



SINGER[®]

Trusted Excellence

SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015

Group Chief Executive Officer's Review

Singer Group did extremely well in 2015. Group Revenue increased 30% to Rs. 38.7 Billion- a Rs. 9 Billion increase over prior year.

Group Net Profit for the year was Rs. 1,236 Million an increase of 58% when compared with prior year. In case of the Company, Net Profit for the year was Rs. 859 Million, an increase of 85%.

During the 4th quarter of 2015, Group Revenue increased by 31% and Group Net profit increased by 49%, when compared with the 4th quarter of prior year.

The growth is due both to the initiatives undertaken by the Group and improvement in 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.

The business environment during the year was better than prior year due to lower interest rates and higher consumer spending. During the month of September, Sri Lanka witnessed a sharp devaluation of the Rupee of around 5%; interest rates also increased in the 4th quarter. However, as the results for the 4th quarter indicate, we were successful in growing the business despite these challenges.

With regard to product lines we had growth across the board. In case of our traditional product lines, such as refrigerators, we grew by 25%, panel televisions by 24% and sewing machines by 15%. Growth in the new product categories was even stronger: mobile phones grew by 93%, deep freezers by 82%, computers by 50%, washing machines by 42% and air conditioners by 33%.

The new Distributorships / Brands of DELL, SONY, SHARP and MITSUBISHI, which were obtained in 2014 and 2015 did very well with sales of Rs. 3.6 Billion in 2015 compared to sales of Rs. 0.8 Billion in 2014 – an increase of 450%.

At the Company's public listed subsidiary Singer Finance (Lanka) PLC, revenue increased 5% and Net Profit increased 24%, for the year. Despite the good volume growth of business, the low revenue growth is due to the reduction in lending rates. However, better credit performance and lower borrowing rates lead to growth in Net Income.

The Company's new subsidiary Singer Digital Media (Pvt) Limited, which concentrates on the sale of mobile phones and computers to the trade channel, had Revenue to external parties of Rs. 3.5 Billion.

After the year end, as announced previously, 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. We expect that with the addition of these companies, Singer (Sri Lanka) PLC Group would show even stronger results in 2016 and thereafter.

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

I also thank the Chairman and former 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

February 25, 2016

Statement of Profit or Loss and Other Comprehensive Income

	Group		Company		Variance			Variance		
For the quarter ended 31st December	2015 Rs. '000	2014 Rs. '000	2015 Rs. '000	2014 Rs. '000	Group Rs. '000	%	Company Rs. '000	%		
Revenue	11,566,790	8,839,987	9,911,747	7,793,256	2,726,803	+	31	2,118,490	+	27
Cost of Sales	(8,285,790)	(6,041,408)	(7,208,762)	(5,540,374)	(2,244,382)	+	37	(1,668,388)	+	30
Direct Interest Cost	(169,494)	(157,470)	—	—	12,024	+	8	—	—	—
Gross Profit	3,111,506	2,641,109	2,702,985	2,252,882	470,397	+	18	450,103	+	20
Other Income	144,347	19,585	93,771	20,745	124,761	+	637	73,026	+	352
Selling and Administration Expenses	(2,282,991)	(1,977,052)	(2,095,482)	(1,811,718)	(305,938)	+	15	(283,765)	+	16
Other Operating Expenses	(79,431)	(76,283)	(71,228)	(71,318)	(3,147)	+	4	(90)	-	—
Finance Cost	(273,125)	(251,491)	(273,629)	(245,509)	(21,633)	+	9	(28,121)	+	11
Finance Income	60,816	54,112	79,383	32,674	6,704	+	12	46,709	+	143
Net Finance Cost	(212,309)	(197,379)	(194,246)	(212,835)	(14,930)	+	8	(18,589)	-	9
Share of Profit of Equity Accounted Investees (Net of Income Tax)	530	967	—	—	437	-	45	—	—	—
Value Added Tax on Financial Services	(36,604)	(17,693)	(14,500)	(6,800)	(18,910)	+	107	(7,700)	+	113
Profit before Tax	645,048	393,253	421,300	170,957	251,795	+	64	250,343	+	146
Income Tax Expense	(239,789)	(120,699)	(139,757)	(66,296)	(119,090)	+	99	(73,461)	+	111
Profit for the Period	405,259	272,554	281,543	104,661	132,705	+	49	176,882	+	169
Other Comprehensive Income										
Revaluation of Property, Plant & Equipment	—	134,237	—	134,237						
Actuarial Loss on Retirement Benefit Obligation	(41,244)	(13,830)	(40,252)	(11,659)						
Tax on Other Comprehensive Income	11,548	(10,762)	11,271	(11,370)						
Other Comprehensive Income for the Period	(29,696)	109,645	(28,981)	111,208						
Total Comprehensive Income for the Period	375,563	382,199	252,562	215,870						
Profit Attributable to –	—	—	—	—						
Owners of the Company	385,021	255,086	281,543	104,661						
Non-Controlling Interest	20,238	17,468	—	—						
Profit for the Period	405,259	272,554	281,543	104,661						
Total Comprehensive Income Attributable to –										
Owners of the Company	355,466	364,731	252,562	215,870						
Non-Controlling Interest	20,097	17,468	—	—						
Total Comprehensive Income for the Period	375,563	382,199	252,562	215,870						
Earnings per Share – Basic (Rs.)	3.08	2.04	2.24	0.84						

Above figures are provisional and subject to audit.

Share Prices	4th Quarter 2015 Rs.	4th Quarter 2014 Rs.
Highest	144.00	128.90
Lowest	122.00	104.00
Last Traded Price	137.90	117.90

Statement of Profit or Loss and Other Comprehensive Income

<i>For the year ended 31st December</i>	Group 2015 Rs. '000	2014 Rs. '000	Company 2015 Rs. '000	2014 Rs. '000	Variance Group Rs. '000	%	Variance Company Rs. '000	%
Revenue	38,710,834	29,699,602	33,311,395	27,130,594	9,011,231	+ 30	6,180,801	+ 23
Cost of Sales	(26,602,061)	(19,265,536)	(23,531,269)	(18,664,273)	(7,336,525)	+ 38	(4,866,996)	+ 26
Direct Interest Cost	(644,459)	(711,017)	—	—	(66,558)	- 9	—	—
Gross Profit	11,464,314	9,723,049	9,780,126	8,466,321	1,741,263	+ 18	1,313,805	+ 16
Other Income	240,935	124,311	296,622	165,715	116,624	+ 94	130,908	+ 79
Selling and Administration Expenses	(8,433,353)	(7,345,509)	(7,649,157)	(6,625,967)	(1,087,843)	+ 15	(1,023,190)	+ 15
Other Operating Expenses	(293,713)	(279,916)	(269,522)	(260,799)	(13,797)	+ 5	(8,721)	+ 3
Finance Cost	(1,091,235)	(1,103,695)	(1,094,741)	(1,111,556)	(12,460)	- 1	(16,815)	- 2
Finance Income	116,687	112,366	164,053	64,148	4,320	+ 4	99,905	+ 156
Net Finance Cost	(974,548)	(991,328)	(930,688)	(1,047,408)	(16,780)	- 2	(116,720)	- 11
Share of Profit of Equity Accounted Investees (Net of Income Tax)	2,042	1,963	—	—	80	+ 4	—	—
Value Added Tax on Financial Services	(110,403)	(76,961)	(31,700)	(37,600)	(33,442)	+ 43	(5,900)	- 16
Profit before Tax	1,895,274	1,155,608	1,195,681	660,261	739,666	+ 64	535,421	+ 81
Income Tax Expense	(659,236)	(373,974)	(335,977)	(196,630)	(285,261)	+ 76	(139,347)	+ 71
Profit for the Period	1,236,038	781,633	859,704	463,633	454,405	+ 58	396,073	+ 85
Other Comprehensive Income								
Revaluation of Property, Plant & Equipment	—	134,237	—	134,237				
Revaluation of Property, Plant & Equipment	(41,244)	(13,830)	(40,252)	(11,659)				
Tax on Other Comprehensive Income	11,548	(10,762)	11,271	(11,370)				
Total Comprehensive Income for the Period, Net of Tax	(29,696)	109,645	(28,981)	111,208				
Total Comprehensive Income for the Period	1,206,342	891,278	830,723	574,841				
Profit Attributable to –								
Owners of the Company	1,152,770	714,207	859,704	463,633				
Non-Controlling Interest	83,268	67,426	—	—				
Profit for the Period	1,236,038	781,633	859,704	463,633				
Total Comprehensive Income Attributable to –								
Owners of the Company	1,123,216	824,159	830,723	574,841				
Non-Controlling Interest	83,126	67,120	—	—				
Total Comprehensive Income for the Period	1,206,342	891,278	830,723	574,841				
Earnings per Share – Basic (Rs.)	9.21	5.70	6.87	3.70				

Above figures are provisional and subject to audit.

	Ended 2015 Rs.	Ended 2014 Rs.
Share Prices		
Highest	152.00	128.90
Lowest	105.50	82.00
Last Traded Price	137.90	117.90

Statement of Financial Position

As at 31st	Group		Company	
	December 2015	December 2014	December 2015	December 2014
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	2,715,401	2,667,909	2,600,437	2,603,691
Intangible Assets	249,892	243,646	200,297	205,413
Investments in Subsidiaries	—	—	992,242	987,242
Investments in Equity Accounted Investees	54,831	55,189	48,000	48,000
Other Financial Assets	17,061	17,061	616,303	166,303
Trade and Other Receivables	7,222,705	5,778,199	1,620,582	1,564,675
Deferred Tax Assets	259,733	185,024	239,312	178,385
	<u>10,519,623</u>	<u>8,947,028</u>	<u>6,317,173</u>	<u>5,754,709</u>
Current Assets				
Inventories	6,919,159	5,475,791	6,677,026	5,178,215
Loans due from Related Parties	65,891	65,135	1,122,638	717,069
Trade and Other Receivables	13,854,091	10,963,330	8,908,953	7,043,914
Amounts due from Related Parties	—	—	234,257	298,389
Deposits with Banks	85,344	110,388	—	—
Other Financial Assets	606,011	653,380	—	—
Cash and Cash Equivalents	910,169	1,176,934	876,594	914,488
	<u>22,440,665</u>	<u>18,444,958</u>	<u>17,819,468</u>	<u>14,152,075</u>
Total Assets	<u>32,960,288</u>	<u>27,391,986</u>	<u>24,136,641</u>	<u>19,906,784</u>
EQUITY AND LIABILITIES				
Equity				
Stated Capital	626,048	626,048	626,048	626,048
Capital Reserves	857,580	870,358	857,580	870,358
Statutory Reserve	73,318	136,128	—	—
Revenue Reserves	4,728,455	3,842,675	3,612,779	3,082,301
Total Equity Attributable for Equity Holders of the Company	<u>6,285,401</u>	<u>5,475,209</u>	<u>5,096,407</u>	<u>4,578,707</u>
Non-Controlling Interest	<u>484,584</u>	<u>441,960</u>	—	—
Total Equity	<u>6,769,985</u>	<u>5,917,169</u>	<u>5,096,407</u>	<u>4,578,707</u>
Non-Current Liabilities				
Interest-Bearing Loans and Borrowings	8,091,907	4,226,596	6,250,000	3,146,637
Retirement Benefit Obligations	486,465	383,912	457,182	362,593
Deferred Taxation Liability	114,820	119,789	114,820	119,789
Security Deposits	851,794	732,124	851,794	732,124
Other Financial Liabilities	645,008	798,492	—	—
	<u>10,189,994</u>	<u>6,260,913</u>	<u>7,673,796</u>	<u>4,361,143</u>
Current Liabilities				
Trade and Other Payables	4,971,206	3,818,024	3,928,630	3,021,472
Deferred Revenue	318,460	235,334	318,460	235,334
Income Tax Payable	350,295	212,842	133,791	109,210
Dividends Payable	17,515	15,491	17,515	15,491
Amounts due to Related Parties – Trade	454,203	301,695	771,744	767,168
Amounts due to Related Parties – Non-Trade	122,214	90,246	125,239	90,246
Other Financial Liabilities	2,722,825	3,696,150	—	—
Interest-Bearing Loans and Borrowings	7,043,592	6,844,121	6,071,059	6,728,013
	<u>16,000,309</u>	<u>15,213,904</u>	<u>11,366,438</u>	<u>10,966,934</u>
Total Equity and Liabilities	<u>32,960,288</u>	<u>27,391,986</u>	<u>24,136,641</u>	<u>19,906,784</u>
Net Assets per Share	50.20	43.73	40.70	36.57

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.) Mahesh Wijewardene
Director
Colombo,
25th February 2016

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

Statement of Changes in Equity

For the year ended 31st December 2015

Group	Attributable to Equity Holders of the Company						Total	Non-Controlling Interest	Total Equity
	Stated Capital	Statutory Reserve		Revaluation Reserves	General Reserves	Retained Earnings			
		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 2014	626,048	40,455	87,992	762,034	2,500,000	947,543	4,964,072	395,903	5,359,975
Realisation of Revaluation Surplus	—	—	—	(11,279)	—	11,279	—	—	—
Transferred to/(from) during the Year	—	13,430	(5,749)	—	100,000	(107,681)	—	—	—
Transactions with Owners of the Company, Recognised Directly in Equity									
Distributions to Owners of the Company									
Final Dividend - 2013	—	—	—	—	—	(313,024)	(313,024)	—	(313,024)
Dividend Paid by Subsidiary Company to Non-Controlling Interest - 2014	—	—	—	—	—	—	—	(21,061)	(21,061)
Total Comprehensive Income for the Period									
Profit for the Year	—	—	—	—	—	714,208	714,208	67,426	781,634
Other Comprehensive Income									
Surplus on Revaluation for the year	—	—	—	134,237	—	—	134,237	—	134,237
Actuarial Loss on Retirement Benefit Obligation	—	—	—	—	—	(13,405)	(13,405)	(426)	(13,830)
Tax on Other Comprehensive Income	—	—	—	(14,635)	—	3,753	(10,881)	119	(10,762)
Total Other Comprehensive Income for the Period	—	—	—	119,603	—	(9,651)	109,951	(306)	109,645
Total Comprehensive Income for the Period	—	—	—	119,603	—	704,557	824,160	67,120	891,279
Balance at 31st December 2014	626,048	53,885	82,243	870,358	2,600,000	1,242,674	5,475,207	441,960	5,917,169
Realisation of Revaluation Surplus	—	—	—	(12,778)	—	12,778	—	—	—
Transferred to/(from) during the Year	—	19,433	(82,243)	—	100,000	(37,190)	—	—	—
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)
Dividend Paid by Subsidiary Company to Non-Controlling Interest – 2014	—	—	—	—	—	—	—	(40,503)	(40,503)
Total Distributions to Owners of the Company	—	—	—	—	—	(313,024)	(313,024)	(40,503)	(353,527)
Total Comprehensive Income for the Period									
Profit for the Year	—	—	—	—	—	1,152,771	1,152,771	83,268	
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	—	—	—	—	—	1,123,217	1,123,217	83,126	1,206,343
Balance at 31st December 2015	626,048	73,318	—	857,580	2,700,000	2,028,454	6,285,400	484,584	6,769,985

Statement of Changes in Equity

Company	Stated Capital Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance at 1st January 2014	626,048	762,034	2,500,000	428,810	4,316,892
Realisation of Revaluation Surplus	—	(11,279)	—	11,279	—
Transferred to/(from) during the Year	—	—	100,000	(100,000)	—
Final Dividend – 2014	—	—	—	(313,024)	(313,024)
Total Comprehensive Income for the Period					
Profit for the Three Months Period	—	—	—	463,631	463,631
Other Comprehensive Income					
Realisation on Revaluation Surplus	—	134,237	—	—	134,237
Actuarial Loss on retirement benefit obligation	—	—	—	(11,659)	(11,659)
Tax on other comprehensive income	—	(14,635)	—	3,264	(11,370)
Total Other Comprehensive Income for the Period		119,603		(8,394)	111,208
Total Comprehensive Income for the Period		119,603		455,237	574,839
Balance at 31st December 2014	626,048	870,358	2,600,000	482,301	4,578,707
Realisation on Revaluation Surplus		(12,778)		12,778	—
Transferred to/(from) during the Year			100,000	(100,000)	
Transactions with Owners of the Company, Recognised Directly in Equity					
Distributions to Owners of the Company					
Final Dividend – 2014	—	—	—	(313,024)	(313,024)
Total Distributions to Owners of the Company				(313,024)	(313,024)
Total Comprehensive Income for the Period					
Profit for the Nine Months Period	—	—	—	859,704	899,704
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				830,723	830,723
Balance at 31st December 2015	626,048	857,580	2,700,000	912,779	5,096,407

Statement of Cash Flows

<i>For the nine months ended 31st December</i>	Group		Company	
	2015	2014	2015	2014
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash Flows from Operating Activities				
Net Profit before Income Tax Expense	1,895,275	1,155,608	1,195,683	660,261
Adjustments for -				
Depreciation on Property, Plant & Equipment	306,776	290,187	288,663	275,936
Share of Profit from Equity Accounted Investees	(2,042)	(1,963)	-	-
Amortisation of Intangible Assets	18,724	20,816	12,646	15,951
Gain on Disposal of Property, Plant & Equipment	(2,258)	6,221	(2,258)	6,221
Interest Expense	1,091,235	1,101,910	1,094,741	1,110,350
Interest Income	(116,687)	(112,366)	(164,053)	(64,148)
Impairment of Inventories	233,746	89,268	185,379	89,268
Impairment on Trade and Other Receivables	42,670	209,126	37,935	151,801
Dividend Income	(2,159)	(36)	(178,802)	(77,765)
Provision for Retiring Gratuity	74,737	64,626	67,676	59,729
Operating Profit before Working Capital Changes	3,540,017	2,823,397	2,537,609	2,227,602
(Increase)/Decrease in Inventories	(1,677,114)	(409,392)	(1,684,190)	(111,817)
(Increase)/Decrease in Debtors Falling Due after One Year	(1,444,505)	(108,970)	(55,907)	(50,544)
(Increase)/Decrease in Debtors Falling Due within One Year	(2,933,431)	(1,685,303)	(1,902,974)	(827,008)
(Increase)/Decrease in Dues from Related Parties	45,073	(45,073)	64,132	(277,143)
Increase/(Decrease) in Dues to Related Parties	139,403	34,322	39,569	454,723
Increase/(Decrease) in Security Deposits	119,670	80,359	119,670	80,359
Increase/(Decrease) in Customer Deposit Liabilities	(1,126,810)	726,412	-	-
Increase/(Decrease) in Trade and Other Payables	1,153,182	558,534	907,159	184,125
Increase/(Decrease) in Deferred Liabilities	83,126	214,455	83,126	214,455
Cash Generated from Operations	(2,101,390)	2,188,742	108,194	1,894,755
Finance Costs Paid	(1,033,132)	(1,027,487)	(1,156,141)	(1,039,849)
Retiring Gratuity Paid	(13,428)	(14,578)	(13,340)	(14,578)
Income Tax Paid	(589,913)	(192,323)	(365,021)	(81,601)
Net Cash from/(used in) Operating Activities	(3,737,862)	954,354	(1,426,307)	758,727
Cash Flows from Investing Activities				
Acquisition of Property, Plant & Equipment and Intangible Assets	(386,970)	(398,650)	(300,670)	(379,540)
Proceeds from Disposal of Property, Plant & Equipment	9,990	7,544	9,990	7,544
Investment in Shares/Debentures in Subsidiary Company	-	-	(455,000)	(5,000)
(Acquisition)/Disposal of Marketable Securities	47,369	(225,495)	-	-
Investment in Bank Deposits	25,044	3,571,231	-	-
Net Cash Flows from Loans Given to Related Companies	(756)	4,500	(405,570)	(647,434)
Interest Income Received	116,687	112,366	164,053	64,148
Dividends Received	4,559	36	178,802	77,765
Net Cash Flows from Investing Activities	(184,078)	(496,126)	(808,395)	(882,516)
Cash Flows from Financing Activities				
Net Proceeds from Interest-Bearing Loans and Borrowings	3,557,304	851,956	2,197,683	1,278,238
Net Payment to Minority Shareholders	(40,503)	(21,061)	-	-
Dividends Paid	(311,000)	(312,489)	(311,000)	(312,489)
Net Cash Flow from Financing Activities	3,205,801	518,405	1,886,682	965,749
Net Increase/(Decrease) in Cash and Cash Equivalents	(716,139)	976,632	(348,019)	841,960
Cash and Cash Equivalents at the beginning of the Year	827,988	(148,644)	607,657	(234,304)
Cash and Cash Equivalents at the end of the Period	111,849	827,988	259,637	607,656

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 2014, are in compliance with Sri Lanka Accounting Standard 34 – ‘Interim Financial Reporting’.

2.1 Segmental Analysis of Company Net Turnover is as Follows:

	Quarter Ending 31st December 2015 Rs. '000	Quarter Ending 31st December 2014 Rs. '000	Year Ending 31st December 2015 Rs. '000	Year Ending 31st December 2014 Rs. '000
Consumer Electronics	2,008,588	1,699,854	6,375,230	5,512,794
Financial Services	703,887	637,701	2,788,801	2,602,772
Furniture	584,298	451,320	1,994,224	1,545,613
Home Appliances	3,567,366	2,732,441	12,989,596	9,862,458
IT Products	1,428,906	823,939	3,950,713	3,275,532
Sewing	1,078,838	971,237	3,311,345	2,734,643
Other	539,865	476,765	1,901,486	1,596,781
	9,911,747	7,793,256	33,311,395	27,130,594

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

	Quarter Ending 31st December 2015 Rs. '000	Quarter Ending 31st December 2014 Rs. '000	Year Ending 31st December 2015 Rs. '000	Year Ending 31st December 2014 Rs. '000
Consumer Electronics	97,737	55,627	244,490	160,610
Dividend Income	27,230	–	178,802	77,465
Furniture	29,483	10,821	74,417	36,189
Home Appliances	185,142	67,508	484,235	244,425
IT Products	16,047	5,423	42,919	41,023
Sewing	47,953	22,824	117,847	69,800
Other	17,707	8,754	52,971	30,750
	421,300	170,957	1,195,681	660,261

2.3 Segmental Analysis of Group Net Turnover is as Follows:

Sewing Products

	Quarter Ending 31st December 2015 Rs. '000	Quarter Ending 31st December 2014 Rs. '000	Year Ending 31st December 2015 Rs. '000	Year Ending 31st December 2014 Rs. '000
Consumer Electronics	2,008,588	1,699,854	6,375,230	5,512,794
Financial Services	1,140,060	1,094,902	4,664,160	4,439,171
Furniture	584,298	451,320	1,994,224	1,545,613
Home Appliances	3,567,366	2,732,441	12,989,596	9,862,458
IT Products	2,647,835	1,413,468	7,474,605	4,008,141
Sewing	1,078,838	971,237	3,311,345	2,734,643
Other	539,804	476,765	1,901,672	1,596,781
	11,566,790	8,839,987	38,710,834	29,699,602

Notes to the Financial Statements

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

	Quarter Ending 31st December 2015 Rs. '000	Quarter Ending 31st December 2014 Rs. '000	Year Ending 31st December 2015 Rs. '000	Year Ending 31st December 2014 Rs. '000
Consumer Electronics	97,737	53,625	244,490	160,309
Financial Services	180,358	151,779	667,897	489,998
Furniture	29,483	10,821	74,417	36,189
Home Appliances	185,142	67,508	484,235	244,425
IT Products	86,137	76,938	249,355	122,138
Sewing	47,953	22,824	117,847	69,800
Other	17,707	8,754	52,832	30,750
Dividend	—	36	2,159	36
Share of Profit on Equity Accounted Investees	530	967	2,042	1,963
	645,048	393,253	1,895,274	1,155,608

3. Related Parties

3.1 Identity of Related Parties

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

3.2 Transactions with Parent Companies

(a) During the year, the Company had following transactions with its Parent Companies:

Singer Asia Ltd. – (Intermediate Parent)

	2015 Rs. million	2014 Rs. million
Royalty Expenses	370.1	301.5
Royalty Payable Balance as at Period End	130.6	98.1

Singer Asia Holdings BV – (Intermediate Parent)

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

Notes to the Financial Statements

3.3 Transactions with Subsidiary Companies

Name of the Company and Relationship	Nature of Transaction	2015 Rs. million	2014 Rs. million
Singer Finance (Lanka) PLC (Subsidiary Company)	Sales Financed through Singer Finance (Lanka) PLC	412.8	312.2
Dr. S. Kelegama (Chairman)	Withdrawal of Rental Collections from Singer (Sri Lanka) PLC	1,661.6	1,501.7
Mr. J.A. Setukavalar	Interest Income/(Expense)	2.3	12.9
Ms. M. Tharmaratnam	Dividend Received – Gross	166.2	86.4
Mr. G.J. Walker	Cash Collection through Singer (Sri Lanka) PLC	2,313.4	2,018.1
Mr. J.J. Hyun	Expenses Paid	249.6	208.0
Mr. J. Khan	Administrative Fee Charged/(Paid)	–	0.1
Mr. K.K.L.P. Yatiwella	Collecting Commission Paid through Singer (Sri Lanka) PLC	21.3	19.3
Mr. R.S. Wijeweera	Purchase of Assets	2.5	0.9
Mr. S. Ramanathan	Rent Reimbursed	13.9	11.8
Mr. P.J.P. De Silva (Resigned w.e.f. 30th June 2015)	Royalty Paid through Singer (Sri Lanka) PLC	12.7	19.2
Mr. J. Mendis	Loans Obtained During The Period	300.0	–
	Balance Receivable	96.7	63.4
	Loan Receivable	300.0	–
Singer Digital Media (Pvt) Ltd.	Purchases	1,897.0	681.3
Mr. H.A. Pieris	Expenses Reimbursed	95.3	–
Mr. M.H. Wijewardena	Interest Charged	62.6	11.0
Mr. K.K.L.P. Yatiwella	Royalty paid through	39.2	8.0
	Loan Granted	1,267.6	651.9
	Loan Settlements	1,140.3	–
	Capital Invested	–	5.0
	Balance Receivable – Loans	756.7	651.9
	Balance Payable – Trade	275.3	331.0
	Balance Payable – Non Trade	135.8	327.0
	Corporate Guarantee Given	50.0	50.0
Singer Business School (Pvt) Ltd.	Services Provided	5.2	–
Mr. H.A. Pieris	Expenses Reimbursed	2.6	–
Mr. M.H. Wijewardena	Capital Invested	5.0	–
Mr. K.K.L.P. Yatiwella	Balance Payable	1.3	–

3.4 Transactions with Associate Companies

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

Reality (Lanka) Ltd.

		2015 Rs. million	2014 Rs. million
Rent Expense	Dr. S. Kelegama	4.9	5
Loan Receivable	Mr. G.J. Walker	65.9	65.1
	Mr. H.A. Pieris		

Notes to the Financial Statements

(b) Following company is an Associate Company of Singer (Sri Lanka) PLC, with whom Singer (Sri Lanka) PLC or Singer Finance (Lanka) PLC had no transactions taken place other than through Advertising Agencies during the year:

Telshan Network (Pvt) Ltd.

3.5 Transactions with Other Related Parties:

Transaction with following parties have been disclosed in Note 3.6

Company	Relationship
Regnis (Lanka) PLC	Affiliate Company
Singer Industries (Ceylon) PLC	Affiliate Company
Regnis Appliances (Pvt) Ltd.	Affiliate Company

3.6 Transactions with Affiliate Companies

Name of the Company and Relationship	Nature of Transaction	2015	2014
		Rs. million	Rs. million
Singer Industries (Ceylon) PLC (Affiliate Company)	Purchases	837.5	817.1
Dr. S. Kelegama (Appointed w.e.f. 01.04.2015)	Corporate Guarantee Given	75.0	75.0
Mr. H.A. Pieris	Lease Rental Paid	4.2	3.8
Mr. G.J. Walker	Net Finance Charges	0.4	0.4
Mr. V.G.K. Vidyarthne	Trade Creditor Settled	848.4	814.0
Mr. Ranil De Silva	Expenses Reimbursed	5.0	1.6
Mr. K.D. Kospelawatta	Balance Payable	97.3	109.3
Mr. H.D.S. Amarasuriya (Resigned w.e.f. 31.03.2015)			
Mr. A.M. De Silva Jayaratne			
Regnis (Lanka) PLC(Affiliate Company)	Purchases	3,186.0	2,566.5
Dr. S. Kelegama (Appointed w.e.f. 01.04.2015)	Sales Taxes	425.8	366.6
Mr. H.A. Pieris	Corporate Guarantees given	455.5	455.5
Mr. V.G.K. Vidyarthne	Interest Expense	2.0	—
Mr. K.D. Kospelawatta (Appointed w.e.f. 01.04.2015)	Non-Trade Settlement	25.0	50.0
Mr. H.D.S. Amarasuriya (Resigned w.e.f. 31.03.2015)	Trade Credit Settled	3,522.4	2,941.5
Mr. Ranil De Silva	Expenses Reimbursed	49.8	61.3
Mr. G.J. Walker	Fixed Assets Purchases	3.5	0.1
	Transfer of Staff Loan	0.9	0
	Balance Payable	216.6	147.4
Regnis Appliances (Pvt) Ltd. (Affiliate Company)	Purchases	933.7	608.1
Dr. S. Kelegama (Appointed w.e.f. 01.04.2015)	Trade Settlements	961.7	711.7
Mr. H.A. Pieris	Sales Taxes	123.9	86.9
Mr. V.G.K. Vidyarthne	Expenses paid	11.8	3.9
Mr. K.D. Kospelawatta (Appointed w.e.f. 01.04.2015)	Finance charged	2.8	0.9
Mr. H.D.S. Amarasuriya (Resigned w.e.f. 31.03.2015)	Non-Trade Settlement	8.3	2.7
	Balance Payable	140.3	45.8

Notes to the Financial Statements

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

(i) Transactions with Key Management Personnel or Their Close Family Members

	2015 Rs. million	2014 Rs. million
Deposits kept by Key Management Personnel or their close family members of Singer (Finance) PLC	22.4	83.2

- 3.8** The Company is authorized to use the name “SINGER” as part of its corporate name so long as Singer Asia Limited continues to hold, directly or indirectly, at least a majority of the voting stock of the Company.

4. Stated Capital

	31st December 2015	31st December 2014
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

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 50 million respectively.
- (b)** The Company has provided bank guarantees amounting to Rs. 197.2 million to the Director General of Customs to clear imports during the years 2008 to 2015. The Bank guarantees related to alleged addition duty payable 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 is made in the Financial Statements.
- (c)** Singer Finance (Lanka) PLC has provided guarantees to its Fixed Deposit Holders amounting to Rs. 1,350,000/-, holding deposit holders fixed deposits amounting to Rs. 1,558,492/- as security.

Notes to the Financial Statements

6. Events Occurring after the Balance Sheet Date

6.1 Acquisition of Subsidiary

(I) Acquisition of Singer Industries (Ceylon) PLC

On 04th January 2016, the Group acquired 83.55% of the shares and voting interests in Singer Industries (Ceylon) PLC and obtaining control of Singer Industries.

Consideration transferred

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

Identifiable assets acquired and liabilities assumed

As of the acquisition date following net assets has acquired by Singer (Sri Lanka) PLC

Property, Plant & Equipment	613,339,700
Investment Property	126,000,000
Investment in Equity Accounted Investee	61,685,397
Other Receivables	609,246
Inventories	152,333,800
Trade and Other Receivables	101,023,661
Prepayments	13,500,633
Income Tax Recoverable	4,204,902
Investments in Fixed Deposits	100,838,788
Cash and Cash Equivalents	520,521
Deferred Tax Liabilities	(3,877,490)
Retirement Benefit Obligations	(48,869,228)
Trade and Other Payables	(99,697,737)
Provisions	(9,188,328)
Dividend Payable	(844,956)
Interest Bearing Loans & Borrowings	(22,656,993)
Total Net Assets Acquired	988,921,916

Goodwill arising from the acquisition has been recognized as follows.

Based on the acquired net Assets , Gain on Bargain purchase arises in Singer Industries (Ceylon) acquisition.

Total Net Assets as of the Acquisition Date	988,921,916
– Non Controlling Interest	(162,673,451)
Net Assets Attributable to Singer Sri Lanka PLC	826,248,465
Consideration Paid	(664,070,355)
Gain on Bargain Purchase	162,178,110

Notes to the Financial Statements

(II) Acquisition of Regnis (Lanka) PLC

On 23rd February 2016, the Group acquired 58.29% of the shares and voting interests in Regnis Lanka PLC and obtaining control of the Regnis.

Consideration transferred

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

Identifiable assets acquired and liabilities assumed

As of the acquisition date following net assets has acquired by Singer (Sri Lanka) PLC

Property, Plant and Equipment	624,311,428
Intangible Assets	534,271
Investment in Subsidiary	150,000,000
Available for sale financial asset	20,561,799
Other Receivables	2,889,267
Inventories	505,132,026
Trade and Other Receivables	255,535,690
Other Taxes Recoverable	4,847,550
Prepayments	6,253,819
Cash at Bank and in Hand	6,292,703
Deferred Tax Liabilities	(63,618,770)
Employee Benefits	(74,522,947)
Loans and Borrowings	(34,825,789)
Trade and Other Payables	(186,894,497)
Provisions	(32,740,300)
Current Tax Liabilities	(68,709,625)
Dividends Payable	(2,244,237)
Total Net Assets Acquired	1,112,802,388

Goodwill arising from the acquisition has been recognized as follows.

Based on the acquired net Assets, Goodwill arises in Regnis (Lanka) PLC acquisition.

Total Net Assets as of the Acquisition Date	1,112,802,388
– Non Controlling Interest	(464,108,036)
Net Assets Attributable to Singer Sri Lanka PLC	648,694,352
Consideration Paid	722,530,710
Goodwill on Acquisition	73,836,358

Notes to the Financial Statements

6.2 Final Dividend - 2015

Directors have proposed the payment of final dividend of Rs. 4.20 per share amounting to Rs. 525.9 million for the year ended 31st December 2015 which will be declared by the Annual General Meeting to be held on 31st March 2016. Company had the required solvency in accordance with Section 57 of Companies Act No. 07 of 2007, and has obtained a certificate from Auditors, prior to declaring final dividend which is to be paid on 11th April 2016. In accordance with Sri Lanka Accounting Standard No. 10 on "Events after reporting period", the proposed final dividend has not been recognised as a liability at the Reporting date.

Except for the above there were no events after the reporting period, which require adjustments as disclosed in the Financial Statements.

7. Listed Debentures

Details regarding the listed debentures are as follows:

	Interest rate of Comparable Government Securities as at Issue Date (%)
1. 15.5% senior rated unsecured redeemable on 24th July 2015	14.62
2. 17% senior rated listed unsecured redeemable on 30th September 2015	13.74
3. 17% senior rated listed unsecured redeemable on 24th December 2015	13.53
4. 14.5 % senior rated listed unsecured redeemable on 30th May 2016	12.04
5. 8.25 % senior rated listed unsecured redeemable on 22nd December 2017	6.66
6. 8.60 % senior rated listed unsecured redeemable on 7th June 2018	6.97
7. 7.54 % senior rated listed unsecured redeemable on 7th June 2018	6.97

Interest rate of comparable Government Securities as at 31st December 2015 was 6.98%

Highest traded price, lowest traded price, last traded price as at 31st December 2015, 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 Rs.	Yield to Maturity Rs.
2. 14.5% senior rated listed unsecured redeemable debentures	101.57	101.57	101.57	14.28	3.74

	31 December 2015	31 December 2014
Debt Equity Ratio	1.23	0.71
Interest Cover	3.16	1.52
Quick Assets Ratio	0.98	0.84

Notes to the Financial Statements

8. Top 20 Shareholders as at 31st December 2015

Name	No. of Shares	%
1. Singer (Sri Lanka) BV	107,812,850	86.11
2. Bank of Ceylon A/c Ceybank Unit Trust	4,531,279	3.62
3. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund Deut	830,710	0.66
4. Bank of Ceylon A/c Ceybank Century Growth Fund	661,792	0.53
5. Mrs. Mihiri Virani Fernando	618,000	0.49
6. Mrs. Zohra Taher Jafferjee	330,890	0.26
7. Piere Lanka Export (Pvt) Ltd.	232,496	0.19
8. People's Bank	200,000	0.16
9. Dr. Nimal Ebenezer Herat Sanderatne	179,403	0.14
10. Mrs. Anoma Kamalika Amarasuriya	178,970	0.14
11. Mrs. Maria Tasneem Moosajee	154,257	0.12
12. Mrs. Kalutaravedage Jinangali Manel De Silva	131,248	0.10
13. Mr. Nalin Amita De Silva	126,326	0.10
14. Jafferjee Brothers (Exports) Ltd.	125,200	0.10
15. Mr. Abey Siri Hemapala Munasinghe	109,548	0.09
16. Mrs. Enoka Kamali Wickramasinghe	106,619	0.09
17. Mrs. Jasbinderjit Kaur Piara Singh	89,606	0.07
18. Mr. Hemaka Devapriya Senarath Amarasuriya	89,482	0.07
19. Merchant Bank of Sri Lanka Ltd. - Union	88,894	0.07
20. Sri Lanka Insurance Corporation Ltd. - General Fund	87,500	0.07
	116,685,070	93.19
Others	8,524,520	6.81
Total	125,209,610	100.00

9. Directors' and CEO's Shareholding as at 30th December 2015

Name of the Director	Shareholding 31st December 2015 No. of Shares	Shareholding 31st December 2014 No. of Shares
Dr. Saman Kelegama	-	-
Mr. D.T.R. De Silva	-	-
Mr. Deepal Sooriyarachchi	-	-
Mr. J.J. Hyun	-	-
Mr. G.J. Walker	-	-
Mr. P.J. O'Donnell	-	-
Mr. H.A. Pieris	2,000	2,000
Mr. M.H. Wijewardene	-	-
MR. K.K.L.P. Yatiwella	-	-
Mr. L.N.S. Kumara Samarasinghe	4,124	4,124
Mr. A.S. Paranavitane	-	-

10. Public Holding

Public holding as at 31st December 2015 is 13.89% (As at 31st December 2014 – 13.65%).

Number of Public shareholders as at 31st December 2015 – 2,444

11. Secretary Information

A.C.M Irzan, FCMA (UK)

Contact No. 2300129

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