



SINGER FINANCE (LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
NINE MONTHS ENDED 31ST DECEMBER 2012

SINGER
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SINGER FINANCE (LANKA) PLC
STATEMENT OF FINANCIAL POSITION

As At	31-Dec-2012	31-Dec-2011	31-Mar-2012	01-Apr-2011
	(Rs.'000)	(Restated) (Rs.'000)	(Restated) (Rs.'000)	(Restated) (Rs.'000)
ASSETS				
Cash and Bank Balances	191,040	7,567	11,200	30,084
Government Securities	318,720	290,313	263,884	181,057
Bank Deposits	50,983	-	50,759	-
Hire Purchase Receivables	2,184,626	2,129,915	2,309,497	1,761,246
Finance Lease Receivables	3,310,488	1,920,162	2,467,634	719,145
Loans and Advances	1,087,787	1,391,423	1,378,116	1,516,772
Investments in Securities	41	41	41	41
Inventories	-	16,871	12,433	7,631
Other Debtors, and Prepayments	113,146	109,974	101,890	78,625
VAT Receivables	79,895	67,640	82,269	37,946
Deferred Tax Assets	8,863	15,384	11,858	13,420
Income Tax Receivable	-	-	8,824	-
Intangible Assets	22,302	12,667	13,650	12,346
Property, Plant & Equipments	44,825	31,506	29,554	27,993
Total Assets	7,412,716	5,993,463	6,741,609	4,386,306
LIABILITIES				
Public Deposits	2,864,520	2,663,000	2,645,169	1,815,117
Interest Bearing Loans & Borrowings	887,473	887,935	1,219,391	80,886
Interest Bearing Loans - Related party	1,293,000	365,871	490,000	316,211
Trade & Other Payables	391,952	445,356	459,069	292,970
Amount due to Related Companies	109,602	561,987	809,856	871,304
Income tax payable	10,781	21,095	-	71,394
Deferred Tax Liabilities	4,879	3,986	4,879	3,986
Retirement Benefit Obligations	11,181	6,954	7,479	5,572
Total Liabilities	5,573,388	4,956,184	5,635,843	3,457,440
SHAREHOLDERS' FUND				
Stated Capital	1,440,506	800,000	800,000	800,000
Reserve Fund	27,628	16,350	27,628	16,350
Investment Fund	50,797	29,227	37,533	4,640
Retained Earnings	320,397	191,702	240,605	107,876
Total Equity	1,839,328	1,037,279	1,105,766	928,866
Total Liabilities & Equity	7,412,716	5,993,463	6,741,609	4,386,306
Net Assets per share (Rs)	11.12	9.72	10.37	8.71

I certify that the financial statements comply with the requirement of the companies Act 07 of 2007

.....
(Sgd.) Thushan Amarasuriya
Chief Financial Officer

Above figures are provisional and subject to audit.

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Singed for and on behalf of the board by,

.....
(Sgd.) Hemaka Amarasuriya
Director

.....
(Sgd.) Shanthapriya Wijeweera
Director/Chief Executive Officer

Colombo
14th February, 2013

SINGER FINANCE (LANKA) PLC
STATEMENTS OF COMPREHENSIVE INCOME

	For the quarter ended 31st December			For the Nine Months ended 31st December		
	2012	2011	Variance	2012	2011	Variance
	Rs.'000	(Restated) Rs.'000	%	Rs.'000	(Restated) Rs.'000	%
Income	461,238	341,029	35%	1,314,320	915,830	44%
Interest Income	403,097	305,490	32%	1,164,765	823,126	42%
Interest Expense	194,267	103,590	(88%)	549,052	272,341	(102%)
Net Interest Income	208,830	201,900	3%	615,713	550,785	12%
Other Income	58,141	35,539	64%	149,555	92,704	61%
Less:- Operating Expenses	266,971	237,439	12%	765,268	643,489	19%
Personnel Cost	46,870	35,093	(34%)	128,504	85,377	(51%)
Administration & Selling Expenses	109,225	110,363	1%	339,068	315,660	(7%)
Operating Profit before Provision for Loan Losses and Tax	110,876	91,983	21%	297,696	242,452	23%
Provision for Loan Losses	24,499	3,762	(551%)	41,952	(2,497)	1,780%
Loan Loss Recoveries	(780)	(864)	10%	(4,552)	(1,104)	312%
Profit from Ordinary Activities before VAT on Financial Services and Tax	87,157	89,085	(2%)	260,296	246,053	6%
Value Added Tax on Financial Services	5,402	6,210	13%	15,498	21,850	29%
Profit Before Tax	81,755	82,875	(1%)	244,798	224,203	9%
Income Tax Expense	18,707	26,297	29%	66,409	73,123	9%
Net profit for the Period	63,048	56,578	11%	178,389	151,080	18%
Other Comprehensive Income	-	-	0%	-	-	0%
Total Comprehensive Income	63,048	56,578	11%	178,389	151,080	18%
Basic Earnings per Share (Rs)	0.54	0.53		1.53	1.42	
Share Price	3rd Quarter 2012 Rs.	3rd Quarter 2011 Rs.		9 Months 2012 Rs.	9 Months 2011 Rs.	
Highest	17.00	38.00		18.50	44.20	
Lowest	12.80	21.00		10.90	21.00	
Closing	13.70	27.00		13.70	27.00	

SINGER FINANCE (LANKA) PLC

STATEMENT OF CHANGES IN EQUITY

For the Nine Months ended 31st December

	Note	Stated Capital Rs.'000	Reserve Fund Rs.'000	Investment Fund Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as per SLAS as at 1st April 2011		800,000	16,350	4,640	112,007	932,997
Effects of transition to SLFRS/LKAS	5.3	-	-	-	2,922	2,922
Effects of Change in Policy of recognising Service Charges	11.1				9,553	9,553
Effects of restatement of Value Added Tax	11.2				(16,606)	(16,606)
Adjusted Balance as at 1st April 2011		800,000	16,350	4,640	107,876	928,866
Final Dividend - 2010/2011		-	-	-	(42,667)	(42,667)
Transfers		-	-	24,587	(24,587)	-
Profit for the Period		-	-	-	151,080	151,080
Balance as at 31st December 2011		800,000	16,350	29,227	191,702	1,037,279
Transfers		-	11,278	8,306	(19,584)	-
Net Profit of balance Three Months		-	-	-	68,487	68,487
Balance as at 31st March 2012		800,000	27,628	37,533	240,605	1,105,766
Final Dividend - 2011/2012		-	-	-	(85,333)	(85,333)
Issue of Shares		645,333	-	-	-	645,333
Direct Cost on Right Issue		(4,827)	-	-	-	(4,827)
Transfers		-	-	13,264	(13,264)	-
Profit for the Period		-	-	-	178,389	178,389
Balance as at 31st December 2012		<u>1,440,506</u>	<u>27,628</u>	<u>50,797</u>	<u>320,397</u>	<u>1,839,328</u>

Interim Financial Statements for the Nine Months ended 31st December 2012

SINGER FINANCE (LANKA) PLC
CASH FLOW STATEMENT

For the Nine Months ended 31st December	2012	2011
	Rs.'000	(Restated) Rs.'000
Cash Flows From/ (Used in) Operating Activities		
Interest Received	787,001	646,859
Interest Payments	(282,152)	(114,737)
Recoveries on Loans Previously Written Off	4,552	1,104
Receipts from Other Operating Activities	137,455	124,648
Cash Payments to employees & suppliers	(409,206)	(336,488)
Operating Profit before changes in Operating Assets and Liabilities	237,650	321,386
(Increase) / Decrease in Operating Assets and Liabilities		
Investments held for Regulatory or Monetary Control Purposes	(54,836)	(109,256)
Investment in Bank Deposits	(224)	-
Funds Advanced to Customers	(468,598)	(1,446,413)
Public Deposits	219,351	847,883
Amounts Due to Related Companies	(700,254)	(259,657)
	<u>(1,004,560)</u>	<u>(967,443)</u>
Cash Generated from/(used in) Operations		
Retiring Gratuity Paid	(630)	(135)
ESC Paid	(3,509)	(8,622)
Income Tax Paid	(43,809)	(125,386)
	<u>(47,948)</u>	<u>(134,142)</u>
Net Cash Generated from/(used in) Operating Activities	(814,857)	(780,200)
Cash Flows from/(used in) Investing Activities		
Acquisition of Property Plant & Equipment	(25,895)	(5,142)
Proceeds from Sale of Property, Plant & Equipment	3,465	-
Incurred on Software Development	(10,409)	(1,558)
Net Cash Flows used in Investing Activities	(32,838)	(6,700)
Cash Flows from/(used in) Financing activities		
Proceeds from issuance of Rights	645,333	-
Direct Cost on Right Issue	(4,374)	-
Cash Inflows from Interest Bearing Loans & Borrowings	172,100	775,000
Cash Inflows from Interest Bearing Loans - Related party	1,203,000	-
Repayment of Interest Bearing Loans & Borrowings	(242,612)	(39,562)
Re-payment of Interest Bearing Loans - Related party	(400,000)	-
Dividend Paid	(84,507)	(42,667)
Net Cash Flows from/(used in) Financing activities	1,288,941	692,771
Net increase in Cash and Cash Equivalents	441,245	(94,129)
Cash and Cash Equivalents at the beginning of the Period	(282,140)	(26,457)
Cash and Cash Equivalents at the end of the period	159,105	(120,586)

A. Reconciliation of Profit Before Tax with Cash Inflow from Operating Activities

Profit before Income Tax	244,798	224,203
Depreciation/Amortisation	9,802	7,239
Provision for Define Benefit Plans - Gratuity	4,332	1,516
(Profit)/Loss on sale of Property, Plant & Equipment	(886)	-
Provision for Bad Debt	41,952	(2,497)
Increase / (Decrease) in Interest Payable	32,252	16,062
(Increase) / Decrease in Inventory	12,433	(9,240)
(Increase) / Decrease in Other Receivables	(6,385)	(52,223)
Increase / (Decrease) in and Other Payables	(100,647)	136,325
	<u>237,650</u>	<u>321,386</u>

Notes to the Financial Statements

1. Corporate Information

1.1 Reporting Entity

1.1.1 General

Singer Finance (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 02, and the principal place of business is situated at the above address.

1.1.2 Principal Activities and Nature of Operations

The principal activities of the Company consist of finance leasing, hire purchase financing, financing of consumer durables under loan schemes and granting loans and mobilizing deposits. There have been no significant changes in the nature of the principal activities of the Company during the period under review.

1.1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Singer (Sri Lanka) PLC. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is Retail Holdings N.V., which is incorporated in Netherlands Antilles.

1.1.4 Date of Authorisation for Issue

The Financial Statements of Singer Finance (Lanka) PLC for the quarter ended 31st December 2012 were authorized for issue by the Board of Directors on 14th February 2013.

1.1.5 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

1.2 Basis of Preparation

1.2.1 Statement of Compliance

The interim condensed financial statements have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34-Interim Financial Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2012.

For all periods up to and including the year ended 31 March 2012, the Company prepared its financial statements in accordance with SLAS which were effective up to 31 March 2012. The financial statements for the quarter ended 30th September 2012 are the first financial statements prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) immediately effective from 01 January 2012. These SLFRS/LKAS's 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 of the Company is given in Notes (5.1 & 5.2) to these financial statements.

1.2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis, which are measured at fair value as explained in the respective Notes to the Financial Statements.

1.2.3 Functional and Presentation Currency

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

1.2.4 Use of Estimates and Judgments

Significant accounting judgment, estimates and assumptions as at 1 April 2011 and as at 31 March 2012 are consistent with those made for the same dates in accordance with SLAS effective up to 31 March 2011.

The estimates used by the Company to present these financial statement and the accordance with SLFRS/LKAS effective from 1 January 2012 and reflects conditions as at 1 April 2011, the date of transition to SLFRS/LKAS and as of 31 March 2012.

1.2.5 Change in Accounting Policies

(a) Service charges received from Leasing, Hire Purchase transactions and Loans

Keeping in line with LKAS 18, Service Fee income received from Leasing, Loans and Hire Purchase transactions are now recognize to the Statement of Comprehensive Income when the service is provided.

Service Fee Income amortised using Effective Interest rate for the period ending 31st December 2012 have been restated in Company Financial Statements.

2. 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 1 April 2011 for the purpose of the transition to SLFRS/LKAS, unless otherwise indicated.

Financial Statements for the nine months ending 31st December 2012 are prepared as per the SLFRS.

2.1. Financial Instruments

The Company recognizes financial assets or financial liabilities in its statement of financial position when the Company 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 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 recognized immediately in the income statement.

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

2.1.1 Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate and determines the classification of its financial assets at initial recognition.

Financial assets include cash and cash equivalents, short term deposits, receivables, and unquoted investment

2.1.1.1. Held to maturity financial assets

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

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

Held to maturity comprises of treasury bills and treasury bonds.

2.1.1.2. 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 amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of hire purchase receivables, finance lease receivables, consumer loans receivable, staff loans and related party receivables.

2.1.1.3. De - recognition of financial assets

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

On de-recognition of financial assets, 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 recognized in other comprehensive income or accumulated in equity is recognized in the Income Statement.

2.1.2. 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 this determines the classification of its financial liabilities at initial recognition.

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

2.1.2.1. 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.

Gains or losses on liabilities held for trading are recognized in the income statement.

2.1.2.2. Other Financial Liabilities

These are all financial liabilities other than financial liabilities at fair value through profit or loss. Other financial liabilities include trade and other payables, bank overdrafts and loans & borrowings.

2.1.2.3. De-recognition of financial Liability

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

2.1.3. Amortized cost measurement

The amortized 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 amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount.

2.1.4. 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.

2.1.5. Impairment losses on available-for-sale financial assets

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized 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 amortization, and the current fair value, less any impairment loss previously recognized 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 recognized in profit or loss, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

3.0. First Time Adoption of SLFRS/LKAS

The interim financial statements, for the period ended 30th September 2012, is the first financial statements prepared in accordance with SLFRS/LKAS. Previously for period up to and including the year ended 31st March 2012 the Company prepared its financial statements in accordance with Sri Lanka Accounting Standards which were effective up to 31 March 2012.

The accounting policies that are set out in Note 2 have been applied in preparing this interim financial statements for the 9 month's ended 31/12/2012 & 3rd quarter ended 31/12/2012.

3.1. 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 reconciling statements and accompanying notes (4.1 - 5.3) for the material reconciliation items.

Singer Finance (Lanka) PLC**Notes to the Financial Statements**4.0 **Reconciliation of SLAS to SLFRS/LKRS**4.1 **Reconciliation of Financial Position****Equity as at 31st December 2011**

	Note	AS per SLAS (Restated) Rs.'000	Effect of SLFRS/LKAS Rs.'000	AS per SLFRS/LKAS Rs.'000
ASSETS				
Cash and Bank Balances		7,567	-	7,567
Government Securities		290,313	-	290,313
Bank Deposits		-	-	-
Hire Purchase Receivable	5.2.1	2,129,893	22	2,129,915
Lease Rental Receivables	5.2.1	1,920,108	54	1,920,162
Loans and Advances	5.2.1	1,391,423	-	1,391,423
Investments in Securities		41	-	41
Inventories		16,871	-	16,871
Other Debtors, and Prepayments		109,974	-	109,974
Vat Receivables		67,640	-	67,640
Deferred Tax Assets		15,384	-	15,384
Intangible Assets		12,667	-	12,667
Property, Plant & Equipments		31,506	-	31,506
Total Assets		6,029,612	76	5,993,463
LIABILITIES				
Public Deposits		2,663,000	-	2,663,000
Interest Bearing Loans & Borrowings		887,935	-	887,935
Interest Bearing Loans - Related Party		365,871	-	365,871
Trade & Other Payables	5.2.2.	448,111	(2,755)	445,356
Amount due to Related Companies		561,987	-	561,987
Income tax payable		21,095	-	21,095
Deferred Revenue		-	-	-
Deferred Tax Liabilities		3,986	-	3,986
Retirement Benefit Obligations		6,954	-	6,954
Total Liabilities		4,985,638	(2,755)	4,956,184
SHAREHOLDERS' FUND				
Stated Capital		800,000	-	800,000
Capital Reserve		16,350	-	16,350
Investment Fund		29,227	-	29,227
Retained Earnings	5.3	188,871	2,831	191,702
Shareholders' Funds		1,043,974	2,831	1,037,279
Total Liabilities & Shareholders' Funds		6,029,612	76	5,993,463

Singer Finance (Lanka) PLC
Notes to the Financial Statements

4.2 Reconciliation of Financial Position

As At 31 March	Note	Equity as at 31st March 2012			Equity as at 1st April 2011 (date of transition to SLFRS/LKAS)		
		AS per SLAS	Effect of	AS per	AS per SLAS	Effect of transition	AS per
		(Restated)	SLFRS/LKAS	SLFRS/LKAS	(Restated)	to SLFRS	SLFRS/LKAS
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS							
Cash and Bank Balances		11,200	-	11,200	30,084	-	30,084
Government Securities		263,884	-	263,884	181,057	-	181,057
Bank Deposits		50,759	-	50,759	-	-	-
Hire Purchase Receivables	5.2.1	2,309,364	133	2,309,497	1,761,151	95	1,761,246
Lease Rental Receivables	5.2.1	2,467,591	45	2,467,636	719,011	134	719,145
Loans and Advances	5.2.1	1,378,116	-	1,378,116	1,516,767	5	1,516,772
Investments in Securities		41	-	41	41	-	41
Inventories		12,433	-	12,433	7,631	-	7,631
Other Debtors, and Prepayments		184,157	-	184,157	116,571	-	116,571
Deferred Tax Assets		11,858	-	11,858	13,420	-	13,420
Income Tax Receivable		8,824	-	8,824	-	-	-
Intangible Assets		13,650	-	13,650	12,346	-	12,346
Property, Plant & Equipments		29,554	-	29,554	27,993	-	27,993
Total Assets		6,741,431	178	6,741,609	4,386,072	234	4,386,306
LIABILITIES							
Deposits From Customers		2,645,169	-	2,645,169	1,815,117	-	1,815,117
Interest Bearing Loans & Borrowings		1,219,391	-	1,219,391	80,886	-	80,886
Trade & Other Payables	5.2.2.	462,122	(3,053)	459,069	295,658	(2,688)	292,970
Amount due to Related Companies		1,299,856	-	1,299,856	1,187,515	-	1,187,515
Income Tax payable		-	-	-	71,394	-	71,394
Deferred Revenue		-	-	-	-	-	-
Deferred Tax Liabilities		4,879	-	4,879	3,986	-	3,986
Retirement Benefit Obligations		7,479	-	7,479	5,572	-	5,572
Total Liabilities		5,638,896	(3,053)	5,635,843	3,460,128	(2,688)	3,457,440
EQUITY							
Stated Capital		800,000	-	800,000	800,000	-	800,000
Capital Reserve		27,628	-	27,628	16,350	-	16,350
Investment Fund		37,533	-	37,533	4,640	-	4,640
Retained Earnings	5.3	237,374	3,231	240,605	104,954	2,922	107,876
Total Equity		1,102,535	3,231	1,105,766	925,944	2,922	928,866
Total Liabilities & Equity		6,741,431	178	6,741,609	4,386,072	234	4,386,306

Singer Finance (Lanka) PLC
Notes to the Financial Statements

4.3 **Reconciliation of Income Statements**

Nine Month Ended 31st December 2011

	Note	AS per SLAS (Restated) Rs.'000	Effect of SLFRS/LKAS Rs.'000	AS per SLFRS/LKAS Rs.'000
Income		910,517	5,313	915,830
Interest Income	5.1.1	823,285	(159)	823,126
Interest Expense	5.1.2	272,407	(66)	272,341
Net Interest Income		550,878	(93)	550,785
Other Income	5.1.3	87,232	5,472	92,704
		638,110	5,379	643,489
Less:- Operating Expenses				
Personal Cost	5.1.4	79,905	5,472	85,377
Administration & Selling Expenses		315,660	-	315,660
Operating Profit Before Provision For Loan Losses And Tax		242,545	(93)	242,452
Provision for Loan Losses		(2,497)	-	(2,497)
Loan Loss Recoveries		(1,104)	-	(1,104)
Profit from Ordinary Activities before VAT on Financial Services and Tax		246,146	(93)	246,053
Value Added Tax on Financial Services		21,850	-	21,850
Profit Before Tax		224,296	(93)	224,203
Taxation		73,123	-	73,123
Net profit for the Period		151,173	(93)	151,080

Singer Finance (Lanka) PLC**Notes to the Financial Statements****Notes to the Reconciliation of SLAS to SLFRS**

		Quarter ended 31st December 2011 Rs.'000	Nine Months ended 31st December 2011 Rs.'000
5.1	Income Statement		
5.1.1	Revenue		
	Under LKAS-39, the corresponding gain or (loss) relating to re- structured loans due to changes in timing or amount of estimated future cash flows (Other than due to impairment) are recognized in the statements of comprehensive income. The impact of this implication is given below.		
	Interest Income	(54)	(159)
		<u>(54)</u>	<u>(159)</u>
5.1.2	Interest Expense		
	The interest expenses on Fixed Deposits calculated based on Efective Interest Rate (EIR) in line with LKAS - 39		
	Interest Expense Fixed Deposits	(129)	(66)
		<u>(129)</u>	<u>(66)</u>
5.1.3	Other Income		
	Employee loans that have been fair valued and recognized using market interest rate prevailed at the grant date with the adoption of LKAS - 39, resulting Finance income is as follow.		
	Finance Income on Employee Loans	890	5,472
		<u>890</u>	<u>5,472</u>
5.1.4	Personnel Cost		
	Employee loans have been fair valued using interest rate prevailed at the grant date with the adoption of LKAS - 39, resulting the employee benefit is as follow.		
	Employee Benefit on Employee Loans	(890)	(5,472)
		<u>(890)</u>	<u>(5,472)</u>

Singer Finance (Lanka) PLC**Notes to the Financial Statements****Notes to the Reconciliation of SLAS to SLFRS****5.2 Financial Position****5.2.1 Trade & Other Receivable**

LKAS 39 requires the effect of restructured loans due to change in timing of amount of future cash flows (other than due to impairment) be recognized in the statement of financial position. The corresponding change due to the fairvaluation of the restructured loans are shown in statement of comprehensive income and in the statement of changes in Equity.

	As at 31st March 2012	As at 31st December 2011	As at 1st April 2011
Hire Purchase Receivable	133	22	95
Lease Rental Receivables	45	54	134
Loans and Advances	-	-	5
	178	76	234

5.2.2 Trade & Other Payable

LKAS 39 requires the Interest Expense to be calculated using Effective Interest Rate and recognized effect in the statement of financial position. The corresponding change due to the fairvaluation of the restructured loans are shown in statement of comprehensive income and in the statement of changes in Equity.

Interest Expense Fixed Deposits	(3,053)	(2,755)	(2,688)
	(3,053)	(2,755)	(2,688)

5.3 Retained Earnings

Retained Earnings as reported under SLASs

Trade & Other Receivable (5.2.1)

Trade & Other Payable (5.2.2)

265,366	213,619	121,560
178	76	234
3,053	2,755	2,688
268,597	216,450	124,482

Interim Financial Statements for the Nine Months ended 31st December 2012

SINGER FINANCE (LANKA) PLC

Notes to the Financial Statements

6.1 FINANCIAL REPORTING BY SEGMENTS AS PER PROVISION OF THE SRI LANKA ACCOUNTING STANDARD NO.28

The primary business segment reporting format is determined to be business segment as nature of the products and services provided, with each segment representing a strategic business unit that offers different product and serves different markets

The following table presents financial information regarding business segments:

Business Segments (Rs.'000)

For the quarter ended 31st December	Finance Lease		Hire Purchase		Loan & Advances		Investments		Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Interest	173,362	84,031	121,447	101,087	108,288	120,373					403,097	305,490
Other	11,355	5,087	7,796	9,095	838	1,782	9,008	5,396	29,144	14,179	58,141	35,539
Total Revenue	184,717	89,118	129,243	110,181	109,126	122,154	9,008	5,396	29,144	14,179	461,238	341,029
Profit Before Tax	36,694	22,861	22,955	30,662	22,106	29,352	-	-	-	-	81,755	82,875
Income Tax Expense											(18,707)	(26,297)
Profit After Tax											63,048	56,578
Segment Assets	3,303,220	1,926,159	2,168,845	2,122,345	1,085,179	1,389,159	369,744	290,354	485,729	265,446	7,412,716	5,993,463
Segment Liabilities	2,962,010	1,750,170	1,870,333	1,810,204	428,254	1,088,385	-	-	312,791	307,424	5,573,388	4,956,184

Notes to the Financial Statements

6.2 FINANCIAL REPORTING BY SEGMENTS AS PER PROVISIONS OF SLFRS 08

The primary business segment reporting format is determined to be business segment as nature of the products and services provided, with each segment representing a strategic business unit that offers different product and serves different markets

The following table presents financial information regarding business segments:

Business Segments (Rs.'000)

For the Nine Months ended 31st December	Finance Lease		Hire Purchase		Loan & Advances		Investments		Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Interest	458,896	190,590	355,895	291,823	349,975	340,713					1,164,765	823,126
Other	36,667	15,734	28,154	28,501	4,087	4,809	30,509	14,587	50,137	29,074	149,555	92,704
Total Revenue	495,563	206,324	384,049	320,324	354,062	345,522	30,509	14,587	50,137	29,074	1,314,320	915,830
Profit Before Tax	97,286	54,289	71,497	88,815	76,015	81,099	-	-	-	-	244,798	224,203
Income Tax Expense											(66,409)	(73,123)
Profit After Tax											178,389	151,080
Segment Assets	3,303,220	1,926,159	2,168,845	2,122,345	1,085,179	1,389,159	369,744	290,354	485,729	265,446	7,412,716	5,993,463
Segment Liabilities	2,962,010	1,750,170	1,870,333	1,810,204	428,254	1,088,385	-	-	312,791	307,424	5,573,388	4,956,184

SINGER FINANCE (LANKA) PLC

Notes to the Financial Statements

7 The Interim Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards - LKAS 34 - Interim Financial Reporting.

8 RELATED PARTY TRANSACTIONS

8.1 Identity of Related Parties

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

8.2 Transactions with Key Management Personnel and Directors

a) 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 (Sri Lanka) PLC (Parent Company)	Mr.H D S Amarasuriya	Payments to Singer (Sri Lanka) PLC on behalf of customers	729.0	1,248.6
	Mr. H.A. Pieris	Sales Financed to purchase goods from Singer (Sri Lanka) PLC	873.5	1,519.0
	Dr. S. Kelegama	Administrative Fees Paid	57.5	58.8
	Mr. M.P.A. Salgado	Loans Obtained During The Period	1,203.0	-
	Mr. G.J. Walker	Loans Settled During The Period	400.0	-
	Mr. J.Hyun	Purchase of Assets	0.9	-
	(Appointed w.e.f. 10.06.2011)	Dividend Paid (Gross)	64.0	32.0
		Interest Expense	112.1	46.4
		Rental Collections through Singer (Sri Lanka) PLC	2,029.6	2,137.2
		Collection Commission Paid	13.4	8.5
		Royalty Paid Through Singer (Sri Lanka) PLC	13.2	9.3
		Rent Reimbursed	9.3	10.0
		Expenses Paid Through Singer (Sri Lanka) PLC	121.0	79.8
		Balance Payable	1,402.6	927.9
Singer Industries (Ceylon) PLC (Affiliate Company)	Mr.H D S Amarasuriya	Investments Fixed Deposit	59.5	163.9
	Mr. H.A. Pieris	Deposits Capital Repayment	-	45.0
	Mr. G.J. Walker	Deposits Interest Payment (Gross)	10.2	4.5

b) Following companies are also parent companies of Singer Finance (Lanka) PLC , with whom no transactions were entered into during the period.

Company	Relationship
Singer (Sri Lanka) B.V	Intermediate Parent
Singer Asia Holdings N.V	Intermediate Parent
Retail Holdings N.V	Ultimate Parent

c) Company has not given loans to it's Directors.

d) Key Management Personnel includes members of the Board of the Directors of the company and its 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 Key Management Personnel or close Family Members

	2012 Rs.Million	2011 Rs.Million
Deposit kept by Key Management Personnel or their close family members	41.7	32.6

9 CONTINGENCIES

The Company has provided letters of guarantee totalling to Rs. 2,906,000/- against Fixed Deposits of Rs. 3,494,797/-

10 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date which require adjustments to or disclosure in the financial statements.

Notes to the Financial Statements

11 Re Stated Financial Statements

11.1 Service Charges

Currently the Company recognises Service Charges collected from Hire Purchase, Lease and Loan facilities on a deferred basis. This fee is a re-imbursement of cost incurred for Servicing a loan. Under LKAS 18 "fees charged by an entity for [processing] a loan are recognised as revenue as the services are provided accordingly, the Company has restated the Financial Statements with retrospective effect applicable for the accounting period starting from 1st April 2011. The effect of the restatement is summarised below.

	9 Months 31st December 2012 Rs'000	3 Months 31st March 2012 Rs'000	9 Months 31st December 2011 Rs'000	Periods Prior to 01st April 2011 Rs'000
<u>Statement of Financial Position</u>				
Decrease in Deferred Revenue	(25,659)	(22,731)	(20,709)	(13,267)
Increase in Income Tax payable	7,184	6,364	5,798	3,714
<u>Statement of Comprehensive Income</u>				
Increase in Other Income	2,928	2,022	7,442	-
Increase in Income Tax Expense	820	566	2,084	-
<u>Statement in change In Equity</u>				
Increase in Retained earnings	2,108	1,456	5,358	9,553
Retained Earnings Brought Forward	16,367	14,911	9,553	-
	18,475	16,367	14,911	9,553

11.2 Value Added Tax (VAT)

Input VAT is disallowed to be claimed proportionately on Interest Income on VAT exempt turnover to total turnover basis. However, the Company has not recognised the disallowed Input VAT in the Statement of Comprehensive Income due to an error. The Financial Statements are re-stated in order to rectify the aforementioned error with retrospective effect. The effect of the restatement is summarised below.

	9 Months 31st December 2012 Rs'000	3 Months 31st March 2012 Rs'000	9 Months 31st December 2011 Rs'000	Periods Prior to 01st April 2011 Rs'000
<u>Statement of Financial Position</u>				
Decrease in VAT Receivables	(54,198)	(40,730)	(36,225)	(24,917)
Decrease in Income Tax payable	(16,509)	(12,738)	(11,477)	(8,311)
<u>Statement of Comprehensive Income</u>				
Increase in Administration & Selling Expenses	13,468	4,505	11,308	-
Decrease in Income Tax Expense	(3,771)	(1,261)	(3,166)	-
<u>Statement in change In Equity</u>				
Decrease in Retained earnings	(9,697)	(3,244)	(8,142)	(16,606)
Retained Earnings Brought Forward	(27,992)	(24,748)	(16,606)	-
	(37,689)	(27,992)	(24,748)	(16,606)

SINGER FINANCE (LANKA) PLC

Notes to the Financial Statements

12 INFORMATION ON ORDINARY SHARES

a) Stated Capital	31-Dec-2012	31-Dec-2011
Value-Ordinary Shares	Rs.1,440,506,388/-	Rs.800,000,005/-
No of Shares-Ordinary Shares	165,333,334	106,666,667
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

b) **Twenty Largest holders of Shares as at 31st December 2012**

Name	No of Shares	%
1 Singer (Sri Lanka) Plc	132,931,054	80.40
2 Associated Electrical Corporation Ltd	1,536,000	0.93
3 Mr.Shakir Asgerally Lukmanjee	594,300	0.36
4 NDB Aviva Wealth Management Ltd S/A Hatton National Bank	476,704	0.29
5 Naqeah (Pvt) Limited	443,089	0.27
7 DPMC Assetline Holdings (Pvt) Ltd. Account No. 02	436,900	0.26
6 Mr.Muruges Kanapathippillai Nambiyarooran	409,801	0.25
8 Mercantile Investments And Finance Plc	400,000	0.24
9 A E C Properties (Pvt) Ltd.	360,000	0.22
10 Mrs.Shivanthi Sandamalee De Fonseka	359,400	0.22
11 Pan Asia Banking Corporations Plc. / Nuwara Eliya Property Developers (Pvt) Ltd.	353,300	0.21
12 Seylan Bank Limited/Ruwan Prasanna Sugathadasa	332,455	0.20
13 National Development Bank of Sri Lanka Limited A/C No	319,950	0.19
14 Seylan Bank Plc/Mr.Duleep Nissanka Daluwatte	301,800	0.18
15 Mrs.Wisnaka Mohotti Mudiyansele Anulawathi	295,000	0.18
16 Navara Capital Limited.	250,000	0.15
17 Richard Pieris Financial Services (Pvt) Ltd/Fortune One (Pvt) Ltd	214,300	0.13
18 Miss.Galahiti Mudiyansele Buddhika Damayanthi	212,898	0.13
19 Mr.Periyasaami Pillai Thevarajah	208,680	0.13
20 Mr.Chandasiri Jayasingha Pandita Siriwardana	200,000	0.12
	140,635,631	85.06
Others	24,697,703	14.94
	165,333,334	100.00

c) **Directors' and CEO's Shareholding as at 31st December 2012**

Name of the Director	Sharholding 31-Dec-2012 No of Shares	Sharholding 31-Mar -2012 No of Shares
Mr.H D S Amarasuriya	10,009	6
Dr. S. Kelegama	-	-
Mr.J.A.Setukavalar	-	-
Mrs.M.A Tharmaratnam (Appointed w.e.f 28/09/2012)	-	-
Mr.J. Hyun	-	-
Mr. G.J. Walker	-	-
Mr. H.A. Pieris (Group Chief Executive Officer)	51,002	20,002
Mr.R.S Wijeweera (Chief Executive Officer)	31,003	20,002
Mr. M.P.A. Salgado (Alternate Director to Mr. H.A. Pieris - Appointed w.e.f 28/09/2012)	68,442	20,002
Mr.S. Ramanathan (Alternate Director to Mr. G.J. Walker - Resigned w.e.f 28/09/2012)	-	-
Mr.J. Khan (Appointed w.e.f 28/09/2012)	-	-

d) **Public Holding**

Public holding as at 31st December 2012 is 19.50% (As at 31st December 2011 - 24.99%).