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SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
SIX MONTHS ENDED 30TH SEPTEMBER 2019

Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th September	Group		Company		Variance		Variance	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	27,075,596	28,606,741	22,094,946	21,476,008	1,531,145	- 5	618,938	+ 3
Cost of Sales	(18,108,144)	(20,068,543)	(15,655,244)	(15,392,702)	(1,960,399)	- 10	(262,542)	+ 2
Direct Interest Cost	(917,221)	(581,385)	-	-	(335,836)	+ 58	-	-
Gross Profit	8,050,231	7,956,813	6,439,702	6,083,306	93,418	+ 1	356,394	+ 6
Other Income	145,799	172,564	77,109	333,795	26,765	- 16	256,686	- 77
Selling and Administration Expenses	(5,869,205)	(5,681,934)	(4,985,907)	(4,875,442)	(187,271)	+ 3	(110,464)	+ 2
Impairment Loss on Trade and Other Receivables	(454,452)	(304,329)	(257,089)	(198,253)	(150,124)	+ 49	(58,836)	+ 30
Operating Profit	1,872,373	2,143,114	1,273,815	1,343,406	270,743	- 13	69,592	- 5
Finance Cost	(1,869,961)	(1,517,641)	(1,777,014)	(1,344,871)	(352,320)	+ 23	(432,143)	+ 32
Finance Income	172,572	63,318	226,940	200,231	109,254	+ 173	26,709	+ 13
Net Finance Cost	(1,697,389)	(1,454,323)	(1,550,074)	(1,144,640)	(243,066)	+ 17	(405,434)	+ 35
Value Added Tax on Financial Services	(151,872)	(127,045)	(21,600)	(20,600)	(24,827)	+ 20	(1,000)	+ 5
Profit/(Loss) Before Tax	23,112	561,746	(297,859)	178,166	538,635	- 96	476,026	+ 267
Income Tax Expense	1,962	(226,339)	109,115	25,756	(228,301)	- 101	(83,359)	+ 324
Profit/(Loss) for the Period	25,074	335,407	(188,744)	203,922	310,335	- 93	392,667	- 193
Total Comprehensive Income for the Period	25,074	335,407	(188,744)	203,922				
Profit/(Loss) Attributable to –								
Owners of the Company	(24,843)	274,627	(188,744)	203,922				
Non-controlling Interests	49,917	60,780	-	-				
Profit/(Loss) for the Period	25,074	335,407	(188,744)	203,922				
Total Comprehensive Income Attributable to –								
Owners of the Company	(24,843)	274,627	(188,744)	203,922				
Non-controlling Interests	49,917	60,780	-	-				
Total Comprehensive Income for the Period	25,074	335,407	(188,744)	203,922				
Earnings (Loss) per Share – Basic (Rs.)	(0.07)	0.73	(0.50)	0.54				

Above figures are provisional and subject to audit.

	Six months ended 30th September 2019 Rs.	Six months ended 30th September 2018 Rs.
Share Prices		
Highest	30.00	41.00
Lowest	21.70	30.00
Last Traded Price	24.50	30.20

Statement of Profit or Loss and Other Comprehensive Income

For the quarter ended 30th September	Consolidated		Company		Variance			Variance		
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000	Group Rs. '000		%	Company Rs. '000		%
Revenue	13,215,870	13,461,027	10,520,872	9,820,873	245,157	-	2	699,999	+	7
Cost of Sales	(8,947,525)	(9,445,643)	(7,549,314)	(7,082,584)	(498,118)	-	5	(466,729)	+	7
Direct Interest Cost	(478,534)	(280,302)	-	-	(198,232)	+	71	-	-	-
Gross Profit	3,789,811	3,735,082	2,971,558	2,738,289	54,729	+	1	233,269	+	9
Other Income	72,033	93,275	33,780	303,811	21,242	-	23	270,031	-	89
Selling and Administration Expenses	(2,886,938)	(2,828,041)	(2,434,704)	(2,401,669)	(58,797)	+	-	(33,035)	+	2
Impairment Loss on Trade and Other Receivables	(167,487)	(141,473)	(109,672)	(99,406)	(26,014)	+	85	(10,266)	-	12
Operating Profit	807,419	858,843	460,962	541,025	51,424	-	6	80,063	-	15
Finance Cost	(875,739)	(884,100)	(858,752)	(752,522)	(8,361)	-	1	(106,230)	+	14
Finance Income	74,054	16,967	96,275	116,242	57,087	+	336	19,967	-	17
Net Finance Cost	(801,685)	(867,133)	(762,477)	(636,280)	(65,448)	-	8	(126,197)	+	20
Value Added Tax on Financial Services	(75,309)	(69,727)	(10,800)	(10,800)	(5,582)	+	8	-	-	0
Profit/(Loss) Before Tax	(69,575)	(78,017)	(312,315)	(106,055)	(8,442)	-	11	(206,261)	+	194
Income Tax Expense	42,748	(36,523)	112,035	111,022	(79,271)	-	217	(1,013)	+	1
Profit/(Loss) for the Period	(26,827)	(114,540)	(200,280)	4,967	(87,713)	-	77	(205,247)	-	4,132
Total Comprehensive Income for the Period	(26,827)	(114,540)	(200,280)	4,967						
Profit/(Loss) Attributable to –										
Owners of the Company	(52,131)	(144,132)	(200,280)	4,967						
Non-controlling Interests	25,304	29,592	-	-						
Profit/(Loss) for the Period	(26,827)	(114,540)	(200,280)	4,967						
Total Comprehensive Income Attributable to –										
Owners of the Company	(52,131)	(144,132)	(200,280)	4,967						
Non-controlling Interests	25,304	29,592	-	-						
Total Comprehensive Income for the Period	(26,827)	(114,540)	(200,280)	4,967						
Earnings/(Loss) Per Share – Basic (Rs.)	(0.14)	(0.38)	(0.53)	0.01						

Above figures are provisional and subject to audit.

Share Prices	Quarter ended 30th September 2019 Rs.	Quarter ended 30th September 2018 Rs.
Highest	30.00	40.00
Lowest	22.00	30.00
Last Traded Price	24.50	30.20

Statement of Financial Position

As at	Consolidated			Company		
	30th September 2019 Rs. '000	30th September 2018 Rs. '000	31st March 2019 Rs. '000	30th September 2019 Rs. '000	30th September 2018 Rs. '000	31st March 2019 Rs. '000
ASSETS						
Non-current Assets						
Property, Plant and Equipment	6,904,791	5,712,754	6,704,649	3,648,653	3,032,730	3,498,021
Right of Use Assets	4,989,714	–	–	4,554,446	–	–
Intangible Assets	263,075	274,411	268,296	200,723	204,360	201,001
Investment in Subsidiaries	–	–	–	2,900,873	2,900,873	2,900,873
Other Non-Current Assets	62,568	63,870	63,219	–	–	–
Other Investments	112,492	17,020	17,061	17,020	929,110	616,203
Trade and Other Receivables	11,770,917	10,525,469	11,478,309	1,650,545	1,503,503	1,432,236
Deferred Tax Assets	–	–	–	460,848	289,655	264,757
	24,103,557	16,593,524	18,531,534	13,433,108	8,860,231	8,913,091
Current Assets						
Inventories	12,741,365	12,676,242	14,125,717	10,958,714	10,609,921	12,135,242
Loans Due from Related Parties	–	–	–	812,829	1,640,150	1,215,820
Income Tax Receivables	321,731	54,611	70,954	374,958	196,070	240,188
Trade and Other Receivables	21,675,371	20,711,862	22,672,158	11,799,922	12,038,267	12,860,387
Amounts Due from Related Parties	5,950	733	–	5,950	10,564	3,311
Other Financial Assets	61,680	81,124	85,648	61,680	81,124	85,648
Deposits with Banks	84,093	82,362	83,324	–	–	–
Other Investments	598,020	623,104	623,372	599,273	–	312,090
Cash and Cash Equivalents	1,607,780	1,831,428	1,849,643	1,312,708	1,433,975	1,337,713
	37,095,990	36,061,466	39,510,816	25,926,034	26,010,071	28,190,398
Total Assets	61,199,547	52,654,990	58,042,350	39,359,142	34,870,302	37,103,489
EQUITY AND LIABILITIES						
Equity						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	1,108,709	572,702	1,118,123	1,151,697	839,593	1,158,333
Statutory Reserve	163,096	136,009	163,096	–	–	–
Revenue Reserves	4,193,326	5,326,689	5,035,830	1,877,925	3,170,571	2,851,601
Total Equity Attributable to Owners of the Company	6,091,179	6,661,449	6,943,097	3,655,670	4,636,212	4,635,982
Non-Controlling Interest	1,547,617	1,442,356	1,508,546	–	–	–
Total Equity	7,638,796	8,103,805	8,451,643	3,655,670	4,636,212	4,635,982
Non-Current Liabilities						
Interest-bearing Loans and Borrowings	8,997,443	7,695,931	10,640,159	7,406,800	5,005,700	7,373,929
Other Financial Liabilities	1,107,126	631,230	804,556	–	–	–
Lease Liability	4,870,828	–	–	4,529,241	–	–
Employee Benefit Obligations	929,319	839,136	871,972	666,277	601,302	630,758
Security Deposits	1,405,246	1,277,851	1,388,433	1,333,161	1,277,851	1,332,128
Deferred Tax Liability	65,737	278,193	246,869	–	–	–
Deferred Revenue	79,586	57,420	85,928	79,586	57,421	85,928
Other Non-Current Liabilities	6,214	143,126	143,126	6,214	143,126	143,126
	17,461,499	10,922,887	14,181,043	14,021,279	7,085,400	9,565,870
Current Liabilities						
Trade and Other Payables	7,230,444	10,140,680	7,321,038	4,746,986	6,043,970	5,114,176
Lease Liability	568,664	–	–	471,659	–	–
Deferred Revenue	158,086	216,636	188,045	151,719	216,636	182,535
Dividends Payable	39,584	38,880	88,498	31,991	30,966	49,212
Amounts Due to Related Parties	179,647	24,200	256,021	2,087,914	4,612,190	2,762,312
Other Financial Liabilities	5,369,869	4,779,720	5,148,467	–	–	–
Interest-bearing Loans and Borrowings	19,957,162	16,850,701	19,491,167	12,640,532	11,364,558	13,376,314
Bank Overdrafts	2,595,796	1,577,481	2,916,428	1,551,392	880,370	1,417,089
	36,099,252	33,628,298	35,409,664	21,682,193	23,148,690	22,901,637
Total Liabilities	53,560,752	44,551,185	49,590,707	35,703,472	30,234,090	32,467,507
Total Equity and Liabilities	61,199,547	52,654,990	58,042,350	39,359,142	34,870,302	37,103,489
Net Assets per Share (Rs.)	16.22	17.73	18.48	9.73	12.34	12.34

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

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,

A.M. Pandithage
Chairman
Colombo,
7th November 2019

Mahesh H. Wijewardene
Director/Group Chief Executive Officer

Statement of Changes in Equity

For the six months ended 30th September

Group	Stated Capital Rs. '000	Reserve Fund Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000	Non- Controlling Interest Rs. '000	Total Equity Rs. '000
Balance as at 31st March 2018	626,048	136,009	577,919	2,700,000	2,795,478	6,835,455	1,349,114	8,184,569
Adjustment on Error Correction	–	–	–	–	43,358	43,358	6,070	49,428
Adjustment of Initial Application of SLFRS 9 Net of Tax	–	–	–	–	(283,954)	(283,954)	(21,947)	(305,901)
Adjustment of initial Application of SLFRS 15 Net of Tax	–	–	–	–	(188,079)	(188,079)	–	(188,079)
Adjusted Balance as at 1st April 2018	626,048	136,009	577,919	2,700,000	2,366,803	6,406,780	1,333,237	7,740,017
Realisation of Revaluation Surplus	–	–	(5,217)	–	5,217	–	–	–
Total Comprehensive Income for the Period								
Profit for the Period	–	–	–	–	274,627	274,627	60,780	335,407
Total Comprehensive Income for the Period	–	–	–	–	274,627	274,627	60,780	335,407
Distributions to Owners of the Company								
Dividend Paid in Terms of Bonus Issue	–	–	–	–	(10,018)	(10,018)	–	(10,018)
Total Distributions to Owners of the Company	–	–	–	–	(10,018)	(10,018)	–	(10,018)
Effect of Change in Holdings in Subsidiaries	–	–	–	–	(9,940)	(9,940)	48,339	38,399
Balance as at 30th September 2018	626,048	136,009	572,702	2,700,000	2,626,689	6,661,449	1,442,356	8,103,805
Realisation of Revaluation Surplus	–	–	(19,172)	–	19,172	–	–	–
Transferred to/(from) During the Period	–	27,087	–	–	(27,087)	–	–	–
Total Comprehensive Income for the Period								
Profit/(Loss) for the Period	–	–	–	–	(24,506)	(24,506)	75,079	50,573
Other Comprehensive Income								
Revaluation of Property, Plant and Equipment	–	–	784,157	–	–	784,157	98,667	882,824
Re-Measurement of Employee Benefit Obligations	–	–	–	–	(21,499)	(21,499)	341	(21,158)
Related Taxes								
Tax on Other Comprehensive Income	–	–	–	–	5,989	5,989	(117)	5,872
Deferred Tax on Revaluation of Property, Plant and Equipment	–	–	(219,564)	–	–	(219,564)	(27,627)	(247,191)
Total Other Comprehensive Income for the Period	–	–	564,593	–	(15,510)	549,083	71,264	620,347
Total Comprehensive Income for the Period	–	–	564,593	–	(40,016)	524,577	146,343	670,920
Transactions with Owners of the Company, Recognised Directly in Equity								
Distributions to Owners of the Company	–	–	–	–	–	–	–	–
Dividend Paid in Terms of Bonus Issue	–	–	–	–	1,230	1,230	(1,230)	–
Interim Dividend – 2018/19	–	–	–	–	(244,159)	(244,159)	(78,923)	(323,081)
Total Distributions to Owners of the Company	–	–	–	–	(242,929)	(242,929)	(80,153)	(323,081)
Changes in Ownership Interests in Subsidiary								
Effect of Change in Holdings in Subsidiaries	–	–	–	–	–	–	–	–
Total Transactions with Owners of the Company	–	–	–	–	(242,929)	(242,929)	(80,153)	(323,081)
Balance as at 31st March 2019	626,048	163,096	1,118,123	2,700,000	2,335,830	6,943,097	1,508,546	8,451,643
Adjustment on initial Application of SLFRS 16 Leases Net of Tax	–	–	–	–	(827,076)	(827,076)	(8,918)	(835,994)
Realisation of Revaluation Surplus	–	–	(9,414)	–	9,414	–	–	–
Total Comprehensive Income for the Period								
Profit/(Loss) for the Period	–	–	–	–	(24,843)	(24,843)	49,917	25,074
Total Comprehensive Income for the Period	–	–	–	–	(24,843)	(24,843)	49,917	25,074
Distributions to Owners of the Company								
Interim Dividend – 2018/19	–	–	–	–	–	–	(1,928)	(1,928)
Total Distributions to Owners of the Company	–	–	–	–	–	–	(1,928)	(1,928)
Balance as at 30th September 2019	626,048	163,096	1,108,709	2,700,000	1,493,326	6,091,179	1,547,617	7,638,796

Statement of Changes in Equity

For the six months ended 30th September

Company	Stated Capital Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 31st March 2018	626,048	847,555	2,700,000	626,088	4,799,691
Adjustment of Initial Application of SLFRS 9 Net of Tax	–	–	–	(179,322)	(179,322)
Adjustment of Initial Application of SLFRS 15 Net of Tax	–	–	–	(188,079)	(188,079)
Adjusted balance as at 1st April 2018	626,048	847,555	2,700,000	258,687	4,432,290
Realisation of Revaluation Surplus	–	(7,962)	–	7,962	–
Total Comprehensive Income for the Period					
Profit for the Period	–	–	–	203,922	203,922
Total Comprehensive Income for the Period	–	–	–	203,922	203,922
Balance as at 30th September 2018	626,048	839,593	2,700,000	470,571	4,636,212
Realisation of Revaluation Surplus	–	(7,962)	–	7,962	–
Total Comprehensive Income for the Period					
Profit for the Period	–	–	–	(63,372)	(63,372)
Other Comprehensive Income					
Revaluation of Property, Plant and Equipment	–	453,752	–	–	453,752
Re-Measurement of Employee Benefit Obligations	–	–	–	(26,947)	(26,947)
Related Taxes					
Tax on Other Comprehensive Income	–	–	–	7,545	7,545
Deferred Tax on Revaluation of Property, Plant and Equipment	–	(127,051)	–	–	(127,051)
Total Other Comprehensive Income for the Period	–	326,701	–	(19,402)	307,298
Total Comprehensive Income for the Period	–	326,701	–	(82,774)	243,926
Transactions with Owners of the Company, Recognised Directly in Equity					
Distributions to Owners of the Company					
Interim Dividend – 2018/19	–	–	–	(244,159)	(244,159)
Total Distributions to Owners of the Company	–	–	–	(244,159)	(244,159)
Balance as at 31st March 2019	626,048	1,158,333	2,700,000	151,601	4,635,982
Adjustment on initial Application of SLFRS 16 Leases Net of Tax	–	–	–	(791,566)	(791,566)
Realisation of Revaluation Surplus	–	(6,635)	–	6,635	–
Total Comprehensive Income for the Period					
Loss for the Period	–	–	–	(188,744)	(188,744)
Total Comprehensive Income for the Period	–	–	–	(188,745)	(188,745)
Balance as at 30th September 2019	626,048	1,151,697	2,700,000	(822,075)	3,655,670

Statement of Cash Flows

For the six months ended 30th September	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Cash Flows from Operating Activities				
Net Profit/Loss Before Income Tax Expense	23,112	561,746	(297,859)	178,166
Adjustment for:				
Depreciation on Property, Plant and Equipment	321,490	219,745	247,742	206,476
Amortisation of Intangible Assets	10,598	14,560	5,783	6,102
Amortisation of Leasehold Right	650	650	–	–
Amortisation of Right of Use Assets	412,239	–	380,585	–
(Gain)/Loss on Disposal of Property, Plant and Equipment	(4,388)	880	(5,018)	814
Changing Fair Value of Derivative (Assets)/Liabilities	23,968	–	23,968	–
(Gain)/Loss on Disposal of Investment in Subsidiary	–	–	–	(14,049)
Interest Expense	1,869,961	1,517,641	1,777,014	1,344,871
Interest Income	(172,572)	(63,318)	(226,940)	(200,231)
Impairment of Inventories	(48,815)	137,466	(106)	88,136
Impairment on Trade and Other Receivables	454,452	271,652	257,089	195,958
Dividend Income	(241)	–	(11,844)	(264,020)
Provision for Retiring Gratuity	83,311	57,034	58,258	31,147
Operating Profit before Working Capital Changes	2,973,765	2,718,056	2,208,672	1,573,370
(Increase)/Decrease in Inventories	1,433,167	(239,998)	1,176,633	43,224
(Increase)/Decrease in Debtors Falling Due After One Year	(292,608)	(1,362,489)	(218,308)	(161,597)
(Increase)/Decrease in Debtors Falling Due Within One year	(192,998)	(672,069)	68,050	(331,837)
(Increase)/Decrease in Dues from Related Parties	(5,950)	55	(2,640)	174,832
Increase/(Decrease) in Dues to Related Parties	(76,374)	8,018	(674,398)	1,972,828
Increase/(Decrease) in Security Deposits	16,813	78,724	1,033	78,724
Increase/(Decrease) in Trade and Other Payables	(227,506)	1,876,142	(504,102)	(10,372)
Increase/(Decrease) in Deferred Liabilities	(36,301)	(29,654)	(37,159)	(29,654)
Cash Generated from Operations	3,592,014	2,376,785	2,017,780	3,309,518
Finance Costs Paid	(1,567,947)	(1,565,438)	(1,507,966)	(1,392,667)
Retiring Gratuity Paid	(25,963)	(12,544)	(22,739)	(3,854)
Income Tax Paid	(346,128)	(337,615)	(134,770)	(125,253)
Net Cash from/(used in) Operating Activities	1,651,967	461,189	352,307	1,787,744
Cash Flows from Investing Activities				
Acquisition of Property, Plant and Equipment and Intangible Assets	(534,742)	(229,520)	(407,734)	(167,364)
Proceeds from Disposal of Property, Plant and Equipment	12,121	6,559	8,870	6,625
Proceeds from Disposal of Investment in Subsidiary and Debenture	–	38,399	311,183	38,399
(Acquisition)/Disposal of Marketable Securities	(70,071)	48,321	–	–
Investment in Bank Deposits	(769)	(858)	–	–
Net Cash Flows from Loans Given to Related Companies	–	–	403,809	(421,000)
Interest Income Received	172,572	63,318	226,940	200,231
Dividends Received	241	–	11,844	264,020
Net Cash Flows from Investing Activities	(420,648)	(73,781)	554,912	(79,089)
Cash Flow from Financing Activities				
Net Proceeds from Interest – Bearing Loans and Borrowings	(1,154,233)	1,042,065	(680,424)	(426,946)
Net Settlements to Lease Creditors	(471,448)	–	(368,881)	–
Net (Payment) to Minority Shareholders	(1,928)	–	–	–
Increase/(Decrease) in Customer Deposit Liabilities	523,972	172,973	–	–
Dividends Paid	(48,913)	(554,815)	(17,222)	(508,643)
Net Cash Flow from Financing Activities	(1,152,550)	660,223	(1,066,527)	(935,589)
Net Increase/(Decrease) in Cash and Cash Equivalents	78,769	1,047,631	(159,308)	773,066
Cash and Cash Equivalents at the Beginning of the Year	(1,066,785)	(793,684)	(79,376)	(219,461)
Cash and Cash Equivalents at the End of the Period	(988,016)	253,947	(238,684)	553,605

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 2019, except for the initial adoption of SLFRS 16 – “Leases” which became applicable for financial reporting periods beginning on or after 1st January 2019.

SLFRS 16 requires the recognition of lease liabilities and right of use of assets for leases previously classified as operating leases in accordance with LKAS 17 – “Leases”:

Accordingly, the required transition adjustments have been made on best estimate at the date of initial application of SLFRS 16 and Company is in the process of refining these the estimate and any subsequent adjustments will be made in the following quarters.

1.1 SLFRS 9 and SLFRS 15 became applicable for financial periods beginning on or after 1st January 2018. However, Group previously presented the interim financial statements for the period ended 30th September 2018 by applying LKAS 39 – “Financial Instruments : Recognition and Measurement” as permitted by the “Statement of Alternative Treatment (SoAT) on the figures in the Interim Financial Statements” issued by CA Sri Lanka. Therefore, the comparative Financial Statements for the period ended 30th September 2018 is reported under LKAS 39 and is not comparable to the information presented for 2019. Differences arising from the adoption of SLFRS 9 and SLFRS 15 have been recognised directly in retained earnings as of 1st April 2018.

2.1 Segmental Analysis of Company Net Turnover is as follows:

	Quarter ended 30th September 2019 Rs. '000	Quarter ended 30th September 2018 Rs. '000	Six months ended 30th September 2019 Rs. '000	Six months ended 30th September 2018 Rs. '000
Consumer Electronics	1,552,587	1,398,764	3,438,313	3,187,217
Financial Services	920,093	843,836	1,876,229	1,748,623
Furniture	598,977	530,364	1,416,025	1,346,920
Home Appliances	4,150,637	3,736,728	9,184,623	8,671,154
IT Products	2,056,516	1,999,045	3,796,573	3,981,770
Sewing Machines	504,863	668,156	976,167	1,250,757
Other	737,199	643,980	1,407,016	1,289,567
	10,520,872	9,820,873	22,094,946	21,476,008

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

	Quarter ended 30th September 2019 Rs. '000	Quarter ended 30th September 2018 Rs. '000	Six months ended 30th September 2019 Rs. '000	Six months ended 30th September 2018 Rs. '000
Consumer Electronics	110,254	46,023	255,639	197,952
Financial Services	154,147	124,792	520,643	367,430
Furniture	25,175	12,001	61,487	62,925
Home Appliances	161,773	116,216	454,599	454,723
IT Products	48,839	31,271	95,817	79,539
Sewing Machines	33,869	28,870	60,917	70,466
Other	36,577	17,238	69,958	44,604
Intercompany Dividend	—	264,020	11,844	264,020
Impairment Loss on Trade and other Receivables	(109,672)	(99,406)	(257,089)	(198,253)
Operating Profit	460,962	541,025	1,273,815	1,343,406
Net Finance Cost	(762,477)	(636,280)	(1,550,074)	(1,144,640)
VAT on Financial Services	(10,800)	(10,800)	(21,600)	(20,600)
Profit/(Loss) Before Tax	(312,315)	(106,055)	(297,859)	178,166

Notes to the Financial Statements

2.3 Segmental Analysis of Group Net Turnover is as follows:

	Quarter ended 30th September 2019 Rs. '000	Quarter ended 30th September 2018 Rs. '000	Six months ended 30th September 2019 Rs. '000	Six months ended 30th September 2018 Rs. '000
Consumer Electronics	1,552,587	1,398,764	3,438,313	3,187,217
Financial Services	1,980,079	1,762,585	4,016,858	3,531,701
Furniture	598,977	530,364	1,416,025	1,346,920
Home Appliances	4,152,057	3,738,624	9,188,308	8,675,615
IT Products	3,689,454	4,718,346	6,632,198	9,324,611
Sewing Machines	504,863	668,156	976,167	1,250,757
Other	737,853	644,188	1,407,727	1,289,920
	13,215,870	13,461,027	27,075,596	28,606,741

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

	Quarter ended 30th September 2019 Rs. '000	Quarter ended 30th September 2018 Rs. '000	Six months ended 30th September 2019 Rs. '000	Six months ended 30th September 2018 Rs. '000
Consumer Electronics	110,252	46,023	255,637	197,952
Financial Services	512,508	544,159	1,092,948	1,078,503
Furniture	25,175	12,001	61,487	62,925
Home Appliances	217,265	132,565	561,211	517,097
IT Products	43,350	218,634	226,764	468,716
Sewing Machines	25,934	27,965	52,982	73,234
Other	40,122	18,970	75,796	49,015
Impairment Loss on Trade and Other Receivables	(167,487)	(141,473)	(454,452)	(304,329)
Operating Profit	807,419	858,843	1,872,373	2,143,114
Net Finance Cost	(801,685)	(867,133)	(1,697,389)	(1,454,323)
VAT on Financial Services	(75,309)	(69,727)	(151,872)	(127,045)
Profit/(Loss) Before Tax	(69,575)	(78,017)	23,112	561,746

Notes to the Financial Statements

3. Stated Capital

3.1	30th September 2019	30th September 2018
Value – Ordinary Shares (Rs.)	626,048,050	626,048,050
Number 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. 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. 287 million to Director General of Customs to clear imports during the years 2008 to March 2019. 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
- (c) 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, as of 30th September 2019, the balance has been exceeded in the credit card product by Rs. 26 million.
- (d) Singer Finance (Lanka) PLC has provided letters of guarantee totaling to Rs. 4.7 million against Fixed Deposits of Rs. 4.5 million.
- (e) Regnis Lanka PLC has provided Corporate Guarantees to banks on behalf of Regnis Appliances (Pvt) Ltd. amounting to Rs. 410 million for the purpose of obtaining banking facilities.
- (f) Regnis Lanka (Pvt) Limited cleared a shipment of imported goods during the year 2008 on provision of a bank guarantee amounting to Rs. 6.5 million to the Director of Customs. The bank guarantee relates to alleged additional duty payable on imports which is contested by the Company. The customs inquiry initiated in 2008 is still pending. The management is 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

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 (%)

i. 12% senior rated listed unsecured redeemable on 28th September 2021	9.51
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Interest rates of comparable Government Securities as at 30th September 2019 were 8.89%.
The debentures were not traded during the quarter ended 30th September 2019.

	Group		Company	
	30th September 2019	30th September 2018	30th September 2019	30th September 2018
Debt Equity Ratio	4.77	3.47	5.55	3.16
Interest Cover	1.01	1.40	0.81	1.16
Quick Assets Ratio	0.70	0.71	0.73	0.68

7. Top 20 Shareholders as at 30th September 2019

Name	Number of Shares	Percentage
1. National Savings Bank/Hayleys PLC	85,147,054	22.67
Peoples Bank/Hayleys PLC	85,147,053	22.67
Hayleys PLC	50,679,271	13.49
Hatton National Bank PLC/Hayleys PLC	40,293,659	10.73
2. Hayleys Advantis Limited	37,127,660	9.88
3. Volanka (Pvt) Limited	11,595,745	3.09
4. Hayleys Aventura (Private) Limited	10,531,915	2.80
5. Carbotels (Pvt) Limited	9,680,851	2.58
6. Hayleys Agriculture Holdings Limited	9,468,085	2.52
7. Mr. Kulappuarachchige Don Dammika Perera	6,935,913	1.85
8. Deutsche Bank Ag a Trustee for Jb Vantage Value Equity Fund	2,492,130	0.66
9. Mrs. Mihiri Virani Fernando	1,990,000	0.53
10. Commercial Bank of Ceylon PLC/Andaradeniya Estate (Pvt) Ltd.	669,849	0.18
11. Mrs. Anoma Kamalika Amarasuriya	536,910	0.14
12. Miss Nai Kaluge Ruvani Hemamala De Silva	397,638	0.11
13. Mr. Nalin Amita De Silva	378,978	0.10
14. Jafferjee Brothers (Exports) Limited	375,600	0.10
15. Mr. Abeyasiri Hemapala Munasinghe	328,644	0.09
16. Dr. Ananda Krishnakumar Abeytunga Jayawardene	323,738	0.09
17. Mrs. Enoka Kamali Wickramasinghe	319,857	0.09
18. Mr. Leslie Premal Mendis and Mrs. M. S. Mendis	274,934	0.07
19. Mr. Hemaka Devapriya Senarath Amarasuriya	268,446	0.07
20. Mr. Murtaza Ali Jafferjee	230,600	0.06
Sub Total	355,194,530	94.56
Others	20,434,300	5.44
Total Issued Shares	375,628,830	100

Notes to the Financial Statements

8. Directors and CEOs' Shareholding as at 30th September 2019

Name of the Director	Shareholding 30th September 2019 Number of Shares	Shareholding 31st March 2019 Number of Shares
Mr. A. M. Pandithage	—	—
Mr. K. D. D. Perera	6,935,913	6,935,913
Mr. M. H. Wijewardene (CEO)	—	—
Mr. D. Sooriyaarachchi	—	—
Mr. D. H. Fernando	—	—
Mr. M. H. Jamaldeen	—	—
Mr. S. C. Ganegoda	—	—
Mr. D. K. De Silva Wijeyeratne	—	—
Mr. S. Goodman – Ceased to be Director w.e.f. 25th June 2019	—	—
Ms. O. D Gunawardene	—	—
Mr. L. N. S. K. Samarasinghe (Alternate Director to M. H. Jamaldeen)	17,372	17,372
Mr. H. P. S. Perera (Alternate Director to M. H. Wijewardene)	—	—
Mr. K. K. L. P. Yatiwella (Alternate Director to S. C. Ganegoda)	—	—
Ms. A. A. K. Amarasinghe (Appointed w.e.f. 8th August 2019)	—	—

9. Public Holding

Shares held by public as at 30th September 2019

Number of shareholders	Number of Shares	Percentage
2,728	29,004,252	7.72

Float adjusted market capitalisation – Rs. 710,464,369.06

The Company is not in compliance with option five of the Listing Rule 7.13.1 (a) which requires a Company with a Float Adjusted Market Capitalisation of less than Rs. 2.5 Billion to maintain a minimum Public Holding of 20%.

10. Explanatory Note

Hayleys Group Services (Private) Limited
400, Deans Road, Colombo 10, Sri Lanka
Contact Number 011 262 7650

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