



SINGER[®]
Trusted Excellence

SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
THREE MONTHS ENDED 31ST MARCH 2016

Group Chief Executive Officer's Review

Singer Group did very well in the 1st Quarter of 2016, where Group Revenue increased 23% to Rs. 10.6 Billion. This is on top of a big increase last year and is a 57% growth over two years.

Group Net Profit for 1st Quarter was Rs. 809.3 Million, an increase of 191% when compared with prior year.

In case of the Company, Net Profit for the 1st Quarter was Rs. 214.9 Million, an increase of 74%.

The growth in Revenue and Net Income is due both to the initiatives undertaken by the Group and the business environment.

The Group continues to pursue new initiatives including : opening additional shops; adding new dealers and channels of distribution; improving and renovating shops; securing new brands and distributorships; introducing new products and improving processes. In the 1st Quarter, significant initiatives included the launch of the new Singer Smart TV range under the sub brand Singer Vista; opening of Digital Media Corners in Retail shops; expansion of capacity at Refrigerator factory; introduction of new Furniture brand for Dealers; Thrust into Dealer markets for Computers and Furniture. The Group continued its successful campaigns on Refrigerators and Air Conditioners.

With regard to product lines, we had growth in most sectors. In case of our traditional product lines, refrigerators grew by 22%, panel televisions by 2% and sewing machines by 11%. Growth in our thrust product categories were naturally stronger: smart mobile phones grew by 65%, deep freezers by 33%, computers by 18%, washing machines by 14%, air conditioners by 114% and fans by 58%. The new Distributorships/Brands of DELL, SONY, SHARP and MITSUBISHI, which were obtained in 2014 and 2015, had sales of Rs. 1.0 Billion in 2016 – an increase of 52% over the prior year.

During the 1st Quarter, Singer (Sri Lanka) acquired majority stakes in Singer Industries (Ceylon) PLC and Regnis (Lanka) PLC from its parent company Singer (Sri Lanka) B.V., making these companies subsidiaries of Singer (Sri Lanka) PLC. The

acquiring of these companies resulted in a one-time gain on bargain purchase amounting to Rs. 442.7 Million. In addition, on a recurring earnings basis, it had a positive impact on net income of Rs. 21 Million. There was no impact on Group Revenue due to this acquisition.

Despite interest rates increasing by 200-350 basis points and exchange rates devaluing by 9% from a year ago, the consumer buying was stable. The power outages in March had a negative impact on sales of consumer durables. The hot weather impacted the inflow of customer traffic, but at the same time, boosted sales of climate related products, such as Air Conditioners and Fans.

At the Company's other public listed subsidiary Singer Finance (Lanka) PLC, revenue increased 8%, but Net Profit decreased by 20% for the Quarter. This is mainly due to average borrowing rates increasing faster than average lending rates, immediately after a sharp increase in interest rates and also due to initial operating costs of credit card operations. We believe this will stabilise in the coming months.

The Company's subsidiary Singer Digital Media (Pvt) Ltd., which concentrates on the sale of mobile phones to the trade channel, had Revenue to external parties of Rs. 1.5 Billion.

I wish to place on record my appreciation of all staff in our Group for their contribution and commitment in achieving these outstanding results.

I also thank the Chairman of the Group and all of the Board of Directors of the Company, 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

May 5, 2016

Statement of Profit or Loss and Other Comprehensive Income

	Group		Company		Variance		Variance	
For the three months ended 31st March	2016	2015	2016	2015	Group	%	Company	%
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000		Rs. '000	
Revenue	10,557,361	8,595,446	9,113,617	7,412,907	1,961,915	+ 23	1,700,710	+ 23
Cost of Sales	(7,161,484)	(5,739,220)	(6,378,955)	(5,143,328)	(1,422,264)	+ 25	(1,235,627)	+ 24
Direct Interest Cost	(169,573)	(147,345)	—	—	(22,228)	+ 15	—	—
Gross Profit	3,226,305	2,708,881	2,734,662	2,269,579	517,423	+ 19	465,083	+ 20
Other Income	483,930	27,356	29,394	17,163	456,574	+ 1,669	12,232	+ 71
Selling and Administration Expenses	(2,312,585)	(1,978,379)	(2,095,290)	(1,786,245)	(334,206)	+ 17	(309,044)	+ 17
Other Operating Expenses	(84,618)	(72,979)	(72,630)	(67,397)	(11,639)	+ 16	(5,232)	+ 8
Finance Cost	(308,742)	(272,324)	(317,165)	(286,101)	(36,418)	+ 13	(31,064)	+ 11
Finance Income	8,952	7,839	46,524	36,860	1,113	+ 14	9,664	+ 26
Net Finance Cost	(299,790)	(264,484)	(270,641)	(249,241)	(35,305)	+ 13	(21,400)	+ 9
Share of Profit/(Loss) of Equity Accounted Investees (Net of Income Tax)	—	378	—	—	378	- 100	—	—
Value Added Tax on Financial Services	(30,198)	(17,068)	(9,100)	(2,400)	(13,130)	+ 77	(6,700)	+ 279
Profit before Tax	983,043	403,705	316,397	181,458	579,339	+ 144	134,938	+ 74
Income Tax Expense	(173,791)	(125,916)	(101,490)	(57,701)	(47,875)	+ 38	(43,789)	+ 76
Profit for the Period	809,252	277,788	214,906	123,758	531,464	+ 191	91,148	+ 74
Total Comprehensive Income for the Period	809,252	277,788	214,906	123,758				
Profit Attributable to:								
Owners of the Company	779,681	253,665	214,906	123,758				
Non-Controlling Interests	29,571	24,123	—	—				
Profit for the Period	809,252	277,788	214,906	123,758				
Total Comprehensive Income Attributable to:								
Owners of the Company	779,681	253,666	214,906	123,758				
Non-Controlling Interest	29,571	24,123	—	—				
Total Comprehensive Income for the Period	809,252	277,788	214,906	123,758				
Earnings per Share – Basic (Rs.)	6.23	2.03	1.72	0.99				

Above figures are provisional and subject to audit.

Share Prices	2016 Rs.	2015 Rs.
Highest	140.00	125.00
Lowest	114.30	110.00
Last Traded Price	117.70	114.00

Statement of Financial Position

As at 31st	Group			Company		
	March 2016 Rs. '000	March 2015 Rs. '000	December 2015 Rs. '000	March 2016 Rs. '000	March 2015 Rs. '000	December 2015 Rs. '000
ASSETS						
Non-Current Assets						
Property, Plant & Equipment	4,566,525	2,623,835	2,715,401	2,582,076	2,557,738	2,600,437
Intangible Assets	258,411	243,063	249,892	208,924	203,370	200,297
Investments in Subsidiaries	—	—	—	2,436,481	987,242	992,242
Investments in Equity Accounted Investees	—	55,003	54,831	—	48,000	48,000
Other Financial Assets	143,061	17,061	17,061	616,303	166,303	616,303
Trade and Other Receivables	7,468,395	6,402,314	7,222,705	1,692,280	1,565,947	1,620,582
Deferred Tax Assets	310,251	179,063	259,044	239,312	178,695	239,312
	12,746,644	9,520,340	10,518,934	7,775,375	5,707,296	6,317,173
Current Assets						
Inventories	9,969,075	7,387,954	6,919,159	8,850,670	6,994,931	6,677,027
Loans due from Related Parties	—	63,135	65,891	1,817,794	1,100,303	1,122,638
Income Tax Receivable	1,992	—	—	—	—	—
Trade and Other Receivables	15,292,731	11,406,373	13,270,919	9,315,177	7,216,472	8,325,781
Amounts due from Related Parties	—	—	—	52,004	76,373	234,257
Deposits with Banks	189,067	90,195	85,344	—	—	—
Marketable Securities	536,917	617,662	606,011	—	—	—
Cash and Cash Equivalents	1,037,325	874,495	910,169	795,969	789,235	876,594
	27,027,106	20,447,464	21,857,494	20,831,614	16,177,314	17,236,297
Total Assets	39,773,750	29,967,804	32,376,427	28,606,989	21,884,610	23,553,470
EQUITY AND LIABILITIES						
Equity						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	854,386	867,164	857,580	854,386	867,164	857,580
Statutory Reserve	73,318	136,128	73,318	—	—	—
Revenue Reserves	4,986,254	3,786,511	4,728,455	3,304,998	2,896,228	3,612,779
Total Equity Attributable to Equity Holders of the Company	6,540,006	5,415,851	6,285,401	4,785,431	4,389,440	5,096,407
Non-Controlling Interest	1,204,947	466,083	484,584	—	—	—
Total Equity	7,744,953	5,881,934	6,769,985	4,785,431	4,389,440	5,096,407
Non-Current Liabilities						
Interest-Bearing Loans and Borrowings	10,082,186	3,485,272	8,091,907	8,250,000	2,400,000	6,250,000
Retirement Benefit Obligations	640,342	407,938	486,465	479,627	385,569	457,182
Deferred Taxation Liability	238,144	118,547	114,820	113,577	118,547	114,820
Security Deposits	897,212	758,361	851,794	897,212	758,361	851,794
Other Financial Liabilities	535,029	625,814	645,008	—	—	—
	12,392,914	5,395,933	10,189,994	9,740,417	3,662,477	7,673,796
Current Liabilities						
Trade and Other Payables	7,241,114	5,122,655	4,388,035	5,796,581	4,323,582	3,345,458
Deferred Revenue	346,979	246,396	318,460	346,979	246,396	318,460
Income Tax Payable	520,752	285,615	349,605	167,523	127,444	133,791
Dividends Payable	588,619	264,766	17,515	543,240	264,766	17,515
Amounts due to Related Parties – Trade	15,983	383,123	454,203	574,974	383,123	771,744
Amounts due to Related Parties – Non-Trade	236,800	194,504	122,214	240,906	194,504	125,239
Other Financial Liabilities	2,656,865	3,524,379	2,722,825	—	—	—
Interest-Bearing Loans and Borrowings	8,028,771	8,668,501	7,043,592	6,410,938	8,292,877	6,071,059
	19,635,883	18,689,938	15,416,448	14,081,141	13,832,693	10,783,267
Total Equity and Liabilities	39,773,750	29,967,804	32,376,427	28,606,989	21,884,610	23,553,470
Net Assets per Share (Rs.)	52.23	43.25	50.20	38.22	35.06	40.70

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

(Sgd.) Lalith Yatiwella
Finance Director

Above figures are provisional and subject to audit.

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

Signed for and on behalf of the Board by,

(Sgd.) Dr. Saman Kelegama
Director

Colombo,

5th May 2016

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

Statement of Changes in Equity

For the three months ended 31st March

Group	Attributable to Equity Holders of the Company								
	Stated Capital	Statutory Reserve		Revaluation Reserves	General Reserves	Retained Earnings	Total	Non-Controlling Interest	Total Equity
		Reserve Fund	Investment Fund						
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at 1st January 2015	626,048	53,885	82,243	870,358	2,600,000	1,242,674	5,475,207	441,961	5,917,169
Realisation of Revaluation Surplus	-	-	-	(3,195)	-	3,195	-	-	-
Transactions with Owners of the Company, Recognised Directly in Equity									
Distributions to Owners of the Company									
Final Dividend – 2014	-	-	-	-	-	(313,024)	(313,024)	-	(313,024)
Total Distributions to Owners of the Company	-	-	-	-	-	(313,024)	(313,024)	-	(313,024)
Total Comprehensive Income for the Period									
Profit for the Three Months Period	-	-	-	-	-	253,666	253,666	24,123	277,789
Total Comprehensive Income for the Period	-	-	-	-	-	253,666	253,666	24,123	277,789
Balance at 31st March 2015	626,048	53,885	82,243	867,164	2,600,000	1,186,510	5,415,850	466,084	5,881,934
Realisation of Revaluation Surplus	-	-	-	(9,584)	-	9,584	-	-	-
Transferred to/(from) during the Year	-	19,433	(82,243)	-	100,000	(37,190)	-	-	-
Distributions to Owners of the Company									
Dividend Paid by Subsidiary Company to Non-Controlling Interest – 2014	-	-	-	-	-	-	-	(40,503)	(40,503)
Total Distributions to Owners of the Company	-	-	-	-	-	-	-	(40,503)	(40,503)
Total Comprehensive Income for the Period									
Profit for the Nine Months Period	-	-	-	-	-	899,105	899,105	59,145	958,250
Actuarial Loss on Retirement Benefit Obligation	-	-	-	-	-	(41,048)	(41,048)	(196)	(41,244)
Tax on Other Comprehensive Income	-	-	-	-	-	11,493	11,493	55	11,548
Total Comprehensive Income for the Period	-	-	-	-	-	869,550	869,550	59,004	928,554
Balance at 31st December 2015	626,048	73,318	-	857,580	2,700,000	2,028,454	6,285,400	484,585	6,769,985
Realisation of Revaluation Surplus	-	-	-	(3,195)	-	3,195	-	-	-
Non-Controlling Interest on Acquisition	-	-	-	-	-	-	-	768,360	768,360
Acquisition of Non-Controlling Interest	-	-	-	-	-	-	-	(35,273)	(35,273)
Distributions to Owners of the Company									
Final Dividend – 2015	-	-	-	-	-	(525,880)	(525,880)	(42,295)	(568,175)
Total Distributions to Owners of the Company	-	-	-	-	-	(525,880)	(525,880)	(42,295)	(568,175)
Gain on Acquisition of Non-Controlling Interest	-	-	-	-	-	7,635	7,635	-	7,635
Disposal of Associate	-	-	-	-	-	(6,831)	(6,831)	-	(6,831)
Profit for the Three Months Period	-	-	-	-	-	779,681	779,681	29,571	809,253
Balance at 31st March 2016	626,048	73,318	-	854,386	2,700,000	2,286,253	6,540,005	1,204,948	7,744,953

Statement of Changes in Equity

For the three months ended 31st March

Company	Stated Capital Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance at 1st January 2015	626,048	870,358	2,600,000	482,301	4,578,707
Realisation on Revaluation Surplus	—	(3,195)	—	3,195	—
Final Dividend – 2014	—	—	—	(313,024)	(313,024)
Total Comprehensive Income for the Period					
Profit for the Three Months Period	—	—	—	123,757	123,757
Total Comprehensive Income for the Period	—	—	—	123,757	123,757
Balance at 31st March 2015	626,048	867,164	2,600,000	296,228	4,389,440
Realisation on Revaluation Surplus	—	(9,584)	—	9,584	—
Transferred to/(from) during the Year	—	—	100,000	(100,000)	—
Total Other Comprehensive Income for the Period	—	—	—	—	—
Profit for the Nine Months Period	—	—	—	735,948	735,948
Actuarial Loss on Retirement Benefit Obligation	—	—	—	(40,252)	(40,252)
Tax on Other Comprehensive Income	—	—	—	11,271	11,271
Total Comprehensive Income for the Period	—	—	—	706,967	706,967
Balance at 31st December 2015	626,048	857,580	2,700,000	912,779	5,096,407
Realisation on Revaluation Surplus	—	(3,195)	—	3,195	—
Final Dividend	—	—	—	(525,880)	(525,880)
Total Comprehensive Income for the Period	—	—	—	—	—
Profit for the Three Months Period	—	—	—	214,905	214,905
Total Comprehensive Income for the Period	—	—	—	214,905	214,905
Balance at 31st March 2016	626,048	854,386	2,700,000	604,998	4,785,431

Statement of Cash Flows

For the three months ended 31st March	Group		Company	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Cash Flows from Operating Activities				
Net Profit before Income Tax Expense	983,044	403,705	316,397	181,459
Adjustments for:				
Depreciation on Property, Plant & Equipment	96,809	67,630	76,790	71,726
Share of Profit from Equity Accounted Investees	—	(378)	—	—
Amortisation of Intangible Assets	8,858	5,348	3,390	3,105
Gain on Disposal of Property, Plant & Equipment	2	—	2	—
Interest Expense	308,742	266,634	317,165	291,790
Interest Income	(8,952)	(7,839)	(46,524)	(36,860)
Impairment of Inventories	59,962	44,832	42,200	44,832
Impairment on Trade and Other Receivables	57,200	(8,260)	55,589	23,585
Dividend Income	—	1,547	—	1,547
Provision for Retiring Gratuity	36,302	24,026	26,765	22,734
Gain on Bargain Purchase	(442,734)	—	—	—
Operating Profit before Working Capital Changes	1,099,233	797,245	791,774	603,918
(Increase)/Decrease in Inventories	(2,213,427)	(1,956,995)	(2,215,847)	(1,861,547)
(Increase)/Decrease in Debtors Falling Due after one Year	(245,690)	(624,115)	(71,698)	(1,272)
(Increase)/Decrease in Debtors Falling Due within one Year	(1,964,348)	(423,722)	(1,044,985)	(206,327)
(Increase)/Decrease in Dues from Related Parties	—	37,423	182,253	222,016
Increase/(Decrease) in Dues to Related Parties	114,586	140,613	(81,104)	(279,788)
Increase/(Decrease) in Security Deposits	45,418	26,237	45,418	26,237
Increase/(Decrease) in Trade and Other Payables	2,405,139	1,304,630	2,451,123	1,334,329
Increase/(Decrease) in Deferred Liabilities	28,519	—	28,519	—
Cash Generated from Operations	(730,571)	(698,684)	85,454	(162,434)
Finance Costs Paid	(308,742)	(324,007)	(317,165)	(324,007)
Retiring Gratuity Paid	(4,319)	(242)	(4,319)	(242)
Income Tax Paid	(95,467)	(53,142)	(69,001)	(40,710)
Net Cash from/(used in) Operating Activities	(1,139,100)	(1,076,075)	(305,032)	(527,393)
Cash Flows from Investing Activities				
Acquisition of Property, Plant & Equipment and Intangible Assets	(105,707)	(34,349)	(70,471)	(26,836)
Proceeds from Disposal of Property, Plant & Equipment	23	—	23	—
Investment in Shares/Debentures in Subsidiary Company	(1,396,239)	—	(1,396,239)	—
(Acquisition)/Disposal of Marketable Securities	69,095	35,718	—	—
Investment in Bank Deposits	(103,723)	20,193	—	—
Net Cash Flows from Loans Given to Related Companies	—	2,000	(695,152)	(383,234)
Interest Income Received	8,952	7,839	46,524	36,860
Dividends Received	—	1,547	—	1,547
Net Cash Flows from Investing Activities	(1,527,598)	32,948	(2,115,316)	(371,663)
Cash Flows from Financing Activities				
Net Proceeds from Interest-Bearing Loans and Borrowings	2,552,902	97,494	1,972,833	(129,599)
Increase/(Decrease) in Customer Deposit Liabilities	(175,939)	(344,449)	—	—
Dividends Paid	(155)	(63,749)	(155)	(63,749)
Net Cash Flow from Financing Activities	2,376,808	(310,704)	1,972,678	(193,348)
Net Increase/(Decrease) in Cash and Cash Equivalents	(289,890)	(1,353,828)	(447,669)	(1,092,405)
Cash and Cash Equivalents at the beginning of the Year	111,849	827,988	259,637	607,657
Cash and Cash Equivalents at the end of the Period	(178,041)	(525,840)	(188,034)	(484,748)

Notes to the Financial Statements

- 1.1** The Interim Financial Statements of the Company and Group have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st December 2015 and are in compliance with Sri Lanka Accounting Standard 34 – 'Interim Financial Reporting'.

2.1 Segmental Analysis of Company Net Turnover is as follows:

	3 Months Ended 31st March 2016 Rs. '000	3 Months Ended 31st March 2015 Rs. '000
Consumer Electronics	1,436,229	1,516,234
Financial Services	732,912	671,222
Furniture	562,264	432,063
Home Appliances	3,628,558	2,779,700
IT Products	1,119,264	796,203
Sewing	917,178	754,623
Other	717,212	462,862
	9,113,617	7,412,907

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

	3 Months Ended 31st March 2016 Rs. '000	3 Months Ended 31st March 2015 Rs. '000
Consumer Electronics	44,948	36,122
Financial Services	80,659	52,067
Furniture	17,624	8,672
Home Appliances	113,601	55,657
IT Products	14,696	6,982
Sewing	28,388	14,555
Other	16,481	7,403
	316,397	181,458

2.3 Segmental Analysis of Group Net Turnover is as follows:

	3 Months Ended 31st March 2016 Rs. '000	3 Months Ended 31st March 2015 Rs. '000
Consumer Electronics	1,436,229	1,516,234
Financial Services	1,221,273	1,116,777
Furniture	562,264	432,063
Home Appliances	3,622,239	2,779,700
IT Products	2,080,966	1,533,187
Sewing	917,178	754,623
Other	717,212	462,862
	10,577,361	8,595,446

Notes to the Financial Statements

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

	3 Months Ended 31st March 2016 Rs. '000	3 Months Ended 31st March 2015 Rs. '000
Consumer Electronics	44,948	36,122
Financial Services	232,800	232,175
Furniture	17,624	8,672
Home Appliances	150,183	55,657
IT Products	35,965	49,121
Sewing	40,645	14,555
Other	18,145	7,403
Gain on Acquisition	442,734	—
	983,043	403,705

3. Related Parties

3.1 Identity of Related Parties

3.1.1 Acquisition of Subsidiary

(I) Acquisition of Singer Industries (Ceylon) PLC

Subsequent to obtaining all regulatory clearance, on 4th January 2016, the Singer (Sri Lanka) PLC purchased 3,213,600 shares in Singer Industries (Ceylon) PLC from its Parent Singer Sri Lanka BV and thereby obtained 83.55% of controlling interest in Singer Industries (Ceylon) PLC.

Consideration Transferred

Singer (Sri Lanka) PLC paid Rs. 206/- per share for the acquisition and paid the consideration in cash. Total consideration amounted to Rs. 664,070,355/-.

(II) Acquisition of Regnis (Lanka) PLC

On 24th February 2016, the Singer (Sri Lanka) PLC purchased 6,568,461 shares in Regnis (Lanka) PLC from its Parent Singer Sri Lanka BV and thereby obtained 58.29% of controlling interest in Regnis (Lanka) PLC.

Consideration Transferred

Singer (Sri Lanka) PLC paid Rs. 110/- per share for the acquisition and paid the consideration in cash. Total consideration amounted to Rs. 722,530,710/-.

(III) Acquisition of Non-Controlling Interest of Singer Industries (Ceylon) PLC

On 18th March 2016, the Singer (Sri Lanka) PLC acquired 1.73% of the shares and voting rights of Singer Industries (Ceylon) PLC and paid the consideration in cash. Total consideration amounted to Rs. 9,637,868/-.

3.1.2 Final Dividend 2015

Directors recommended the payment of final dividend of Rs. 4.20 per share amounting to Rs. 525.9 Million for the year ended 31st December 2015 and was approved by the Shareholder at the Annual General Meeting held on 31st March 2016. The dividend was paid on 11th April 2016.

Notes to the Financial Statements

3.2 Transactions with Parent Companies

(a) Singer Sri Lanka BV – (Immediate Parent)

	2016 Rs. Million	2015 Rs. Million
Consideration paid on acquisition of following Companies:		
Singer Industries (Ceylon) PLC	664.1	–
Regnis (Lanka) PLC	722.5	–

(b) Singer Asia Holdings (BV) Intermediate Parent

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

(c) Singer Asia Ltd. – (Intermediate Parent)

	2016 Rs. Million	2015 Rs. Million
Royalty Expenses	117.0	95.2
Royalty Payable Balance as at Period End	247.3	194.7

3.3 Transactions with Subsidiary Companies

		2016 Rs. Million	2015 Rs. Million
Singer Finance (Lanka) PLC	Sales Financed through Singer Finance (Lanka) PLC	134.7	83.6
	Withdrawal of Rental Collections from Singer (Sri Lanka) PLC	470.0	380.0
	Interest Income/(Expense)	8.9	1.7
	Cash Collection through Singer (Sri Lanka) PLC	653.7	536.3
	Expenses Paid	55.5	49.1
	Service Fee Charged/(Paid)	2.3	–
	Collecting Commission Paid through Singer (Sri Lanka) PLC	5.7	5.0
	Rent Reimbursed	3.8	3.3
	Royalty Paid through Singer (Sri Lanka) PLC	5.3	5.0
	Loans Obtained During the Period	200.0	–
	Service Charge Income	2.3	–
	Balance Receivable	421.2	51.3
Singer Digital Media (Pvt) Ltd.	Purchases	930.2	719.6
	Expenses Reimbursed	34.4	26.3
	Interest Charged	26.5	15.5
	Royalty Paid through	103.3	–
	Loan Granted	733.8	–
	Loan Settlements	356.6	–
	Balance Receivable – Loans	1,393.0	1,037.2
	Balance Payable – Trade	–	–
	Balance Payable – Non-Trade	–	17.4
Singer Business School (Pvt) Ltd.	Corporate Guarantee Given	50.0	–
	Services Provided	1.2	–
	Expenses Reimbursed	0.1	–
Reality (Lanka) Ltd.	Balance Payable	3.3	–
	Rent Expense	1.9	1.4
	Loan Receivable	65.9	63.1

Notes to the Financial Statements

Name of the Company and Relationship	Nature of Transaction	2016 Rs. Million	2015 Rs. Million
Singer Industries (Ceylon) PLC	Purchases	298.0	306.2
	Corporate Guarantee Given	75.0	75.0
	Lease Rental Paid	1.1	1.1
	Net Finance Charges	0.1	0.1
	Trade Creditor Settled	342.9	317.1
	Expenses Reimbursed	–	0.9
	Balance Payable	53.3	98.5
Regnis (Lanka) PLC	Purchases	976.3	805.9
	Sales Taxes	136.7	115.1
	Corporate Guarantees Given	455.5	455.5
	Interest Expense	0.5	0.5
	Non-Trade Settlement	5.0	–
	Trade Credit Settled	989.3	840.8
	Expenses Reimbursed	12.9	11.2
	Fixed Assets Purchases	0	0
	Transfer of Staff Loan	1.3	0
	Balance Payable	333.6	215.6
Regnis Appliances (Pvt) Ltd.	Purchases	330.3	233.9
	Trade Settlements	327.5	240.2
	Sales Taxes	43.8	31.0
	Expenses Paid	4.6	1.4
	Finance Charged	1.4	0.2
	Non-Trade Settlement	4.5	–
	Balance Payable	188.1	68.7

3.4 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 other than through Advertising Agencies during the year.
Telshan Network (Pvt) Ltd.

3.5 Key Management Personnel includes members of the Board of Directors of the Company, its Subsidiary and Parent. Transactions with Key Management Personnel, their close family members and parties/entities in which such Key Management Personnel or their close family members have control, joint control or significant influence given below:

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

	2016 Rs. Million	2015 Rs. Million
Deposits kept by Key Management Personnel or their close family members of Singer Finance (Lanka) PLC	24.4	64.9

4. Stated Capital

	31st March 2016	31st March 2015
Value – Ordinary Shares	Rs. 626,048,050/-	Rs. 626,048,050/-
No. of Shares – Ordinary Shares	125,209,610	125,209,610
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

Notes to the Financial Statements

5. Contingencies

- (a) Guarantees given to banks and other lending institutions on behalf of Singer Industries (Ceylon) PLC, Regnis (Lanka) PLC and Singer Digital Media (Pvt) Ltd. amounts to Rs. 75 Million, Rs. 455.5 Million and Rs. 50 Million respectively.
- (b) The Company has provided bank guarantees amounting to Rs. 227.2 Million to Director General of Customs to clear imports during the year 2008 to March 2016. The Bank guarantee related to alleged additional duty payables on imports, claimed by the customs and is being contested by the Company in Courts.

The Court of Appeal made Order that the Director General of Customs continue with the investigations. The Company being aggrieved by the decision of the Court of Appeal 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 has been made in the Financial Statements.

- (c) Singer Finance (Lanka) PLC has provided guarantees to its Fixed Deposit Holders amounting to Rs. 750,000/- holding deposit holders Fixed Deposits amounting to Rs. 964,964/- as security.
- (d) 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 five quarters for the period 1st January 2014 to 30th September 2015. The assessment was for a Deemed VAT payment of Rs. 783 Million and Penalty of Rs. 316 Million totaling to Rs. 1,099 Million.

The Company after carefully reviewing the advice of tax consultant's, is of the opinion that there is no basis for the Company to be made liable for Deemed VAT, hence, no provision has been made in the financial statements. The Company previously sought a clarification from the Inland Revenue Department on the interpretation of the Act and did not receive the required clarification. The Company has appealed against the VAT assessment, requesting to cancel the notice of assessment.

As per the Circular no SEC/2016/02 issued on 29th January 2016 by the Department of Inland Revenue, Deemed VAT is removed with effect from 1st January 2016.

6. Events Occurring after the Balance Sheet Date

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

7. Listed Debentures

Details regarding the listed debentures are as follows:

	Interest Rates of Comparable Government Securities as at Issue Date
14.50% senior rated listed unsecured redeemable on 30th May 2016	12.04%
8.25% senior rated listed unsecured redeemable on 22nd December 2017	6.66%
8.60% senior rated listed unsecured redeemable on 07th June 2018	6.97%
8.55% senior rated listed unsecured redeemable on 07th June 2018	6.97%
10.50% senior rated listed unsecured redeemable on 19th March 2019	9.29%
10.93% senior rated listed unsecured redeemable on 19th March 2019	9.29%

Notes to the Financial Statements

Interest rate of comparable Government Securities as at 31st March 2016 was 9.76%.

Highest Traded Price, Lowest Traded Price, Last Traded Price as at 31st March 2016, Interest Yield and Yield to Maturity of trade are as follows:

	Highest Traded Price Rs.	Lowest Traded Price Rs.	Last Traded Price Rs.	Interest Yield %	Yield to Maturity %
8.25% senior rated listed unsecured redeemable Debentures	99.77	99.77	99.77	8.25	8.25
	31st March 2016			31st March 2015	
Debt Equity Ratio			2.90		2.26
Interest Cover			1.98		1.52
Quick Assets Ratio			0.88		0.84

8. Top 20 Shareholders as at 31st March 2016

Name	No. of Shares	%
1. Singer (Sri Lanka) BV	99,762,850	79.68
2. Bnym SA/NV-CF Ruffer Investment Funds: Cf Ruffer Pacific Fund	5,000,000	3.99
3. Bank of Ceylon A/c Ceybank Unit Trust	4,756,646	3.80
4. Sri Lanka Insurance Corporation Ltd. – General Fund	1,837,500	1.47
5. Pemberton Asian Opportunities Fund	879,367	0.70
6. Deutsche Bank Ag as Trustee for Jb Vantage Value Equity Fund	830,710	0.66
7. Bank of Ceylon A/C Ceybank Century Growth Fund	665,771	0.53
8. Mrs. Mihiri Virani Fernando	620,000	0.50
9. Mrs. Zohra Taher Jafferjee	330,890	0.26
10. J.B. Cocoshell (Pvt) Ltd.	272,044	0.22
11. People's Bank	200,000	0.16
12. Dr. Nimal Ebenezer Herat Sanderatne	179,403	0.14
13. Mrs. Anoma Kamalika Amarasuriya	178,970	0.14
14. Piere Lanka Exports Private Limited	139,450	0.11
15. Mrs. Kalutaravedage Jinangali Manel De Silva	131,248	0.10
16. Mr. Nalin Amita De Silva	126,326	0.10
17. Jafferjee Brothers (Exports) Limited	125,200	0.10
18. Deutsche Bank Ag Singapore Branch	125,000	0.10
19. Mr. Abeyisiri Hemapala Munasinghe	109,548	0.09
20. Mrs. Enoka Kamali Wickramasinghe	106,619	0.09
	<u>116,377,542</u>	<u>92.95</u>
Others	<u>8,832,068</u>	<u>7.05</u>
	<u>125,209,610</u>	<u>100.00</u>

Notes to the Financial Statements

9. Directors' and CEO's Shareholding as at 31st March 2016

Name of the Director	Shareholding 31st March 2016 No. of Shares	Shareholding 31st December 2015 No. of Shares
Dr. Saman Kelegama	-	-
Mr. S.H. Goodman	-	-
Mr. H.A. Pieris	2,000	2,000
Mr. L.N.S. Kumara Samarasinghe	4,124	4,124
Mr. M.H. Wijewardene	-	-
Mr. P.J. O'Donnell	-	-
Mr. G.J. Walker	-	-
Mr. J.J. Hyun	-	-
Mr. A.S. Paranavitane	-	-
Mr. D.T.R. De Silva	-	-
Mr. Deepal Sooriyarachchi	-	-
Mr. K.K.L.P. Yatiwella	-	-

10. Public Holding

Public holding as at 31st March 2016 is 20.32% (As at 31st March 2015 – 13.67%).

No. of public shareholders as at 31st March 2016 – 2,444.

11. Secretary Information

A.C.M. Irzan,
FCMA (UK)
Contact No. 2300129

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