



SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS
FOR THE FIFTEEN MONTHS ENDED 31ST MARCH 2018

Group Chief Executive Officer's Review

Quarter ended 31st March 2018

The Singer Group revenue in the quarter ended 31st March 2018 was Rs. 13.6 Billion, an increase of 13% compared to the prior year. The business conditions in quarter ended March 2018 remained challenging and similar to business conditions in 2017.

The Consumer Durables industry, where Singer is present is more susceptible to market conditions than other industries. When customer income and sentiments decrease, the demand for consumer durables is well below that of the general market. At the same time when customer income and sentiments increase, the demand for consumer durables is above that of general market demand. We have seen this oscillation over many years.

The profit before tax at Rs. 419.8 million had a slight growth of 3% over prior year. The taxes increased since subsidiaries declared dividends in this quarter and the resulting withholding tax is accounted under taxes. Hence profit for the period decreased by 14% to Rs. 212.3 million. At the same time dividends boosted the results of the Company only accounts and the profit for the period increased by 51% to Rs. 481.9 million.

Fifteen months ended 31st March 2018

The Accounting Year of the Group is now changed to end in 31st March, in line with the accounting period of Hayleys PLC Group.

The fifteen months ended, Group revenue was Rs. 65.1 million compared to Rs. 46.9 billion for twelve months ended December 2016. The profit for the fifteen months was Rs. 1,220 million, while the profit for twelve months ended December 2016 was Rs. 1,794 million excluding the one-time gain on bargain purchase.

During this period the continuous drought resulted in a sharp drop in harvest. Since almost 30% of households are dependent on Agriculture, the drop in harvest eroded the purchasing power of a large market segment. This in addition to customer purchasing power been affected by increased value added tax (VAT), higher interest rates and floods in wet zone. Consumer sentiments were affected by factors mentioned under quarter results.

Strategies and Plans

We continue to anticipate gradual improvements in the Business Conditions during 2018 and are also pursuing strategies to improve revenue and margins and lower the costs. Our key business initiatives are:

- To grow e-commerce business and to supplement the retail business. The retail business to assist in the last mile delivery of e-commerce.
- To grow furniture business exponentially with a wider range available to customers in a larger range of showrooms.
- To accelerate the renovation and expansion of our existing shops to increase the retail space to cater for our additional products and brands (in particular furniture).
- To strengthen and enlarge our manufacturing operations with new factories, additional machinery and more advanced technology

The change of ownership has been smooth and Singer continues to pursue its programmes and strategies to retain the market leadership in consumer durables. We believe that with additional ideas, plans, resources generated by the new owners as well as synergies with Hayleys PLC Group a bright future augurs for the Singer Group and its stakeholders.

I wish to place on record my appreciation of all staff in our Group for their contribution and commitment in a tough business environment.

I take this opportunity to appreciate the guidance given by our Chairman, Mr. Mohan Pandithage and Co-Chairman, Mr. Dhammika Perera in helping the Company to evolve strategies. I also thank all of the Board of Directors of the Group.

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

14th May 2018

Statement of Profit or Loss and Other Comprehensive Income

	Group		Company		Variance		Variance	
	03 Months to 31.03.2018 Rs. '000	03 Months to 31.03.2017 Rs. '000	03 Months to 31.03.2018 Rs. '000	03 Months to 31.03.2017 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
<i>For the quarter ended 31st March</i>								
Revenue	13,600,301	12,008,768	10,228,153	9,592,816	1,591,533 +	13	635,337 +	7
Cost of Sales	(9,584,809)	(8,295,257)	(7,416,500)	(6,925,806)	(1,289,552) +	16	(490,694) +	7
Direct Interest Cost	(278,043)	(223,930)	–	–	(54,113) +	24	– -	–
Gross Profit	3,737,449	3,489,581	2,811,653	2,667,010	247,868 +	7	144,643 +	5
Other Income	65,990	69,118	530,268	332,515	3,128 -	5	197,753 +	59
Gain on Bargain Purchase	–	–	–	–	– -	–	– -	–
Selling and Administration Expenses	(2,746,377)	(2,673,222)	(2,351,023)	(2,294,038)	(73,155) +	3	(56,985) +	2
Operating Profit	1,057,063	885,477	990,898	705,487	171,586 +	19	285,411 +	40
Finance Cost	(586,420)	(457,047)	(539,712)	(442,267)	129,373 +	28	(97,446) +	22
Finance Income	5,527	23,310	50,734	78,144	(17,783) -	76	27,410 -	35
Net Finance Cost	(580,893)	(433,737)	(488,978)	(364,123)	(147,156) +	34	(124,856) +	34
Value Added Tax on Financial Services	(56,377)	(43,593)	(10,400)	(10,800)	(12,784) +	29	(400) -	4
Profit Before Tax	419,793	408,147	491,520	330,564	11,646 +	3	160,956 +	49
Income Tax Expense	(207,542)	(161,533)	(9,604)	(10,930)	(45,879) +	28	(1,326) -	12
Profit for the Period	212,251	246,614	481,916	319,634	34,233 -	14	162,282 +	51
Other Comprehensive Income								
Remeasurement of Defined Benefit Obligation	13,468	–	14,781	–				
Deferred Tax on Revaluation	(516,049)	–	(198,082)	–				
Tax on Other Comprehensive Income	(2,677)	–	(4,139)	–				
Other Comprehensive Income for the Period	(505,318)	–	(187,439)	–				
Total Comprehensive Income for the Period	(293,066)	246,614	294,477	319,634				
Profit Attributable to –								
Owners of the Company	153,000	159,897	481,916	319,634				
Non-controlling Interests	59,251	86,716	–	–				
Profit for the Period	212,251	246,614	481,916	319,634				
Total Comprehensive Income Attributable to –								
Owners of the Company	(288,026)	159,897	294,477	319,634				
Non-controlling Interests	(5,040)	86,716	–	–				
Total Comprehensive Income for the Period	(293,066)	246,613	294,477	319,634				
Earnings per Share – Basic (Rs.)	0.41	0.43	1.28	0.85				

Above figures are provisional and subject to audit.

	Quarter Ended 31st March 2018 Rs.	Quarter Ended 31st March 2017 Rs.
Share Prices		
Highest	45.00	49.97
Lowest	38.50	39.33
Last Traded Price	40.20	46.63

Statement of Profit or Loss and Other Comprehensive Income

	Group		Company		Variance		Variance	
For the fifteen months ended 31st December	15 Months to 31.03.2018	12 Months to 31.12.2016	15 Months to 31.03.2018	12 Months to 31.12.2016	Group	%	Company	%
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000		Rs. '000	
Revenue	65,122,305	46,924,144	50,910,033	39,267,203	18,198,161	+ 39%	11,642,830	+ 30
Cost of Sales	(45,632,148)	(32,038,078)	(36,728,241)	(27,849,435)	(13,594,070)	+ 42	(8,878,806)	+ 32
Direct Interest Cost	(1,281,563)	(735,691)	—	—	(545,872)	+ 74	—	—
Gross Profit	18,208,593	14,150,375	14,181,792	11,417,768	4,058,217	+ 29	(2,764,025)	- -24.2
Other Income	360,258	229,797	1,088,431	431,705	130,461	+ 57	656,727	+ 152
Gain on Bargain Purchase	—	563,946	—	—	563,946	- 100	—	—
Selling and Administration Expenses	(13,729,435)	(10,185,751)	(11,961,817)	(9,069,711)	(3,543,683)	+ 35	(2,892,106)	+ 32
Operating Profit	4,839,417	4,758,366	3,308,406	2,779,761	(81,050)	- -2	(528,645)	- -19
Finance Cost	(2,685,363)	(1,601,925)	(2,563,793)	(1,619,789)	(1,083,438)	+ 68	(944,004)	+ 58
Finance Income	153,988	129,353	414,066	338,358	24,635	+ 19	75,708	+ 22
Net Finance Cost	(2,531,375)	(1,472,572)	(2,149,727)	(1,281,431)	(1,058,802)	+ 72	(868,296)	+ 68
Value Added Tax on Financial Services	(258,989)	(159,561)	(52,800)	(47,800)	(99,429)	+ 62	5,000	- -10
Profit before Tax	2,049,052	3,126,234	1,105,879	1,450,530	1,077,182	- 34	344,651	- 24
Income Tax Expense	(828,628)	(768,477)	(106,856)	(346,086)	60,151	- -8	(239,231)	- 69
Profit for the Period	1,220,424	2,357,757	999,023	1,104,444	1,137,333	- 48	105,421	- 10
Other Comprehensive Income								
Revaluation of Property, Plant and Equipment	—	250,153	—	250,154				
Remeasurement of Defined Benefit Obligation	(18,910)	62,276	(9,478)	52,905				
Deferred Tax on Revaluation	(516,049)	—	(198,082)	—				
Tax on Other Comprehensive Income	6,319	(46,679)	2,653.96	(44,226)				
Other Comprehensive Income for the Period	(528,640)	265,750	(204,906)	258,833				
Total Comprehensive Income for the Period	691,655	2,623,507	794,117	1,363,277				
Profit Attributable to –								
Owners of the Company	982,817	2,122,195	999,023	1,104,444				
Non-controlling Interests	237,608	235,562	—	—				
Profit for the Period	1,220,424	2,357,757	999,023	1,104,444				
Total Comprehensive Income Attributable to –								
Owners of the Company	519,230	2,386,017	794,117	1,363,277				
Non-controlling Interests	172,425	237,491	—	—				
Total Comprehensive Income for the Period	691,655	2,623,507	794,117	1,363,277				
Earnings per Share – Basic (Rs.)	2.62	5.65	2.66	2.94				

Above figures are provisional and subject to audit.

	Fifteen months ended 31st March 2018 Rs.	Twelve Months Ended 31st December 2016 Rs.
Share Prices		
Highest	49.97	46.67
Lowest	38.50	35.67
Last Traded Price	40.20	42.07

Statement of Financial Position

As at	Group		Company	
	31st March 2018	31st December 2016	31st March 2018	31st December 2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	5,649,424	5,426,841	3,082,598	3,022,805
Intangible Assets	345,837	261,538	207,145	213,157
Investments in Subsidiaries	—	—	2,925,222	2,455,180
Other Financial Assets	108,092	17,061	929,110	929,110
Trade and Other Receivables	9,335,979	8,206,081	1,527,366	1,888,467
Deferred Tax Assets	—	124,061	69,643	147,270
	15,439,333	14,035,582	8,741,084	8,655,989
Current Assets				
Inventories	12,573,710	9,540,328	10,741,281	7,793,495
Loans due from Related Parties	—	—	1,219,151	1,378,075
Income Tax Receivables	223,063	—	157,630	1,767
Trade and Other Receivables	20,498,823	16,536,066	11,956,593	9,886,667
Amounts due from Related Parties	788	—	11,624	74,783
Deposits with Banks	81,504	81,158	—	—
Marketable Securities	580,351	515,256	—	—
Cash and Cash Equivalents	1,339,007	1,541,475	1,017,628	1,039,586
	35,297,247	28,214,283	25,103,907	20,174,373
Total Assets	50,736,579	42,249,865	33,844,991	28,830,362
EQUITY AND LIABILITIES				
Equity				
Stated Capital	626,048	626,048	626,048	626,048
Capital Reserves	577,919	1,057,964	847,555	1,065,543
Statutory Reserves	136,009	95,361	—	—
Revenue Reserves	5,406,189	6,374,443	3,326,088	4,242,212
Total Equity Attributable to Equity Holders of the Company	6,746,165	8,153,817	4,799,692	5,933,803
Non-Controlling Interests	1,438,403	1,401,088	—	—
Total Equity	8,184,569	9,554,905	4,799,692	5,933,803
Non-Current Liabilities				
Interest-Bearing Loans and Borrowings	4,319,898	8,381,885	2,532,150	6,000,000
Retirement Benefit Obligations	794,645	651,144	574,009	476,754
Security Deposits	1,199,127	1,018,452	1,199,127	1,018,452
Other Financial Liabilities	403,056	454,013	8,338	—
Deferred Taxation Liability	467,235	—	—	—
	7,192,300	10,505,494	4,313,624	7,495,206
Current Liabilities				
Trade and Other Payables	8,114,438	6,224,738	6,010,791	4,590,537
Deferred Revenue	246,290	438,989	246,290	438,989
Income Tax Payable	176,428	245,280	—	—
Dividends Payable	593,695	24,459	539,610	20,524
Amounts due to Related Parties	16,182	119,738	2,458,508	996,657
Other Financial Liabilities	4,826,584	2,587,934	—	—
Interest-Bearing Loans and Borrowings	19,253,403	11,345,751	14,239,388	8,652,550
Bank Overdrafts	2,132,691	1,202,577	1,237,089	702,096
	35,359,710	22,189,467	24,731,675	15,401,353
Total Equity and Liabilities	50,736,579	42,249,865	33,844,991	28,830,362
Net Assets per Share (Rs.)	17.96	21.71	12.78	15.80

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.) A M Pandithage
Chairman

Colombo,
14th May 2018

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

Statement of Changes in Equity

For the fifteen months ended 31st March

Group	Stated Capital	Reserve Fund	Revaluation Reserves	General Reserves	Retained Earnings	Total	Non- Controlling Interests	Total Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st January 2016	626,048	73,318	857,580	2,700,000	2,028,455	6,285,401	484,584	6,769,985
Realisation on Revaluation Surplus	—	—	(20,356)	—	20,356	—	—	—
Transferred to/(from) during the period	—	22,043	—	—	(22,043)	—	—	—
Total Comprehensive Income for the Year								
Profit for the Year	—	—	—	—	2,122,195	2,122,195	235,562	2,357,756
Other Comprehensive Income								
Revaluation of Property, Plant and Equipment	—	—	250,154	—	—	250,154	—	250,154
Re-measurement of Defined Benefit Obligation	—	—	—	—	59,696	59,696	2,581	62,277
Related Taxes	—	—	(29,414)	—	(16,615)	(46,029)	(651)	(46,680)
Total Other Comprehensive Income for the Year	—	—	220,740	—	43,081	263,821	1,930	265,751
Total Comprehensive Income for the Year	—	—	220,740	—	2,165,275	2,386,015	237,491	2,623,507
Transactions with Owners of the Company, Recognised Directly in Equity								
Distributions to Owners of the Company								
Final Dividend – 2015	—	—	—	—	(525,880)	(525,880)	(89,096)	(614,976)
Total Distributions to Owners of the Company	—	—	—	—	(525,880)	(525,880)	(89,096)	(614,976)
Changes in Ownership Interests in Subsidiary								
Acquisition of Subsidiaries with NCI	—	—	—	—	—	—	836,856	836,856
Acquisition of NCI without Change in Control	—	—	—	—	8,280	8,280	(68,747)	(60,467)
Balance as at 31st December 2016	626,048	95,361	1,057,964	2,700,000	3,674,444	8,153,817	1,401,088	9,554,905
Realisation on Revaluation Surplus	—	—	(28,214)	—	28,214	—	—	—
Transferred to/(from) during the Period	—	40,649	—	—	(40,649)	—	—	—
Total Comprehensive Income for the Year								
Profit for the Year	—	—	—	—	982,817	982,817	237,608	1,220,424
Other Comprehensive Income								
Revaluation of Property, Plant and Equipment	—	—	—	—	—	—	—	—
Remeasurement of Defined Benefit Obligation	—	—	—	—	(17,616)	(17,616)	(1,294)	(18,910)
Related Taxes	—	—	—	—	5,990	5,990	330	6,319
Deferred Tax on Revaluation of Land	—	—	(451,831)	—	—	(451,831)	(64,218)	(516,049)
Total Other Comprehensive Income for the Period	—	—	(451,831)	—	(11,626)	(463,457)	(65,183)	(528,640)
Total Comprehensive Income for the Period	—	—	(451,831)	—	971,061	519,230	172,425	691,655
Transactions with Owners of the Company, Recognised Directly in Equity								
Distributions to Owners of the Company								
Final Dividend – 2016	—	—	—	—	(1,101,845)	(1,101,845)	(120,545)	(1,222,390)
Interim Dividend – 2017	—	—	—	—	(826,383)	(826,383)	(92,297)	(918,680)
Total Distributions to Owners of the Company	—	—	—	—	(1,928,228)	(1,928,228)	(212,842)	(2,141,070)
Changes in Ownership Interests in Subsidiary								
Rights Issue to NCI	—	—	—	—	—	—	77,732	77,732
Gain on Acquisition of Additional Shares in	—	—	—	—	3,337	3,337	—	3,337
Rights issue Cost	—	—	—	—	(1,990)	(1,990)	—	(1,990)
Balance as at 31st March 2018	626,048	136,009	577,919	2,700,000	2,706,189	6,746,165	1,438,403	8,184,569

Statement of Changes in Equity

For the fifteen months ended 31st March

Company	Stated Capital Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 1st January 2016	626,048	857,580	2,700,000	912,779	5,096,407
Realisation on Revaluation Surplus	–	(12,778)	–	12,778	–
Total Comprehensive Income for the Year					
Profit for the Year	–	–	–	1,104,445	1,104,445
Other Comprehensive Income					
Revaluation of Property, Plant and Equipment	–	250,154	–	–	250,154
Re-measurement of Defined Benefit Obligation	–	–	–	52,905	52,905
Related Taxes	–	(29,414)	–	(14,813)	(44,227)
Total Other Comprehensive Income for the Year	–	220,740	–	38,092	258,832
Total Comprehensive Income for the Year	–	220,740	–	1,142,536	1,363,277
Transactions with Owners of the Company, Recognised Directly in Equity					
Final Dividend – 2015	–	–	–	(525,880)	(525,880)
Total Distributions to Owners of the Company	–	–	–	(525,880)	(525,880)
Balance as at 31st December 2016	626,048	1,065,542	2,700,000	1,542,213	5,933,803
Realisation on Revaluation Surplus	–	(19,905)	–	19,905	–
Deferred Tax on Revaluation of Land	–	(198,082)	–	–	(198,082)
Total Comprehensive Income for the Year					
Profit for the Year	–	–	–	999,023	999,023
Other Comprehensive Income					
Re-measurement of Defined Benefit Obligation	–	–	–	(9,478)	(9,478)
Related Taxes	–	–	–	2,654	2,654
Total Other Comprehensive Income for the Year	–	(198,082)	–	992,199	794,117
Total Comprehensive Income for the Year					
Transactions with Owners of the Company, Recognised Directly in Equity					
Distributions to Owners of the Company					
Final Dividend – 2016	–	–	–	(1,101,845)	(1,101,845)
Interim Dividend – 2017	–	–	–	(826,383)	(826,383)
Total Distributions to Owners of the Company	–	–	–	(1,928,228)	(1,928,228)
Balance as at 31st March 2018	626,048	847,555	2,700,000	626,088	4,799,692

Statement of Cash Flows

For the fifteen months ended 31st March	Group		Company	
	2018 Rs. '000	2016 Rs. '000	2018 Rs. '000	2016 Rs. '000
Cash Flows from Operating Activities				
Net Profit before Income Tax Expense	2,049,052	3,126,233	1,105,879	1,450,530
Adjustment for:				
Depreciation on Property, Plant and Equipment	631,365	414,049	507,328	341,433
Amortisation of Intangible Assets	37,842	19,175	22,344	14,599
Impairment of Software	—	29,818	—	—
Gains on Disposal of Property, Plant and Equipment	11,199	(3,862)	11,221	(3,186)
Fair Value Gain from Investment	—	—	—	—
Interest Expense	2,685,363	1,601,925	539,712	1,619,789
Interest Income	(153,988)	(129,353)	(50,734)	(338,358)
Prepaid Debenture Cost	—	37,420	—	26,023
Impairment of Inventories	34,399	167,127	44,233	150,581
Impairment on Trade and Other Receivables	620,704	282,592	312,057	226,782
Dividend Income	—	(1,685)	(504,516)	(312,608)
Provision for Retiring Gratuity	176,847	116,489	114,418	86,548
Gain on Bargain Purchase	—	(563,946)	—	—
Operating Profit before Working Capital Changes	6,092,784	5,095,982	2,101,943	3,262,133
(Increase)/Decrease in Inventories	(3,067,781)	(1,846,074)	(2,992,019)	(1,267,050)
(Increase)/Decrease in Debtors Falling Due after one Year	(1,129,898)	(977,884)	361,100	(267,884)
(Increase)/Decrease in Debtors Falling Due within one year	(4,583,461)	(3,448,028)	(2,381,983)	(1,746,792)
(Increase)/Decrease in Dues from Related Parties	(788)	—	63,159	159,474
Increase/(Decrease) in Dues to Related Parties	(103,556)	(121,647)	1,461,850	99,580
Increase/(Decrease) in Security Deposits	180,675	166,657	180,675	166,657
Increase/(Decrease) in Trade and Other Payables	1,889,700	1,474,237	1,420,254	1,253,735
Increase/(Decrease) in Deferred Liabilities	(192,699)	120,529	(192,699)	120,529
Cash Generated from Operations	(915,023)	463,772	22,280	1,780,382
Finance Costs Paid	(2,807,030)	(1,543,774)	(622,090)	(1,601,300)
Retiring Gratuity Paid	(33,346)	(17,844)	(26,642)	(13,976)
Income Tax Paid	(926,641)	(1,029,515)	(380,519)	(548,648)
Net Cash from/(used in) Operating Activities	(4,682,171)	(2,127,361)	(1,006,971)	(383,542)
Cash Flows from Investing Activities				
Acquisition of Property, Plant and Equipment and Intangible Assets	(1,017,457)	(836,493)	(614,862)	(566,507)
Proceeds from Disposal of Property Plant and Equipment	20,590	30,924	20,189	28,586
Investment in Shares in Subsidiary Company	—	(1,472,394)	(470,042)	(1,414,938)
Investment in Debentures in Subsidiary Company	(156,127)	—	—	(312,807)
(Acquisition)/Disposal of Marketable Securities	(346)	90,756	—	—
Investment in Bank Deposits	—	4,186	—	—
Net Cashflows from Loans Given to Related Companies	153,988	—	158,924	(255,437)
Interest Income Received	—	77,874	50,734	288,826
Dividends Received	—	1,685	504,516	312,608
Net Cash Flows from Investing Activities	(999,352)	(2,103,462)	(350,542)	(1,919,669)
Cash Flows from Financing Activities				
Net proceeds from interest-bearing Loans and Borrowings	3,845,666	5,294,886	2,209,704	2,903,935
Proceeds from Rights Issue Purchased by Minority Shareholders	81,069	—	—	—
Right Issue Cost	(1,990)	—	—	—
Net Payment to Minority Share Holders	(162,693)	(89,096)	—	—
Increase/(Decrease) in Customer Deposit Liabilities	2,196,031	(225,046)	—	—
Dividends Paid	(1,409,142)	(522,872)	(1,409,142)	(522,872)
Net Cash Flow from Financing Activities	4,548,941	4,457,872	800,562	2,381,063
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,132,583)	227,049	(556,951)	77,852
Cash and Cash Equivalents at the beginning of the Year	338,898	111,849	337,490	259,637
Cash and Cash Equivalents at the end of the Period	(793,685)	338,898	(219,461)	337,489

Notes to the Financial Statements

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 2016.

2.1 Segmental Analysis of Company Net Turnover is as follows:

	Quarter Ending 31st March 2018 Rs. '000	Quarter Ending 31st March 2017 Rs. '000	15 Months Ending 31st March 2018 Rs. '000	12 Months Ending 31st March 2017 Rs. '000
Consumer Electronics	1,485,475	1,551,193	8,210,121	6,666,967
Financial Services	829,576	781,996	4,325,107	3,113,119
Furniture	741,066	684,538	3,416,843	2,363,812
Home Appliances	3,922,671	3,698,304	19,774,100	15,747,284
IT Products	1,809,231	1,446,249	7,971,414	4,993,832
Sewing	726,654	686,788	3,615,763	3,219,173
Other	713,481	743,747	3,596,685	3,163,016
	10,228,154	9,592,815	50,910,033	39,267,203

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

	Quarter Ending 31st March 2018 Rs. '000	Quarter Ending 31st March 2017 Rs. '000	15 Months Ending 31st March 2018 Rs. '000	12 Months Ending 31st March 2017 Rs. '000
Consumer Electronics	63,538	60,524	350,268	370,744
Financial Services	142,867	120,883	726,057	777,089
Furniture	26,558	24,006	118,611	118,524
Home Appliances	166,038	141,540	812,132	836,590
IT Products	35,225	16,787	107,824	61,436
Sewing	31,215	27,904	151,318	174,377
Other	20,941	21,562	118,582	128,393
Dividend	504,516	292,281	923,614	312,609
Operating Profit	990,898	705,487	3,308,406	2,779,762
Net Finance Cost	(488,978)	(364,123)	(2,149,727)	(1,281,431)
VAT on Financial Services	(10,400)	(10,800)	(52,800)	(47,800)
Profit Before Tax	491,520	330,564	1,105,879	1,450,530

2.3 Segmental Analysis of Group Net Turnover is as follows:

	Quarter Ending 31st March 2018 Rs. '000	Quarter Ending 31st March 2017 Rs. '000	3 Months Ending 31st March 2018 Rs. '000	12 Months Ending 31st December 2017 Rs. '000
Consumer Electronics	1,485,474	1,551,193	8,210,121	6,666,967
Financial Services	1,643,880	1,433,722	7,971,802	5,368,143
Furniture	741,066	684,538	3,416,843	2,363,812
Home Appliances	3,924,874	3,700,972	19,785,509	15,755,758
IT Products	4,364,642	3,207,550	18,524,321	10,386,984
Sewing	726,654	686,788	3,615,763	3,219,173
Other	713,709	744,003	3,597,945	3,163,307
	13,600,300	12,008,766	65,122,305	46,924,144

Notes to the Financial Statements

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

	Quarter Ending 31st March 2018 Rs. '000	Quarter Ending 31st March 2017 Rs. '000	15 Months Ending 31st March 2018 Rs. '000	12 Months Ending 31st December 2016 Rs. '000
Consumer Electronics	64,349	60,525	351,078	370,743
Financial Services	403,370	277,329	1,878,749	1,537,552
Furniture	26,829	24,006	118,882	118,524
Home Appliances	219,868	300,755	1,156,963	1,242,549
IT Products	291,351	159,528	1,062,001	602,188
Sewing	27,469	40,317	147,516	187,453
Other	23,827	23,017	124,228	133,785
Dividend	—	—	—	1,627
Gain on Bargain Purchase	—	—	—	563,946
Operating Profit	1,057,062	885,477	4,839,417	4,758,366
Net Finance Cost	(580,893)	(433,737)	(2,531,375)	(1,472,572)
VAT on Financial Services	(56,377)	(43,593)	(258,989)	(159,561)
Profit before Tax	419,793	408,147	2,049,052	3,126,234

3. Stated Capital

	31st March 2018	31st March 2017
Value – Ordinary Shares	Rs. 626,048,050/-	Rs. 626,048,050/-
No. of Shares – Ordinary Shares	375,628,830	125,209,610
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

- 3.2 At the Extra Ordinary General Meeting held on the 31st March 2017, the shareholders approved a subdivision of shares on the basis of three shares for every one existing share held. Subsequent to the share split the issued number of shares increased to 375,628,830 from the previous position of 125,209,610. This will not alter the stated capital of the Company, which will remain at Rs. 626,048,050/-.
- 3.3 Hayleys PLC together with its subsidiaries, Volanka (Pvt) Ltd, and Carbotels (Pvt) Ltd, acquired on 15th September, 2017 a total of 231,864,362 ordinary shares in Singer (Sri Lanka) PLC, constituting approximately 61.73% of the total shares in issue at a price of Rs. 47/- per share, making Hayleys PLC the ultimate controlling party of Singer (Sri Lanka) PLC with effect from 15th September 2017. Previous Parent Company of Singer (Sri Lanka) PLC was Retail Holdings (Sri Lanka) BV. Consequent to the purchase of 210,587,766 shares, a mandatory offer was made by Hayleys PLC on 31st October 2017 as Hayleys PLC triggered the company Takeovers and Mergers Code 1995, published under the rules made by the Securities and Exchange Commission of Sri Lanka under Section 53 of the Securities and Exchange Commission of Sri Lanka, Act No. 36 of 1987 as amended, and in terms of Rule 31 (1) (a) of the code. Accordingly subsequent to the mandatory offer, Hayleys PLC with parties acting in concert holds 304,108,410 shares constituting approximately 80.96% of the total shares in issue.
- 3.4 Balance sheet date of Singer (Sri Lanka) PLC has been changed from “31st December” to “31st March” in terms of Section 171 of the Companies Act No. 07 of 2007 with the approval of the Registrar of Companies.

Notes to the Financial Statements

4. Contingencies

- (a) Guarantees given to banks and other lending institutions by singer (Sri Lanka) PLC on behalf of Regnis (Lanka) PLC amounts to Rs 455.5 million.

Regnis (Lanka) PLC provided guarantees to banks and other lending institutions amounting to Rs. 345 million.

- (b) The Company has provided bank guarantees amounting to Rs. 262.1 million to Director General of Customs to clear imports during the years 2008 to March 2018.

The bank guarantee related to alleged additional duty payable on imports, claimed by the customs and is being contested by the company in courts.

The Court of Appeal ordered that the Director General of Customs continue with the investigations. The Company being aggrieved by the decision 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. 550,000/- holding deposit holders' Fixed Deposits amounting to Rs. 744,377/69 as security.
- (d) Commissioner General of Inland Revenue has issued assessment notices on Singer (Sri Lanka) PLC pertaining to an additional VAT Liability/Payment on account of Deemed VAT for seven quarters for the period 1st January 2014 to 30th September 2015. The assessment was for a Deemed VAT payment of Rs. 1,076 million and Penalty of Rs. 423 million totaling to Rs. 1,499 million.

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

Deemed VAT is removed with effect from 1st January 2016 under VAT Amendment Act No. 20 of 2016.

- (e) 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.

Notes to the Financial Statements

- (f) 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.
- (g) 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 31st March 2018, the balance has been exceed in the credit card product by Rs. 386.8 million.

5. Events Occurring after the Balance Sheet Date

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

6. Listed Debentures

Details regarding the listed debentures are as follows:

	Interest Rates of Comparable Government Securities as at Issue Date (%)
1. 8.25 % senior rated listed unsecured redeemable on 22nd December 2017	6.66
2. 8.60 % senior rated listed unsecured redeemable on 07th June 2018	6.29
3. 9.5 % senior rated listed unsecured redeemable on 07th June 2018	6.29
4. 10.5 % senior rated listed unsecured redeemable on 19th March 2019	9.43
5. 12.29 % senior rated listed unsecured redeemable on 19th March 2019	9.43

Interest rate of comparable Government Securities as at 31st March 2018 was 8.52%

Highest Traded Price, Lowest Traded Price, Last Traded Price as at 31st March 2018, Interest Yield and Yield to Maturity of trade of debentures which were traded are as follows:

	Highest Traded Price Rs.	Lowest Traded Price Rs.	Last Traded Price Rs.	Interest Yield %	Yield to Maturity %
9.5% Senior Rated Listed Unsecured Redeemable Debentures	95	95	95	14.73	14.73

Notes to the Financial Statements

The following debentures were not traded since date of issue:

8.60% senior rated listed unsecured redeemable debentures

10.5% senior rated listed unsecured redeemable debentures

12.29% senior rated listed unsecured redeemable debentures

	Group		Company	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Debt Equity Ratio	3.61	2.35	3.53	2.41
Interest Cover	1.81	3.12	1.52	2.13
Quick Assets Ratio	0.64	0.84	0.58	0.80

7. Top 20 Shareholders as at 31st December 2017

Name	No. of Shares	%
1. National Savings Bank/Hayleys PLC	85,147,054	22.67
2. People's Bank/Hayleys PLC	85,147,053	22.67
3. Hatton National Bank PLC/Hayleys PLC	40,293,659	10.73
4. Hayleys PLC	15,116,388	4.02
5. Hayleys Adventis Limited	37,127,660	9.88
6. Retail Holdings (Sri Lanka) BV	35,562,883	9.47
7. Volanka (Pvt) Limited	11,595,745	3.09
8. Hayleys Aventura (Private) Limited	10,531,915	2.80
9. Carbotels (Pvt) Limited	9,680,851	2.58
10. Hayleys Agriculture Holdings Limited	9,468,085	2.52
11. Mr. Kulappuarachchige Don Dammika Perera	6,935,913	1.85
12. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund DEUT	2,492,130	0.66
13. Mrs. Mihiri Virani Fernando	1,890,000	0.50
14. Andaradeniya Estate Private Limited	669,849	0.18
15. Mrs. Anoma Kamalika Amarasuriya	536,910	0.14
16. Mr. Nai Kaluge Anura Deepal De Silva	441,582	0.12
17. Miss Nai Kaluge Ruvani Hemamala De Silva	397,638	0.11
18. Mr. Nalin Amita De Silva	378,978	0.10
19. Jafferjee Brothers (Exports) Limited	375,600	0.10
20. Mr. Abeysiri Hemapala Munasinghe	328,644	0.09
	354,118,537	94.27
Others	21,510,293	5.73
	375,628,830	100.00

Notes to the Financial Statements

8. Directors' and CEO's Shareholding as at 31st March 2018

Name of the Director	Shareholding 31st March 2018 No. of Shares	Shareholding 31st December 2016 No. of Shares
Mr. A. Mohan Pandithage (Appointed with effect from 2nd October 2017)	—	—
Mr. K.D. Dhammika Perera (Appointed with effect from 2nd October 2017)	6,935,913	—
Late Dr. Saman Kelegama (Deceased on 23rd June 2017)	—	—
Mr. G.J. Walker	—	—
Mr. H.A. Pieris	6,000	2,000
Mr. L.N.S. Kumara Samarasinghe	17,372	4,124
Mr. M.H. Wijewardene	—	—
Mr. P.J. O'Donnell (Resigned with effect from 2nd October 2017)	—	—
Mr. J.J. Hyun (Resigned with effect from 2nd October 2017)	—	—
Mr. D.T.R. De Silva (Resigned with effect from 31st March 2018)	—	—
Mr. Deepal Sooriyaarachchi	—	—
Mr. M. Hisham Jamaldeen (Appointed with effect from 2nd October 2017)	—	—
Mr. Sarath C. Ganegoda (Appointed with effect from 2nd October 2017)	—	—
Mr. Dumith H. Fernando (Appointed with effect from 2nd October 2017)	—	—
Mr. Dilip De S. Wijeyeratne (Appointed with effect from 1st April 2018)	—	—
Mr. K.K.L.P. Yatiwella	—	—
Mr. S.H. Goodman	—	—
Mr. H.A.P. Sujeewa Perera	—	—

Notes to the Financial Statements

9. Public Holding

Shares held by public as at 31st March 2018

No. of Shareholders	No. of Shares	%
2,610	28,997,574	7.72

Float adjusted Market capitalisation – Rs. 1,165,741,536.17

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

10. Earnings Per Share (EPS) and Net Assets Value Per Share (NAVPS) for the period under review has been stated in proportion to the share split (Refer Note No. 3.2), prior year Share price, EPS and NAVPS too has been restated accordingly.

11. Information of the Company Secretary

Hayleys Group Services (Private) Limited
Contact No. 011 2627650

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