



# SINGER FINANCE

**SINGER FINANCE (LANKA) PLC**

INTERIM FINANCIAL STATEMENTS FOR THE  
THREE MONTHS ENDED 30TH JUNE 2019

**SINGER<sup>®</sup>**  
Trusted Excellence

## STATEMENT OF FINANCIAL POSITION

As At	30-June-2019	30-June-2018	31-Mar-2019 (Audited)
	Rs.'000	Rs.'000	Rs.'000
<b>ASSETS</b>			
Cash and Cash Equivalents	579,164	209,537	317,309
Placement with Banks	133,825	82,095	83,324
Financial assets at amortised cost-Hire Purchase Receivables	8,900	54,468	14,585
Financial assets at amortised cost-Finance Lease Receivables	14,078,502	12,091,882	13,950,248
Financial assets at amortised cost-Loans and Advances	3,936,500	3,046,944	3,883,300
Financial assets measured at fair value through other comprehensive income/ Financial Instruments - Available-for-Sale	41	41	41
Financial assets at amortised cost-Debt and other financial instruments /Financial Instruments - Held-to-Maturity	722,570	685,629	623,372
Due from Related Companies	125,076	357,428	92,444
Other Debtors, and Prepayments	329,980	250,175	290,636
Deferred Tax Assets	21,406	-	15,632
Intangible Assets	44,850	47,967	46,293
Property, Plant & Equipment	259,807	128,626	221,885
Right-of-use assets / Lease assets	462,615	-	-
<b>Total Assets</b>	<b>20,703,236</b>	<b>16,954,792</b>	<b>19,539,069</b>
<b>LIABILITIES</b>			
Financial liabilities at amortised cost-Due to Customers	6,727,114	4,792,660	6,095,816
Financial liabilities at amortised cost-Interest Bearing Loans & Borrowings	7,721,835	5,191,593	6,631,194
Interest Bearing Loans - Related party	600,000	1,425,000	1,000,000
Trade & Other Payables	625,455	673,359	844,909
VAT Payable	3,047	2,937	3,112
Due to Related Companies	101,893	439,648	1,570
Bank Overdraft	1,075,916	796,326	1,134,836
Current Tax Liabilities	201,363	77,560	220,581
Deferred Tax Liabilities	-	154,876	-
Retirement Benefit Obligations	68,503	57,422	63,118
<b>Total Liabilities</b>	<b>17,125,126</b>	<b>13,611,381</b>	<b>15,995,136</b>
<b>SHAREHOLDERS' FUND</b>			
Stated Capital	1,996,444	1,996,444	1,996,444
Reserve Fund	163,096	136,009	163,096
Retained Earnings	1,418,570	1,210,958	1,384,393
<b>Total Equity</b>	<b>3,578,110</b>	<b>3,343,411</b>	<b>3,543,933</b>
<b>Total Liabilities &amp; Equity</b>	<b>20,703,236</b>	<b>16,954,792</b>	<b>19,539,069</b>
<b>Net Assets per share (Rs)</b>	<b>17.71</b>	<b>16.55</b>	<b>17.54</b>

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.  
Signed for and on behalf of the Board by,

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

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

Colombo  
26th July 2019

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Three Months ended 30th June	2019	2018	Variance	
	Rs.'000	Rs.'000	Rs.'000	%
<b>Gross Income</b>	<b>1,144,904</b>	937,530	207,374	22%
Interest Income	1,081,775	867,364	214,411	25%
Less: Interest Expense	512,692	359,482	(153,210)	(43%)
<b>Net Interest Income</b>	<b>569,083</b>	507,882	61,201	12%
Net Fee and Commission Income	53,499	60,380	(6,881)	(11%)
Trading Income	303	558	(255)	(46%)
Other Operating Income	9,327	9,228	99	1%
<b>Total Operating Income</b>	<b>632,212</b>	578,048	54,164	9%
Less: Impairment charges and Other Credit Losses on Financial Assets	122,514	61,037	(61,477)	(101%)
<b>Net Operating Income</b>	<b>509,698</b>	517,011	(7,313)	(1%)
<b>Less:- Expenses</b>				
Personnel Cost	147,931	110,872	(37,059)	(33%)
Administration & Selling Expenses	213,334	173,468	(39,866)	(23%)
<b>Operating Profit Before VAT, NBT and DRL on Financial Se</b>	<b>148,433</b>	232,671	(84,238)	(36%)
Less: VAT, NBT and DRL on Financial Services	65,763	47,519	(18,244)	(38%)
<b>Profit Before Income Tax</b>	<b>82,670</b>	185,152	(102,482)	(55%)
Less: Income Tax Expense	33,644	67,513	33,869	50%
<b>Profit for the Period</b>	<b>49,026</b>	117,639	(68,613)	(58%)
<b>Total Comprehensive Income for the Period</b>	<b>49,026</b>	117,639	(68,613)	(58%)
Basic Earnings per Share (Rs)	<b>0.24</b>	<b>0.58</b>		

## Share Price

## Three Months Ended

	30th June 2019	30th June 2018
	Rs.	Rs.
Highest	13.60	16.40
Lowest	11.90	14.10
Closing	12.30	14.30

## STATEMENT OF CHANGES IN EQUITY

For the Three Months ended 30th June

	Attributable to Equity Holders of the Company			
	Stated Capital Rs.'000	Reserve Fund Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
<b>Balance as at 31st March 2018</b>	1,996,444	136,009	1,202,658	3,335,111
Impact of Adopting SLFRS-09- Note 7.1	-	-	(109,339)	(109,339)
<b>Balance as at 01st April 2018</b>	1,996,444	136,009	1,093,319	3,225,772
<b>Total Comprehensive Income</b>				
Profit for the Period	-	-	117,639	117,639
<b>Total Other Comprehensive Income for the Period</b>	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	-	-	117,639	117,639
<b>Transactions with Owners, Recorded Directly in Equity</b>	-	-	-	-
<b>Total Transactions with Equity Owners</b>	-	-	-	-
<b>Balance as at 30th June 2018</b>	1,996,444	136,009	1,210,958	3,343,411
<b>Total Comprehensive Income</b>				
Profit for the Period	-	-	424,093	424,093
<b>Other Comprehensive Income</b>				
Employee Benefit Plan Actuarial Loss			(1,792)	(1,792)
Tax on Other Comprehensive Income			502	502
<b>Total Other Comprehensive Income for the Period</b>	-	-	(1,290)	(1,290)
<b>Total Comprehensive Income for the Period</b>	-	-	422,803	422,803
Transferred to/(from) during the Period		27,087	(27,087)	-
<b>Transactions with Owners, Recorded Directly in Equity</b>				
Dividends	-	-	(222,281)	(222,281)
<b>Total Transactions with Equity Owners</b>	-	-	(222,281)	(222,281)
<b>Balance as at 31st March 2019</b>	1,996,444	163,096	1,384,393	3,543,933
Impact of Adopting SLFRS-16- Note 8.1			(20,623)	(20,623)
Deferred Tax Impact on Adopting SLFRS-16			5,774	5,774
<b>Balance as at 01st April 2019</b>	1,996,444	163,096	1,369,544	3,529,084
<b>Total Comprehensive Income</b>				
Profit for the Period	-	-	49,026	49,026
<b>Total Other Comprehensive Income for the Period</b>	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	-	-	49,026	49,026
<b>Transactions with Owners, Recorded Directly in Equity</b>	-	-	-	-
<b>Total Transactions with Equity Owners</b>	-	-	-	-
<b>Balance as at 30th June 2019</b>	1,996,444	163,096	1,418,570	3,578,110

## CASH FLOW STATEMENT

For the Three Months ended 30th June	2019	2018
	Rs.'000	Rs.'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit Before Tax</b>	<b>82,670</b>	<b>185,152</b>
<b>Adjustments for</b>		
<b>Non-Cash Items Included In Profit Before Tax</b>		
Interest Income from Investing Activities	(16,760)	(16,481)
Interest Income from Placement With Banks	(2,324)	(2,179)
Finance Cost	440,290	292,690
Depreciation/Amortization	28,391	8,878
Loss on disposal of Property, Plant and Equipment	313	-
Provision for Define Benefit Plans - Gratuity	6,000	3,500
Provision for Bad Debt	122,515	61,037
Issue Cost_Securitization	11,131	-
Debenture Issue Cost	1,282	1,955
<b>Operating Profit Before Changes In Operating Assets And Liabilities</b>	<b>673,508</b>	<b>534,552</b>
<b>Changes In;</b>		
Increase in Lease Rentals Receivables	(198,223)	(779,403)
Decrease in Hire Debtors	5,612	27,252
Increase in Loans and Advances	(105,665)	(245,068)
Increase in Other Assets	(89,048)	(35,505)
Increase in Due from Related Companies	(32,632)	(21,160)
Increase/(Decrease) In Public Deposits	572,762	(542,532)
Increase/(Decrease) in amounts due to Related Companies	100,323	(25,699)
Decrease in Other Liabilities	(8,200)	(56,354)
<b>Cash from/(used in) Operations</b>	<b>918,437</b>	<b>(1,143,917)</b>
Finance costs paid	(326,079)	(300,051)
Retiring Gratuity Paid	(616)	(1,292)
ESC Paid	(5,608)	(4,407)
Income Tax Paid	(52,863)	-
<b>Net Cash from/(used in) Operating Activities</b>	<b>533,271</b>	<b>(1,449,667)</b>
<b>Cash Flows from/(used in) Investing Activities</b>		
Acquisition of Property Plant & Equipment	(50,342)	(15,464)
Proceeds from Sale of Property, Plant & Equipment	425	-
Incurred on Software Development	(81)	-
Investment in Investment Securities	(85,084)	-
Investment in Bank Deposits	(50,000)	-
Interest Income Received	4,469	3,823
<b>Net Cash Flows used in Investing Activities</b>	<b>(180,613)</b>	<b>(11,641)</b>
<b>Cash Flows from/(used in) Financing Activities</b>		
Issue Of Securitization	950,000	-
Loans Obtained During the Period Other Than Related Party	1,450,000	1,330,000
Loans Obtained During the Period Other Than Related Party	500,000	425,000
Repayment of Loans Other Than Related Party	(1,333,803)	(467,500)
Repayment of Loans Related Party	(900,000)	-
Repayment of Debenture	(409,300)	-
Repayment of Securitization	(77,459)	-
Dividends Paid	(211,321)	(31,766)
<b>Net Cash Flows from/(used in) Financing Activities</b>	<b>(31,883)</b>	<b>1,255,734</b>
<b>Net increase/(Decrease) in Cash and Cash Equivalents</b>	<b>320,775</b>	<b>(205,574)</b>
<b>Cash and Cash Equivalents at the beginning of the Period</b>	<b>(817,527)</b>	<b>(381,215)</b>
<b>Cash and Cash Equivalents at the end of the Period</b>	<b>(496,752)</b>	<b>(586,789)</b>

**Interim Financial Statements for the Three Months Ended 30th June 2019**

**Notes to the Financial Statements**

**FINANCIAL REPORTING BY SEGMENTS AS PER PROVISION OF THE SRI LANKA ACCOUNTING STANDARD SLFRS 8**

The primary business segment reporting format is determined to be business segment as nature of the products and services provided, with each segment representing a strategic business unit that offers different product and serves different markets

The following table presents financial information regarding business segments:

**Business Segments (Rs.'000)**

For the Three Months ended 30th June	Finance Lease		Hire Purchase		Loan & Advances		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Interest	807,230	638,875	600	4,105	245,405	190,803	28,540	33,581	1,081,775	867,364
Net Fee and Commission Income	26,685	30,609	25	28	26,746	29,698	43	45	53,499	60,380
Trading Income	-	-	-	-	-	-	303	558	303	558
Other Operating Income	5,872	5,804	5	30	3,763	3,395	(313)	-	9,327	9,228
Total Revenue	839,787	675,288	631	4,163	275,914	223,896	28,573	34,184	1,144,904	937,530
Interest Expense	(382,575)	(264,784)	(284)	(1,701)	(116,307)	(79,079)	(13,526)	(13,918)	(512,692)	(359,482)
Depreciation & Amortization	(21,760)	(6,803)	(16)	(44)	(6,616)	(2,031)	-	-	(28,392)	(8,878)
Period S&A	(255,124)	(211,069)	(190)	(1,356)	(77,559)	(63,037)	-	-	(332,873)	(275,462)
Impairment charges and Other Credit										
Losses on Financial Assets	(69,976)	(31,833)	(73)	(303)	(52,465)	(28,901)	-	-	(122,514)	(61,037)
Less: VAT, NBT and DRL on Financial Services	(49,073)	(35,001)	(36)	(225)	(14,919)	(10,453)	(1,735)	(1,840)	(65,763)	(47,519)
Profit Before Income Tax	61,279	125,798	32	534	8,048	40,395	13,312	18,426	82,670	185,152
Income Tax Expense	(24,909)	(36,061)	(13)	(382)	(3,467)	(18,190)	(5,255)	(12,880)	(33,644)	(67,513)
Profit After Tax	36,370	89,737	19	152	4,581	22,205	8,057	5,546	49,026	117,639
Segment Assets	15,143,428	12,642,854	9,573	56,950	4,234,263	3,185,779	1,315,972	1,069,209	20,703,236	16,954,792
Segment Liabilities	12,685,651	10,085,934	8,018	45,432	3,547,044	2,541,480	884,413	938,535	17,125,126	13,611,381
* Segment assets include the additions to non current assets	40,323	9,169	25	41	11,275	2,311	2,812	853	54,435	12,374

## 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 2019, except for the Accounting Policies and methods of computation adopted to be in compliant with the requirements of the Sri Lanka Accounting Standard SLFRS - 16 on Leases, which became effective for Annual Financial periods from January 01, 2019.
- These Interim Financial Statements are in compliance with Sri Lanka Accounting Standards 34 - 'Interim Financial Reporting' and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.

## 2 COMMITMENT & CONTINGENCIES

There are no significant capital commitments which have been approved or contracted for by the company as at 30th June 2019 except following,

### 2.1 Operating Lease Commitments as at 30th June 2019

Within One Year	Rs. 19.10 million
Between One to Five Years	Rs. 40.18 million
Over Five Years	Rs. 21.02 million

### 2.2 Approved but not disbursed facilities

Revolving Loan Facility Amount	Rs. 300.18 million
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### 2.3 (a) As at 30th June 2019, the Company has provided letters of guarantee totaling to Rs. 1,000,000/- against Fixed Deposits of Rs. 1,000,000/-

### 2.4 (c) 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 30th June 2019, the balance has been exceeded in the credit card product by Rs.164Mn .

### 2.5 Assets Pledged as Securities

Company has given a negative pledge amounting to Rs.10,942,905,000 over the Company's Lease receivable and Hire Purchase receivable, for the following banks over Loans, Overdrafts, Securitization & Debentures having a carrying value of Rs. 8,386,850,000 as at 30th June

Bank	Exposure	Type of Facility	Carrying Value Rs.	Amount Pledged Rs.
Sampath Bank	130% of the Banks's exposure	Loan	368,000,000	868,400,000
		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	465,150,000	929,695,000
		Overdraft Facility	250,000,000	
Nations Trust Bank	130% of the Banks's exposure	Loan	970,000,000	1,300,000,000
		Overdraft Facility	30,000,000	
National Development Bank	130% of the Banks's exposure	Loan	200,000,000	390,000,000
		Overdraft Facility	100,000,000	
Singer Sri Lanka	130% of the Debenture exposure	Loan	600,000,000	780,000,000
Deutsche Bank	130% of the Debenture exposure	Debenture	2,090,700,000	2,717,910,000
Hatton National Bank	130% of the Banks's exposure	Securitization	2,813,000,000	3,656,900,000
			<u>8,386,850,000</u>	<u>10,942,905,000</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. 9.95% 60 months Debentures Secured	1,500,000,000	16-June-2020	as at 11th June 2015 was 8.35%
2. 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 2019 was 9.83%			

The Listed Debentures were not traded during the period 01st April 2019 to 30th June 2019. Therefore, Highest Traded price, Lowest Traded Price, Last Traded Price as at 30th June 2019, Interest Yield and Yield to Maturity of trade were not available.

	30-June-2019	30-June-2018
Debt Equity Ratio	4.51	3.65
Interest Cover	1.16	1.52
Quick Assets Ratio	0.88	0.84
Liquid Asset Ratio	12.15%	11.01%

**5 Directors' and CEO's Debenture holding as at 30th June 2019**

Name of the Director	No of Debentures 30-June-2019	No of Debentures 31-March-2019
Mr. Aravinda Perera	-	-
Mr. J.A. Setukavalar	-	-
Mr. Priyath Salgado	-	-
Mr. Jayanth Perera	-	-
Ms. D. Talpahewa	-	-
Mr. L.S. Sadeep Perera	-	-
Mr. T.A.Amarasuriya (Chief Executive Officer/Executive Director)	-	-
Mr. Mahesh H. Wijewardene	-	-
Mr. K.K.L.P.Yatiwella (Alternate Director to Ms. D. Talpahewa)	10,000	10,000

**6 INFORMATION ON ORDINARY SHARES**

a) Stated Capital	30-June-2019	30-June-2018
Value-Ordinary Shares	Rs.1,996,444,457/-	Rs.1,996,444,457/-
No of Shares-Ordinary Shares	202,074,075	202,074,075
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share



## Notes to the Financial Statements

## c) Twenty Largest holders of Shares as at 30th June 2019

Name	No of Shares	%
1 Singer (Sri Lanka) PLC	161,513,035	79.93
2 Employees Trust Fund Board	3,440,878	1.70
3 Associated Electrical Corporation Ltd	2,947,500	1.46
4 Mr. A. M. C. S. Atapattu	1,033,256	0.51
5 Mr. D. A. S. De Abrew Abeyesinhe	1,000,000	0.49
6 Mr. S. T. Hettige Don	711,000	0.35
7 Mr. S. R. Mather	688,042	0.34
8 Mrs. H. G. E. Arumugampillai	684,500	0.34
9 United Motors Lanka PLC	679,224	0.34
10 Hatton National Bank PLC/ Mr. S. A. Lukmanjee	569,867	0.28
11 Unimo Enterprises Ltd	521,885	0.26
12 Bank of Ceylon A/C NDB Wealth Growth Fund	516,841	0.26
13 Mr. A. M. Weerasinghe	500,000	0.25
14 A E C Properties ( Pvt ) Ltd.	440,000	0.22
15 Mr. Chelliah Ramachandran & Miss. E. Ramachandran	432,700	0.21
16 Hatton National Bank PLC/Arunasalam Sithampalam	420,944	0.21
17 Mercantile Investments And Finance Plc	400,000	0.20
18 Mr. M.A.A. Hassanally Esufally	385,000	0.19
19 Mr. L.N.S. Kumara Samarasinghe	355,000	0.18
20 Mr.V.G.K. Vidyaratne	250,555	0.12
	177,490,227	87.83
Others	24,583,848	12.17
	202,074,075	100.00

## d) Directors' and CEO's Shareholding as at 30th June 2019

Name of the Director	Shareholding 30-June-2019 No of Shares	Shareholding 31-March-2019 No of Shares
Mr. Aravinda Perera	-	-
Mr. J.A. Setukavalar	-	-
Mr. Priyath Salgado	12,224	12,224
Mr. Jayanth Perera	-	-
Ms. D. Talpahewa	-	-
Mr. L.S. Sadeep Perera	-	-
Mr. T.A.Amarasuriya (Chief Executive Officer/Executive Director)	50,155	50,155
Mr. Mahesh H. Wijewardene	-	-
Mr. K.K.L.P.Yatiwella (Alternate Director to Ms. D. Talpahewa)	-	-

## e) Public Holding

	30-June-2019	30-June-2018
No of Share Holders	6,903	6,996
No of Shares	40,498,661	37,671,262
% of Public Holding	20.04%	18.66%
Float Adjusted Market Capitalization	Rs. 498,096,429/-	Rs.542,981,122/-
The Company is 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 Sri Lanka Accounting Standard-SLFRS 9 on "Financial Instruments"

The Company has previously prepared Interim Financial Statements for the quarter ended 30th June 2018 based on "LKAS 39 – Financial Instruments: Recognition and Measurement" as permitted by the Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements" issued by The Institute of Chartered Accountants of Sri Lanka.

## SINGER FINANCE (LANKA) PLC

## 7.1 Transition Disclosures

The impact of transition to SLFRS 9 on retained earnings, is as follows.

	Retained earnings Rs.'000
Closing balance under LKAS 39 as at 31st March 2018	1,202,658
<u>Remeasurement adjustments on adoption of SLFRS 9</u>	
Impact of expected credit losses under SLFRS 9	(109,339)
Total change in equity due to adoption of SLFRS 9	(109,339)
Opening balance under SLFRS 9 as at 1st April 2018	1,093,319

The following table reconciles the aggregate opening loan loss provision allowances under LKAS 39 to the ECL allowances under SLFRS 9

	Loan loss provision under LKAS 39 as at 31 March 2018	Re-measurement	ECLs under SLFRS 9 as at 1 April 2018
	Rs.'000	Rs.'000	Rs.'000
Hire Purchase Receivables	11,790	822	12,612
Finance Lease Receivables	126,311	38,931	165,242
Loans and Advances	168,104	69,586	237,690
	306,205	109,339	415,544

## 8 Sri Lanka Accounting Standard-SLFRS 16 on "Leasing"

SLFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

## 8.1 Transition to SLFRS 16

The Company applied SLFRS 16 from 01 April 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting SLFRS 16 was recognized as an adjustment to the opening balance of Retained Earnings at 01 April 2019, with no restatement of comparative information.

The impact of transition to SLFRS 16 on retained earnings, is as follows.

	Retained earnings Rs.'000
Closing balance as at 31st March 2019	1,384,393
<u>Remeasurement adjustments on adoption of SLFRS 16</u>	
Impact of adopting SLFRS 16	(20,623)
Deferred Tax Impact on Adopting SLFRS-16	5,774
Total change in equity due to adoption of SLFRS 16	(14,849)
Opening balance under SLFRS 16 as at 1st April 2019	1,369,544

## 9 Information of the Company Secretary

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