



SINGER[®]

Trusted Excellence



SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2013

Group Chief Executive Officer's Review

Singer Group ended the year with a very marginal growth in the top line while bottom line declined by 58%.

The business environment continued to be difficult in 2013 - a trend that we saw from second half of 2012, with low demand by the customers and difficulty in collections. The consumer segments served by Singer were further affected by an increase in electricity charges in the current year on top of the increase last year.

While collections were difficult, the strong systems and culture at Singer supplemented by an on-line real time ERP system, use of call centre for collections, use of reminders by SMS for collections together with traditional collection drives ensured that our arrears were well under control. Apart from the actions mentioned above, the company took several defensive measures for control of inventory and to strengthen the Balance Sheet.

At the same time, the challenging environment also gave opportunities. Retail shop space were available at low rents and new brands and agencies were available to Singer.

There is consensus that the medium-term prospects for Sri Lanka will be very good. Hence while on one hand we had to be mindful of the slowdown in the current environment, we also had to consider being ready for the medium-term growth. As a result, we did not stop our renovation of existing shops, expansion of shops, venturing into new areas, adding new brands and agencies and improvement of our infrastructure.

The Group revenue for the year was Rs. 25.5 billion representing a 0.2% growth, while the Company Revenue was Rs. 23.7 billion, a 0.6% decline in Company revenue. Although revenue declined by 0.6%, gross sales revenue increased by 1.7%. However, as the retail sector came under Value Added Tax (VAT), the VAT increased. Therefore the revenue which is recorded net of VAT, declined.

The Company's communications segment continued to do very well and increased revenue by 80%. The furniture segment grew by 9%, agro by 6.5% while transport segment grew marginally. The other segments declined.

The Group net profit for the year was Rs. 519 million, which was a decline of 58% when compared with prior year. In case of the Company, net profit for the year was Rs. 299 million which was a decline of 71%.

Selling and administration expenses increased by 13% due to inflation, expansion of shops and increase in electricity expenses. The net finance cost for the period increased by 41% for the Company and 32% for the Group. The increase in these costs versus a zero growth in the top line lead to the decline in profits. The income tax was lower due to lower profits.

The fourth quarter profits were impacted by corrections to the expense lines. However the fourth quarter saw an improvement - Revenue grew by 3.1% compared to a decline in the three prior quarters.

The Company's subsidiary Singer Finance (Lanka) PLC., did very well to increase revenue by 11% and net profit by 26% for the year.

I wish to place on record my appreciation of all our staff for their contribution and commitment in challenging market conditions.

I also thank the Chairman and Board of Directors of the Company and the Chairman and the 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

Colombo
28th February 2014

Statement of Comprehensive Income

	Group		Company		Variance		Variance	
For the quarter ended 31st December	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000	Group Rs.'000	%	Company Rs.'000	%
Revenue	6,940,929	6,739,255	6,497,706	6,305,355	201,675	+ 3	192,351	+ 3.1
Cost of Sales	(4,512,810)	(4,277,999)	(4,512,810)	(4,277,999)	(234,811)	+ 5	(234,811)	+ 5
Direct Interest Cost	(176,612)	(151,140)		—	(25,472)	+ 17	—	—
Gross Profit	2,251,507	2,310,116	1,984,897	2,027,356	(58,608)	— 3	(42,459)	— 2
Other Income	27,496	29,371	24,409	36,917	(1,875)	— 6	(12,508)	— 34
Selling and Administration Expenses	(1,842,660)	1,480,182	(1,672,586)	(1,321,697)	(362,478)	+ 24	(350,889)	+ 27
Other Operating Expenses	11,737	(63,639)	11,968	(60,142)	75,375	— 118	72,110	— 120
Finance Cost	(312,890)	(323,691)	(312,890)	(323,691)	10,801	— 3	10,801	— 3
Finance Income	49,952	56,691	34,927	67,230	(6,739)	— 12	(32,304)	— 48
Net Finance Cost	(262,938)	(267,000)	(277,963)	(256,461)	(4,061)	+ 2	(21,502)	— 8
Share of Profit/(Loss) of Equity Accounted Investees (Net of Income Tax)	311	4,658	—	—	4,346	— 93	—	—
Value Added Tax on Financial Services	(7,201)	(12,703)	(2,000)	(7,300)	5,502	— 43	5,300	— 73
Profit before Tax	178,252	520,622	68,725	418,673	342,370	— 66	349,948	— 84
Income Tax Expense	(69,238)	(183,442)	(45,933)	(142,329)	(114,204)	— 62	(96,396)	— 68
Profit for the Period	109,014	337,180	22,792	276,344	228,165	— 68	253,552	— 92
Other Comprehensive Income								
Revaluation of Property, Plant and Equipment	—	148,602	—	148,602				
Income Tax on Other Comprehensive Income	—	(21,655)	—	(21,655)				
Employee benefit plan actuarial Gain/Loss	(4,175)	(30,935)	(3,728)	(28,908)				
Other Comprehensive Income for the Period - Net of Tax	(4,175)	96,011	(3,728)	98,039				
Total Comprehensive Income for the Period	104,839	433,192	19,064	374,382				
Profit Attributable to:								
Owners of the Company	93,018	327,596	22,792	276,344				
Non-Controlling Interests	15,995	9,585	—	—				
Profit for the Period	109,014	337,180	22,792	276,344				
Total Comprehensive Income Attributable to:								
Owners of the Company	88,842	423,607	19,064	374,382				
Non-Controlling Interest	15,995	9,585	—	—				
Total Comprehensive Income for the Period	104,839	433,192	19,064	374,382				
Earnings per Share - Basic (Rs.)	0.74	2.62	0.18	2.21				

Above figures are provisional and subject to audit.

Share Prices	4th Quarter 2013 Rs.	4th Quarter 2012 Rs.
Highest	99.90	124.00
Lowest	80.10	95.00
Last Traded Price	89.00	102.30

Statement of Comprehensive Income

For the year ended 31st December	Group		Company		Variance		Variance	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000	Group Rs.'000	%	Company Rs.'000	%
Revenue	25,485,561	25,441,494	23,717,117	23,850,203	44,067	+ 0	(133,086)	+ 1
Cost of Sales	(16,064,939)	(16,120,453)	(16,064,939)	(16,120,453)	(55,514)	- 0	(55,514)	- 0
Direct Interest Cost	(656,149)	(547,208)	-	-	(108,941)	+ 20	-	-
Gross Profit	8,764,473	8,773,832	7,652,178	7,729,750	9,360	+ 1	77,572	- 1
Other Income	131,154	122,014	192,965	221,965	9,140	- 7	(29,000)	- 13
Selling and Administration Expenses	(6,653,633)	(5,891,856)	(5,961,869)	(5,345,748)	(761,777)	+ 12	(616,121)	+ 12
Other Operating Expenses	(208,922)	(228,346)	(195,079)	(215,855)	(19,425)	- 9	(20,778)	- 10
Finance Cost	(1,352,309)	(1,054,025)	(1,352,309)	(1,054,025)	(298,284)	+ 28	298,284	+ 28
Finance Income	92,153	99,060	134,198	189,387	6,908	- 7	(55,189)	- 29
Net Finance Cost	(1,260,157)	(954,965)	(1,218,111)	(864,638)	(305,191)	+ 32	(353,473)	+ 41
Share of Profit/(Loss) of Equity Accounted Investees (Net of Income Tax)	1,292	5,768	-	-	4,476	- 78	-	-
Value Added Tax on Financial Services	(45,758)	(49,295)	(22,050)	(29,052)	(3,537)	- 7	7,002	- 24
Profit before Tax	728,450	1,777,153	448,034	1,496,421	(1,048,704)	- 59	(1,048,387)	- 70
Income Tax Expense	(209,592)	(552,789)	(149,482)	(458,575)	(343,196)	- 62	(309,092)	- 67
Profit for the Period	518,858	1,224,363	298,552	1,037,846	(709,505)	- 58	(739,294)	- 71
Other Comprehensive Income								
Revaluation of Property, Plant and Equipment	-	148,602	-	148,602				
Income Tax on Other Comprehensive Income	-	(21,655)	-	(21,655)				
Employee benefit plan actuarial Gain/Loss	(4,175)	(30,935)	(3,728)	(28,908)				
Other Comprehensive Income for the Period - Net of Tax	(4,175)	96,011	(3,728)	98,039				
Total Comprehensive Income for the Period	514,683	1,320,375	294,824	1,135,884				
Profit Attributable to:								
Owners of the Company	458,860	1,168,270	298,552	1,037,846				
Non-Controlling Interests	59,998	56,094	-	-				
Profit for the Period	518,858	1,224,363	298,552	1,037,846				
Total Comprehensive Income Attributable to:								
Owners of the Company	454,773	1,264,679	294,824	1,135,884				
Non-Controlling Interest	59,910	55,696	-	-				
Total Comprehensive Income for the Period	514,683	1,320,375	294,824	1,135,884				
Earnings per Share - Basic (Rs.)	3.67	9.33	2.38	8.29				

Above figures are provisional and subject to audit.

	twelve months 2013 Rs.	twelve months 2012 Rs.
Share Prices		
Highest	113.00	138.50
Lowest	80.10	78.00
Last Traded Price	89.00	102.30

Statement of Financial Position

As at 31st	Group		Company	
	December 2013 Rs. '000	December 2012 Rs. '000	December 2013 Rs. '000	December 2012 Rs. '000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	2,505,355	2,151,208	2,434,878	2,106,383
Intangible Assets	198,082	189,256	166,101	166,954
Investments in Subsidiaries	—	—	982,242	982,242
Debtenture Investment in Subsidiaries	—	—	—	—
Investments in Equity Accounted Investees	53,226	52,654	48,000	48,000
Other Investments	17,061	17,061	166,303	17,020
Trade and Other Receivables	5,669,229	5,044,790	1,514,132	1,295,483
Deferred Tax Assets	119,022	150,284	135,362	146,300
	<u>8,561,974</u>	<u>7,605,253</u>	<u>5,447,017</u>	<u>4,762,381</u>
Current Assets				
Inventories	5,155,666	4,226,074	5,155,666	4,226,074
Loans due from Related Parties	69,635	93,635	90,881	1,492,054
Income Tax Receivables	50,963	—	50,963	—
Trade and Other Receivables	9,518,037	8,355,654	6,399,592	5,329,017
Amounts due from Related Parties - Trade	7,620	134,893	7,620	139,075
Amounts due from Related Parties - Non-Trade	—	(0)	(0)	(0)
Deposits with Banks	113,960	50,983	—	—
Marketable Securities	427,885	318,720	—	—
Cash and Cash Equivalents	692,458	615,316	519,015	424,277
	<u>16,036,223</u>	<u>13,795,274</u>	<u>12,223,736</u>	<u>11,610,497</u>
Total Assets	<u>24,598,197</u>	<u>21,400,527</u>	<u>17,670,754</u>	<u>16,372,878</u>
EQUITY AND LIABILITIES				
Equity				
Stated Capital	626,048	626,048	626,048	626,048
Capital Reserves	762,034	773,312	762,034	773,312
Statutory Reserve	128,447	78,425	—	—
Revenue Reserves	3,447,544	3,778,386	2,928,810	3,369,579
Total Equity Attributable for Equity Holders of the Company	<u>4,964,073</u>	<u>5,256,172</u>	<u>4,316,892</u>	<u>4,768,939</u>
Non-Controlling Interest	395,902	357,054	—	—
Total Equity	<u>5,359,975</u>	<u>5,613,226</u>	<u>4,316,892</u>	<u>4,768,939</u>
Non-Current Liabilities				
Loans and Borrowings	4,287,116	1,633,823	3,100,881	1,402,555
Retirement Benefit Obligations	320,033	270,539	305,783	259,359
Deferred Taxation Liability	109,540	113,926	109,540	113,926
Security Deposits	651,765	576,648	651,765	576,648
Deposits from Customers	756,232	342,535	—	—
	<u>6,124,686</u>	<u>2,937,471</u>	<u>4,167,969</u>	<u>2,352,488</u>
Current Liabilities				
Loans due to Related Parties	—	—	—	—
Trade and Other Payables	3,386,638	2,521,468	2,964,492	2,261,543
Deferred Revenue	20,878	22,330	20,878	22,330
Income Tax Payable	15,639	67,213	—	38,976
Dividends Payable	14,956	10,822	14,956	10,822
Amounts due to Related Parties - Trade	333,565	165,767	333,565	165,767
Amounts due to Related Parties - Non-Trade	76,746	72,675	76,746	72,675
Deposits from Customers	3,011,998	2,649,974	—	—
Loans and Borrowings	6,253,117	7,339,589	5,775,255	6,679,336
	<u>13,113,536</u>	<u>12,849,830</u>	<u>9,185,893</u>	<u>9,251,450</u>
Total Equity and Liabilities	<u>24,598,197</u>	<u>21,400,527</u>	<u>17,670,754</u>	<u>16,372,878</u>
Net Assets per Share	39.65	41.98	34.48	38.09

I certify that the above Financial Statements have been prepared in accordance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.) Priyath Salgado

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.) Hemaka Amarasuriya

Director

Colombo,

28 February 2014

(Sgd.) Asoka Pieris

Director/Group Chief Executive Officer

Statement of Changes in Equity

For the quarter ended 31st December 2013

Group	Attributable to Equity Holders of the Company							Non-Controlling Interest Rs. '000	Total Equity Rs. '000
	Stated Capital Rs. '000	Statutory Reserve		Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000		
		Reserve Fund Rs. '000	Investment Fund Rs. '000						
Restated Balance as at 1st January 2011	626,048	16,350	28,058	655,454	2,200,000	1,221,739	4,747,648	255,995	5,003,643
Balance as at 31st December 2011	626,048	16,350	28,058	655,454	2,200,000	1,253,508	4,779,418	256,814	5,036,231
Realisation on Revaluation Surplus	-	-	-	(12,622)	-	12,622	-	-	-
Deferred Tax Effect on Transfer of Revaluation Surplus	-	-	-	3,534	-	-	3,534	-	3,534
Transferred to/(from) during the Year	-	11,278	22,739	-	300,000	(334,017)	-	-	-
Transactions with Owners of the Company, Recognised Directly in Equity	-	-	-	-	-	-	-	-	-
Distributions to Owners of the Company	-	-	-	-	-	-	-	-	-
Final Dividend - 2011	-	-	-	-	-	(751,258)	(751,258)	(21,333)	(772,591)
Total Distributions to Owners of the Company	-	-	-	-	-	(751,258)	(751,258)	(21,333)	(772,591)
Change in Ownership Interest in Subsidiary	-	-	-	-	-	(3,620)	(3,620)	(1,207)	(4,827)
Acquisition of Non-Controlling Interests without Change in Control	-	-	-	-	-	(4,811)	(4,811)	-	(4,811)
Issue Shares of Subsidiary to Non-Controlling Interest	-	-	-	-	-	-	-	67,903	67,903
Total Transactions with Owners of the Company	-	-	-	-	-	(759,689)	(759,689)	45,363	(714,326)
Total Comprehensive Income for the Period	-	-	-	-	-	-	-	-	-
Profit for the Period	-	-	-	-	-	1,168,666	1,168,666	56,093	1,224,362
Other Comprehensive Income	-	-	-	-	-	-	-	-	-
Surplus on Revaluation for the Year	-	-	-	148,602	-	-	148,602	-	148,602
Deferred Tax Effect on Revaluation	-	-	-	(21,655)	-	-	(21,655)	-	(21,655)
Acturial Gain/(loss) on obligation	-	-	-	-	-	(30,538)	(30,538)	(397)	(30,935)
Total Other Comprehensive Income for the Period	-	-	-	126,947	-	(30,538)	(96,408)	(397)	96,011
Total Comprehensive Income for the Period	-	-	-	126,947	-	1,137,731	1,264,678	55,696	1,320,374
Balance as at 1st January 2013	626,048	27,628	50,797	773,312	2,500,000	1,278,386	5,256,172	357,054	5,613,226
Realisation on Revaluation Surplus	-	-	-	(15,665)	-	15,665	-	-	-
Deferred Tax Effect on Transfer of Revaluation Surplus	-	-	-	4,386	-	-	4,386	-	4,386
Transfer to/(from) during the Year	-	12,827	37,195	-	-	(50,021)	-	-	-
Transactions with Owners of the Company, Recognised Directly in Equity	-	-	-	-	-	-	-	-	-
Distributions to Owners of the Company	-	-	-	-	-	-	-	-	-
Final Dividend - 2012	-	-	-	-	-	(751,258)	(751,258)	(21,061)	(772,319)
Total Distributions to Owners of the Company	-	-	-	-	-	(751,258)	(751,258)	(21,061)	(772,319)
Total Comprehensive Income for the Period	-	-	-	-	-	-	-	-	-
Net Profit for the Period	-	-	-	-	-	458,860	458,860	59,998	518,858
Other Comprehensive Income for the Period	-	-	-	-	-	-	-	-	-
Acturial Gain/(loss) on obligation	-	-	-	-	-	(4,088)	(4,088)	(88)	(4,175)
Total Comprehensive Income for the Period	-	-	-	-	-	454,773	454,773	-	514,683
Balance as at 31st December 2013	626,048	40,455	87,992	762,033	2,500,000	947,762	4,964,290	395,902	5,359,977

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 as at 31st December 2011	626,048	655,454	2,200,000	899,277	4,380,778
Realisation on Revaluation Surplus	—	(12,622)	—	12,622	—
Deferred Tax Effect on Transfer of Revaluation Surplus	—	3,534	—	—	3,534
Transferred to/(from) during the Year	—	—	300,000	(300,000)	—
Transactions with owners of the Company, Recognised Directly in Equity					
Distributions to Owners of the Company					
Final Dividend - 2011	—	—	—	(751,258)	(751,258)
Total Comprehensive Income for the Period					
Net Profit for the Period	—	—	—	1,037,846	1,037,846
Other Comprehensive Income					
Surplus on Revaluation for the Year	—	148,602	—	—	148,602
Deferred Tax Effect on Revaluation	—	(21,655)	—	—	(21,655)
Actuarial Gain/(loss) on obligation	—	—	—	(28,908)	(28,908)
Total Other Comprehensive Income	—	—	—	(28,908)	98,039
Total Comprehensive Income for the Period	—	126,947	—	—	98,039
Balance as at 31st December 2012	626,048	773,312	2,500,000	869,579	4,768,939
Realisation on Revaluation Surplus	—	(15,665)	—	15,665	—
Deferred Tax Effect on Realisation of Revaluation Surplus	—	4,386	—	—	4,386
Transferred to/(from) during the Year	—	—	—	—	—
Transactions with Owners of the Company, Recognised Directly in Equity					
Distributions to Owners of the Company					
Final Dividend - 2012	—	—	—	(751,258)	(751,258)
Total Comprehensive Income for the Period					
Other Comprehensive income for the period					
Profit for the Period	—	—	—	298,552	298,552
Other Comprehensive Income	—	—	—	260,555	—
Surplus on Revaluation for the Year	—	—	—	—	—
Deferred Tax effect on Revaluation	—	—	—	—	—
Actuarial Gain/(loss) on obligation	—	—	—	(3,728)	(3,728)
Total Other Comprehensive Income for the Period	—	—	—	(3,728)	(3,728)
Total Comprehensive Income for the Period	—	—	—	294,824	294,824
Balance as at 31st December 2013	626,048	762,034	2,500,000	428,810	4,316,892

Statement of Cash Flow

For the year ended 31st December	Group		Company	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
Cash Flows from Operating Activities				
Net Profit before Income Tax Expense	728,450	1,777,151	448,034	1,496,421
Adjustments for:				
Depreciation on Property, Plant & Equipment	206,078	233,158	196,001	222,881
Share of (Profit) from Equity Accounted Investees	(1,292)	(5,778)	—	—
Amortisation of Intangible Assets	25,261	18,459	21,493	16,245
(Gain) on Disposal of Property, Plant & Equipment	(176)	(1,894)	(176)	(964)
Interest Expense	1,352,309	1,054,025	1,352,309	1,054,025
Interest Income	(92,153)	(99,060)	(134,198)	(189,387)
Impairment of Inventory	210	27,050	210	27,050
Bad Debts Written-off	(85,163)	(38,591)	(21,248)	(17,804)
Impairment on Trade and Other Receivables	284,989	110,907	114,677	77,098
Dividend Income	(777)	(2,009)	(79,172)	(59,591)
Provision for Retiring Gratuity	51,746	44,415	48,494	41,585
Operating Profit before Working Capital Changes	2,469,482	3,117,842	1,946,425	2,667,558
(Increase)/Decrease in Inventories	(929,802)	(850,208)	(929,802)	(867,079)
(Increase)/Decrease in Debtors Falling due after One Year	(624,439)	(841,087)	(218,649)	(72,723)
(Increase)/Decrease in Debtors Falling due within One Year	(1,363,660)	(1,514,716)	(1,165,455)	(1,093,380)
(Increase)/Decrease in Trade dues from Related Parties	127,273	(122,053)	131,456	435,751
Increase/(Decrease) in Trade dues to Related Parties	171,869	12,415	171,869	12,415
Increase in Security Deposits	75,117	89,200	75,117	89,200
Increase/(Decrease) in Customer Deposit Liabilities	775,721	201,520	—	—
Increase/(Decrease) in Trade and Other Payables	865,169	(65,094)	702,949	33,001
Cash Generated from Operations	1,566,730	27,821	713,910	1,204,745
Finance Costs Paid	(1,352,309)	(906,900)	(1,352,309)	(951,591)
Retiring Gratuity Paid	(6,428)	(9,597)	(5,798)	(8,967)
Income Tax Paid	(280,795)	(684,053)	(228,484)	(610,944)
Net Cash from/(used in) Operating Activities	(72,804)	(1,572,729)	(872,681)	(366,758)
Cash Flows from Investing Activities				
Acquisition of Property, Plant & Equipment and Intangible Assets	(605,687)	(602,757)	(556,514)	(564,695)
Proceeds from Disposal of Property, Plant & Equipment	11,553	19,963	11,553	16,417
(Acquisition)/Disposal of Marketable Securities	(109,166)	(28,407)	—	—
Investment in Equity Accounted Investee	—	—	—	—
Investment in Bank Deposits	(62,976)	(50,983)	—	—
Investment in Subsidiary Company	—	—	(149,283)	(582,242)
Net Cash Flows from Loans Given to Related Companies	24,000	80,000	1,401,173	(952,548)
Interest Received	92,153	99,060	134,198	189,387
Dividend Received	1,425	2,009	79,172	59,591
Net Cash Flows from/(used in) Investing Activities	648,698	(481,116)	920,299	(1,834,090)
Cash Flow from Financing Activities				
Proceeds from Loans & Borrowings	10,165,539	8,510,753	8,590,580	7,938,653
Repayment of Loans & Borrowings	(8,776,297)	(5,493,216)	(7,918,074)	(5,016,872)
Proceeds from Rights Issue Purchased by Minority Shareholders	—	58,265	—	—
Net Payment to Minority Shareholders	(21,061)	(21,333)	—	—
Dividends Paid	(747,124)	(746,260)	(747,124)	(746,260)
Net Cash Flow from Financing Activities	621,057	2,308,208	(74,618)	2,175,522
Net Increase/(Decrease) in Cash and Cash Equivalents	(100,446)	254,363	(27,000)	(25,328)
Cash and Cash Equivalents at the beginning of the Period	(48,199)	(302,562)	(207,304)	(181,976)
Cash and Cash Equivalents at the end of the Period	(148,644)	(48,199)	(234,304)	(207,304)

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 2012, are in compliance with Sri Lanka Accounting Standards (LKAS) 34 - 'Interim Financial Reporting'.

1.2 Application of Sri Lanka Accounting Standards (SLFRS/LKAS)

The Financial Statements for the period ended 31st December 2012 are the First Financial Statements prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) immediately effective from 1st January 2012. These SLFRS/LKAS have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.1 Segmental Analysis of Company Net Turnover is as Follows:

	Quarter ending 31st December 2013 Rs. '000	Quarter ending 31st December 2012 Rs. '000	12 months ending 31st December 2013 Rs. '000	12 months ending 31st December 2012 Rs. '000
Sewing-Related Products	675,873	718,285	2,385,026	2,674,797
Consumer Electronics	1,620,492	1,689,037	5,639,628	6,028,638
White Goods	1,877,231	2,091,489	7,828,142	8,780,142
Kitchen-Related Products	481,565	450,147	1,613,180	1,693,436
Communications	948,120	560,500	3,132,855	1,738,761
Furniture	498,583	492,003	1,578,659	1,453,256
Transport	160,352	162,698	618,480	616,892
Agro	235,489	141,196	921,146	864,281
	6,497,705	6,305,355	23,717,116	23,850,203

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

	Quarter ending 31st December 2013 Rs. '000	Quarter ending 31st December 2012 Rs. '000	12 months ending 31st December 2013 Rs. '000	12 months ending 31st December 2012 Rs. '000
Sewing-Related Products	6,598	50,915	41,378	167,106
Consumer Electronics	16,428	146,172	99,714	439,076
White Goods	12,312	115,938	117,497	487,408
Kitchen-Related Products	6,471	32,551	32,928	123,032
Communications	8,289	34,242	35,816	73,336
Furniture	7,843	25,675	26,005	82,650
Transport	2,107	2,393	2,770	12,480
Agro	690	9,621	12,754	51,742
Dividend Income	7,985	1,168	79,172	59,590
	68,725	418,673	448,035	1,496,420

Notes to the Financial Statements

2.3 Segmental Analysis of Group Net Turnover is as Follows:

	Quarter ending 31st December 2013 Rs. '000	Quarter ending 31st December 2012 Rs. '000	12 months ending 31st December 2013 Rs. '000	12 months ending 31st December 2012 Rs. '000
Sewing-Related Products	675,873	718,285	2,385,026	2,674,797
Consumer Electronics	1,620,492	1,689,037	5,639,628	6,028,638
White Goods	1,877,231	2,091,489	7,828,142	8,780,142
Kitchen-Related Products	481,565	450,147	1,613,180	1,693,436
Communications	948,120	560,500	3,132,855	1,738,761
Furniture	498,583	492,003	1,578,659	1,453,256
Transport	160,352	162,698	618,480	616,892
Agro	262,489	141,196	921,146	864,281
Singer Finance (Lanka) PLC	443,223	433,900	1,768,444	1,591,290
	6,940,929	6,739,255	25,485,561	25,441,494

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

	Quarter ending 31st December 2013 Rs. '000	Quarter ending 31st December 2012 Rs. '000	12 months ending 31st December 2013 Rs. '000	12 months ending 31st December 2012 Rs. '000
Sewing-Related Products	7,421	48,654	41,378	167,106
Consumer Electronics	18,411	130,380	99,714	439,076
White Goods	14,649	113,864	117,497	487,408
Kitchen-Related Products	7,126	33,157	32,928	123,032
Communications	9,001	22,263	35,816	73,336
Furniture	8,360	27,822	26,005	82,650
Transport	2,163	3,551	2,770	12,480
Agro	944	10,074	12,754	51,742
Singer Finance (Lanka) PLC	109,862	126,190	357,537	332,535
Dividend	—	—	759	2,009
Share of Profit on Equity Accounted Investees	312	4,667	1,292	5,778
	178,252	520,622	728,450	1,777,153

2.5 There are no separately distinguishable assets and liabilities for the above segments.

3. Related Party Transactions

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 period the Company had following transactions with its Parent Companies:

Singer Asia Ltd. - (Intermediate Parent)

	2013 Rs. Million	2012 Rs. Million
Royalty Expenses	263.5	264.8
Royalty Payable Balance as at Period End	76.7	72.7

Singer Asia Holdings BV - (Intermediate Parent)

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

Notes to the Financial Statements

Singer (Sri Lanka) B.V. - (Intermediate Parent)

	2013 Rs. Million	2012 Rs. Million
Dividend Paid	269.5	646.9

- (b) Following companies are also Parent Companies of Singer (Sri Lanka) PLC and Singer Finance (Lanka) PLC, with whom no transactions were entered into during the period:

Company	Relationship
Singer Asia Holdings BV	Intermediate Parent
Singer Asia Holdings NV	Intermediate Parent
Sewco Holdings Ltd.	Intermediate Parent
Retail Holdings NV	Ultimate Parent

3.3 Transactions with Subsidiary Companies

	2013 Rs. Million	2012 Rs. Million
Singer Finance (Lanka) PLC		
Sales Financed through Singer Finance (Lanka) PLC	110.9	1,230.7
Payments to Singer (Sri Lanka) PLC on behalf of Customers	1,043.6	996.5
Short-Term Loans Granted	795.0	1,693.0
Short-Term Loans Recovered	2,088.0	400.0
Interest Income	97.2	138.0
Dividend Received - Gross	86.4	64.0
Cash Collection through Singer (Sri Lanka) PLC	620.4	2,643.1
Expenses Paid	191.4	155.7
Administrative Fee Charged	18.6	68.2
Collecting Commission Paid through Singer (Sri Lanka) PLC	18.3	16.8
Purchase of Assets	0.7	0.9
Rent Reimbursed	12.1	13.4
Royalty Paid through Singer (Sri Lanka) PLC	18.6	16.9
Balance Receivable - Trade	-	4.2
Balance Receivable - Loans	21.2	1,398.4

3.4 Transactions with Associate Companies

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

	2013 Rs. Million	2012 Rs. Million
Reality (Lanka) Ltd.		
Loans Receivable	69.6	73.6
Rent Expenses	4.9	4.1

- (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 period.

Telshan Network (Pvt) Ltd.

Notes to the Financial Statements

3.5 Transactions with Other Related Parties

Transactions with the following parties have been disclosed in Note 3.6:

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

3.6 Transactions with Key Management Personnel and Directors

(a) Loans to Directors

No Loans have been given to the Directors of the Company.

- (b) 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	2013 Rs. Million	2012 Rs. Million
Singer Industries (Ceylon) PLC (Affiliate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	673.9	847.7
	Mr. H.A. Pieris	Corporate Guarantee Given	75.0	75.0
	Late Dr. G.C.B. Wijeyesinghe	Lease Rental Paid	3.7	3.3
	Mr. G.J. Walker	Net Finance Income	0.5	3.1
	Deshabandu	Purchase of Fixed Assets	–	12.9
	A.M. de S. Jayaratne	Trade Credit Settled	681.4	783.0
	Mr. V.G.K. Vidyaratne	Expenses Reimbursed	9.2	–
		Balance Payable	–	116.9
Regnis (Lanka) PLC (Affiliate Company)	Mr. H.D.S. Amarasuriya (Chairman)	Purchases	2,007.5	2,030.5
	Late Dr. G.C.B. Wijeyesinghe	Corporate Guarantees Given	455.5	455.5
	Mr. H.A. Pieris	Interest Income	3.3	9.6
	Mr. V.G.K. Vidyaratne	Trade Credit Settled	2,182.6	2,318.1
	Mr. G.J. Walker	Purchase of Fixed Assets	0.4	0.2
	Dr. S. Kelegama	Sales Taxes	286.8	290.1
		Expenses Reimbursed	44.7	47.0
		Loans Receivable	80.0	60.0
		Loan Recovered	80.0	60.00
		Balance Payable	167.2	48.9
Singer Finance (Lanka) PLC (Subsidiary Company)	Mr. H.D.S. Amarasuriya (Chairman) (Resigned w.e.f 30.04.13)	Sales Financed through Singer Finance (Lanka) PLC	110.9	1,230.7
	Mr. H.A. Pieris (Resigned w.e.f 30.04.13)	Payments to Singer (Sri Lanka) PLC on behalf of Customers	1,043.6	996.5
	Dr. S. Kelegama	Short -Term Loan Granted	795.0	1,693.0
	Mr. M.P.A. Salgado (Appointed w.e.f 30.04.13)	Short-Term Loan Recovered	2,088.0	400.0
	Mr. G.J. Walker	Interest Income	97.2	138.0
	Mr. J.J. Hyun	Dividend Received - Gross	86.4	64.0
		Cash Collection through Singer (Sri Lanka) PLC	620.4	2,643.1
		Expenses Paid	191.4	155.7
		Administrative Fee Charged	18.6	68.2
		Collecting Commission Paid through Singer (Sri Lanka) PLC	18.3	16.8
		Purchase of Assets	0.7	0.9
		Rent Reimbursed	12.1	13.4

Notes to the Financial Statements

Name of the Company and Relationship	Name of Director	Nature of Transaction	2013 Rs. Million	2012 Rs. Million
		Royalty Paid through Singer (Sri Lanka) PLC	18.6	16.9
		Balance Receivable - Trade	–	4.2
		Balance Receivable - Loans	21.2	1,398.4
National Development Bank PLC	Mr. H.D.S. Amarasuriya (Resigned w.e.f 30.11.13)	Borrowed Money	590.0	290.0
		Interest Expenses	8.0	34.0
		Issue of Debentures	–	18.6
Singer Asia Sourcing Ltd. (Affiliate Company)	Mr. G.J. Walker	Purchases	–	–
		Settlements	–	–
		Balance (Receivable)/Payables	7.6	7.4
Singer Asia Ltd. (Intermediate Parent Company)	Mr. P.J. O'Donnell	Royalty Expenses	263.5	264.8
	Mr. G.J. Walker	Royalty Payable	76.7	72.7
Reality Lanka Ltd. (Associate Company)	Mr. H.D.S. Amarasuriya	Loans Receivable	69.6	73.6
	Mr. H.A. Pieris	Rent Expenses	4.9	4.1
	Mr. V.G.K. Vidyaratne		–	–
	Mr. G.J. Walker		–	–
Regnis Appliances (Pvt) Ltd.	Mr. H.D.S. Amarasuriya	Purchases	852.1	759.1
	Mr. H.A. Pieris	Sales Taxes	147.3	123.1
	Mr. V.G.K. Vidyaratne	Trade Settlements	810.3	1,043.1
	Mr. A.N. Majeed	Expenses Paid	2.0	1.6
	(Resigned w.e.f 18.06.13)	Finance Charges	2.9	6.8
		Loan Granted	100.0	–
		Loan Recovered	120.0	80.0
		Non-Trade Settlements	5.4	9.0
		Balance Receivable - Loan	–	20.0
		Balance Payable - Trade	62.1	127.5
Fintravels Ltd.	Late Dr. G.C.B. Wijeyesinghe	Business Transactions	7.7	9.5

(c) 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 can be shown as follows:

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

	2013 Rs. Million	2012 Rs. Million
Deposits kept by Key Management Personnel or their close family members of Singer (Finance) PLC	71.7	85.9

4. Stated Capital

	31st December 2013	31st December 2012
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 and Regnis (Lanka) PLC amounts to Rs. 75 Million and Rs. 455.5 Million respectively.
- (b) The Company has provided bank guarantees amounting to Rs. 213.6 Million to the Director General of Customs to clear imports during the year under review pending completion of legal proceedings in the Court of Appeal.

The bank guarantee related to alleged additional duty payable on imports and is being contested by the Company in Courts.

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.

6. Events Occurring after the Reporting Date

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

1 . Final Dividend - 2013

On the 20th February 2014, Board of Directors approved a final dividend of 2.50 per share amounting to Rs. 313 Million for the year ended 31st december 2013. The dividend will be paid on 20th March 2014 .

7. Comparative Information

Comparative information has been created in line with the changes to the new Accounting Standards (SLFRS/LKAS) which are effective from 1st January 2012.

8. Listed Debentures

Details regarding the listed debentures are as follows:

- 17% senior rated unsecured redeemable on 30th September 2015.
- 14.5% senior rated listed unsecured redeemable on 30th May 2015 and 30th May 2016.

Interest rate of comparable Government Securities as at date of issue, 25th October 2012 was 11.84%.

The listed debentures were traded during the period 25th October 2012 to 31st December 2013.

Therefore, Highest Traded Price, Lowest Traded Price, Last Traded Price as at 31st December 2013, Interest Yield and Yield to Maturity of trade are as follows.

		Highest Trade Price (Rs.)	Lowest Trade Price (Rs.)	Last Traded Price (Rs.)	Interest Yield %	Yield to Maturity %
1	17% Senior Rated Unsecured Redeemable Debentures	99.98	99.98	99.98	17.003	17.013
2	14.5% Senior Rated Listed Unsecured Redeemable Debentures	100	100	100	14.5	14.5

	31st December 2013	31st December 2012
Debt Equity Ratio	0.73	0.09
Interest Cover	1.25	2.63
Quick Assets Ratio	0.77	0.68

Notes to the Financial Statements

9. Top 20 Shareholders as at 31st December 2013

Name	No. of Shares	%
1. Singer (Sri Lanka) BV	107,812,850	86.11
2. Bank of Ceylon A/c Ceybank Unit Trust	4,225,986	3.38
3. Miss Ranjani Eileen Weeraratne Jayasuriya	609,782	0.49
4. Mrs. Mihiri Virani Fernando	600,000	0.48
5. Bank of Ceylon A/c Ceybank Century Growth Fund	598,068	0.48
6. Mrs. Zohra Taher Jafferjee	330,890	0.26
7. Dr. Nimal Ebenezer Herat Sanderatne	180,333	0.14
8. Mrs. Anoma Kamalika Amarasuriya	178,970	0.14
9. Sri Lanka Insurance Corporation Ltd. - General Fund	177,500	0.14
10. Sampath Bank PLC/Capital Trust Holdings Private Ltd.	143,360	0.11
11. Mrs. Kalutaravedage Jinangali Manel De Silva	131,248	0.10
12. Mr. Nalin Amita De Silva	126,326	0.10
13. Amana Bank Ltd.	126,106	0.10
14. Jafferjee Brothers (Exports) Ltd.	125,200	0.10
15. Miss Nai Kaluge Ruvani Hemamala De Silva	118,195	0.09
16. Mrs. Enoka Kamali Wickramasinghe	112,644	0.09
17. Mrs. Jasbinderjit Kaur Piara Singh	91,268	0.07
18. Mr. Hemaka Devapriya Senarath Amarasuriya	89,482	0.07
19. Merchant Bank of Sri Lanka Ltd./Union Investments Ltd.	88,894	0.07
20. Mr. Abeysiri Hemapala Munasinghe	83,986	0.07
	115,951,088	92.61
Others	9,258,522	7.39
Total	125,209,610	100.00

10. Directors and CEO's Shareholding as at 31st December 2013

Name of the Director	Shareholding 31st December 2013 No. of Shares	Shareholding 31st December 2012 No. of Shares
Mr. H.D.S. Amarasuriya	89,482	89,482
Mr. H.A. Pieris - CEO	2,000	2,000
Late Dr. G.C.B. Wijeyesinghe	-	-
Dr. Saman Kelegama	-	-
Deshabandu Ajit Jayaratne	-	-
Mr. P.J. O'Donnell	-	-
Mr. J.J. Hyun	-	-
Mr. G.J. Walker	-	-
Mr. V.G.K. Vidyaratne	25,131	25,131
Mr. M.H. Wijewardene	-	-
Mr. N. Majeed (<i>Resigned w.e.f 18.06.13</i>)	-	5,000
Mr. K. Samarasinghe	4,124	4,124
Mr. M.P.A. Salgado	4,000	4,000

11. Public Holding

Public holding as at 31st December 2013 is 13.65% (As at 31st December 2012 - 13.65%).



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