	54,720	+ 33
Selling and Administration Expenses	(5,922,791)	(5,490,439)	(5,374,656)	(5,037,134)	(432,352)	+ 8	(337,522)	+ 7
Other Operating Expenses	(228,346)	(195,966)	(215,855)	(186,560)	(32,380)	+ 17	(29,295)	+ 16
Finance Cost	(1,054,025)	(559,650)	(1,054,025)	(559,650)	(494,375)	+ 88	494,375	+ 88
Finance Income	99,060	62,025	189,387	101,241	37,035	+ 60	88,146	+ 87
Net Finance Cost	(954,966)	(497,625)	(864,638)	(458,410)	(457,341)	+ 92	(406,228)	+ 89
Share of Loss of Equity Accounted Investees (Net of Income Tax)	5,778	(639)	—	—	6,418	+ 1,004	—	—
Value Added Tax on Financial Services	(49,295)	(56,507)	(29,052)	(29,000)	(7,212)	- 13	(52)	0
Profit before Tax	1,746,227	1,990,011	1,467,513	1,745,051	243,784	- 12	277,538	- 16
Income Tax Expense	(552,789)	(681,181)	(458,575)	(573,529)	(128,391)	- 19	(114,954)	- 20
Profit for the Period	1,193,438	1,308,830	1,008,938	1,171,522	115,392	- 9	162,584	- 14
Other Comprehensive Income								
Revaluation of Property, Plant and Equipment	148,602	—	148,602	—	—	—	—	—
Income Tax on Other Comprehensive Income	(21,655)	—	(21,655)	—	—	—	—	—
Other Comprehensive Income for the Period - Net of Tax	126,947	—	126,947	—	—	—	—	—
Total Comprehensive Income for the Year	1,320,386	1,308,830	1,135,885	1,171,521	—	—	—	—
Attributable to:								
Owners of the Company	1,137,742	1,266,342	1,008,938	1,171,521	—	—	—	—
Non-Controlling Interest	55,696	42,488	—	—	—	—	—	—
Profit for the year	1,193,438	1,308,831	1,008,938	1,171,521	—	—	—	—
Total Comprehensive Income Attributable to:								
Owners of the Company	1,264,689	1,266,342	1,135,885	1,171,521	—	—	—	—
Non-Controlling Interest	55,696	42,488	—	—	—	—	—	—
Total Comprehensive Income for the Year	1,320,385	1,308,830	1,135,885	1,171,521	—	—	—	—
Earnings per Share - Basic (Rs.)	9.09	10.11	8.06	9.36	—	—	—	—

Above figures are provisional and subject to audit.

	4th Quarter 2012 Rs.	4th Quarter 2011 Rs.
Share Prices		
Highest	138.50	235.00
Lowest	78.00	92.10
Last Traded Price	102.30	132.70

Company Statement of Financial Position

As at	31.12.2012	31.12.2011	01.01.2011
	Rs. '000	Rs. '000	Rs. '000
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	2,106,383	1,659,601	1,536,053
Intangible Assets	166,954	155,016	169,369
Investments in Subsidiaries	982,242	400,000	400,000
Investments in Equity Accounted Investees	48,000	48,000	24,000
Other Investments	17,020	17,020	17,020
Trade and Other Receivables	1,295,483	1,222,760	1,013,727
Deferred Tax Assets	146,300	125,502	114,353
	<u>4,762,382</u>	<u>3,627,899</u>	<u>3,274,522</u>
Current Assets			
Inventories	4,226,074	3,386,045	2,115,464
Loans due from Related Parties	1,492,054	539,506	611,410
Trade and Other Receivables	5,329,017	4,290,256	3,208,706
Amounts due from Related Parties - Trade	138,581	569,973	953,850
Amounts due from Related Parties - Non-Trade	19,181	23,540	29,556
Deposits with Banks	—	—	—
Marketable Securities	—	—	—
Cash and Cash Equivalents	424,277	364,736	200,403
	<u>11,629,183</u>	<u>9,174,056</u>	<u>7,119,389</u>
Total Assets	<u>16,391,565</u>	<u>12,801,955</u>	<u>10,393,911</u>
EQUITY AND LIABILITIES			
Equity			
Stated Capital	626,048	626,048	626,048
Capital Reserves	773,313	655,454	664,542
Statutory Reserve	—	—	—
Revenue Reserves	3,369,579	3,099,277	2,322,064
Total Equity Attributable for Equity Holders of the Company	<u>4,768,940</u>	<u>4,380,779</u>	<u>3,612,654</u>
Non-Controlling Interest	—	—	—
Total Equity	<u>4,768,940</u>	<u>4,380,779</u>	<u>3,612,654</u>
Non-Current Liabilities			
Interest-Bearing Loans and Borrowings	1,402,555	754,125	1,265,833
Retirement Benefit Obligations	259,359	197,833	176,663
Deferred Taxation Liability	113,926	95,805	99,339
Security Deposits	576,648	487,449	403,894
Deposits from Customers	—	—	—
	<u>2,352,488</u>	<u>1,535,212</u>	<u>1,945,729</u>
Current Liabilities			
Trade and Other Payables	2,261,545	2,126,108	1,218,205
Deferred Revenue	22,330	17,654	13,125
Income Tax Payable	38,976	170,547	118,434
Dividends Payable	10,822	5,825	3,205
Amounts due to Related Parties - Trade	184,453	171,272	268,648
Amounts due to Related Parties - Non-Trade	72,675	73,441	53,272
Deposits from Customers	—	—	—
Interest-Bearing Loans and Borrowings	6,679,336	4,321,117	3,160,639
	<u>9,270,137</u>	<u>6,885,964</u>	<u>4,835,528</u>
Total Equity and Liabilities	<u>16,391,565</u>	<u>12,801,955</u>	<u>10,393,911</u>
Net Assets per Share	<u>38.09</u>	<u>34.99</u>	<u>28.85</u>

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

(Sgd.) Priyath Salgado
Finance Director

Above figures are provisional and subject to audit.

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

Signed for and on behalf of the Board by,

(Sgd.) Hemaka Amarasuriya
Director

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

Colombo
28th February 2013

Consolidated Statement of Financial Position

As at	31.12.2012	31.12.2011	01.01.2011
	Rs. '000	Rs. '000	Rs. '000
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	2,151,208	1,691,107	1,564,240
Intangible Assets	189,256	167,683	178,940
Investments in Subsidiaries	—	—	—
Investments in Equity Accounted Investees	52,663	46,886	23,525
Other Investments	17,061	17,061	17,061
Trade and Other Receivables	5,044,790	4,218,084	2,508,341
Deferred Tax Assets	156,942	147,577	114,353
	<u>7,611,920</u>	<u>6,288,398</u>	<u>4,406,460</u>
Current Assets			
Inventories	4,226,074	3,402,916	2,115,464
Loans due from Related Parties	93,635	173,635	202,218
Trade and Other Receivables	8,355,654	6,894,196	5,462,044
Amounts due from Related Parties - Trade	134,398	7,986	6,724
Amounts due from Related Parties - Non-Trade	19,181	23,540	29,556
Deposits with Banks	50,983	—	—
Marketable Securities	318,720	290,313	410,552
Cash and Cash Equivalents	615,316	372,303	250,574
	<u>13,813,960</u>	<u>11,164,888</u>	<u>8,477,132</u>
	<u>21,425,880</u>	<u>17,453,287</u>	<u>12,883,592</u>
Total Assets			
EQUITY AND LIABILITIES			
Equity			
Stated Capital	626,048	626,048	626,048
Capital Reserves	773,312	655,454	664,542
Statutory Reserve	78,425	44,408	10,748
Revenue Reserves	3,778,758	3,421,739	2,583,364
Total Equity Attributable for Equity Holders of the Company	<u>5,256,544</u>	<u>4,747,649</u>	<u>3,884,702</u>
Non-Controlling Interest	356,693	255,995	224,174
Total Equity	<u>5,613,236</u>	<u>5,003,644</u>	<u>4,108,876</u>
Non-Current Liabilities			
Interest-Bearing Loans and Borrowings	1,633,823	1,110,385	1,287,291
Retirement Benefit Obligations	270,539	204,787	181,876
Deferred Taxation Liability	120,584	99,932	103,467
Security Deposits	576,648	487,449	403,894
Deposits from Customers	342,850	503,142	195,995
	<u>2,944,444</u>	<u>2,405,695</u>	<u>2,172,521</u>
Current Liabilities			
Trade and Other Payables	2,653,496	2,571,465	1,497,947
Deferred Revenue	22,330	17,653	13,125
Income Tax Payable	67,213	191,643	148,523
Dividends Payable	10,822	5,825	3,205
Amounts due to Related Parties - Trade	184,453	171,272	268,648
Amounts due to Related Parties - Non-Trade	72,675	73,441	53,272
Deposits from Customers	2,521,670	2,159,857	1,451,991
Interest-Bearing Loans and Borrowings	7,335,542	4,852,792	3,165,484
	<u>12,868,200</u>	<u>10,043,948</u>	<u>6,602,195</u>
Total Equity and Liabilities	<u>21,425,880</u>	<u>17,453,287</u>	<u>12,883,592</u>
Net Assets per Share	44.83	39.96	32.82

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

(Sgd.) Priyath Salgado
Finance Director

Above figures are provisional and subject to audit.

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

Signed for and on behalf of the Board by,

(Sgd.) Hemaka Amarasuriya
Director

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

Colombo
28th February 2013

Statement of Changes in Equity

For the year ended 31st December 2012

Group	Attributable to Equity Holders of the Company							
	Stated Capital	Statutory Reserve		Revaluation Reserves	General Reserves	Retained Earnings	Total	Non-Controlling Interest
		Reserve Fund	Investment Fund					
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st January 2011	626,048	10,748	–	664,542	2,000,000	578,325	3,879,663	224,234
Impact of Change in Accounting Policy	–	–	–	–	–	(6,075)	(6,075)	819
Transitional Adjustment	–	–	–	–	–	11,114	11,114	(879)
Restated Balance at 1st January 2011	626,048	10,748	–	664,542	2,000,000	583,364	3,884,702	224,174
Total Comprehensive Income for the Year								
Profit for the Year, as Restated	–	–	–	–	–	1,266,343	1,266,343	42,488
Total Other Comprehensive Income	–	–	–	–	–	–	–	–
Total Comprehensive Income for the Year	–	–	–	–	–	1,266,343	1,266,343	42,488
Realisation on Revaluation Surplus	–	–	–	(12,622)	–	12,622	–	–
Deferred Tax Effect on Realisation of Revaluation Surplus	–	–	–	3,534	–	–	3,534	–
Transferred to/(from) during the Year	–	5,602	28,058	–	200,000	(233,660)	–	–
Transactions with Owners of the Company, Recognised Directly in Equity								
Distributions to Owners of the Company								
Final Dividend - 2010	–	–	–	–	–	(219,117)	(219,117)	–
Interim Dividend - 2011	–	–	–	–	–	(187,814)	(187,814)	(10,667)
Total Distributions to Owners of the Company	–	–	–	–	–	(406,931)	(406,931)	(10,667)
Restated Balance at 31 December 2011	626,048	16,350	28,058	655,454	2,200,000	1,221,735	4,747,646	255,995
Balance as at 1st January 2012	626,048	16,350	28,058	655,454	2,200,000	1,221,735	4,747,646	255,995
Total Comprehensive Income for the Year								
Profit for the year	–	–	–	–	–	1,137,742	1,137,742	55,696
Total Other Comprehensive Income	–	–	–	126,947	–	–	126,947	–
Total Comprehensive Income for the Year	–	–	–	126,947	–	1,137,743	1,264,690	55,696
Realisation on Revaluation Surplus	–	–	–	(12,622)	–	12,622	–	–
Deferred Tax Effect on Realisation of Revaluation Surplus	–	–	–	3,534	–	–	3,534	–
Transferred to/(from) during the Year	–	11,278	22,739	–	300,000	(334,017)	–	–
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)
Total Distributions to Owners of the Company	–	–	–	–	–	(751,258)	(751,258)	(21,333)
Changes in ownership interests in Subsidiary								
Acquisition of Subsidiary with Non-Controlling Interests	–	–	–	–	–	(8,069)	(8,069)	66,334
Total Transactions with Owners of the Company	–	–	–	–	–	(759,327)	(759,327)	45,001
Balance as at 31st December 2012	626,048	27,628	50,797	773,312	2,500,000	1,278,758	5,256,544	356,693

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
Balance as at 1st January 2011, as Previously Reported	626,048	664,542	2,000,000	316,845	3,607,435
Transitional Adjustment	—	—	—	5,219	5,219
Restated Balance at 1st January 2011	626,048	664,542	2,000,000	322,064	3,612,654
Total Comprehensive Income for the Year					
Profit for the Year, as Restated	—	—	—	1,171,521	1,171,521
Total Other Comprehensive Income	—	—	—	—	—
Total Comprehensive Income for the Year	—	3,534	—	1,171,521	1,171,521
Realisation on Revaluation Surplus	—	(12,622)	—	12,622	—
Deferred Tax Effect on Realisation of Revaluation Surplus	—	3,534	—	—	3,534
Transferred to/(from) during the Year	—	—	200,000	(200,000)	—
Transactions with Owners of the Company, Recognised Directly in Equity					
<i>Distributions to Owners of the Company</i>					
Final Dividend - 2010	—	—	—	(219,117)	(219,117)
Interim Dividend - 2011	—	—	—	(187,814)	(187,814)
Total Distributions to Owners of the Company	—	—	—	(406,931)	(406,931)
Restated Balance at 31st December 2011	626,048	655,454	2,200,000	899,277	4,380,779
Balance as at 1st January 2012	626,048	655,454	2,200,000	899,277	4,380,779
Total Comprehensive Income for the Year					
Profit for the year, as Restated	—	—	—	1,008,938	1,008,938
Total Other Comprehensive Income	—	126,947	—	—	126,947
Total Comprehensive Income for the year	—	126,947	—	1,008,938	1,135,885
Realisation on Revaluation Surplus	—	(12,622)	—	12,622	—
Deferred Tax Effect on Realisation of Revaluation Surplus	—	3,534	—	—	3,534
Transferred to/(from) during the Year	—	—	300,000	(300,000)	—
Transactions with Owners of the Company, Recognised Directly in Equity					
<i>Distributions to Owners of the Company</i>					
Final Dividend - 2011	—	—	—	(751,258)	(751,258)
Total Distributions to Owners of the Company	—	—	—	(751,258)	(751,258)
Balance as at 31st December 2012	626,048	773,313	2,500,000	869,579	4,768,940

Cash Flow Statement

For the year ended 31st December	Group		Company	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
Cash Flows from Operating Activities				
Net Profit before Income Tax Expense	1,746,227	1,990,012	1,467,513	1,745,050
Adjustments for:				
Depreciation on Property, Plant & Equipment	233,158	207,120	222,881	199,296
Share of (Profit)/Loss from Equity Accounted Investees	(5,778)	639	—	—
Amortisation of Intangible Assets	18,459	15,933	16,245	14,352
Gain on Disposal of Property, Plant & Equipment	(1,894)	(9,562)	(964)	(9,562)
Interest Expense	1,601,233	839,298	1,054,025	559,650
Interest Income	(90,744)	(62,025)	(189,387)	(101,241)
Deferred Profit on Hire Debtors	779,276	889,333	61,660	269,865
Provision for Obsolete Inventory	27,050	50,096	27,050	50,096
Bad Debts Written-off	(38,591)	(227,677)	(17,804)	(203,354)
Provision for Bad and Doubtful Receivables	110,907	137,690	77,098	119,318
Deferred Revenue	(14,381)	38,951	(14,381)	52,075
Dividend Income	(2,009)	(18)	(59,591)	(28,805)
Provision for Retiring Gratuity	75,350	36,563	70,493	34,686
Operating Profit before Working Capital Changes	4,429,947	3,906,353	2,714,837	2,701,429
(Increase)/Decrease in Inventories	(850,208)	(1,337,548)	(867,079)	(1,320,677)
(Increase)/Decrease in Debtors Falling due after one Year	(1,169,040)	(2,118,356)	(67,466)	(248,631)
(Increase)/Decrease in Debtors Falling due within one Year	(1,951,651)	(1,857,306)	(1,145,915)	(1,275,328)
(Increase)/Decrease in Trade dues from Related Parties	(122,053)	4,754	435,751	389,894
Increase/(Decrease) in Trade dues to Related Parties	12,415	(77,207)	12,415	(77,207)
Increase in Employee Security Deposits	89,200	83,555	89,200	83,555
Increase/(Decrease) in Customer Deposit Liabilities	201,520	1,015,014	—	—
Increase/(Decrease) in Trade and Other Payables	(65,092)	1,054,553	33,001	912,940
Cash Generated from Operations	575,029	673,811	1,204,745	1,165,975
Finance Costs Paid	(1,454,108)	(820,334)	(951,591)	(564,688)
Retiring Gratuity Paid	(9,597)	(13,651)	(8,967)	(13,516)
Income Tax Paid	(684,053)	(671,285)	(610,944)	(532,565)
Net Cash Flows from Operating Activities	(1,572,729)	(831,459)	(366,758)	55,206
Cash Flows from Investing Activities				
Acquisition of Property, Plant & Equipment and Intangible Assets	(602,757)	(349,167)	(564,695)	(333,346)
Proceeds from Disposal of Property, Plant & Equipment	19,963	20,064	16,417	20,064
(Acquisition)/Disposal of Marketable Securities	(28,407)	120,239	—	—
Investment in Equity Accounted Investee	—	(24,000)	—	(24,000)
Investment in Bank Deposits	(50,983)	—	—	—
Investment in Subsidiary Company	—	—	(582,242)	—
Net Cash Flows from Loans Given to Related Companies	80,000	28,583	(952,548)	71,904
Interest Received	90,744	62,025	189,387	101,241
Dividend Received	2,009	18	59,590	28,805
Net Cash Flows from/(used in) Investing Activities	(489,432)	(142,237)	(1,834,090)	(135,332)
Proceeds from Interest-Bearing Loans & Borrowings	8,510,753	5,908,054	7,938,653	5,133,054
Repayment of Interest Bearing Loans & Borrowings	(5,493,216)	(4,614,744)	(5,016,872)	(4,573,224)
Proceeds from Rights Issue Purchased by Minority Shareholders	58,265	—	—	—
Net Payment to Minority Shareholders	(21,333)	(10,667)	—	—
Dividend Paid	(746,260)	(404,311)	(746,260)	(404,311)
Net Cash Flow from Financing Activities	2,308,208	878,332	2,175,521	155,518
Net Increase/(Decrease) in Cash and Cash Equivalents	254,363	(95,364)	(25,328)	75,393
Cash and Cash Equivalents at the beginning of the Period	(302,562)	(207,198)	(181,976)	(257,369)
Cash and Cash Equivalents at the end of the Period	(48,199)	(302,562)	(207,304)	(181,976)

Notes to the Financial Statements

1. Corporate Information

1.1 Reporting Entity

1.1.1 General

Singer (Sri Lanka) PLC is a limited liability company incorporated and domiciled in Sri Lanka. The Registered Office of the Company is located at No. 80, Nawam Mawatha, Colombo 2, and the principal place of business is situated at the above address.

In the Report of the Directors and in the Financial Statements, 'the Company' refers to Singer (Sri Lanka) PLC as the Holding Company and 'the Group' refers to the Consolidated Financial Statements of Singer (Sri Lanka) PLC and its Subsidiary, Singer Finance (Lanka) Ltd.

1.1.2 Date of Authorisation of Issue

The Financial Statements for the year ended 30th September 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 28th February 2013.

2. Basis of Preparation

2.1 Statement of Compliance

The interim condensed Financial Statements have been prepared in compliance with Sri Lanka Accounting Standard (SLAS) LKAS 34 - Interim Financial Reporting. These interim condensed Financial Statements should be read in conjunction with the annual Financial Statements for the year ended 31st December 2011, and changes to the accounting policies as given in Notes 1 to 5 to these Financial Statements.

For all periods up to and including the year ended 31st December 2011, the Group prepared its Financial Statements in accordance with SLAS which were effective up to 31st December 2011. The Financial Statements for the period ended 30th September 2012 are the first Financial Statements prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) immediately effective from 1st January 2012 and SLFRS 1, First Time Adoption

of SLFRS has been applied. These SLFRS/LKASs have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The effect of the transition to SLFRS/LKAS on previously reported financial positions, financial performances and cash flows of the Group and the Company is given in Note 6 to the Financial Statements.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for certain investments and items of Property, Plant & Equipment, which are measured at fair value and Defined Benefit Plans which are measured at the present value of the Retirement Benefit Obligations as explained in the respective Notes to the Financial Statements.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the functional currency of the Company and its Subsidiary.

3. Significant Accounting Policies

The changes to accounting policies are set out below have been applied consistently to all periods presented in these condensed Financial Statements and in preparing the opening SLFRS/LKAS statement of financial position as at 1st January 2011 for the purpose of the transition to SLFRS/LKAS, unless otherwise indicated.

Financial Statements for the nine months ending 30th September 2011 are prepared as per the SLFRS/LKAS.

3.1 Basis of Consolidation

The interim condensed Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at each reporting date.

Notes to the Financial Statements

3.2 Business Combinations

Business combinations are accounted using acquisition methods. The Group measures goodwill at the acquisition date, as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquire, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3.3 Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so be cause the non-controlling interests to have a deficit balance.

3.4 Loss of Control

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, anyone-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised

in the Income Statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value as at the date. It is then accounted for an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

A change in ownership in the interest of a subsidiary without a loss of control is accounted as an equity transaction.

3.5 Associates (Equity Accounted Investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% to 50% of the voting power of another entity. Investments in associates are accounted for using the equity method (Equity Accounted Investees) and are recognised initially at cost. The Consolidated Financial Statements includes the Group's share of the income and expenses and equity movements of Equity Accounted Investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an Equity Accounted Investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

3.6 Financial Instruments

The Group recognises a financial assets or a financial liabilities in its statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or a liability (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial asset or liability, as appropriate, on

Notes to the Financial Statements

initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in the Income Statement.

Financial assets and liabilities are offset and the net amount is presented when, and only when the Group has a legal right to offset the amount and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.6.1 Financial Assets

Financial assets are categorised as fair value through profit or loss if it is acquired for the purpose of being sold in the short term and designated as such upon initial recognition or if it is a derivative instrument.

Financial assets include cash and cash equivalents, short-term deposits, receivables, quoted and unquoted financial instruments and derivative financial instruments.

3.6.1.1 Held-to-Maturity Financial Assets

A non-derivative financial asset with fixed or determinable payments with fixed maturity where Group intends to hold to maturity is classified under this category.

Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity comprise of T Bills and T Bonds.

3.6.1.2 Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of HP and Lease receivable, related party loans and staff loans.

3.6.1.3 Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are recognised as available for sale or not classified in any of the previous categories. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets.

Subsequent to initial recognition, they are measured at fair value and changes therein, are recognised in the other comprehensive income and presented in the available-for-sale reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is derecognised from the available-for-sale reserve and recognised in the Income Statement.

Available-for-sales financial assets comprise of equity investments.

3.6.1.4 Derecognition of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the asset has expires, or when the Group has transferred the financial asset and subsequently all the risks and rewards of ownership to another entity.

On derecognition of financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in other comprehensive income or accumulated in equity is recognised in the Income Statement.

3.6.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings and determine the classification of its financial liabilities at initial recognition.

Notes to the Financial Statements

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

3.6.2.1 Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities are classified as fair value through profit or loss if it is defined as held for trading and is designated at such upon initial recognition.

Gain or losses on liabilities held for trading are recognised in the Income Statement.

3.6.2.2 Other Financial Liabilities

These are all financial liabilities other than financial liabilities at fair value through profit or loss.

The financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and financial guarantee.

3.6.2.3 Derecognition of Financial Liability

Financial liabilities are derecognised when and only when they are extinguished, that is when the obligation is discharged, cancelled or expired.

3.6.3 Amortised Cost Measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments and any impairment and plus/minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount.

3.6.4 Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The fair value of financial instruments that are traded in an active market at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

3.6.5 Impairment

3.6.5.1 Impairment of Financial Assets

Financial assets other than those measured at fair value are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that as a result of one or more event that occurred after the initial recognition of the financial assets, the estimated future cash from the asset have been affected.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated.

(a) Impairment Losses on Financial Assets Carried at Amortised Cost

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Notes to the Financial Statements

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(b) Impairment Losses on Available-for-Sale Financial Assets

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

4. First Time Adoption of SLFRSs/LKAS

The interim condensed Financial Statements, for the period ended 30th September 2012, are the first Financial Statements prepared in accordance with SLFRS/LKAS. Previously for period up to 31st December 2011, the Group and Company prepared its Financial Statements in accordance with Sri Lanka Accounting Standards which were effective up to 31st December 2011.

The Accounting Policies set out in Note 3 have been applied in preparing the interim Financial Statements for the nine months ended 30th September 2012 and the 3rd quarter ended 30th September 2012 and comparative information for all the periods presented and in the preparation of the opening SLFRS financial position as at 1st January 2011.

4.1 Exemption Offered in the SLFRS - 1 First Time Adoption of Sri Lanka Accounting Standards (SLFRS)

Group has taken the advantage of the following optional exemptions offered in the SLFRS - 1 First Time Adoption of Sri Lanka Accounting Standards (SLFRSs).

4.1.1 Exemption from Business Combinations

The Group elected not to apply IFRS 3, retrospectively to past business compilation that occurred before 1st January 2011.

4.1.2 Exemption from Other SLFRs

Investments in Subsidiaries and Associates

The Group elected to account for its Investments in Subsidiaries and Associates at cost as recognised previously as per the previous Sri Lanka Accounting Standards.

4.1.3 The Group has Applied the following Mandatory Exceptions Significant Accounting Judgment, Estimates and Assumptions

Significant accounting judgment, estimates and assumptions at 1st January 2011 and at 31st December 2011 are consistent with those made for the same dates in accordance with SLAS effective up to 31st December 2011 (after adjustment to reflect any difference in accounting policies).

Notes to the Financial Statements

The estimates used by the Group to present these amounts in accordance with SLFRS/LKAS effective from 1st January 2012 reflect conditions at 1st January 2011, the date of transition to SLFRS/LKAS and as of 31st December 2011.

4.2 Explanations for Transition to SLFRS/LKASs

In preparing SLFRS/LKAS statement of financial position for previously reported financial periods, required adjustments have been made, in accordance with the respective SLFRS/LKASs. The effect of the transition from SLASs to SLFRS/LKASs has been presented in the Note 6 to the Financial Statements.

5. New Accounting Standards Issued but not yet Effective

The Institute of Chartered Accountants of Sri Lanka has issued the following standards which become effective for annual periods beginning after the current financial year. Accordingly, these standards have not been applied in preparing these Financial Statements. The Group expects that these standards when applied will have substantial impact to the financial performance, financial position and disclosures. The Group will be adopting these standards when they become effective.

SLFRS 9 - Financial Instruments

SLFRS 10 - Consolidated Financial Statements

SLFRS 11 - Joint Arrangements

SLFRS 12 - Disclosure of Interest in other Entities

SLFRS 13 - Fair Value Measurement

6. Explanations for Transition to SLFRS/LKASs

In preparing SLFRS/LKASs statement of financial position for previously reported financial period, required adjustments have been made in accordance with the respective SLFRS/LKASs. The effect of the transition from SLASs to SLFRS/LKASs, has been presented in the reconciliation statements and accompanying notes to the material reconciliation items.

Reconciliation of Income Statement

For the year ended 31st December 2011

	Note	Group			Company		
		As per SLAS Rs. '000	Remeasurements Rs. '000	As per SLFRS/LKAS Rs. '000	As per SLAS Rs. '000	Remeasurements Rs. '000	As per SLFRS/LKAS Rs. '000
Revenue		22,010,767	20,886	22,031,653	20,931,312	13,125	20,944,437
Cost of Sales		(13,655,528)	—	(13,655,528)	(13,655,528)	—	(13,655,528)
Gross Profit		8,355,239	20,886	8,376,125	7,275,784	13,125	7,288,909
Other Operating Income		134,710	—	134,710	167,245	—	167,245
Selling and Administration Expenses		(5,449,104)	(41,335)	(5,490,439)	(5,019,726)	(17,408)	(5,037,134)
Other Operating Expenses		(195,966)	—	(195,966)	(186,560)	—	(186,560)
Finance Cost		(839,684)	386	(839,298)	(559,650)	—	(559,650)
Finance Income		38,212	23,813	62,025	83,833	17,408	101,241
Net Finance Cost		(801,472)	24,199	(777,273)	(475,818)	17,408	(458,410)
Share of Loss of Equity Accounted Investees (Net of Income Tax)		(639)	—	(639)	—	—	—
Value Added Tax on Financial Services		(56,507)	—	(56,507)	(29,000)	—	(29,000)
Profit before Tax		1,986,262	3,750	1,990,011	1,731,926	13,125	1,745,051
Income Tax Expense		(679,506)	(1,675)	(681,181)	(568,935)	(4,594)	(573,529)
Profit for the Period		1,306,756	2,075	1,308,830	1,162,990	8,532	1,171,522
Attributable to:							
Equity Holders of the Company		1,262,655	3,691	1,266,342	1,162,990	8,532	1,171,522
Non-Controlling Interest		44,102	(1,614)	42,488	—	—	—
Profit for the Period		1,306,757	2,077	1,308,830	1,162,990	8,532	1,171,522

Reconciliation - Company Statement of Financial Position

	Equity as at 31st December 2011			Equity as at 1st January 2011 (Date of Transition to SLFRS/LKAS)		
	As per SLAS	Remeasurements	As per SLFRS/LKAS	As per SLAS	Remeasurements	As per SLFRS/LKAS
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS						
Non-Current Assets						
Property, Plant & Equipment	1,659,601	—	1,659,601	1,536,053	—	1,536,053
Intangible Assets	141,266	13,750	155,016	155,619	13,750	169,369
Investment in Subsidiaries	400,000	—	400,000	400,000	—	400,000
Investments in Equity Accounted Investees	48,000	—	48,000	24,000	—	24,000
Other Investments	17,020	—	17,020	17,020	—	17,020
Trade and Other Receivables	1,258,913	(36,153)	1,222,760	1,035,300	(21,573)	1,013,727
Deferred Tax Assets	125,502	—	125,502	114,353	—	114,353
	3,650,303	(22,403)	3,627,899	3,282,345	(7,823)	3,274,522
Current Assets						
Inventories	3,386,045	—	3,386,045	2,115,464	—	2,115,464
Loans due from Related Parties	539,506	—	539,506	611,410	—	611,410
Trade and Other Receivables	4,354,808	(64,552)	4,290,256	3,253,416	(44,711)	3,208,705
Amounts due from Related Parties - Trade	569,973	—	569,973	953,850	—	953,850
Amounts due from Related Parties - Non-Trade	23,540	—	23,540	29,556	—	29,556
Deposits with Banks	—	—	—	—	—	—
Marketable Securities	—	—	—	—	—	—
Cash & Cash Equivalents	364,736	—	364,736	200,403	—	200,403
	9,238,608	(64,552)	9,174,056	7,164,100	(44,711)	7,119,389
Total Assets	12,888,911	(86,955)	12,801,955	10,446,445	(52,534)	10,393,911
EQUITY AND LIABILITIES						
Equity						
Stated Capital	626,048	—	626,048	626,048	—	626,048
Capital Reserves	655,454	—	655,454	664,542	—	664,542
Statutory Reserve	—	—	—	—	—	—
Revenue Reserves	3,085,527	13,750	3,099,276	2,316,845	(5,220)	2,322,065
Total Equity Attributable for Equity Holders of the Company	4,367,029	13,750	4,380,778	3,607,435	(5,220)	3,612,655
Non-Controlling Interest	—	—	—	—	—	—
Total Equity	4,367,029	13,750	4,380,778	3,607,435	(5,220)	3,612,655
Non-Current Liabilities						
Interest-Bearing Loans & Borrowings	754,125	—	754,125	1,265,833	—	1,265,833
Retirement Benefit Obligations	197,833	—	197,833	176,663	—	176,663
Deferred Taxation Liability	95,805	—	95,805	99,339	—	99,339
Security Deposits	487,449	—	487,449	403,894	—	403,894
Deposits from Customers	—	—	—	—	—	—
	1,535,212	—	1,535,212	1,945,729	—	1,945,729
Current Liabilities						
Trade and Other Payables	2,126,108	—	2,126,108	1,218,205	—	1,218,205
Deferred Revenue	118,359	(100,705)	17,654	66,284	(53,159)	13,125
Income Tax Payable	170,547	—	170,547	123,028	(4,594)	118,434
Dividends Payable	5,825	—	5,825	3,205	—	3,205
Amounts due to Related Parties - Trade	171,272	—	171,272	268,648	—	268,648
Amounts due to Related Parties - Non-Trade	73,441	—	73,441	53,272	—	53,272
Deposits from Customers	—	—	—	—	—	—
Interest-Bearing Loans and Borrowings	4,321,117	—	4,321,117	3,160,639	—	3,160,639
	6,986,670	(100,705)	6,885,964	4,893,281	(57,753)	4,835,528
Total Equity and Liabilities	12,888,910	(86,955)	12,801,954	10,446,446	(52,533)	10,393,911

Reconciliation - Consolidated Statement of Financial Position

	Equity as at 31st December 2011			Equity as at 1st January 2011 (Date of Transition to SLFRS/LKAS)			
		As per SLAS	Remeasurements	As per SLFRS/LKAS	As per SLAS	Remeasurements	As per SLFRS/LKAS
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS							
Non-Current Assets							
Property, Plant & Equipment		1,691,107	—	1,691,107	1,564,240	—	1,564,240
Intangible Assets		153,933	13,750	167,683	165,190	13,750	178,940
Investment in Subsidiaries		—	—	—	—	—	—
Investments in Equity Accounted Investees		46,886	—	46,886	23,525	—	23,525
Other Investments		17,061	—	17,061	17,061	—	17,061
Trade and Other Receivables		4,261,101	(43,016)	4,218,084	2,545,742	(37,401)	2,508,341
Deferred Tax Assets		147,577	—	147,577	114,353	—	114,353
		6,317,664	(29,266)	6,288,398	4,430,110	(23,651)	4,406,460
Current Assets							
Inventories		3,402,916	—	3,402,916	2,115,464	—	2,115,464
Loans due from Related Parties		173,635	—	173,635	202,218	—	202,218
Trade and Other Receivables		6,988,036	(93,840)	6,894,196	5,509,322	47,278	5,462,044
Amounts due from Related Parties - Trade		7,986	—	7,986	6,724	—	6,724
Amounts due from Related Parties - Non-Trade		23,540	—	23,540	29,556	—	29,556
Deposits with Banks		—	—	—	—	—	—
Marketable Securities		290,313	—	290,313	410,552	—	410,552
Cash & Cash Equivalents		372,303	—	372,303	250,574	—	250,574
		11,258,728	(93,840)	11,164,888	8,524,409	(47,278)	8,477,132
Total Assets		17,576,391	(123,106)	17,453,286	12,954,520	(70,929)	12,883,592
EQUITY AND LIABILITIES							
Equity							
Stated Capital		626,048	—	626,048	626,048	—	626,048
Capital Reserves		655,454	—	655,454	664,542	—	664,542
Statutory Reserve		44,408	—	44,408	10,748	—	10,748
Revenue Reserves		3,413,011	8,728	3,421,739	2,578,325	5,039	2,583,364
Total Equity Attributable for Equity Holders of the Company		4,738,921	8,728	4,747,649	3,879,663	5,039	3,884,702
Non-Controlling Interest		257,669	(1,674)	255,995	224,234	(60)	224,174
Total Equity		4,996,590	(7,054)	5,003,644	4,103,897	4,979	4,108,877
Non-Current Liabilities							
Interest-Bearing Loans & Borrowings		1,110,385	—	1,110,385	1,287,291	—	1,287,291
Retirement Benefit Obligations		204,787	—	204,787	181,876	—	181,876
Deferred Taxation Liability		99,932	—	99,932	103,467	—	103,467
Security Deposits		487,449	—	487,449	403,894	—	403,894
Deposits from Customers		503,142	—	503,142	195,995	—	195,995
		2,405,695	—	2,405,695	2,172,521	—	2,172,521

Reconciliation - Consolidated Statement of Financial Position

	Equity as at 31st December 2011			Equity as at 1st January 2011 (Date of Transition to SLFRS/LKAS)		
	As per SLAS	Remeasurements	As per	As per SLAS	Remeasurements	As per
Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current Liabilities						
Trade and Other Payables	2,574,219	(2,755)	2,571,465	1,500,316	(2,369)	1,497,947
Deferred Revenue	139,379	(121,726)	17,653	79,309	(66,184)	13,125
Income Tax Payable	197,322	(5,679)	191,643	155,877	(7,354)	148,523
Dividends Payable	5,825	–	5,825	3,205	–	3,205
Amounts due to Related Parties - Trade	171,272	–	171,272	268,648	–	268,648
Amounts due to Related Parties - Non-Trade	73,441	–	73,441	53,272	–	53,272
Deposits from Customers	2,159,857	–	2,159,857	1,451,991	–	1,451,991
Interest-Bearing Loans and Borrowings	4,852,792	–	4,852,792	3,165,484	–	3,165,484
	10,174,107	(130,160)	10,043,948	6,678,101	(75,907)	6,602,195
Total Equity and Liabilities	17,576,392	(123,106)	17,453,287	12,954,520	(70,928)	12,883,592

Notes to the Financial Statements

6.1 Income Statement

	31st December 2011		31st December 2011	
	4th Quarter			
	Group Rs. '000	Company Rs. '000	Group Rs. '000	Company Rs. '000
Revenue				
Deferred Revenue	3,444	3,444	13,125	13,125
Service Revenue	7,610	—	7,761	—
	<u>11,054</u>	<u>3,444</u>	<u>12,606</u>	<u>13,125</u>
Selling and Administration				
Employee Benefit on Employee Loans	(6,175)	(4,352)	(23,927)	(17,408)
	<u>(6,175)</u>	<u>(4,352)</u>	<u>(23,927)</u>	<u>(17,408)</u>
Net Finance Cost				
Finance Income on Employee Loans	6,175	4,352	23,813	17,408
Finance Cost	129	0	386	—
	<u>6,304</u>	<u>4,352</u>	<u>24,199</u>	<u>17,408</u>
Income Tax				
Tax Adjustment on Deferred Revenue	(1,883)	(1,883)	2,919	(4,594)
	<u>(1,883)</u>	<u>(1,883)</u>	<u>2,919</u>	<u>(4,594)</u>

6.2 Financial Position

	Group		Company	
	31st Dec. 2011	1st Jan. 2011	31st Dec. 2011	1st Jan. 2011
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade and Other Receivables				
Employee Loans - Reclassification to Prepaid	(79,301)	(47,278)	(64,552)	(44,711)
Deferred Revenue				
Netting off with Instalment Receivables	121,725	66,880	100,705	66,284
Deferred Revenue Recognition in Income Statement	—	(13,125)	—	(13,125)
	<u>42,424</u>	<u>53,756</u>	<u>100,705</u>	<u>53,159</u>

Notes to the Financial Statements

6.3 Retained Earnings

The following is a summary of transition adjustments to the Group and Company retained earnings from SLAS to SLFRS/LKAS:

	Group		Company	
	31st Dec. 2011 Rs. '000	1st Jan. 2011 Rs. '000	31st Dec. 2011 Rs. '000	1st Jan. 2011 Rs. '000
Retained Earnings Reported as SLAS	3,413,010	2,578,325	3,085,527	2,316,845
SLFRS/LKAS Adjustments				
Revaluation Gain on Intangible Assets	13,750	13,750	13,750	13,750
Administrative Expenses	(18,560)	(9,347)	–	–
Deferred Revenue	–	(13,125)	–	(13,125)
Service Revenue	11,472	7,390	–	–
Finance Cost	2,066	1,776	–	–
Tax Adjustment on Deferred Revenue	–	4,594	–	4,594
Retained Earnings as per SLFRS/LKAS	<u>3,421,738</u>	<u>2,583,363</u>	<u>3,099,277</u>	<u>2,322,064</u>

6.4 Segmental Analysis of Company Net Turnover is as follows:

	Quarter ending 31st December 2012 Rs. '000	Quarter ending 31st December 2011 Rs. '000	12 months ending 31st December 2012 Rs. '000	12 months ending 31st December 2011 Rs. '000
Sewing-Related Products	718,285	779,775	2,674,797	2,403,858
Consumer Electronics	1,689,037	1,789,403	6,028,638	6,068,647
White Goods	2,091,489	2,159,982	8,780,142	7,407,042
Kitchen-Related Products	450,147	443,126	1,693,436	1,481,274
Communications	560,500	436,313	1,738,761	1,333,349
Furniture	492,003	300,273	1,453,255	1,041,997
Transport	162,698	110,686	616,892	453,654
Agro	141,196	228,217	864,281	754,615
	<u>6,305,355</u>	<u>6,247,775</u>	<u>23,850,203</u>	<u>20,944,437</u>

Notes to the Financial Statements

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

	Quarter ending 31st December 2012 Rs. '000	Quarter ending 31st December 2011 Rs. '000	12 months ending 31st December 2012 Rs. '000	12 months ending 31st December 2011 Rs. '000
Sewing-Related Products	48,654	58,638	163,744	188,133
Consumer Electronics	130,380	148,373	430,242	591,230
White Goods	113,864	189,177	477,602	583,066
Kitchen-Related Products	33,157	30,144	120,557	149,642
Communications	22,263	23,145	71,860	70,320
Furniture	27,822	15,410	80,987	71,074
Transport	3,551	108	12,229	11,344
Agro	10,074	10,980	50,701	51,436
Dividend Income	—	—	59,590	28,805
	389,767	475,975	1,467,513	1,745,051

6.6 Segmental Analysis of Group Net Turnover is as follows:

	Quarter ending 31st December 2012 Rs. '000	Quarter ending 31st December 2011 Rs. '000	12 months ending 31st December 2012 Rs. '000	12 months ending 31st December 2011 Rs. '000
Sewing-Related Products	718,285	779,775	2,674,797	2,403,858
Consumer Electronics	1,689,037	1,789,403	6,028,638	6,068,647
White Goods	2,091,489	2,159,982	8,780,142	7,407,042
Kitchen-Related Products	450,147	443,126	1,693,436	1,481,274
Communications	560,500	436,313	1,738,761	1,333,349
Furniture	492,003	300,273	1,453,255	1,041,997
Transport	162,698	110,686	616,892	453,654
Agro	141,196	228,217	864,281	754,615
Singer Finance (Lanka) PLC	413,565	319,373	1,522,759	1,087,216
	6,718,920	6,567,148	25,372,963	22,031,653

Notes to the Financial Statements

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

	Quarter ending 31st December 2012 Rs. '000	Quarter ending 31st December 2011 Rs. '000	12 months ending 31st December 2012 Rs. '000	12 months ending 31st December 2011 Rs. '000
Sewing-Related Products	48,654	59,019	163,744	188,133
Consumer Electronics	130,380	149,404	430,242	591,230
White Goods	113,864	190,392	477,602	583,066
Kitchen-Related Products	33,157	30,368	120,557	149,642
Communications	22,263	23,292	71,860	70,320
Furniture	27,822	15,522	80,987	71,074
Transport	3,551	115	12,229	11,344
Agro	10,074	11,057	50,701	51,436
Singer Finance (Lanka) PLC	95,265	72,722	330,517	283,629
Dividend	-	18	2,009	18
Share of Profit on Equity Accounted Investees	4,667	(33)	5,778	(639)
	489,698	551,880	1,746,227	1,999,254

7. Related Party Transactions

7.1 Identity of Related Parties

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

7.2 Transactions with Parent Companies

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

Singer Asia Ltd. - (Intermediate Parent)

	2012 Rs. Million	2011 Rs. Million
Royalty Expenses	264.8	232.8
Royalty Payable Balance as at Period end	72.7	73.4

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

Notes to the Financial Statements

7.3 Transactions with Subsidiary Companies

	2012 Rs. Million	2011 Rs. Million
Singer Finance (Lanka) PLC		
Sales Financed through SFL	1,230.7	2,049.9
Payments to Singer (Sri Lanka) PLC on behalf of Customers	996.5	1,835.4
Short-Term Loan Given	1,693.0	–
Short-Term Loan Settled	400.0	–
Interest Income	138.0	65.8
Dividend Received (Gross)	64.0	32.0
Rental Collection through Singer (Sri Lanka) PLC	2,643.1	2,937.3
Expenses Paid	155.7	94.5
Administrative Fee Charged	77.9	73.2
Collecting Commission Paid through Singer (Sri Lanka) PLC	16.8	10.4
Purchase of Assets	0.9	–
Rent Reimbursed	13.4	11.0
Royalty Paid through Singer (Sri Lanka) PLC	16.9	12.0
Balance Receivable - Trade	4.2	562.0
Balance Receivable - Loans	1,398.4	365.9

7.4 Transactions with Associate Companies

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

	2012 Rs. Million	2011 Rs. Million
Reality (Lanka) Ltd.		
Rent Charged by Reality Lanka Ltd.	4.1	4.2
Interest Income Charged by Singer (Sri Lanka) PLC	–	4.3
Investment Made	–	24.0
Interest Receivable	–	–
Loan Receivable	73.6	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.

7.5 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

Notes to the Financial Statements

7.6 Transactions with Key Management Personnel and Directors

(a) Loans to Directors

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

- (b) A number of Key Management Personnel or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. These transactions are given below:

Name of the Company and Relationship	Name of Director	Nature of Transaction	2012 Rs. Million	2011 Rs. Million
Singer Industries (Ceylon) PLC (Affiliate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	452.0	884.0
	Mr. H.A. Pieris	Net Finance (Charges)/Income	—	2.3
	Dr. G.C.B. Wijeyesinghe	Corporate Guarantee Given	75.0	75.0
	Mr. G. J. Walker	Lease Rental Paid	2.6	2.7
	Deshabandu A.M. de S. Jayaratne	Dividend Paid	—	2.9
	Mr. V.G.K. Vidyaratne	Purchase of Fixed Assets	5.0	1.2
		Expenses Paid	8.1	—
		Trade Credit Settled	412.0	987.0
		Loans Recovered	—	30.0
		Balance Payable	83.5	55.6
Regnis (Lanka) PLC (Affiliate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	2,030.5	2,099.7
	Dr. G.C.B. Wijeyesinghe	Corporate Guarantees Given	455.5	455.5
	Mr. H.A. Pieris	Interest Income	8.4	5.9
	Mr. V.G.K. Vidyaratne	Non-Trade Settlement	45.0	47.0
	Mr. G.J. Walker	Trade Credit Settled	2,318.1	2,088.0
	Dr. S. Kelegama	Sales Taxes	290.1	—
		Expenses Paid	47.0	40.4
		Fixed Asset Purchase	0.2	—
		Loan Settled	60.0	70.0
		Loan Obtained	60.0	—
		Balance Payable	48.9	58.2
Singer Finance (Lanka) PLC (Subsidiary Company)	Mr. H.D.S. Amarasuriya (Chairman)	Sales Financed through Singer Finance (Lanka) Ltd.	1,230.7	2,049.9
	Dr. G.C.B. Wijeyesinghe (Resigned w.e.f 30.12.2011)	Payments to Singer (Sri Lanka) PLC on behalf of Customers	996.5	1,835.4
	Mr. H.A. Pieris	Short-Term Loan Given	1,693.0	—
	Dr. S. Kelegama	Short-Term Loan Settled	400.0	—
	Mr. M.P.A. Salgado	Interest Income	138.0	65.8
	Mr. G.J. Walker	Dividend Received (Gross)	64.0	32.0
	Mr. J.J. Hyun (Appointed w.e.f. 28.2.2011)	Rental Collection through Singer (Sri Lanka) PLC	2,643.1	2,937.3
		Expenses Paid	155.7	94.5
		Administrative Fee Charged	77.9	73.2
		Collecting Commission Paid through Singer (Sri Lanka) PLC	16.8	10.4
		Purchase of Assets	0.9	—
		Rent Reimbursed	13.4	11.0
		Royalty Paid through Singer (Sri Lanka) PLC	16.9	12.0
		Balance Receivable - Trade	4.2	562.0
		Balance Receivable - Loans	1,398.4	365.9

Notes to the Financial Statements

Name of the Company and Relationship	Name of Director	Nature of Transaction	2012 Rs. Million	2011 Rs. Million
National Development Bank PLC	Mr. H.D.S. Amarasuriya	Borrowed Money	290.0	22.8
		Interest Paid	34.0	1.9
		Issue of Debentures	18.6	150.0
		Debenture Interest	—	28.9
Singer Asia Sourcing Ltd. (Affiliate Company)	Mr. G.J. Walker	Purchases	—	0.1
		Settlements	—	—
		Balance (Receivable)/Payables	7.4	6.8
Singer Asia Ltd. (Intermediate Parent Company)	Mr. P.J. O'Donnell	Royalty Expenses	264.8	232.8
	Mr. T. Brown (Resigned w.e.f. 10.06.2011)	Royalty Payable	72.7	73.4
	Mr. G.J. Walker			
	Mr. H.A. Pieris			
Sampath Bank PLC	Dr. S. Kelegama (Resigned w.e.f. 30.12.2011)	Borrowed Money	300.0	281.9
		Interest Paid	36.2	16.6
Reality Lanka Ltd. (Associate Company)	Mr. H.D.S. Amarasuriya	Rent Charged by Reality Lanka Ltd.	4.1	4.2
	Mr. H.A. Pieris	Interest Income Charged by Singer (Sri Lanka) PLC	—	4.3
	Mr. V.G.K. Vidyaratne	Investment Made	—	24.0
	Mr. G.J. Walker	Interest Receivable	—	—
		Loan Receivable	73.6	73.6
Regnis Appliances (Pvt) Ltd.	Mr. H.D.S. Amarasuriya	Purchases	759.1	485.0
	Mr. H.A. Pieris	Settlements	1,043.1	618.0
	Mr. V.G.K. Vidyaratne	Expenses Paid	1.6	1.0
	Mr. A.N. Majeed	Finance Charges	6.8	3.0
	Mr. G.J. Walker	Loan Settled	80.0	—
		Loan Granted	—	100.0
		Non-Trade Settlements	9.0	—
		Balance Payable - Trade	127.5	32.8
		Balance Payable - Loan	20.0	100.0
Fintravels Ltd.	Dr. G.C.B. Wijeyesinghe	Business Transactions	9.5	5.5

- (c) Key Management Personnel includes members of the Board of Directors of the Company, its Subsidiary and Parent. Transaction with Key Management Personnel, their close family members and parties/entities in which such Key Management Personnel or their close family members have control, joint control or significant influence can be shown as follows:

- (i) Transactions with Key Management Personnel or their close family members

	2012 Rs. Million	2011 Rs. Million
Deposits kept by Key Management Personnel or their close family members of Singer Finance (Lanka) PLC	85.9	60.3

Notes to the Financial Statements

8. Stated Capital

8.1	31st December 2012	31st December 2011
Value - Ordinary Shares	Rs. 626,048,050/-	Rs. 626,048,050/-
No. of Shares - Ordinary Shares	125,209,610	125,209,610
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

9. 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. 179.2 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.

10. Events Occurring after the Balance Sheet Date

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

- (i) On the 28th February 2013, Board of Directors approved a final dividend of Rs. 6.00 per share amounting Rs. 751.3 million for the year ended 31st December 2012. The dividend will be paid on 20th March 2013.

11. Listed Debentures

Details regarding the listed debentures are as follows:

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

Interest rate of comparable Government Securities as at date of issue, 30th September 2008 was 19.75%.
Interest rate of comparable Government Securities as at 31st December 2012 was 12.57%.

The Listed Debentures were not traded during the period 30th September 2008 to 30th June 2012. Therefore, Highest Traded price, Lowest Traded Price, Last Traded Price as at 30th December 2012, Interest Yield and Yield to Maturity of trade were not available.

	31st December 2012	31st December 2011
Debt Equity Ratio	0.29	0.17
Interest Cover	2.70	4.81
Quick Assets Ratio	0.80	0.84

12. Top 20 Shareholders as at 31st December 2012

Name	No. of Shares	%
1. Singer (Sri Lanka) BV	107,812,850	86.11
2. Bank of Ceylon A/c Ceybank Unit Trust	4,116,923	3.29
3. Bank of Ceylon A/c Ceybank Century Growth Fund	594,268	0.47
4. Miss Ranjani Eileen Weeraratne Jayasuriya	592,516	0.47
5. Mrs. Mihiri Virani Fernando	470,000	0.38
6. Mrs. Zohra Taher Jafferjee	330,890	0.26
7. Mrs. Anoma Kamalika Amarasuriya	178,970	0.14
8. Sri Lanka Insurance Corporation Ltd. - General Fund	177,500	0.14
9. Dr. Nimal Ebenezer Herat Sanderatne	175,626	0.14
10. Sampath Bank PLC/Capital Trust Holdings Private Ltd.	148,206	0.12
11. Mas Capital (Private) Ltd.	135,400	0.11
12. Mrs. Kalutaravedage Jinangali Manel De Silva	131,248	0.10
13. Mr. Nalin Amita De Silva	126,326	0.10
14. Jafferjee Brothers (Exports) Ltd.	125,200	0.10
15. Miss Nai Kaluge Ruvani Hemamala De Silva	118,246	0.09
16. Mrs. Enoka Kamali Wickramasinghe	112,644	0.09
17. Mr. Abeysiri Hemapala Munasinghe	109,548	0.09
18. Mr. Hemaka Devapriya Senarath Amarasuriya	89,482	0.07
19. Merchant Bank of Sri Lanka Ltd./Union Investments Ltd.	88,894	0.07
20. Mrs. Malini Wijenaike	82,006	0.07
	115,716,743	92.42
Others	9,492,867	7.58
Total	125,209,610	100.00

13. Directors and CEO's Shareholding as at 31st December 2012

Name of the Director	Shareholding 31st December 2012 No. of Shares	Shareholding 31st December 2011 No. of Shares
Mr. H.D.S. Amarasuriya	89,482	89,482
Mr. H.A. Pieris - CEO	2,000	500
Dr. G.C.B. Wijeyesinghe	-	-
Dr. Saman Kelegama	-	-
Deshabandu Ajit Jayaratne	-	-
Mr. P.J. O'Donnell	-	-
Mr. T. Brown	-	-
Mr. G.J. Walker	-	-
Mr. V.G.K. Vidyaratne	23,831	21,236
Mr. M.H. Wijewardene	-	-
Mr. N. Majeed	5,000	1,000
Mr. K. Samarasinghe	4,124	3,124
Mr. M.P.A. Salgado	4,000	-

14. Public Holding

Public holding as at 31st December 2012 is 13.65% (As at 31st December 2011 - 13.66%).



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