



**SINGER
FINANCE**

SINGER FINANCE (LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
THREE MONTHS ENDED 30TH JUNE 2018

SINGER[®]
Trusted Excellence

STATEMENT OF FINANCIAL POSITION

As At	30-June-2018	30-June-2017	31-Mar-2018 (Audited)
	Rs.'000	Rs.'000	Rs.'000
ASSETS			
Cash and Cash Equivalents	209,537	332,147	295,703
Placement with Banks	82,095	81,772	81,504
Hire Purchase Receivables	55,291	241,193	82,845
Finance Lease Receivables	12,130,813	9,739,572	11,383,225
Loans and Advances	3,116,530	2,328,635	2,900,363
Financial Instruments - Available-for-Sale	41	41	41
Financial Instruments - Held-to-Maturity	685,629	537,320	671,383
Due from Related Companies	357,428	211,057	336,269
Other Debtors, and Prepayments	250,175	221,838	210,265
Intangible Assets	47,967	38,441	49,420
Property, Plant & Equipment	128,626	119,642	120,587
Total Assets	17,064,132	13,851,658	16,131,605
LIABILITIES			
Other Financial Liabilities Due to Customers	4,792,660	3,315,710	5,356,078
Interest Bearing Loans & Borrowings	5,191,592	5,658,087	4,313,601
Interest Bearing Loans - Related party	1,425,000	500,000	1,000,000
Trade & Other Payables	673,359	468,937	761,936
VAT Payable	2,937	1,982	2,479
Due to Related Companies	439,648	247,470	465,346
Bank Overdraft	796,326	674,240	676,917
Current Tax Liabilities	77,560	95,800	10,047
Deferred Tax Liabilities	154,876	39,942	154,876
Retirement Benefit Obligations	57,422	38,759	55,213
Total Liabilities	13,611,380	11,040,927	12,796,493
SHAREHOLDERS' FUND			
Stated Capital	1,996,444	1,445,333	1,996,444
Reserve Fund	136,009	113,852	136,009
Retained Earnings	1,320,299	1,251,546	1,202,659
Total Equity	3,452,752	2,810,731	3,335,112
Total Liabilities & Equity	17,064,132	13,851,658	16,131,605
Net Assets per share (Rs)	17.09	17.00	16.50

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

.....
(Sgd) Eraj Fernando
Head of Finance

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.
Singed for and on behalf of the Board by,

.....
(Sgd) A.Perera
Chairman

.....
(Sgd) Thushan Amarasuriya
Director/Chief Executive Officer

Colombo
25th June 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Three Months ended 30th June 2018		2018	2017	Variance	
	Note	Rs.'000	Rs.'000	Rs.'000	%
Gross Income	9.1	937,530	730,346	207,184	28%
Interest Income	10	867,364	685,065	182,299	27%
Less: Interest Expense	11	359,482	288,790	(70,692)	(24%)
Net Interest Income		507,882	396,275	111,607	28%
Net Fee and Commission Income	12	60,380	36,632	23,748	65%
Net Trading Income	13	558	47	511	1,087%
Other Income	14	9,228	8,602	626	7%
Total Operating Income		578,048	441,556	136,492	31%
Less: Allowances for Impairment charges for Loan and Other Losses		61,037	43,980	(17,057)	(39%)
Net Operating Income		517,011	397,576	119,435	30%
Less:- Expenses					
Personnel Cost		110,873	79,334	(31,539)	(40%)
Administration & Selling Expenses		179,057	149,106	(29,951)	(20%)
Operating Profit Before Value Added Tax		227,081	169,136	57,945	34%
Less: Value Added Tax on Financial Services		41,928	29,423	(12,505)	(43%)
Profit Before Tax		185,153	139,713	45,440	33%
Less: Income Tax Expense		67,513	49,598	(17,915)	(36%)
Net profit for the Period		117,640	90,115	27,525	31%
Other Comprehensive Income		-	-	-	0%
Other Comprehensive Income for the Period, Net of Tax		-	-	-	0%
Total Comprehensive Income for the Period		117,640	90,115	27,525	31%
Basic Earnings per Share (Rs)		0.58	0.55		

Share Price

	Three Months Ended	
	30st June 2018	30th June 2017
	Rs.	Rs.
Highest	16.40	21.00
Lowest	14.10	17.10
Closing	14.30	18.00

STATEMENT OF CHANGES IN EQUITY

For the Three Months ended 30th June 2018

	Attributable to Equity Holders of the Company			
	Stated Capital Rs.'000	Reserve Fund Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 01st April 2017	1,445,333	113,852	1,161,431	2,720,616
Transferred to/(from) During the Period	-	-	-	-
Total Comprehensive Income				
Profit for the Period	-	-	90,115	90,115
Other Comprehensive Income	-	-	-	-
Total Other Comprehensive Income for the Period	-	-	-	-
Total Comprehensive Income for the Period	-	-	90,115	90,115
Transactions with Owners, Recorded Directly in Equity				
Dividends	-	-	-	-
Total Transactions with Equity Owners	-	-	-	-
Balance as at 30th June 2017	1,445,333	113,852	1,251,546	2,810,731
Transferred to/(from) during the Period	-	22,157	(22,157)	-
Total Comprehensive Income				
Profit for the Period	-	-	346,524	346,524
Other Comprehensive Income	-	-	-	-
Total Other Comprehensive Income for the Period	-	-	-	-
Total Comprehensive Income for the Period	-	-	346,524	346,524
Transactions with Owners, Recorded Directly in Equity				
Issue of Shares	551,111	-	-	551,111
Direct Cost on Right Issue	-	-	(1,989)	(1,989)
Dividends	-	-	(371,265)	(371,265)
Total Transactions with Equity Owners	551,111	-	(373,254)	177,857
Balance as at 31st March 2018	1,996,444	136,009	1,202,659	3,335,112
Transferred to/(from) During the Period	-	-	-	-
Total Comprehensive Income				
Profit for the Period	-	-	117,640	117,640
Other Comprehensive Income				
Total Other Comprehensive Income for the Period	-	-	-	-
Total Comprehensive Income for the Period	-	-	117,640	117,640
Transactions with Owners, Recorded Directly in Equity				
Total Transactions with Equity Owners	-	-	-	-
Balance as at 30th June 2018	1,996,444	136,009	1,320,299	3,452,752

CASH FLOW STATEMENT

For the Three Months ended 30th June 2018	2018	2017
	Rs.'000	Rs.'000
Cash Flows From Operating Activities		
Profit Before Tax	185,153	139,713
Adjustments for		
Non-Cash Items Included In Profit Before Tax		
Interest Income from Investing Activities	(16,481)	(14,641)
Interest Income from Placement With Banks	(2,179)	(2,559)
Finance Cost	292,690	248,066
Depreciation/Amortization	8,878	7,975
Provision for Define Benefit Plans - Gratuity	3,500	2,250
Provision for Bad Debt	61,037	43,980
Debenture Issue Cost	1,955	2,358
Operating Profit Before Changes In Operating Assets And Liabilities	534,553	427,142
Changes In;		
Increase in Lease Rentals Receivables	(779,421)	(457,878)
Decrease in Hire Debtors	27,252	79,604
Increase in Loans and Advances	(245,068)	(422,647)
Increase in Other Assets	(35,505)	(21,025)
Increase in Due from Related Companies	(21,160)	(210,130)
Increase/(Decrease) In Public Deposits	(542,532)	89,888
Increase/(Decrease) in amounts due to Related Companies	(25,699)	178,101
Decrease in Other Liabilities	(56,354)	(68,870)
Cash used in Operations	(1,143,934)	(405,815)
Finance costs paid	(300,035)	(214,823)
Retiring Gratuity Paid	(1,292)	(334)
ESC Paid	(4,407)	(9,629)
Income Tax Paid	-	(41,796)
Net Cash used in Operating Activities	(1,449,668)	(672,398)
Cash Flows from/(used in) Investing Activities		
Acquisition of Property Plant & Equipment	(15,464)	(1,873)
Incurred on Software Development	-	(7,517)
Investment in Investment Securities	-	15,000
Interest Income Received	3,823	13,491
Net Cash Flows from/(used in) Investing Activities	(11,641)	19,101
Cash Flows from/(used in) Financing Activities		
Issue of Commercial Papers	-	3,137
Loans Obtained During the Period Other Than Related Party	1,330,000	660,000
Loans Obtained During the Period From Related Party	425,000	(37,500)
Repayment of Loans Other Than Related Party	(467,500)	-
Repayment of Commercial Papers	-	(3,033)
Dividends Paid	(31,766)	(31)
Net Cash Flows from Financing Activities	1,255,734	622,573
Net decrease in Cash and Cash Equivalents	(205,575)	(30,724)
Cash and Cash Equivalents at the beginning of the Period	(381,215)	(311,370)
Cash and Cash Equivalents at the end of the Period	(586,790)	(342,094)

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 2018.

2 COMMITMENT & CONTINGENCIES

There are no significant capital commitments which have been approved or contracted for by the company as at 30th June 2018 except following,

2.1 Operating Lease Commitments as at 30th June 2018

Within One Year	Rs. 23.4 million
Between One to Five Years	Rs. 55.6 million
Over Five Years	Rs. 19.3 million

- 2.2 (a) As at 30th June 2018, the Company has provided letters of guarantee totaling to Rs. 1,050,000/- against Fixed Deposits of Rs. 1,269,928.19/-

(b) During the year of 2016/17, the Commissioner General of Inland Revenue has issued an assessment notice for the year of assessment 2013/14 on Singer Finance (Lanka) PLC pertaining to an additional tax liability on account of disallowing impairment charge on Leasing business. The assessment is for a value Rs. 31.8 million and a penalty of Rs. 15.9 million totalling to Rs. 47.7 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, hence, no provision has been made in the financial statements. The Company has appealed against the assessment, requesting the entire tax and penalty be held over pending settlement of the appeal under section 173 (6) of the Inland Revenue Act, No 10 of 2006.

(c) During the year of 2017/18, the Commissioner General of Inland Revenue has issued an assessment notice for the year of assessment 2014/15 on Singer Finance (Lanka) PLC pertaining to an additional tax liability on account of disallowing impairment charge. The assessment is for a value Rs. 56.4 million and a penalty of Rs. 28.2 million totalling to Rs. 84.6 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, hence, no provision has been made in the financial statements. The Company has appealed against the assessment, requesting the entire tax and penalty be held over pending settlement of the appeal under section 173 (6) of the Inland Revenue Act, No 10 of 2006.

(d) Under the finance companies (single borrowers limit) direction no 4 of 2006/1, the value of unsecured accommodations granted to and outstanding at any point of time from all borrowers should not exceed 5% of the capital funds as shown in the last audited balance sheet. However as of 30/06/2018, the balance has been exceeded in the credit card product by Rs.396.3 Mn .

2.3 Assets Pledged as Securities

Value of negative pledge amounting to Rs.7,737,285,000 over the Company's Lease receivable and Hire Purchase receivable, for the following banks over Loans, Overdrafts & Debentures having a carrying value of Rs. 5,987,300,000 as at 30th June 2018.

			Carrying Value Rs.	Amount Pledged Rs.
Sampath Bank	130% of the Banks's exposure	Loan	975,900,000	1,722,465,000
		Overdraft Facility	300,000,000	
Commercial Bank	150% of the Banks's exposure	Overdraft Facility	200,000,000	300,000,000
Seylan Bank	130% of the Banks's exposure	Loan	561,400,000	1,054,820,000
		Overdraft Facility	250,000,000	
Nations Trust Bank	130% of the Banks's exposure	Loan	1,150,000,000	1,560,000,000
		Overdraft Facility	50,000,000	
Deutsche Bank	110% of the Debenture exposure	Debenture	2,500,000,000	3,100,000,000
			<u>5,987,300,000</u>	<u>7,737,285,000</u>

3 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.

Notes to the Financial Statements

4 LISTED DEBENTURES

Details regarding the listed Debentures are as follows.

	Face Value Rs.	Maturity Date	Interest rate of Comparable Government Securities
1. 14.50% 60 months Debentures Unsecured	416,666,666	10-September-2018	as at 29th August 2013 was 11.17%
2. 9.95% 60 months Debentures Secured	1,500,000,000	16-June-2020	as at 11th June 2015 was 8.35%
3. 11.5% 36 months Debentures Secured	409,300,000	06-April-2019	as at 1st April 2016 was 13%
4. 12% 48 months Debentures Secured	590,700,000	06-April-2020	as at 1st April 2016 was 13%
Interest rate of Comparable Government Securities as at 30th June 2018 was 10.51%			

The Listed Debentures were not traded during the period 01st April 2018 to 30th June 2018. Therefore, Highest Traded price, Lowest Traded Price, Last Traded Price as at 30th June 2018, Interest Yield and Yield to Maturity of trade were not available.

	30-June-2018	30-June-2017
Debt Equity Ratio	3.54	3.61
Interest Cover	1.52	1.48
Quick Assets Ratio	1.87	2.39

5 Directors' and CEO's Debenture holding as at 30th June 2018

Name of the Director	No of Debentures 30-June-2018	No of Debentures 30-June-2017
Mr. Aravinda Perera (Appointed w.e.f. 2nd October 2017)	-	-
Mr. J.A. Setukavalar	-	-
Mr. Priyath Salgado (Appointed w.e.f. 2nd October 2017)	-	-
Mr. Jayanth Perera (Appointed w.e.f. 2nd October 2017)	-	-
Mr. R.S. Wijeweera (Chief Executive Officer) (Resigned w.e.f. 30th June 2018)	10,000	10,000
Mr. G.J. Walker	-	-
Ms. D. Talpahewa (Appointed w.e.f. 2nd October 2017)	-	-
Mr. L.S. Sadeep Perera (Appointed w.e.f. 2nd October 2017)	-	-
Mr. T.A.Amarasuriya (Chief Executive Officer/Executive Director) (Appointed w.e.f. 1st July 2018)	-	-
Mr. K.K.L.P.Yatiwella (Alternate Director to Mr. G.J. Walker)	10,000	10,000
Mr. S. Ramanathan (Alternate Director to Mr. L.S. Sadeep Perera) (Resigned w.e.f. 24th April 2018)	-	-
Mr. C.A.Samarasinghe (Alternate Director to Mr. D. Talpahewa)	-	-

6 INFORMATION ON ORDINARY SHARES

a) Stated Capital	30-June-2018	30-June-2017
Value-Ordinary Shares	Rs.1,996,444,457/-	Rs.1,445,333,342/-
No of Shares-Ordinary Shares	202,074,075	165,333,334
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

- b) Hayleys PLC together with its subsidiaries acquired 61.7% of of Singer (Sri Lanka) PLC on 15th September 2017. Accordingly, Hayleys PLC became the ultimate parent company with effect from 15th September 2017.

<u>Company</u>	<u>Relationship</u>
Hayleys PLC	Ultimate Parent
Singer (Sri Lanka) PLC	Parent

Notes to the Financial Statements

c) Twenty Largest holders of Shares as at 30th June 2018

Name	No of Shares	%
1 Singer (Sri Lanka) PLC	164,267,209	81.29
2 Employees Trust Fund Board	3,440,878	1.70
3 Associated Electrical Corporation Ltd	2,947,500	1.46
4 Mr. Atapattu Mudiyanse Chandra Soma Sunil Atapattu	758,115	0.38
5 Mrs. Hemalatha Gracelin Elizabeth Arumugampillai	684,500	0.34
7 Seylan Bank PLC/Dr.Thirugnanasambandar Senthilvel	682,436	0.34
6 United Motors Lanka PLC	679,224	0.34
8 Hatton National Bank PLC/Shakir Asgerally Lukmanjee	569,867	0.28
9 People'S Leasing & Finance PLC/Hi Line Trading (Pvt) Ltd	528,977	0.26
10 Unimo Enterprises Ltd	521,885	0.26
11 Bank Of Ceylon A/C NDB Wealth Growth Fund	516,841	0.26
12 A E C Properties (Pvt) Ltd.	440,000	0.22
13 Hatton National Bank PLC/Arunasalam Sithampalam	420,944	0.21
14 Mercantile Investments and Finance PLC	400,000	0.20
15 Mr. Murtaza Ali Abidhussen Hassanally Esufally	385,000	0.19
16 Mrs. Hewa Matharage Swarnamali Wijesinghe & Mr. P.N. Palliyaguru	380,000	0.19
17 Mr. Chelliah Ramachandran & Miss. E. Ramachandran	365,200	0.18
18 Mr. Loku Narangodage Sarath Kumara Samarasinghe	325,000	0.16
19 Mr. Amarakoon Mudiyanse Weerasinghe	307,434	0.15
20 Mr. Vidyaratne Ganitaguruge Kulatunge Vidyaratne	250,555	0.12
	178,871,565	88.52
Others	23,202,510	11.48
	202,074,075	100.00

d) Directors' and CEO's Shareholding as at 30th June 2018

Name of the Director	Shareholding 30-June-2018 No of Shares	Shareholding 31-March-2018 No of Shares
Mr. Aravinda Perera (Appointed w.e.f. 2nd October 2017)	-	-
Mr. J.A. Setukavalar	-	-
Mr. Priyath Salgado (Appointed w.e.f. 2nd October 2017)	12,224	12,224
Mr. Jayanth Perera (Appointed w.e.f. 2nd October 2017)	-	-
Mr. R.S. Wijeweera (Chief Executive Officer) (Resigned w.e.f. 30th June 2018)	37,892	37,892
Mr. G.J. Walker	-	-
Ms. D. Talpawewa (Appointed w.e.f. 2nd October 2017)	-	-
Mr. L.S. Sadeep Perera (Appointed w.e.f. 2nd October 2017)	-	-
Mr. T.A.Amarasuriya (Chief Executive Officer/Executive Director) (Appointed w.e.f. 1st July 2018)	50,155	50,155
Mr. K.K.L.P.Yatiwella (Alternate Director to Mr. G.J. Walker)	-	-
Mr. S. Ramanathan (Alternate Director to Mr. L.S. Sadeep Perera) (Resigned w.e.f. 24th April 2018)	-	-
Mr. C.A.Samarasinghe (Alternate Director to Mr. D. Talpawewa)	-	-

e) Public Holding

	30-June-2018	30-June-2017
No of Share Holders	6,996	7,156
No of Shares	37,671,262	32,245,722
% of Public Holding	18.66%	19.50%
Float Adjusted Market Capitalization	Rs.542,981,122/-	

The Company is not Compliant with option 5 of the Listing Rules 7.13.1 (a) - Less than Rs.2.5Bn Float Adjusted Market Capitalization which requires 20% minimum Public Holding

7 Explanatory Note

Sri Lanka Accounting Standard-SLFRS 9 on "Financial Instruments"

The Sri Lanka Accounting Standard – SLFRS 9 on “Financial Instruments”, which replaces the existing guidance on LKAS 39 on “Financial Instruments: Recognition and Measurement” has become effective for annual reporting periods beginning on or after January 01, 2018. SLFRS 9 replaces the “Incurred Loss Model” in LKAS 39 with forward looking “Expected Loss Model (“ECL”) which requires considerable judgement over how changes in economic factors affect ECL, which in turn is to be determined on a probability weighted basis. SLFRS 9 also contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed based on their cash flow characteristics.

Based on the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements” issued by The Institute of Chartered Accountants of Sri Lanka entities are granted with the option to prepare Interim Financial Statements continuing the application of LKAS 39 with disclosures on impact to the Income Statement and Statement of Profit or Loss and Other Comprehensive Income for the period if SLFRS 9 has been applied.

Accordingly, as permitted by the above SoAT, the Company has prepared the Interim Financial Statements for the quarter ended June 30, 2018 based on LKAS 39.

8 Information of the Company Secretary

Hayleys Group Services (Pvt) Ltd
TP: 2-627000