



**SINGER
FINANCE**

SINGER FINANCE (LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
SIX MONTHS ENDED 30TH SEPTEMBER 2014

SINGER[®]
Trusted Excellence



STATEMENT OF FINANCIAL POSITION

As At	30-Sep-2014	30-Sep-2013	31-Mar-2014 (Audited)
	Rs.'000	Rs.'000	Rs.'000
ASSETS			
Cash and Cash Equivalents	62,687	80,936	245,754
Placement with Banks	114,885	115,547	115,884
Hire Purchase Receivables	2,571,572	2,227,690	2,432,798
Finance Lease Receivables	3,657,842	3,699,080	3,620,836
Loans and Advances	1,197,284	813,626	967,540
Financial Instruments - Available-for-Sale	41	41	41
Financial Instruments - Held-to-Maturity	615,861	394,588	453,904
VAT Receivables	1,480	40,240	6,997
Deferred Tax Assets	72,123	33,780	66,838
Intangible Assets	32,181	29,919	32,383
Total Assets	8,608,287	7,634,550	8,151,197
LIABILITIES			
Other Financial Liabilities Due to Customers	4,565,500	3,742,129	4,277,335
Interest Bearing Loans & Borrowings	1,231,888	1,523,081	1,279,545
Trade & Other Payables	431,837	326,408	298,441
Bank Overdraft	42,891	5,202	45,686
Current Tax Liabilities	51,418	25,770	40,659
Deferred Tax Liabilities	81,814	34,755	81,381
Retirement Benefit Obligations	16,810	12,491	14,947
Total Liabilities	6,468,489	5,700,635	6,066,673
SHAREHOLDERS' FUND			
Stated Capital	1,445,333	1,445,333	1,445,333
Reserve Fund	53,885	40,455	53,885
Other Reserve	82,243	84,034	82,243
Retained Earnings	558,337	364,093	503,063
Total Equity	2,139,798	1,933,915	2,084,524
Total Liabilities & Equity	8,608,287	7,634,550	8,151,197
Net Assets per share (Rs)	12.94	11.70	12.61

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

.....
Thushan Amarasuriya
 Chief Financial Officer

The above figures are provisional and subject to audit unless specified.

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

.....
Lalith Yatiwella
 Director

.....
Shanthapriya Wijeweera
 Director/Chief Executive Officer

Colombo
 30th October, 2014

STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 30th September	2014	2013	Variance	
	Rs.'000	Rs.'000	Rs.'000	%
Gross Income	493,548	474,480	19,068	4%
Interest Income	462,983	451,977	11,006	2%
Less: Interest Expense	176,994	191,500	14,506	8%
Net Interest Income	285,989	260,477	25,512	10%
Net Fee and Commission Income	17,498	12,298	5,200	42%
Net Trading Income	69	-	69	0%
Other Income	12,998	10,205	2,793	27%
Total Operating Income	316,554	282,980	33,574	12%
Less: Allowances for Impairment charges for Loan and Other Losses	37,639	60,999	(23,360)	(38%)
Net Operating Income	278,915	221,981	56,934	26%
Less:- Expenses				
Personnel Cost	49,663	32,270	(17,393)	(54%)
Administration & Selling Expenses	93,838	91,373	(2,465)	(3%)
Operating Profit Before Value Added Tax	135,414	98,338	37,076	38%
Less: Value Added Tax on Financial Services	5,724	8,612	2,888	34%
Profit Before Tax	129,690	89,726	39,964	45%
Less: Income Tax Expense	40,559	25,432	(15,127)	(59%)
Net profit for the Period	89,131	64,294	24,837	39%
Other Comprehensive Income	-	-	-	0%
Total Comprehensive Income for the Period	89,131	64,294	24,837	39%
Basic Earnings per Share (Rs)	0.54	0.39		

Share Price	Quarter Ended 30th Sep 2014	Quarter Ended 30th Sep 2013
	Rs.	Rs.
Highest	18.40	13.10
Lowest	12.80	10.50
Closing	18.20	11.20

STATEMENT OF COMPREHENSIVE INCOME

For the Six Months ended 30th September	2014	2013	Variance	
	Rs.'000	Rs.'000	Rs.'000	%
Gross Income	990,527	927,720	62,807	7%
Interest Income	930,699	888,867	41,832	5%
Less: Interest Expense	358,027	381,410	23,383	6%
Net Interest Income	572,672	507,457	65,215	13%
Net Fee and Commission Income	33,689	25,189	8,500	34%
Net Trading Income	107	-	107	0%
Other Income	26,032	13,664	12,368	91%
Total Operating Income	632,500	546,310	86,190	16%
Less: Allowances for Impairment charges for Loan and Other Losses	110,170	115,950	(5,780)	(5%)
Net Operating Income	522,330	430,360	91,970	21%
Less:- Expenses				
Personnel Cost	98,286	74,367	(23,919)	(32%)
Administration & Selling Expenses	173,118	179,720	6,602	4%
Operating Profit Before Value Added Tax	250,926	176,273	74,653	42%
Less: Value Added Tax on Financial Services	14,161	13,097	(1,064)	(8%)
Profit Before Tax	236,765	163,176	73,589	45%
Less: Income Tax Expense	74,024	45,636	(28,388)	(62%)
Net profit for the Period	162,741	117,540	45,201	38%
Other Comprehensive Expenses				
Total Comprehensive Income for the Period	162,741	117,540	45,201	38%
Basic Earnings per Share (Rs)	0.98	0.71		

Share Price	Six Months Ended 30th Sep 2014	Six Months Ended 30th Sep 2013
	Rs.	Rs.
Highest	18.40	15.70
Lowest	12.00	10.50
Closing	18.20	11.20

STATEMENT OF CHANGES IN EQUITY

For the Six Months ended 30th September

	Attributable to Equity Holders of the Company					Total Rs.'000
	Stated Capital Rs.'000	Reserve Fund Rs.'000	Investment Fund Rs.'000	NIT Reserve Fund Rs.'000	Retained Earnings Rs.'000	
Balance as at 01st April 2013	1,445,333	40,455	67,412	570	370,072	1,923,842
Transferred to/(from) During the Period	-	-	14,438	1,614	(16,052)	-
Total Comprehensive Income						
Profit for the Period	-	-	-	-	117,540	117,540
Total Other Comprehensive Income for the Period	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	117,540	117,540
Transactions with Owners, Recorded Directly in Equity						
Dividends	-	-	-	-	(107,467)	(107,467)
Total Transactions with Equity Owners	-	-	-	-	(107,467)	(107,467)
Balance as at 30th Sep 2013	1,445,333	40,455	81,850	2,184	364,093	1,933,915
Transferred to/(from) during the Period	-	13,430	393	(2,184)	(11,639)	-
Total Comprehensive Income						
Profit for the Period	-	-	-	-	151,056	151,056
Other Comprehensive Income						
Re-measurements of Defined Benefit Liability					447	447
Total Other Comprehensive Income for the Period	-	-	-	-	447	447
Total Comprehensive Income for the Period	-	-	-	-	150,609	150,609
Transactions with Owners, Recorded Directly in Equity						
Total Transactions with Equity Owners	-	-	-	-	-	-
Balance as at 31st March 2014	1,445,333	53,885	82,243	-	503,063	2,084,524
Total Comprehensive Income						
Profit for the Period	-	-	-	-	162,741	162,741
Total Other Comprehensive Income for the Period	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	162,741	162,741
Transactions with Owners, Recorded Directly in Equity						
Dividends	-	-	-	-	(107,467)	(107,467)
Total Transactions with Equity Owners	-	-	-	-	(107,467)	(107,467)
Balance as at 30th Sep 2014	1,445,333	53,885	82,243	-	558,337	2,139,798

CASH FLOW STATEMENT

For the Six Months ended 30th September	2014	2013
	Rs. '000	Rs. '000
Cash Flows From/ (Used in) Operating Activities		
Interest Received	835,466	676,947
Interest Payments	(140,603)	(186,225)
Recoveries on Loans Previously Written Off	6,991	1,647
Receipts from Other Operating Activities	128,337	132,776
Cash Payments to employees & suppliers	(432,601)	(305,129)
Operating Profit before changes in Operating Assets and Liabilities	Note A	397,591
Operating Profit before changes in Operating Assets and Liabilities		320,015
(Increase) / Decrease in Operating Assets and Liabilities		
Investments held for Regulatory or Monetary Control Purposes	(161,956)	(56,512)
(Investment in)/Withdrawal From Bank Deposits	999	(65,280)
Funds Advanced to Customers Net of Collections	(496,822)	(285,612)
Deposits from Customers	288,165	423,202
Amounts Due to Related Companies	17,652	-
	(351,962)	15,798
Cash Generated from/(used in) Operations		
Retiring Gratuity Paid	-	(230)
ESC Paid	937	(306)
Income Tax Paid	(68,117)	(23,642)
	(67,180)	(24,177)
Net Cash Generated from/(used in) Operating Activities	(21,552)	311,635
Cash Flows from/(used in) Investing Activities		
Acquisition of Property Plant & Equipment	(2,175)	(20,421)
Incurred on Software Development	(2,107)	(6,533)
Net Cash Flows used in Investing Activities	(4,282)	(26,954)
Cash Flows from/(used in) Financing activities		
Cash Inflows from Interest Bearing Loans & Borrowings	-	1,360,032
Cash Inflows from Interest Bearing Loans - Related party	-	575,000
Repayment of Interest Bearing Loans & Borrowings	(47,656)	(615,452)
Re-payment of Interest Bearing Loans - Related party	-	(1,205,852)
Dividend Paid	(106,782)	(106,532)
Net Cash Flows from/(used in) Financing activities	(154,439)	7,196
Net increase in Cash and Cash Equivalents	(180,272)	291,877
Cash and Cash Equivalents at the beginning of the Period	200,068	(216,144)
Cash and Cash Equivalents at the end of the Period	19,796	75,733
A. Reconciliation of Profit Before Tax with Cash Inflow from Operating Activities		
Profit before Income Tax	236,765	163,176
Depreciation/Amortization	9,678	9,349
Provision for Define Benefit Plans - Gratuity	1,864	1,200
Impairment on Loans Receivables	110,170	115,950
(Increase) / Decrease in Other Receivables	(93,598)	(1,406)
Increase / (Decrease) in and Other Payables	132,712	31,745
	397,591	320,015

Interim Financial Statements for the Six Months Ended 30th Sep 2014

Notes to the Financial Statements

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 30th September	Finance Lease		Hire Purchase		Loan & Advances		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Interest	195,184	207,514	129,303	122,408	80,970	55,980	57,526	66,074	462,983	451,977
Net Fee and Commission Income	6,786	4,368	4,088	2,282	1,601	1,585	5,024	4,063	17,498	12,298
Net Trading Income							69		69	-
Other Operating Income	5,144	2,681	3,829	2,576	848	709	3,178	4,239	12,998	10,205
Total Revenue	207,113	214,564	137,220	127,266	83,419	58,274	65,796	74,375	493,548	474,480
Profit Before Tax	34,286	36,729	44,411	20,693	23,914	18,508	27,078	13,795	129,690	89,726
Income Tax Expense									(40,559)	(25,432)
Profit After Tax									89,131	64,294
Segment Assets	3,657,842	3,699,080	2,571,575	2,227,692	1,197,284	813,626	1,181,588	894,152	8,608,288	7,634,550
Segment Liabilities	3,097,782	3,106,055	2,108,428	1,829,610	921,228	517,483	341,051	247,487	6,468,489	5,700,635

Interim Financial Statements for the Six Months Ended 30th Sep 2014

Notes to the Financial Statements

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 Six Months ended 30th September	Finance Lease		Hire Purchase		Loan & Advances		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Interest	407,201	407,323	260,913	243,032	149,462	97,235	113,123	141,277	930,699	888,867
Net Fee and Commission Income	11,669	8,682	7,272	4,051	5,767	4,835	8,981	7,621	33,689	25,189
Net Trading Income							107		107	-
Other Operating Income	6,122	3,007	4,292	2,718	1,179	913	14,438	7,026	26,032	13,664
Total Revenue	424,992	419,012	272,478	249,801	156,408	102,983	136,649	155,925	990,527	927,720
Profit Before Tax	70,444	72,031	69,394	37,651	49,517	27,701	47,410	25,793	236,765	163,176
Income Tax Expense									(74,024)	(45,636)
Profit After Tax									162,741	117,540
Segment Assets	3,657,842	3,699,080	2,571,575	2,227,692	1,197,284	813,626	1,181,588	894,152	8,608,288	7,634,550
Segment Liabilities	3,097,782	3,106,055	2,108,428	1,829,610	921,228	517,483	341,051	247,487	6,468,489	5,700,635

Notes to the Financial Statements

- 1 The Interim Financial Statements of the Company have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2014, and are in compliance with Sri Lanka Accounting Standards 34 - 'Interim Financial Reporting'.

2 RELATED PARTY TRANSACTIONS

2.1 Identity of Related Parties

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

2.1 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	2014 Rs.Million	2013 Rs.Million
Singer (Sri Lanka) PLC (Parent Company)	Mr. H.D.S. Amarasuriya [Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th April 2013]	Withdrawals of Rental Collections From Singer (Sri Lanka) PLC	720.0	-
		Sales Financed to purchase goods from Singer (Sri Lanka) PLC	153.6	90.6
	Mr. H.A. Pieris [Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th April 2013]	Administrative Fees Paid	-	8.2
		Loans Obtained During The Period	-	575.0
		Loans Settled During The Period	-	1,205.9
		Purchase of Assets	0.4	-
	Dr. S. Kelegama	Dividend Paid (Gross)	86.4	86.4
	Mr. K.K.L.P.Yatiwella [w.e.f. 8th Aug 2014]	Interest Expense	8.9	54.7
		Rental Collections through Singer (Sri Lanka) PLC	987.4	178.8
	Mr. M.P.A. Salgado [Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th June 2014]	Collection Commission Paid	9.5	9.2
		Royalty Paid Through Singer (Sri Lanka) PLC	9.7	9.3
	Mr. G.J. Walker	Rent Reimbursed	6.0	5.8
	Mr. J.Hyun	Expenses Paid Through Singer (Sri Lanka) PLC	114.8	104.1
		Investment in Debenture	-	104.1
		Balance Payable	46.3	30.8
Singer Industries (Ceylon) PLC (Affiliate Company)	Mr. H.D.S. Amarasuriya [Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th April 2013]	Investments Fixed Deposit	93.6	86.3
		Deposits Interest Payment (Gross)	5.0	4.7
	Mr. H.A. Pieris [Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th April 2013]			
	Mr. G.J. Walker			

- 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 B.V.	Intermediate Parent
Singer Asia Holdings N.V.	Intermediate Parent
Singer Asia Ltd	Intermediate Parent
Sewko Holdings Ltd.	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

	2014 Rs.Million	2013 Rs.Million
Deposit kept by Key Management Personnel or their close family members	81.3	46.5

Notes to the Financial Statements

3 COMMITMENT & CONTINGENCIES

There are no significant capital commitments which have been approved or contracted for by the company as at 30th Sep 2014 except following,

3.1 Operating Lease Commitments as at 30th Sep 2014

Within One Year	Rs.16.0 million
Between One to Five Years	Rs.61.0 million
Over Five Years	Rs.9.9 million

3.2 As at 30th Sep 2014, the Company has provided letters of guarantee totaling to Rs. 750,000/- against Fixed Deposits of Rs. 993,234.52**3.3 Assets Pledged as Securities**

The following assets have been pledged as securities against the long term and short term borrowings.

Company has given a negative pledge over the Company's Lease receivable and Hire Purchase receivable, for the following banks over the Loans and Overdrafts having a carrying value of Rs. 1,800 million against unutilized facilities to the value of Rs. 1,300 million .

Sampath Bank
Commercial Bank
Seylan Bank
Nations Trust Bank

4 EVENTS AFTER THE REPORTING PERIOD

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

5 LISTED DEBENTURES

Details regarding the listed Debentures are as follows.

1. 14% 36 month Debentures Unsecured redeemable on 10 September 2016.	Rs.411.3 million
2. 14.25% 48 month Debentures Unsecured redeemable on 10 September 2017.	Rs.410.5 million
3. 14.50% 60 month Debentures Unsecured redeemable on 10 September 2018.	Rs.410.1 million
Interest rate of comparable Government Securities as at date of issue, 29th August 2013 was 11.17%	

The Listed Debentures were not traded during the period 10th September 2013 to 30th Sep 2014. Therefore, Highest Traded price, Lowest Traded Price, Last Traded Price as at 30th Sep 2014, Interest Yield and Yield to Maturity of trade were not available.

	30th Sep 2014	30th Sep 2013
Debt Equity Ratio	2.73	2.74
Interest Cover	1.66	1.43

6 Directors' and CEO's Debenture Holding as at 30th Sep 2014

Name of the Director	No of Debentures 30th Sep 2014
Dr. S. Kelegama	-
Mrs. M.A. Tharmaratnam	-
Mr. J.A. Setukavalar	-
Mr. J. Hyun	-
Mr. G.J. Walker	-
Mr. J. Kan (Appointed w.e.f. 30th April 2013)	-
Mr. R.S. Wijeweera (Chief Executive Officer)	-
Mr. M.P.A. Salgado (Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th June 2014)	-
Mr. J. Mendis (Appointed w.e.f. 31st July 2014)	15,000
Mr. S. Ramanathan (Alternate Director to Mr. J.J. Hyun) (Appointed w.e.f. 30th April 2013)	-
Mr. K.K.L.P. Yatiwella (Alternate Director to Mr. G.J. Walker) (Appointed w.e.f. 31st July 2014)	-
Mr. P.J.P. De Silva (Alternate Director to Mr. Y.C.J. Kan) (Appointed w.e.f. 30th April 2013)	3,000

Notes to the Financial Statements

7 INFORMATION ON ORDINARY SHARES

a) Stated Capital	30-Sep-2014	30-Sep-2013
Value-Ordinary Shares	Rs.1,445,333,342/-	Rs.1,445,333,342/-
No of Shares-Ordinary Shares	165,333,334	165,333,334
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

b) Twenty Largest holders of Shares as at 30th Sep 2014

Name	No of Shares	%
1 Singer (Sri Lanka) PLC	132,931,054	80.40
2 Associated Electrical Corporation Ltd	2,050,000	1.24
3 DPMC Assetline Holdings (Pvt) Ltd	1,773,698	1.07
4 Mr.Shakir Asgerally Lukmanjee	417,000	0.25
5 Mercantile Investments And Finance Plc	400,000	0.24
7 Seylan Bank Limited/Ruwan Prasanna Sugathadasa	372,628	0.23
6 A E C Properties (Pvt) Ltd	360,000	0.22
8 Seylan Bank Plc/Mr.Duleep Nissanka Daluwatte	301,800	0.18
9 Mr. Chrysanthus John Emmanuel Corea	280,000	0.17
10 Mr.Loku Narangodage Sarath Kumara Samarasinghe	265,000	0.16
11 Mr. Arunasalam Sithampalam	236,280	0.14
12 Miss. Elizabeth Eugene Mack	231,206	0.14
13 Mr. Periyasaami Pillai Thevarajah	208,680	0.13
14 Mr.Vidyaratne Ganitaguruge Kulatunge Vidyaratne	205,000	0.12
15 Mr.Chandasiri Jayasingha Pandita Siriwardana	200,000	0.12
16 Navara Capital Limited	200,000	0.12
17 Mr. Saifuddin Esmail Patel	184,565	0.11
18 Pan Asia Banking Corporation Plc/ Mr.A.S.R.Silva	175,000	0.11
19 Waldo Mackenzie Limited/Mrs.A.C.Jayasinghe	169,935	0.10
20 Rockport Limited	168,794	0.10
	141,130,640	85.36
Others	24,202,694	14.64
	165,333,334	100.00

c) Directors' and CEO's Shareholding as at 30th Sep 2014

Name of the Director	Shareholding 30-Sep-2014 No of Shares	Shareholding 31-March-2014 No of Shares
Dr. S. Kelegama	-	-
Mrs. M.A. Tharmaratnam	-	-
Mr. J.A. Setukavalar	-	-
Mr. J. Hyun	-	-
Mr. G.J. Walker	-	-
Mr. J. Kan (Appointed w.e.f. 30th April 2013)	-	-
Mr. R.S. Wijeweera (Chief Executive Officer)	31,003	31,003
Mr. M.P.A. Salgado (Resigned from Singer Finance (Lanka) PLC Board w.e.f. 30th June 2014)	68,442	68,442
Mr. J. Mendis (Appointed w.e.f. 31st July 2014)	42,000	42,000
Mr. S. Ramanathan (Alternate Director to Mr. J.J. Hyun) (Appointed w.e.f. 30th April 2013)	-	-
Mr. K.K.L.P. Yatiwella (Alternate Director to Mr. G.J. Walker) (Appointed w.e.f. 31st July 2014)	-	-
Mr. P.J.P. De Silva (Alternate Director to Mr. Y.C.J. Kan) (Appointed w.e.f. 30th April 2013)	47,000	47,000

d) Public Holding

	30-Sep-2014	30-Sep-2013
No of Share Holders	8,344	9,095
No of Shares	32,277,777	32,213,835
% of Public Holding	19.52%	19.48%

8 Company Secretary

Mr.Thushan Amarasuriya
Tel : 2-316316