winnovation

REGNIS (LANKA) PLC | Annual Report 2017

INSIDE

VISION

To be among the best manufacturers of world-class white goods in Asia pacific

MISSION

To improve the quality of life by providing comforts and conveniences at fair prices

OBJECTIVES

To be the market leader in our product and market segments

Provide our consumers with the best service in the Island

Provide our consumers with products of latest technology

Develop our employees to achieve their real potential

Provide our shareholders with steady asset growth and return on investment above our industry norm

Grow our revenue and profits at a rate above the current industry norm

VALUES

Consumers We live up to the expectations of a responsible organisation by contributing to the improvement in the quality of life of our customers through outstanding products and services

Employees We respect each other as individuals and encourage cross- functional teamwork while providing opportunities for career development

Shareholders We provide a reasonable return while safeguarding their investment

Suppliers We develop our suppliers to be partners in progress and we share our growth with them

Competitors We respect our competitors and recognise their contribution to market value

Community We conduct our business by conforming to the ethics of our country and share the social responsibility of the less fortunate

Over the years our world class products with trusted quality and superior performance have captured the hearts of all loyal Sri Lankans. A commitment to innovate and to raise the bar in introducing superior products has been the key to our success.

We continue on our quest for

winnovation

- winning the hearts of Sri Lankans with innovative products for the future as we introduce the **SMART GEO** range of refrigerators and a wide range of products.

ABOUT OUR REPORT

WELCOME TO OUR INTEGRATED REPORT

This year, Regnis (Lanka) PLC (herein referred to as "Regnis" or "the Company") marks an important milestone in its corporate reporting, as it transitions to an Integrated Annual Report, in accordance with the guidelines published by the International Integrated Reporting Council (IIRC). As our primary publication to shareholders, this Report aims to provide a concise and balanced review of how we create and sustain value to our stakeholders. The Report is anchored on our material financial and non-financial performance, strategic agenda, governance and the trends in the operating landscape which shaped our performance during the year.

Scope and Boundary

The Report covers the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Private) Ltd for the period from 1st January 2017 to 31st December 2017. The financial information presented on pages 92 to 143 of this Report takes a consolidated view and is referred to as Group in the narrative reporting, while non-financial information presented throughout the Report represents that of the Company. The Company follows an annual reporting cycle and this Report builds on the most recent previous report covering the period 1st January 2016 to 31st December 2016. There were no significant changes to the Company's size, structure, shareholding or supply chain during the year under review and no significant restatements of previously reported economic, social or environmental information.

Reporting Principles and Assurance

The financial statements presented on pages 92 to 143 of this Report have been prepared in accordance with the Sri Lanka Financial Reporting Standards, and the requirements of the Companies Act No.7 of 2007. External assurance on the financial statements have been provided by Messrs KPMG Chartered Accountants. The Integrated Report has been prepared based on the principles of the <IR> Framework, published by the IIRC. For sustainability reporting we have opted for early adoption of the Global Reporting Initiative (GRI) Standards 'In Accordance-Core' option. The narrative on Corporate Governance (pages 51 to 67) complies with the Code of Bests Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

Key Concepts

Materiality: In determining the content to be included in our Report, we have applied the principle of materiality and only issues that could materially impact the Company's ability to consistently deliver value to its stakeholders. The process we use for determining material content and our material topics are described from on page 27 of this Report, with the latter forming the anchor of the Report.

Capitals: In transitioning to the <IR> Framework, we have introduced the concept of capitals and discussed how the six capital inputs are transformed by our activities to create sustainable value to our stakeholders.

Value creation: The Company's financial and non-financial performance is presented in a way that reflects its ability to create and sustain long-term value to its stakeholders.

Feedback

This is our 1st Integrated Report, and we understand that it is an evolving principle and a continuous journey of improvement. We welcome your comments, suggestions and queries on this Report; please direct your feedback to,

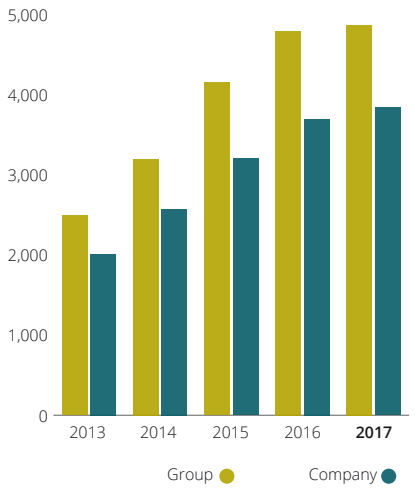
Chief Financial Officer
Regnis (Lanka) PLC
No 52, Ferry Road,
Off Borupana Road,
Ratmalana,
Sri Lanka.

IMPROVEMENTS TO OUR REPORT IN 2017

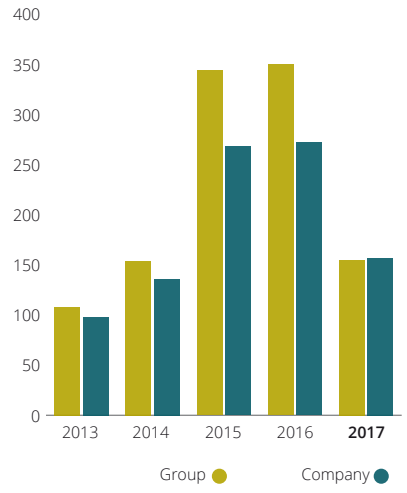
- Transitioned to an Integrated Reporting Framework
- Broadened the scope of our material topics outside those prescribed by GRI to include factors that specific to our industry and value creation model
- Early adoption of the GRI Standards
- Demonstrated compliance to the Code of Best Practice on Corporate Governance issued by the SEC and the ICASL
- Increased connectivity between information

PERFORMANCE HIGHLIGHTS OF 2017

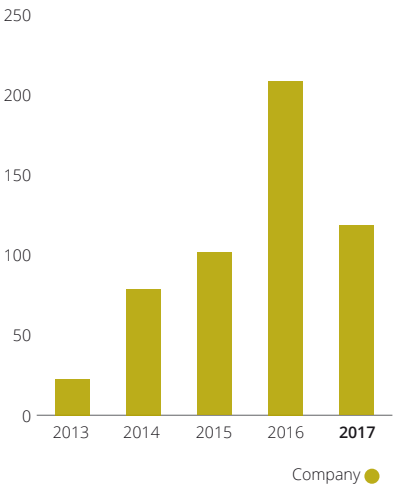
GROUP & COMPANY REVENUE (Rs. Mn)



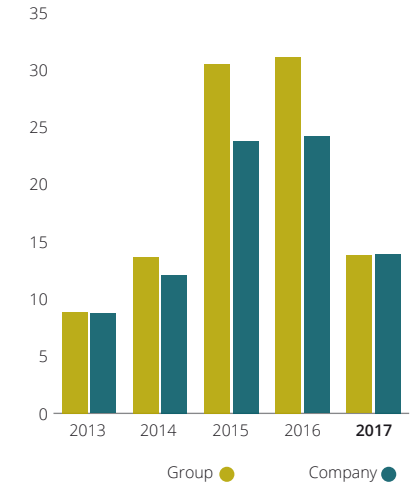
PROFIT FOR THE YEAR (Rs. Mn)



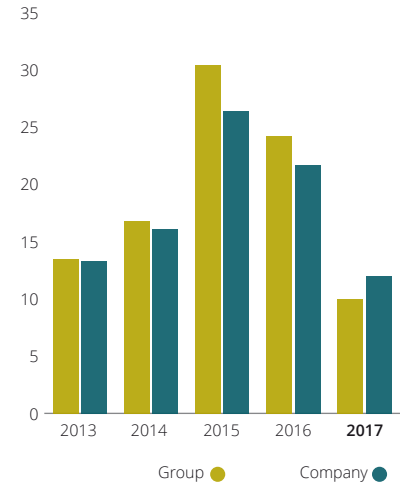
DIVIDEND PER COMPANY (Rs. Mn)



EARNINGS PER SHARE (Rs. Mn)



RETURN ON AVG.EQUITY (%)



DISTRIBUTION OF VALUE ADDED (%)

The year under review was a challenging one, with the Group facing the dual impacts of escalating raw material prices and weaker demand conditions. Nevertheless, the meticulous implementation of a smart strategy focused on innovation, new product development and operating efficiencies enabled the Group to deliver to its commitment to stakeholders.

		Group		Company	
		2017	2016	2017	2016
Financial Performance					
Revenue	Rs.million	4,867.25	4,791.26	3,838.35	3,693.48
Gross profit	Rs.million	365.06	582.26	230.75	378.32
Operating expenses	Rs.million	(100.99)	(106.93)	(69.21)	(77.43)
Operating profit	Rs.million	264.35	476.30	237.41	358.59
Pre-tax profit	Rs.million	215.12	471.75	189.90	350.69
Taxation	Rs.million	(60.00)	(121.43)	(32.82)	(78.39)
Profit for the year	Rs.million	155.12	350.32	157.08	272.30
GP margin	%	8%	12%	6%	10%
OP margin	%	5%	10%	6%	10%
Net profit margin	%	3%	7%	4%	7%
Return on average equity	%	10%	21%	12%	19%
Financial Position					
Total assets	Rs.million	2,960.51	2,635.65	2,545.52	2,298.32
Non-current assets	Rs.million	1,191.51	1,006.50	1,192.83	1,071.65
Current assets	Rs.million	1,769.00	1,629.15	1,352.69	1,226.66
Shareholders' funds	Rs.million	1,497.13	1,632.58	1,264.64	1,397.59
Borrowings	Rs.million	613.22	296.78	512.71	296.78
Gearing ratio	%	47%	23%	45%	26%
Interest cover	Times	5.14	39.73	4.63	28.65
Current ratio	Times	1.49	1.94	1.33	1.64
Quick asset ratio	Times	0.52	0.56	0.43	0.45
Investor Information					
Earnings per share	Rs.	13.77	31.09	13.94	24.17
Dividend per share	Rs.	10.50	18.50	10.50	18.50
Net asset value per share	Rs.	132.87	144.89	112.23	124.03
Market value per share at 31 December	Rs.	-	-	118.10	137.50
Market capitalisation as at 31 December	Rs.million	-	-	1,331	1,549
P/E ratio	Times	-	-	8.47	5.69
Dividend pay out	%	76.3%	59.5%	75.3%	76.6%
Dividend cover	Times	1.31	1.68	1.33	1.31

Human Capital
(Company)

		2017	2016
Total employees	No.	267	261
Payments to employees	Rs. million	479	457
Employee retention rate	%	2.67%	1.53%
No. of promotions	No.	27	85
Female representation	%	3%	3%
Investment in training	Rs. million	0.16	0.29
Total training hours	Hours	88	1250
Average training hours/ employee	Hours	0.33	4.87
Workplace injuries	No.	15	13
Union representation	%	90.5%	92%
Instances of disruption to work	No.	Nill	Nill

Manufactured Capital
(Company)

		2017	2016
Investment in capex	Rs. million	165	189
Production volume	Units	133,178	139,490

Social and Relationship Capital
(Company)

		2017	2016
Customer satisfaction	%	94%	95%
Payments to suppliers	Rs. million	1,916	1,996
Proportional spending to local suppliers	%	94%	95%
Investment in CSR	Rs. million	0.14	1.20

Natural capital
(Company)

		2017	2016
Energy consumption	GJ	4,394	5,695
Energy intensity	GJ per unit	33,459	42,156
Water consumption	M3	4,242	4,243
Water consumption per unit	M3/unit	0.03	0.03
Solid waste generation	MT	304,735	297,564
Carbon footprint	tCO2e	87	428

ABOUT US

Regnis is Sri Lanka's leading manufacturer of white goods and undisputed leader in the refrigerator and washing machine markets. The Group's goods are manufactured under the Singer and Sisil brands and distributed to customers through the extensive distribution network of our parent company, Singer (Sri Lanka) PLC- the country's leading consumer goods retailer. Despite intensifying competitive pressure, Regnis has maintained its dominant market position by understanding and effectively responding to emerging customer needs through innovative product solutions. The Company's excellent track record of over 3 decades has armed it with deep insights into customer behaviour and allowed it to persistently refine its operating model to capture emerging opportunities.

Our success is underpinned by the skills, expertise and work ethic of our 427 strong team who drive our strategic ambitions and deliver our growth agenda. As a responsible corporate citizen, we are cognisant of the role we can play in reducing the environmental footprint of our product range and have continued to leverage our research capabilities to enhance the energy efficiency of our products and processes.

The Regnis Group comprises the Company and its fully-owned subsidiary Regnis Appliances (Private) Ltd which is engaged in the manufacturing of washing machines, plastic chairs and plastic components for refrigerators. The Company is the most significant entity in the Group, accounting for 79% of Group revenue.

19 Variants of refrigerators

08 Variants of washing machines

What sets us apart

BRANDS

Our brands, Singer and Sisil are among the country's most loved, household brands with deeply rooted presence particularly in the rural markets.

Our products are distributed to consumers through our parent's extensive network of 433 touch points across the island

We have continued to invest in research capabilities to drive innovation and product development

Sustainability is embedded in our daily operations and we strive to ensure that our operations are socially sustainable while minimising our environmental footprint.

Awards and Recognition

HISTORICAL

1987 Incorporated as a limited liability company with an issued Share Capital of Rs.10 Mn. Public share issue attracts 1,200 investors, with the majority owning less than 500 shares.

1988 Commercial production begins with two models of Single-Door Refrigerators.

1989 Two models of Gas Cookers come off the production line.

1990 Double-Door Refrigerators were introduced.

1994 225 ltr. Chest Freezer introduced.

*Production of Bottle Coolers commenced for Elephant House and Ole Springs Bottlers (Pvt) Ltd., Bottlers of Pepsi.

1995 A Double-Door 8 cu. ft. Refrigerator and a 325 ltr. Chest Freezer added to the product range.

A pioneering venture begins - the assembly of Washing Machines begins with a 2.5 kg semi-automatic model.

1996 Chest Freezer range expanded with a 425 ltr. model. Successfully completed first phase of production of Refrigerators using environmental-friendly gas.

A Rights Issue (one new share for every two held) increased the Share Capital to Rs. 27.1 Mn.

Launch of 'Pipena Mala' - A unique concept design to improve productivity.

1997 Refrigerators with CFC-free refrigerants introduced to the market, ten years ahead of schedule to phase out CFCs.

1999 Sri Lanka Standards Institution Awards ISO 9002 Certification. CFC Project completed.

All refrigerators now free of ozone depleting substances in both refrigerant and insulation material. Assembly of Whirlpool 5 kg Semi-Automatic Washing Machine began.

Bottle Coolers produced for Nestlé Lanka Ltd.

2000 Washing Machine assembly shifted to new building. Refrigerators and Freezer production lines re-laid to obtain more productivity and increased efficiency.

2001 * Successful completion of 3-Zero programme aimed at cost reduction and waste elimination.

* Manufacture of Sisil range of Refrigerators began.
* Introduction of RGS 35 model to the Singer range of Refrigerators.
* The Company participated in 'Cool Tech 2001' Exhibition in Mumbai.

2003 Commenced commercial production of No-Frost Refrigerator. Exported Deep Freezers to India. Purchased land to set-up an Injection Moulding facility.

2004 New building constructed and in-house manufacture of plastic components commenced. Bonus issue of shares on the basis of one new share for every three held.

2006 Two new Refrigerator models introduced incorporating Nano Silver Technology. 650-ton Injection Moulding Machine installed to produce plastic components.

2007 A new product - the Chest Type Cooler - developed and released to the market for use by milk distribution centres.

Milestones

2008 220 ltr. Freezer cum Bottle Cooler developed.

2009 New assembly line set up for Whirlpool Washing Machines and SKD Refrigerators. New Pseu door Double door Refrigerator and a 240 ltr. No-Frost Refrigerator developed for Sisil.

2010
- Regnis Appliances (Private) Ltd was incorporated, as a fully-owned subsidiary of the Company under Board of Investment of Sri Lanka to manufacture and assemble Home Appliances.
- Regnis Appliances (Private) Ltd commenced manufacturing their 6 kg (Model 6 SA) Washing Machine.

2011 Our fully-owned subsidiary, Regnis Appliances (Private) Ltd. commenced Assembly of Side-by-Side Refrigerators, a Fully-Auto washer and 4 models of split Air Conditioners. Regnis Appliances (Private) Ltd. commenced the Production of Plastic Chairs.

2012
- Introduction of GEO series,100% Environment-friendly Green refrigerator models to the market. The Company took the bold step of introducing the hydrocarbon refrigerant long before any legislature was enacted to phase out HFCs which have a Global Warming potential.
- Carried out a Subdivision of Ordinary Shares in the proportion of 2 shares for every 1 share held. Regnis Lanka raised Rs. 111.07 Mn, by rights issue of 1:6 (one new share for every six held), leading to the issue of 1,609,695 new ordinary shares at Rs. 69/- each. Share Capital was increased to Rs. 211.19 Mn.
- Regnis Appliances (Private) Ltd. commenced manufacture of Sisil fully-auto and a semi auto washing machines increasing the total range manufactured to 4 Models.

2013
- Was the first company in South Asia to introduce a range of refrigerators with R 600a Refrigerant technology (Natural hydro-carbon technology)
- The manufacturing plant was upgraded to produce refrigerators using R 600a - a hydro-carbon refrigerant achieving a significant improvement in energy efficiency, while safeguarding the environment.
- Profit for the year crossed Rs. 100 Mn mark.
- Introduced ECO series for Sisil brand.
- Regnis Appliances (Private) Ltd. introduced a 6kg semi automatic washing machine.

2014
- Regnis Lanka launched a new Series of Sisil "ECO" refrigerators with an upgraded look.
- Regnis Appliances (Subsidiary) Introduced a Fully auto washer with plastic tub.

2015
- Achieved a production capacity of over 100,000 refrigerators during the year.
- Reached a milestone in production by producing the 1,000,000th refrigerator.
- The Company complied with ISO 14000 Certification.

2016
- Ranked among Forbes Asia's Best 200 Under A Billion Dollars - 2016 list.
- Launch of environmentally friendly inverter refrigerator models under 'Singer' and 'Sisil' brands.

2017
- **Launched four models of 'GEO Smart' series refrigerators**
- **Introduced two models of SISIL & SINGER front-loading washing machines**

OUR LEADERSHIP

CHAIRMAN'S STATEMENT

Dear Shareholder,

It has been an year of significant change for Regnis (Lanka) PLC, as we embark upon an aggressive growth oriented strategy, in alignment with the vitalizing vision of Singer PLC's new parent , the Hayleys Group.

Regnis (Lanka) PLC has once again continued to deliver a consolidated profit after tax of Rs.155.1 million while revenue growth was marginal. Earning per share for the year amounted to Rs. 13.77 and the Board of Directors has approved a final dividend of Rs. 118.3 million which takes the dividend per share to Rs10.50. The Company maintained its market position as the undisputed leader in Sri Lanka's refrigerator and washing machine market segments.

A Challenging Environment

Sri Lanka's macro-economic scenario posted a moderate performance over the year in review as economic growth recorded 3.8% growth during the nine months ending September 2017, which reflect a subdued agriculture sector which continued to be affected by erratic weather conditions. Given the Company's strong rural presence, the disappointing performance of the agriculture sector had a direct impact

on the demand for our products. The Central Bank of Sri Lanka continued to maintain a relatively tight monetary policy to curtail inflationary pressures, resulting in an increase of market interest rates for most part of the year. Meanwhile, global oil prices firmed up in 2017 following stronger demand from advanced economies and the OPEC agreement to limit production. Resultantly commodity prices, including that of the Company's key raw materials such as steel sheets and plastic material also increased by an average of 10% during the year, inserting pressure on our profitability margins.

Strategic Focus

The Company's continued success has been underpinned by its persistent focus on enhancing the customer proposition through innovation and new product development. Despite the challenges presented by the operating landscape, we continued to invest in innovative solutions and during the year successfully launched the GEO Smart refrigerator series. The new series features multiple smart features as well as an overall improvement in appearance. As a pilot project, the Company also launched a new coloured refrigerator series in December. In the washing machines segment, we introduced two fully automated front loader models- the response for which has been extremely encouraging. The Company also continued to invest in enhancing the capacity and efficiency of its manufacturing capital, with several capital investments in plant development during the year.

The skills, talent and work ethic of our people is an important source of competitive edge and during the year we continued to maintain a high level of engagement with all parties concerned.

Sustainability

As a responsible corporate citizen, sustainability considerations are deeply embedded in the Company's DNA. We continued to drive efforts towards enhancing the energy efficiency of our operations, minimising waste and reducing our overall carbon footprint. As Sri Lanka's largest manufacturer of refrigerators, we also play a key role in enhancing the specialised knowledge and technical skills of the country's young workforce. The Company provides numerous training opportunities for students from technical colleges, NAITA and the VTC who undergo comprehensive training on multiple aspects related to manufacturing. The Company is also committed to transparent and high-quality corporate reporting and during the year was recognised at the 53rd Annual Report Awards competition held by the Institute of Chartered Accountants of Sri Lanka.

Leadership changes

We are deeply saddened by the untimely demise of the Company's former Chairman, Dr.Saman Kelegama an eminent and highly respected economist and corporate leader.

In September 2017, the Company's parent entity Singer (Sri Lanka) PLC was acquired by Hayleys PLC- Sri Lanka's largest and most diversified conglomerate. Hayleys PLC has wide ranging business interests across 16 sectors with strong presence in Global Markets and Manufacturing, Agriculture and Services. The union between the two market leaders has afforded numerous opportunities for synergies and parallel growth and I look to the future with great excitement and positivity. Following the acquisition, five new directors with diverse skills, expertise and industry insights were appointed to the Board of Regnis (Lanka) PLC.

Outlook

We look to the future with positivity, as economic reforms targeting fiscal consolidation are expected to lead to stabilising of macro-economic fundamentals while attracting foreign direct investment. Economic growth and the resultant expansion of the country's middle class is likely to result in higher demand for consumer durables. Accordingly, we see strong potential for growth in our market segment, particularly washing machines for which penetration levels are still relatively low. The Company will continue to invest in product development and capacity expansions to drive further market penetration across the country.

Acknowledgements

I wish to take this opportunity to thank the management team of Regnis (Lanka) PLC for their continued commitment and dedication. Furthermore, I wish to express my sincere gratitude to my colleagues on the Board for their valued counsel and strategic direction. I also wish to express my heartfelt appreciation to all our valued stakeholders who have been an integral part of the Company's remarkable journey so far, and I look forward to working closely with the Singer team and all of our stakeholders in writing a new chapter of growth and prosperity for the Company.

Thank you.

(Sgd.)
Mohan Pandithage
Chairman

February 23, 2018

OUR LEADERSHIP

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Shareholders,

The Environment and Business Conditions

The business conditions in 2017 were tough. The continuous drought in the dry zone 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 is in addition to customer purchasing power been affected by increased value added tax (VAT) inflation, higher interest rates and floods in wet zone.

It should be noted that the Consumer Durables industry, to which Regnis Group supply goods is more susceptible to market conditions than other industries. When customer income decreases, the demand for consumer durables is well below that of the general market demand. At the same time when customer income increases the demand for consumer durables is way above that of general market demand. We have seen this oscillation over many years.

Due to slack market conditions, participants in the durables market sold by discounting and chose not to pass on the full impact of the increase in VAT and costs to customers.

On the social side, consumers continue to upgrade their living standards and continue to move to better and latest products. (example : from semi auto washing machines to fully auto washing machines)

On the technological front, there are constant improvements and new technologies presented to customers (example : Refrigerators with R600a gas)

Change of Ownership of Parent Company

In September 2017, the majority of shares of Singer (Sri Lanka) PLC were acquired by the Hayleys PLC Group thus making Hayleys PLC the ultimate parent company of making Regnis (Lanka) PLC and Regnis Appliances (Private) Ltd.

The change of ownership has been smooth and Singer Group and Regnis Group continue to pursue its programs and strategies to retain the market leadership in consumer durables. We believe that with additional ideas and plans generated by the new owners

as well as synergies with Hayleys PLC Group a bright future augurs for the Regnis Group and its stakeholders.

Refrigerators using R600a Gas

As mentioned in prior year Reviews, in the final quarter of 2012 the company introduced a new generation of Refrigerators using the R600a gas. This gas does not result in global warming and has no impact on ozone depletion and is the gas used in developed nations. It is also the best for consumers since it has a very large saving on electricity.

As mentioned previously, Regnis was the first in South Asia to adopt this technology. Due to the technology provided by Regnis (Lanka) PLC and the marketing campaign done by Singer (Sri Lanka) PLC, the entire refrigerator market in Sri Lanka was forced to change to sell refrigerators with R600a gas. This not only saves millions of rupees in terms of energy and electricity cost to the country, but also helps to save the environment.

The company continues to manufacture refrigerators using only R600a gas.

Smart Range of Refrigerators

During the year, Regnis (Lanka) PLC introduced a new range of Smart Refrigerators which would save energy depending on the environment, load within the refrigerator and number of times of opening of refrigerator door.

The Direct Cool refrigerators include dual sensors and all of the new range has an inbuilt power guard.

New Models

In the latter part of the year a range of refrigerators were introduced offering a wide range of bright colours. Two new channel specific models were introduced during the year.

Capacity Improvement and Factory Modernization

Over the years Regnis (Lanka) PLC has a programme to increase production capacity. Regnis changed its process from powder painting to use of pre painted sheets in 2015. At the end of 2016, higher capacity machines were installed further raising capacity. The company continued to do this in 2017 with addition to machinery and equipment of Rs. 168 Million. The new machines also result in improvements to quality, lesser scrap and re-work.

We expect the higher production capacity to yield results when demand picks up in the market place.

Sales Volumes

Despite the sluggish environment, the total refrigerators sold by Regnis (Lanka) PLC had a small increase over 2016 volume.

The washing machine units sold by the Regnis Group had a slight decline in the volumes sold.

Regnis Appliances (Private) Limited

The fully owned subsidiary Regnis Appliances (Private) Ltd commenced commercial operations on 1st October 2010. This company manufactures plastic components for washing machines and refrigerators and manufactures washing machines and plastic chairs.

The Financial Results for the Year

While I would not go into details, as this is given in the Financial Review, it is important to list significant results in this review.

The Group Revenue increased to Rs. 4,867 Million from Rs. 4,791 Million – an increase of 2%. The company revenue increased to Rs. 3,838 Million from Rs. 3,693 Million, an increase of 4%. While Regnis had capacity to manufacture more refrigerators the market demand was low.

The Group held prices despite devaluation of the Rupee and increase in raw material costs and absorbed part of the increase in VAT which increased from 11% to 15%. This was due to sluggish demand and inability to increase prices. As a result margins declined from 12.1% to 7.5%.

Primarily due to drop in margins; as well as increase in finance costs; the profit for the year of Regnis Group declined from Rs. 350.3 Million to Rs. 155.1 Million – a decline of 56%. The profit of the company declined from Rs. 272.3 Million to Rs. 157 Million – a decline of 42%.

Acknowledgements

We wish to place on record our appreciation to Mr. Kelum Kospelawatte, Factory Director – Associate Companies and all our staff for their contribution and commitment in managing a very difficult year.

We 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.

We also take this opportunity to appreciate the guidance given by our former Late Chairman, Dr. Saman Kelegama whose untimely demise is remembered with great sadness. We also appreciate the guidance given by former Chairman, Mr. Gavin Walker.

We also thank all our Shareholders for their continued trust in the Board of Directors and the Management of the company.

Sincerely,

(Sgd.)
Asoka Pieris
Chief Executive Officer

February 23, 2018

BOARD OF DIRECTORS

1 **Abeyakumar Mohan Pandithage**
Executive Chairman

2 **Asoka Pieris**
Managing Director/ CEO

3 **Ranil De Silva**
Independent Non-Executive Director

4 **Mohamed Hisham Jamaldeen**
Independent Non-Executive Director

5 **Noel Laxmam Sanath Joseph**
Independent Non-Executive Director

6 **Kalupathiranalage Don Gamini Gunaratne**
Independent Non-Executive Director

7 **Vidyaratne Ganitaguruge Kulatunge Vidyaratne**
Independent Non-Executive Director

8 **Sarath Clement Ganegoda**
Non-Executive Director

9 **Gavin J Walker**
Non-Executive Director

10 **Kelum Kospelawatte**
Executive Director

BOARD OF DIRECTORS

1

ABEYAKUMAR MOHAN PANDITHAGE
Executive Chairman

Appointed to the Board on the 2nd of October 2017.

Skills and experience

He is a Fellow of the Chartered Institute of Logistics and Transport (UK) and serves as Honorary Consul of United Mexican States (Mexico) to Sri Lanka. Serves as a Committee Member of the Ceylon Chamber of Commerce, Council Member of the Employers' Federation of Ceylon and a Member of the Maritime Advisory Council of the Ministry of Ports & Shipping. He is also a Member of the Advisory Council of the Ceylon Association of Ships' Agents and a Member of the National Steering Committee on Skills Sector Development of the Department of National Planning.

Other appointments

Serves as the Chairman and Chief Executive Officer of Hayleys PLC, Chairman of Singer(Sri Lanka) PLC, Singer industries (Ceylon)PLC, Regnis Appliances (Private) Ltd and other subsidiaries of Singer (Sri Lanka) PLC.. He also serves on the Boards of several companies in the Hayleys Group.

2

ASOKA PIERIS
Managing Director/ CEO

(Executive Director)

Appointed to the Board on 10th April 2003.

Appointed as Managing Director and Group Chief Executive Officer of Singer Group of Companies on 1st July 2010.

Skills and Experience

Mr. Pieris is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants, UK and a Certified Global Management Accountant.

Prior to the present appointment, Mr. Asoka Pieris served in Hong Kong as Chief Financial Officer of Singer Asia Ltd., and Controller of Retail Holdings N.V.

Other Appointments

Director of Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, Reality (Lanka) Ltd., Regnis Appliances (Private) Ltd, Singer Digital Media (Pvt) Limited, Singer Business School (Pvt) Ltd. and Equity Investments Lanka Ltd.

3

RANIL DE SILVA
Independent Non-Executive Director

Appointed to the Board on 9th May 2014.

Skills and Experience

Fellow Member of the Chartered Institute of Management Accountants UK, Associate member of the Institute of Chartered Accountants of Sri Lanka and a Member of the Chartered Institute of Marketing UK.

Mr. Ranil De Silva has wide experience locally and overseas in diverse industries having previously held the position of Managing Director of the Hemas Hotel Sector. Currently the Jt. Managing Director of Aitken Spence Hotel Management (Pvt) Ltd.

Other Appointments

Director of Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC.

4

MOHAMED HISHAM JAMALDEEN
Independent Non-Executive Director

Appointed to the Board on the 2nd of October 2017.

Skills and experience

He is a finance professional with over 15 years of wide-ranging experience as a commercial property investor and advisor. He is a Fellow of the Association of Certified Chartered Accountants, UK and holds a Degree in Engineering and Business from the University of Warwick, UK. He is the Founder/ Managing Director of Steradian Capital Investments (Pvt) Ltd, responsible for Financing, Corporate Structures, Acquisitions and Development.

Other appointments

He serves as a Director of Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC,Hayleys PLC, Talawakelle Tea Estates PLC, Haycarb PLC and ASCOT Holdings PLC. He is also Executive Director of numerous real estate companies focusing commercial property investment and development.

5

NOEL LAXMAM SANATH JOSEPH
Independent Non-Executive Director

Appointed to the Board on the 2nd of October 2017.

Skills and experience

He holds over 29 years of multi-faceted experience in engineering and engineering consultancy in Sri Lanka and internationally. He has held senior positions in organisations such as State Engineering Corporation, Heavyfab Ltd,Development Consultants Lanka (Pvt) Ltd, Safari Company Ltd, Saudi Arabia and Baharudden P M S Associates, Brunei. He is a Member of the Institution of Electrical and Electronic Engineers (MIEEE)-USA, The Institution of Lighting Engineers (MILE) – UK and The New York

Academy of Science (MNYAS) – USA. The Illumination Engineering Society (MIES)-USA. Incorporated Engineer – UK (IEng) and The Institution of Engineering Technology (MIET)- UK.

Other appointments

He serves on the Board of Singer Industries (Ceylon) PLC, Hayleys PLC and is the Managing Partner of Cadteam and Proprietor of N J Consultants.

6

KALUPATHIRANALAGE DON GAMINI GUNARATNE
Independent Non-Executive Director

Appointed to the Board on the 2nd of October 2017.

Member of the Western Provincial Council during the period 1989 to 2009

Other appointments

He currently serves as Chairman of Lanka Hotels & Residencies (Pvt) Ltd, Chairman of Urban Investments & Development Company (Pvt) Limited(Subsidiary of Urban Development Authority) and as a Director of Singer Industries (Ceylon) PLC, Regnis Appliances (Pvt)Ltd, Dipped Products PLC, Lanka Walltiles PLC, Lanka Tiles PLC, Lanka Ceramic PLC, Horana Plantations PLC and Insurance & Financial Services (Pvt) Ltd.

7

VIDYARATNE GANITAGURUGE KULATUNGE VIDYARATNE
Independent Non-Executive Director

Served the Board since the inception.

Skills and Experience

Holds BSc (Hons.) Degree in Production/ Mechanical Engineering, University of Peradeniya. MBA from the University of Southern Queensland, Australia. A Chartered Engineer, Member of the Institute of Engineers, Sri Lanka.

Other Appointments

Director- Singer Industries (Ceylon) PLC

8

SARATH CLEMENT GANEGODA
Non-Executive Director

Appointed to the Board on the 2nd of October 2017.

Skills and experience

He has wide-ranging experience in several senior management positions in large private sector entities in Sri Lanka and internationally. He also served the Hayleys Group between 1982 and 2002 and re-joined in 2007. Mr. Ganegoda is a Fellow Member of Institute of Chartered Accountants of Sri Lanka and Member of Institute of Certified Management Accountants of Australia. He holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura.

Other appointments

Mr. Ganegoda serves as a Director of Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, Regnis Appliances (Private) Ltd, other subsidiaries of Singer (Sri Lanka) PLC, Hayleys PLC since 2009 and has responsibility for the Strategic Business Development Unit of Hayleys PLC and the Fentons Group.

9

GAVIN J WALKER
Non-Executive Director

Appointed to the Board on 1st November 2005.

Skills and Experience

Prior to joining the Company, Mr. Walker held offices as Managing Director and Chief Executive Officer of public quoted and private companies in the United Kingdom and South Africa. Mr. Walker, served as Chief Executive Officer of a multi-brand retailer of electrical appliances and furniture with operations in 16 African countries and Australia (including SINGER® brand electrical appliances under license).

Other Appointments

President/ Chief Executive Officer of Singer Asia Ltd. and was appointed to this position in August 2005.

Director of Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, and also Mr. Walker serves on the Board of a number of Singer Asia Subsidiaries.

10

KELUM KOSPELAWATTE
Executive Director

Appointed to the Board on 15th October 2014.

Skills and Experience

Appointed as Factory Director – Associate Companies on 1st October 2014. Holds BSc. (Hons) Degree in Mechanical Engineering, University of Moratuwa and an MBA from the University of Sri Jayewardenepura.

Member of the Industrial Association of Sri Lanka and a member of the National Labour Advisory Committee.

Other Appointments

Director- Singer Industries (Ceylon) PLC and Regnis Appliances (Private) Ltd.

MANAGEMENT TEAM

K D Kospelawatte
Factory Director

E Fernando
Group Factory Controller

K G G Perera
Commercial Manager

P Madurasinghe
Senior Manager– Engineering

W K A P Wettewa
Operations Manager
Regnis Appliances (Private) Ltd.

Ms. S Edirisinghe
Manager- Human Resources

M Ranasinghe
Senior Materials Manager

E N P Soysa
Senior Production Manager

K K Atukorala
Manager- Financial Reporting

A Amarasinghe
Stores Manager

A S Kendasinghe
Manager- Information Technology

A A K Maduranga
Accountant

M De S Seneviratne
Assistant Quality Assurance Manager

Ms. S Fernando
Confidential Secretary

D W P Kandage
Engineer- Quality Assurance

A M S P Aththanayaka
Engineer- Maintenance

Y C Withanachchi
Senior Assistant Accountant
Regnis Appliances (Private) Ltd.

HOW WE GENERATE VALUE

VALUE CREATION MODEL

Our value creation model (illustrated below) is a graphical depiction of how our six capital inputs are transformed by our value creating activities to create sustainable value for stakeholders.

CAPITAL INPUTS

FINANCIAL CAPITAL
Pool of funds available to the Group including, Shareholders' funds: **Rs.1,497 million** Debt: Rs**. 713 million**
(Page 32 to 35)

MANUFACTURED CAPITAL
Machinery, equipment and factories which allow us to engage in efficient and sustainable production
(Page 36)

HUMAN CAPITAL
The skills, attitudes and values of our team of **427 employees**
(Page 39 to 43)

SOCIAL AND RELATIONSHIP CAPITAL
Mutually beneficial relationships we have nurtured with our stakeholders and communities
(Page 44 to 47)

INTELLECTUAL CAPITAL
Our research capabilities are critical to driving innovation and responding to customer expectations
(Page 37 to 38)

NATURAL CAPITAL
The natural resources we consume include,
Raw materials: **5.3 million Kg**
Energy consumption:**4,394 KJ**
Water usage: **4,242 M3**
(Page 48 to 50)

VALUE CREATING ACTIVITIES

VISION

To be among the best manufacturers of world-class white goods in Sri Lanka

SUPPLY CHAIN ACTIVITIES

Procurement
We source raw materials from global and local suppliers

Manufacturing
We manufacture a range of refrigerators, washing machines and plastic chairs

Research and Development
We engage in continuous product development and process efficiencies leveraing on our research capabilities

STRATEGIC PILLARS

- **Capacity expansion**
- **Operational efficiency**
- **New product development through R&D**
- **Supply chain activities**

Risk Management (Page 68 to 71)
Corporate Governance (Page 51 to 67)

VALUE CREATED AND IMPACTS

Profit after tax
Rs.155.11 Mn

Earnings per share
Rs.13.77

Dividend per share
Rs.10.50

Payments to employees
Rs.479 Mn

Investment in training and development **Rs. 0.16 Mn**

Payments to suppliers
Rs.1,916 Mn

Investments in community engagement
Rs. 0.26 Mn

IMPACTS

Effluent discharge
Carbon footprint
490,350 tCO2e

Intensity ratio
33,459Kj/units
(2016: 42,156Kj/units)

VALUE DELIVERED/SHARED

Shareholders
Sustainable returns commensurate with the risk undertaken and appreciation of the share price giving rise to capital gains.
(Refer Shareholder value creation on page 32 to 35)

Employees
Attractive remuneration and opportunities for skill and career development in a conducive and dynamic work environment
(Refer Human Capital Report on page 39 to 43)

Customers
We provide high quality, innovative product solutions
(Refer Social and Relationship Capital Report on page 44 to 45)

Suppliers
Long-term relationships with our diverse pool of international and local suppliers
(Refer Social and Relationship Capital Report on page 45)

Communities
Meaningful and mutually beneficial relationships with the communities we operate in
(Refer Social and Relationship Capital Report on page 45 to 46)

The Group maintains a high level of engagement with its diverse stakeholders which enables it to clearly identify issues which matter most to them. The feedback from such engagement allow us to formulate strategy to address these needs. When selecting which stakeholders to engage with we prioritise the groups which potentially have the most significant impact on our value creation process and those who are affected most by our activities. Our approach to engaging with our stakeholders is graphically illustrated below.

The key stakeholder groups we engage with and our approach towards engaging with them is given in the table below and described further in the relevant capital sections.

STAKEHOLDER GROUP	HOW WE ENGAGE?	NEEDS AND EXPECTATIONS IN 2017	OUR RESPONSE
SHAREHOLDERS **1,549** Ordinary shareholders Potential investors	* Annual General Meeting (Annual) * Annual Report (Annual) * CSE Announcements (Ongoing)	* Clear and transparent communication on the company's performance and strategy * Returns commensurate with risks assumed * Sustainable growth in earnings * Robust corporate governance risk management practices	Our performance during the year was guided by a comprehensive strategy. We also provide balanced review of our performance and prospects in our communications with investors.
EMPLOYEES **267** Employees	* Performance appraisals (Annual) * Staff meetings at multiple levels (Ongoing) * Union representatives (ongoing) * Grievance Reporting Procedure (Ongoing) * Work life balance events (Ongoing)	* Attractive remuneration * Opportunities for skill and career development * Performance enabling environment * Work life balance * Safe working environment * Collective bargaining	We maintained cordial relationships with our unions resulting in uninterrupted operations during the year.
CUSTOMERS	The Company does not directly engage with its customers as the distribution is conducted through the parent entity and facilitation	* Value for money * After sales service * Customer service * Convenience and flexibility of transacting * Product innovation	We strive to enhance the customer value proposition through continuous innovation and product development.

SUPPLIERS Over **383** suppliers through who we source raw materials	* One to one engagement (Ongoing) * Written communication (Ongoing) * Site visits	* Business growth * Responsible Business Practices * Ease of transacting * Open communication	We look to support the growth of suppliers through mutually rewarding partnerships.
COMMUNITIES The broader society in which we operate across the country.	* CSR activities (Ongoing) * Other sponsorships (Ongoing)	* Responsible business practices * Environmental preservation * Community empowerment and development * Employment generation	We engage with local communities to develop economic activity providing opportunities and facilitating their socio-economic well-being.

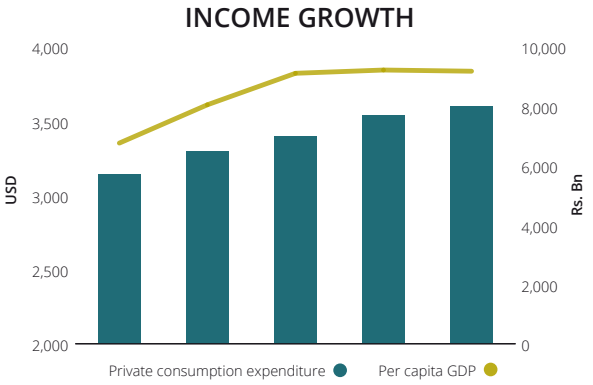
CONTEXTUAL TRENDS

Emerging risks and opportunities in the operating landscape can have a significant impact on the Company's ability to create value. We consistently monitor these mega trends to ensure that due consideration is given to these factors in strategy formulation, risk management and product development. Emerging trends that present opportunities or pose threats to our market space is listed below;

OPPORTUNITIES

Increasing disposable incomes and a growing middle class

The country's economic growth in recent years and its transition to a middle-income earning country has presented multiple opportunities for growth. A growing middle class is like to seek increasingly affluent and sophisticated lifestyles thereby boosting the demand for white-goods such as ours.



A high level of electrification

Sri Lanka's electrification rate is one of the highest in the region achieving 99.43% by June 2017. This has been supported by successive governments' thrust towards rural electrification and enhancing capacity through IPPs. Higher levels of rural electrification present numerous growth opportunities for businesses engaged in consumer durables

Customer sophistication

In parallel to widening disposable incomes, customers demonstrate increasing propensity towards more sophisticated products; for example, moving from semi-automatic washing machines to fully automated washing machines. These changes in consumption patterns have compelled businesses such as ours to continuously innovate our product offering to deliver sophisticated products.

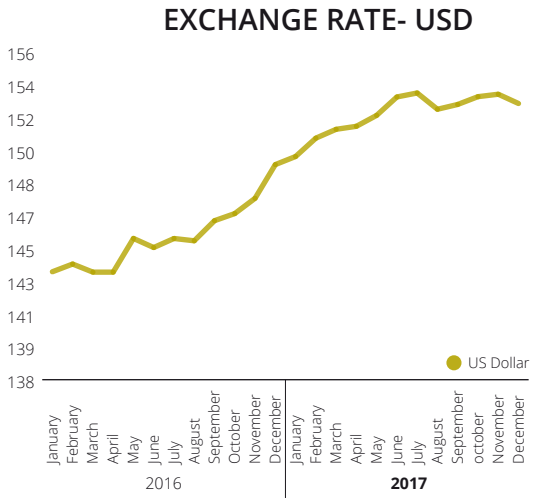
RISKS

Geopolitical and Socio-economic factors

The Group's raw materials are mainly imported materials such as steel sheets, plastic cabinets, compressors and chemicals. Geopolitical conditions in supplier countries have a direct impact on the cost of these materials, thereby impacting our profitability margins. In 2017, for instance China's emphasis on promoting environmentally friendly manufacturing, resulted in the closure of several large suppliers- the resultant supply gap led to an escalation of raw material prices during the year.

Exchange rate movements

As an organisation reliant on imported inputs, volatilities in the exchange rate have a direct impact on our cost base. Disparities in economic growth and interest rate differentials between countries led to wide exchange rate fluctuations during the year. In 2017, the Sri Lankan Rupee depreciated by 2.29% against the US Dollar, thereby adverse impacting our cost base and profitability margins.

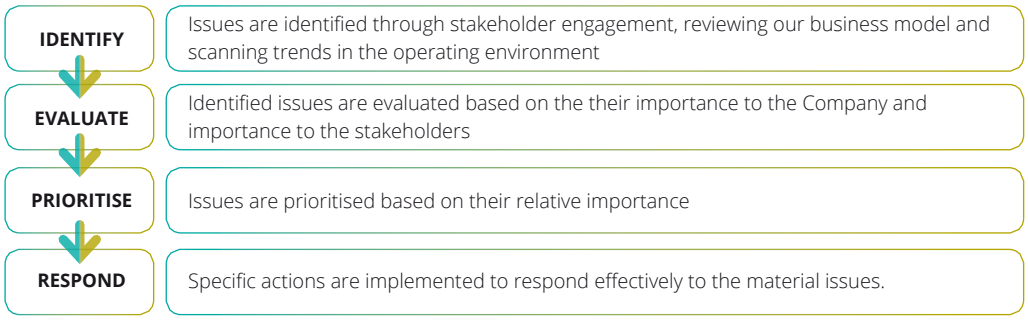


Implications of climate change

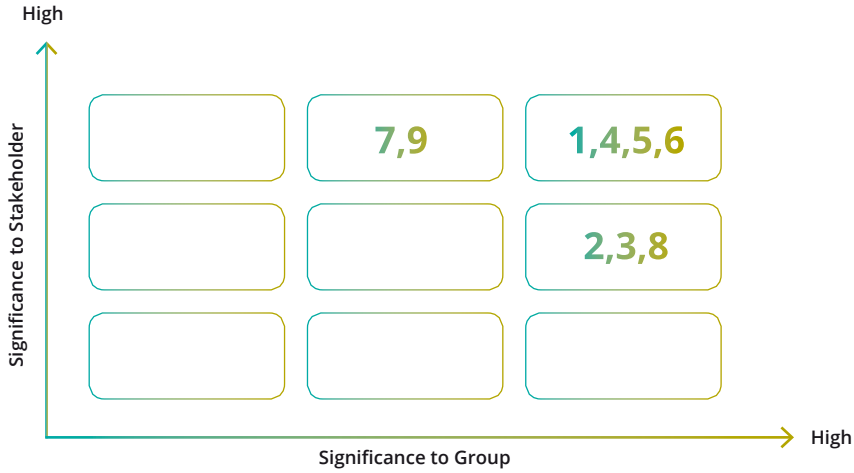
Erratic weather conditions, natural disasters and rising temperature levels continue to impact the country's agriculture sector and rural economy. This has had a direct impact on demand for our products, particularly given the Group's strong rural presence.

DEFINING WHAT IS MATERIAL

In determining content to be included in this Annual Report, we applied the principle of materiality. Material topics represent the issues and considerations that could have the most impact on our ability create value and reflect stakeholder expectations, emerging risks and opportunities in the operating landscape and the Company's internal strengths. This Integrated Report is anchored by these material topics as they reflect the issues that are critical to the Group and to its stakeholders. The company's process for determining material content is given below;



This year we have widened the scope of material topics by considering issues beyond what is prescribed by the GRI standards. This has enabled us to determine materiality in a more holistic manner, considering both commercial, economic, social and environmental factors. The Group's material matrix for 2017 is given below;



NO.	MATERIAL TOPIC	CORRESPONDING GRI TOPIC	PAGE REFERENCE FOR FURTHER INFORMATION
1	Business growth	Economic performance	25
2	Process efficiencies		36
3	Research and development		37
4	Product innovation		37
5	Our talent pool	Employment, Labour Management Relations, Occupational health and safety, Freedom of Association and Collective Bargaining	39
6	Product responsibility	Customer health and safety, Product and service labelling	29
7	Supplier management	Procurement practices	38
8	Managing our environmental impacts	Raw materials, energy, water, emissions, effluent and waste, products and services	48
9	Community engagement	Local communities	46


Regnis (Lanka) PLC
was the first refrigerator
manufacturer in South Asia
to convert to manufacturing refrigerators
using R600a gas.
The R600a gas, while being
environmentally friendly,
also reduces electricity consumption.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT IN 2017

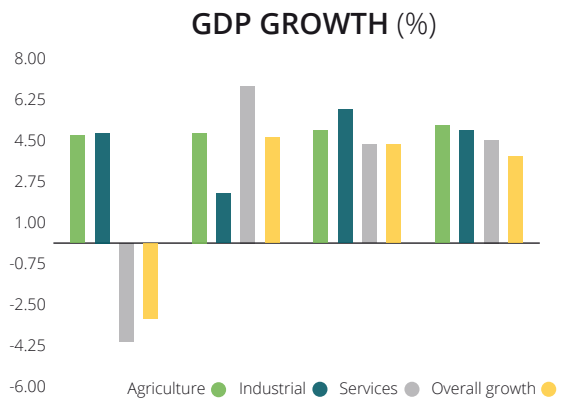
Sri Lanka's GDP growth moderated to 3.7% in the first nine months of 2017, affected by the disappointing performance of the country's agriculture sector and a tighter fiscal and monetary policy stance which continued to face inclement weather patterns. The Agriculture sector was subdued due to the inclement weather conditions resulting in output contracting by 3.2% in the first 9 months of the year although spill-over effects were felt across other sectors of the economy. The Industry Sector expanded by 4.5% supported by moderate revival in construction, mining and quarry activities. The Services Sector grew by 4.2%, upheld by financial services, wholesale and retail trade activities and transportation. Government focus on the policy front has been on fiscal consolidation through increasing the tax base, increasing foreign investment inflows and achieving stable macro-economic fundamentals, all of which are expected to augur well for the medium to long-term development of the economy.

Inflationary pressures increased in 2017 as a result of higher taxes, the rise in international commodity prices and supply constraints of agricultural produce given the adverse weather conditions. Volatilities in food inflation were reflected in the Headline National Consumers' Price Index (NCPI) which fluctuated between 6.3% and 8.8% (y-o-y) during the year. A relatively tight monetary policy stance was maintained during most part of the year, with a view to addressing inflationary pressures. Following an increase in policy rates, market interest rates moved up during the first half of the year resulting in increased interest burden for corporates with exposure to lending. Lending rates also escalating. However, rates tapered off towards the second half of the year due to liquidity improvements in the domestic money market.

The regulator sought to adopt a more flexible exchange rate system during the year, with market forces being allowed to determine exchange rate. The Rupee depreciated slightly in the in the first quarter of the year, however conditions improved thereafter following foreign inflows to the market including the third and fourth tranches of the Extended Fund Facility from the IMF. Overall the Sri Lankan Rupee depreciated by 2.29% against the US Dollar during the year.

OUTLOOK

Over the short-term, economic growth is likely to be impacted by political instability following the recently concluded local elections as well as continued efforts towards achieving fiscal consolidation. Over the longer-term however, the government's policy reforms and improving international relations are expected to lay a firm foundation for economic development. Broad-based reforms targeted towards fiscal consolidation, development of a cohesive export strategy and a renewed drive to attract foreign investments has positioned the country for strong growth, although political will and commitment will be crucial in implementing reforms and achieving the country's growth potential.



Source: CBSL, Department of Census and Statistics

The Consumer Durables Market

Sri Lanka's consumer durables space is a fragmented industry with a few local manufacturers and imported brands. Regnis, through the Singer brand dominates the refrigerator and washing machine markets. In recent years, competition has intensified with a growing number of international brands

OPERATING ENVIRONMENT IN 2017

challenging the market share of local manufacturers.

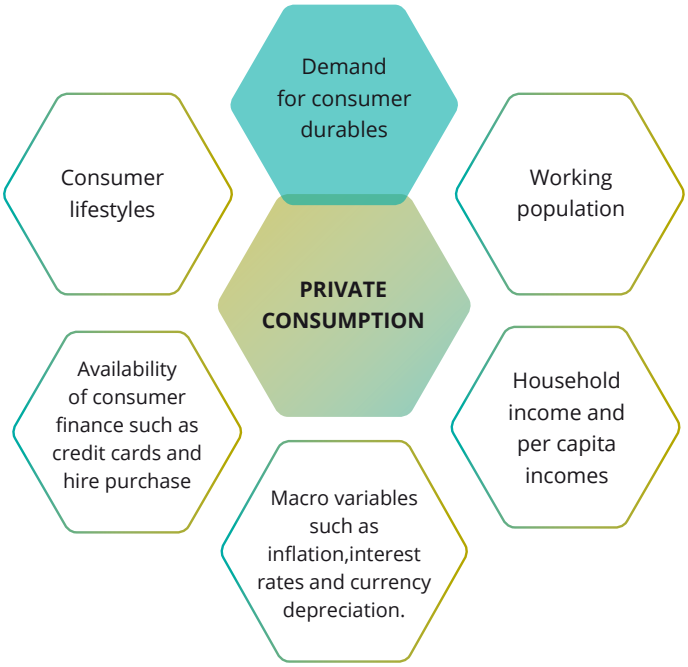
Being part of the Singer Group, Sri Lanka's largest consumer durable retailer operating the largest distribution network, has enabled us to maintain market leadership in both our product segments. Our competitive advantage is driven by several factors;

1. Extensive distribution network which facilitates deep penetration into Sri Lanka's consumer durables sector.

2. Singer is a 'one stop' shop for consumers with consumer finance in the form of credit cards, hire purchase facilities and after sales services for products.

   Singer Finance is the first non-bank financial institution in Sri Lanka to obtain the license to launch credit cards.

3. Long standing history with deep customer relationships through customer loyalty programs and the supply of 'quality and affordable' products to consumers.



Drivers of Demand for consumer durables

Wholesale and retail activity continued to grow in the 1st half of 2017 at 4.2% YoY compared to 1.9% in 1st half of 2016 driven by growth in private consumption with increasing per capita incomes. The growth was amidst several challenges such as increasing consumption taxes, inflation and adverse weather conditions.

Over the years, consumer lifestyles have evolved with increasing per capita incomes, growing customer sophistication and propensity to seek convenient lifestyle solutions. That said, the average penetration in the refrigerator and washing machines are relatively low in comparison to regional counterparts, particularly in rural areas. With increasing electrification and water supply to households, decline in poverty headcount ratios and changing consumer preferences, the level of penetration is projected to increase over the forthcoming years.

Highlights of growth drivers in 2017

* Increasing per capita incomes
* Increasing employment opportunities
* Electrification increased to 99% by June 2017 (90% in 2016)
* Access to water in households increased with an increase in water supply to households.
* A proportional distribution of economic growth enabled the National poverty headcount ratio to decline to 4.1% in 2016 compared to 15.3% in 2006/07 .
* Changing consumer lifestyles and increasing credit card usage enhance the propensity to spend on consumer goods.

OWNERSHIP OF DURABLE GOODS IN 2012/13.	REFRIGERATORS	WASHING MACHINES
Urban	67%	37.4%
Rural	43%	13.5%
Estate	14%	2.3%
Total	46%	17.2%

Source: Central Bank Annual Report 2016_Household Income and expenditure survey 2013.

Private consumption

During the year private consumption increased by an estimated 8% YoY (4.3% in 2016) in nominal terms to LKR 8,667 Bn driven by growth in disposable incomes However private consumption as % of GDP declined during the year as rising interest rates fostered an expansion in the savings base.

Disposable incomes

Growth in household incomes fuelled an increase in disposable incomes despite the impact of rising inflation and higher consumption related taxes.

Household incomes

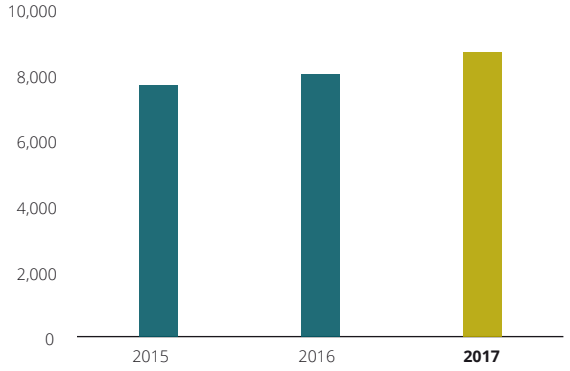
Personal disposable and household incomes have increased in line with Sri Lanka's transition to a middle-income earning country. Employment opportunities were driven by the government policy measures to support development of SMEs that formed the backbone of the economy and increase female participation in labor markets. Working population increased by 3.8% YoY in 2017 and unemployment levels reduced to 4.3% during the 1st half of 2017 compared to 4.4% last year. However, adverse weather conditions negatively impacted household incomes in rural areas given the dependence on agricultural activity for income generation. Real wages across both public sector and formal private sector employees declined during the year due to increasing inflation and indirect taxes.

Availability of consumer finance

During the year, banks and non -bank financial institutions continued to provide consumer finance through personal loans, hire purchase facilities and credit card offers that strongly supported consumer durable purchases.

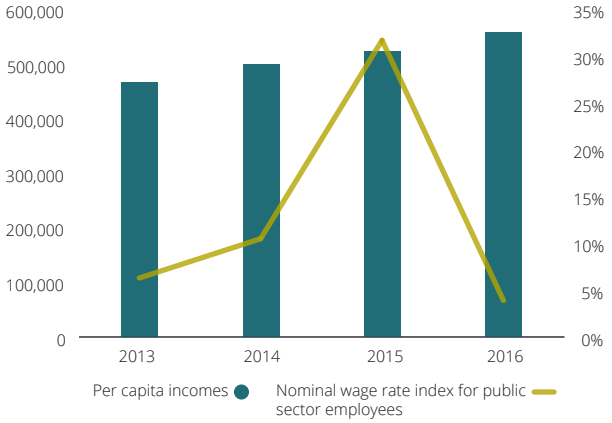
* Personal loans and advances given for consumer durable purchases amounted to LKR 207,018mn during the 1st half of 2017 representing an 20% YoY growth.
* Credit cards usage increased during the year enabling an increase in the propensity for consumers to purchase durable goods.

PRIVATE CONSUMPTION (Rs. Bn)



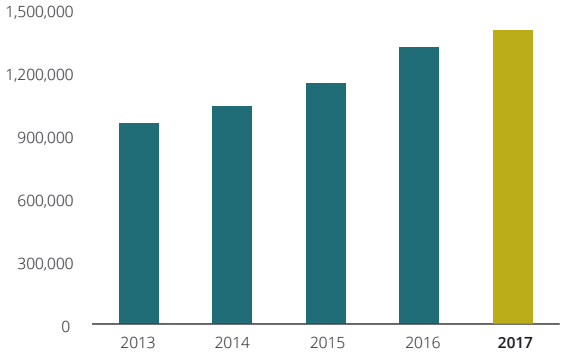
Source: CBSL Recent economic developments

HOUSEHOLD INCOME PER PERSON (Rs.)



Source: CBSL Recent economic developments

NUMBER OF CREDIT CARDS USED (Nos)



Source: CBSL Recent economic developments

CAPITAL REPORTS

FINANCIAL CAPITAL

Financial Capital consists of the pool of funds, including shareholders' equity, borrowings and cash flow generated from operations which are available in the pursuit of strategic objectives and growth aspirations.

Profit after tax Rs. million
155.12

Dividend per share Rs.
10.50

Strong Balance Sheet

Executive summary

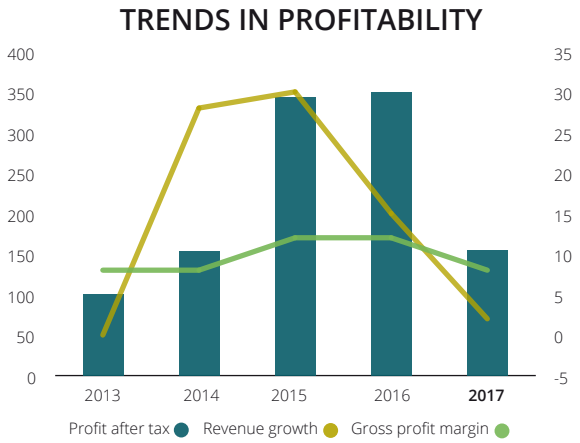
2017 was a challenging year for the Group which was affected by an array of uncontrollable factors including moderating macro-economic conditions, adverse weather and an escalation in commodity prices. The overall demand for consumer durables were subdued in 2017 as consumer purchasing power was impacted by rising market interest rates, higher inflation and an increase in VAT. Our total sales volumes declined by 1% YoY, reflecting weaker demand conditions in rural Sri Lanka which was severely impacted by inclement weather. Despite these conditions the Group's revenue grew marginally by 2%, attesting to its strong market position and brand recognition in consumer durables. Meanwhile, profitability margins were impacted by rising inputs costs against the backdrop of an escalation in global commodity prices. Gross margin of group narrowed to 8% in 2017 (12% in 2016). Despite the tough operating environment, we continued to invest in capacity enhancements and generating production efficiencies. Fixed asset growth was funded through higher borrowings and the resultant increase in interest expenses impacted profitability with profit before tax declining by 54% YoY.

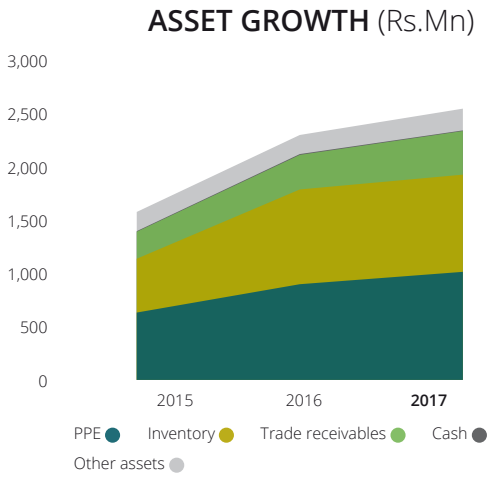
Financial Position

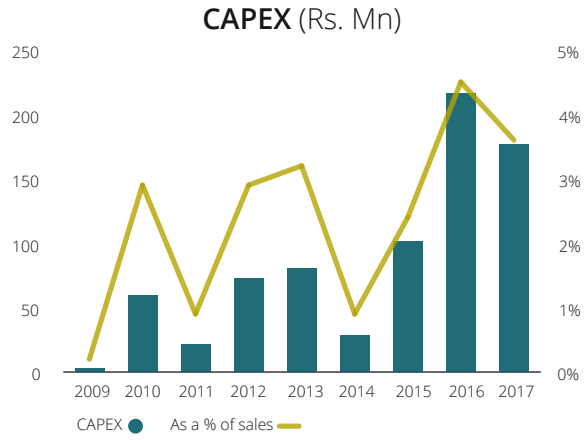
Assets

Assets increased by 12% YoY driven by capital expenditure in line with our strategic goals of capacity enhancement and machinery upgrade. CAPEX amounted to Rs.176.8 million in 2017 primarily due to investments in a new vacuum forming machine. Resultantly, non-current assets (which form 40% of total assets) increased by 18% during the year. Current assets that accounted for 60% of the portfolio increased by 9% YoY due to an increase in trade receivables, although inventory levels were maintained in line with last year. Though revenues declined during the year, trade receivables primarily from Singer Sri-Lanka (92% of trade receivables) increased by 24% YoY.

Inventories that accounted for 39% of assets were maintained in line with last year. During the year, we shifted our focus







on producing new washing machine models and refrigerator models such as GEO Smart series and changing product and design features of most existing models to reflect environmentally friendly characteristics demanded by customers. With the launch of the new products and the shift of obsolete models to modernized models reflective of latest customer trends, inventory provisions declined during 2017 and accounted for 1.4% of gross inventory (2.6% in 2016).

ROE DECOMPOSITION	2017	2016
Return on Equity	**10.36%**	21.46%
Return on Assets	**5.24%**	13.29%
Profit Margin	**3.2%**	7.3%
Asset Turnover (Turnover/ Avg Assets)	**1.74**	2.13
Equity Multiplier (Total Assets/Total Equity)	**1.98**	1.61

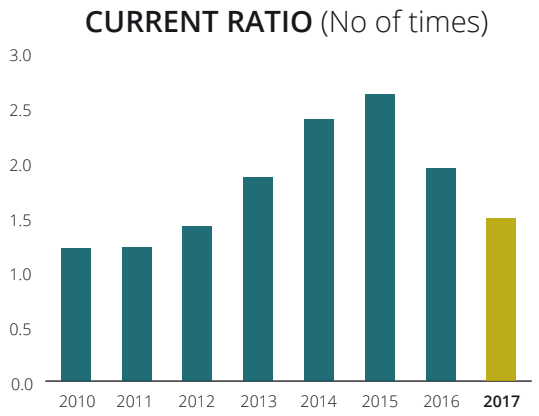
Cash and cash equivalents declined to LKR 5.6mn during the year. Despite the decline in operating profits, net operating cash flows improved to LKR 111mn compared to an outflow of LKR 17 mn in 2016, as working capital requirements declined significantly due to the reduction in business volumes. Net cash outflows from investing activities increased by 16% to (LKR 240mn) with 12% YoY growth in CAPEX. Financing cash flows reflected an increased dividend payment and long-term borrowings of Rs.200 mn to fund capital expenditure. Asset efficiency (as measured by asset turnover) demonstrated a slight weakening during the year, primarily due to market conditions which resulted in subdued demand.

ASSET USAGE DURING THE YEAR	2017 (LKRMN)	YOY GROWTH	ASSET TURNOVER 2017	ASSET TURNOVER 2016
Average assets	**2,798**	**25%**	**1.74**	2.13
Average Non-current assets	**1,098**	**27%**	**4.43**	5.54
Average working capital assets	**1,699**	**23%**	**2.86**	3.48

Working capital

Investment in working capital increased by 3% YoY to LKR 1,310mn (27% of revenues) as trade receivables increased significantly during the year due to extended credit periods given to Singer Sri Lanka. Net -working capital exposure of the parent company formed 34% of WC in 2017. The lengthening of the working capital cycle and increasing trade receivables necessitated additional funding for working capital needs that was met through bank overdrafts and operating cash flows. The current ratios declined during the year due to a significant increase in short term borrowings. Current ratio reduced to 1.49x compared to 1.95x in 2016.

	2017	2016
Inventory days	**93.68**	81.27
Receivable days	**38.76**	32.30
Payable days	**30.95**	25.34
Working capital cycle	**101.49**	88.23



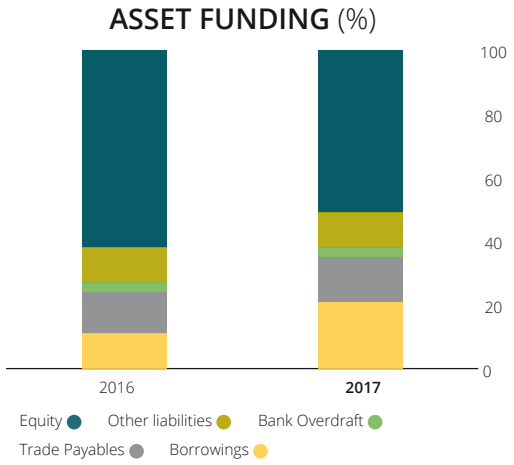
CAPITAL REPORTS

FINANCIAL CAPITAL

Asset funding

The Group's funding composition changed during the year reflecting increased exposure to borrowings to fund asset growth. Equity funded 51% of assets in 2017 compared to 62% in 2016 as retained profits declined in line with the dividend outflow. Total liabilities increased by 46% YoY to LKR 1,463 mn driven by growth in short term borrowings and trade payables.

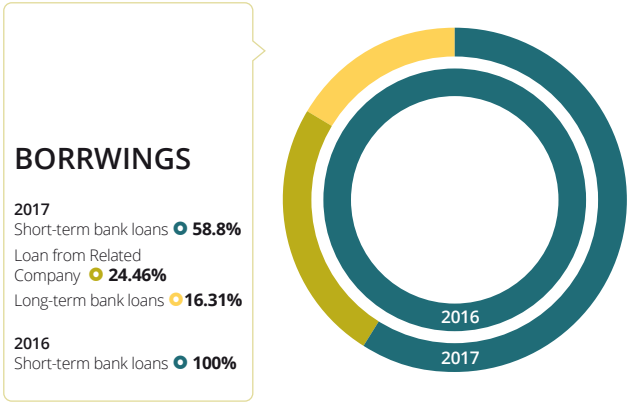
Borrowings increased significantly to Rs. 613mn (Rs. 297 mn) during the year, to fund more intense working capital requirements and asset expansion. Our loan portfolio includes new loans of Rs. 150 mn from our parent company Singer Sri Lanka and Rs. 200 mn new long term loans.



Financial Performance

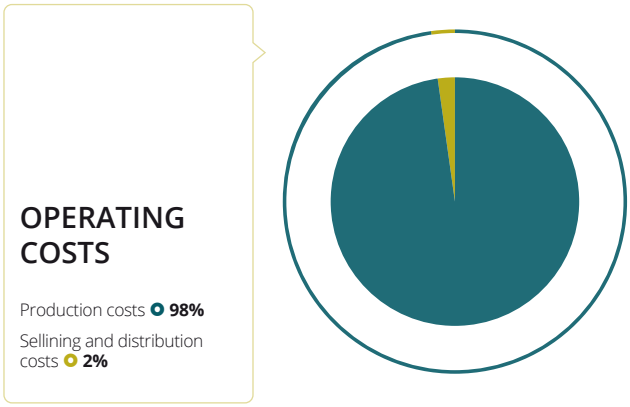
Revenue

Group revenue increased by 2% during the year, moderating in comparison to the high levels of growth experienced in recent years. The Company revenues accounted for 79% of group and improved by 4% YoY 15% YoY in 2016). Refrigerators accounted for 79% of group sales and was impacted by lower demand from rural areas as adverse weather conditions had a sharp impact on economic activity. Despite the drop in overall volumes, the Group's focus on the relatively premium GEO Smart series enabled a revenue expansion of 15%. Washing machines sales accounted for 20% of group sales and declined by (6%)YoY to LKR 1.031 mn as production volumes were severely impacted in October and November 2017 due to difficulties in sourcing the necessary raw materials from China on the closure of several factories in 2017.



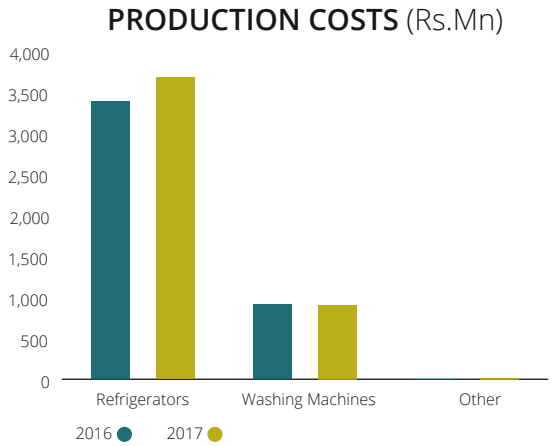
Cost of sales

Group cost of sales increased by 7% YoY due to the escalation of commodity prices, which resulted in an increase of inputs costs. With a significant 80% of our raw-materials being imported from global suppliers, we faced significant pressure in 2017 on the closure of Chinese factories in addition to the impact of airport and tax levy that had a weighty impact on our total costs. In addition, production wages increased by 5% YoY in 2017.



Net finance costs

Group net finance costs increased substantially during year with new loans of LKR 316mn being obtained to fund capital expenditure. A significant portion of debt was taken for the refrigerator segment that accounted for 84% of group debt and the balance for the washing machine segment. Resultantly, finance costs increased to LKR 51mn in 2017 (LKR 12mn in 2016). Despite the growth in finance costs, the Group's interest cover was relatively healthy at 5.13x in 2017.



Profitability

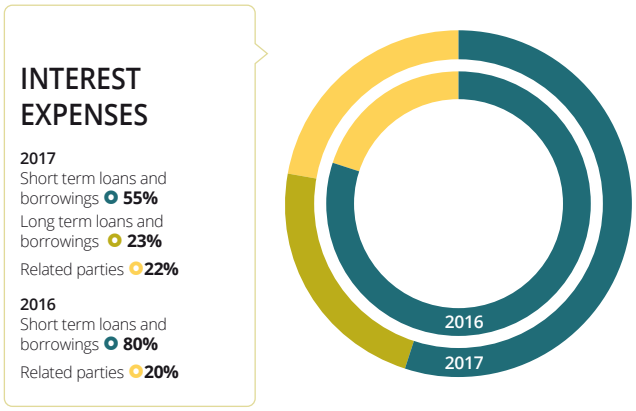
Group gross profits declined by (37% YoY) affected by the relatively subdued growth in the refrigerator segment, supply constraints in washing machines and cost escalations. This translated to operating profit level, with the operating profit at both Group and Company level declining by (44%) YoY and (34%) respectively. Significant increase in finance cost as Regnis increased its long- term borrowings, further impacted profit before tax and profit after taxes that declined by (54%) YoY and (56%) YoY.

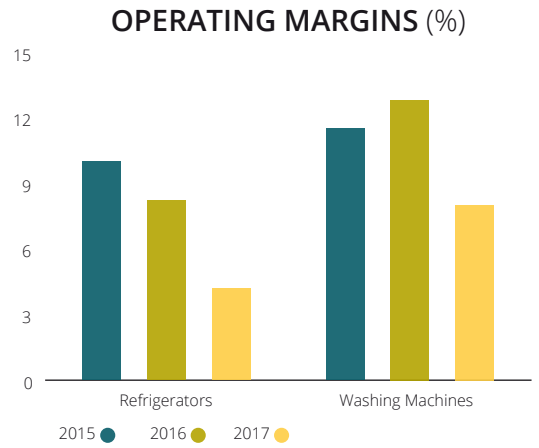
Profitability margins

Gross profit margins were severely impacted, as the weakened demand conditions rendered it challenging to pass on cost increases to customers. This enabled us to maintain market share despite intensifying competitive pressures. Resultantly Group gross profit margins declined to 8% in 2017 compared to 12% in 2016 and company margins to 6% in 2017(10% in 2016). The impact trickled down to operating margins which halved to 5% in 2017 (10% in 2016. Net profit margins during the year were also affected by the higher interest expenses.

Shareholder returns

Earnings per share reduced to Rs.13.77 per in share in 2017 (31.09 in 2016) that resulted in Price to earnings multiple of 8.6 compared to 4.4 in 2016. Return on Equity (ROE) declined during the year to 10% compared to 21% in 2016 as profitability was severally impacted by numerous external challenges





	GROUP				COMPANY			
	2017		2016		2017		2016	
	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000
Gross turnover		5,758,517		5,523,472		4,548,528		4,261,211
Other income including finance income		2,507		8,414		79,723		62,313
Less: Cost of materials & other costs		(3,740,210)		(3,357,766)		(3,001,766)		(2,622,167)
		2,020,813		2,174,120		1,626,485		1,701,357
Distribution of Value Added								
Employees	25	511,820	23	501,269	28	459,311	27	457,103
Government	61	1,244,129	57	1,261,955	57	911,483	54	919,218
Lenders	3	51,453	1	11,989	3	51,328	1	12,518
Community Investment	0	608	0	2,626	0	479	0	2,436
Shareholders	6	118,313	10	208,455	7	118,313	12	208,455
Depreciation and amortisation set aside	3	57,687	2	45,957	3	46,807	2	37,782
Profit retained	2	36,804	7	141,869	2	38,765	4	63,844
	100	2,020,813	100	2,174,120	100	1,626,485	100	1,701,357
No.of employees		322		316		267		261
Value Added per employee (Rs)		6,275,818		6,880,127		6,091,704		6,518,608

CAPITAL REPORTS

MANUFACTURED CAPITAL

The Group's Manufactured Capital consists of the buildings, plant and machinery and equipment used in its factory operations. As a manufacturing organisation, this capital input is a vital element of the Group's value creation process as it determines the Group's ability to provide an interrupted supply of products, cost-effectively and sustainably

The Group's manufacturing facilities are located in Ratmalana and Panadura, where three production lines are in place to smoothly and efficiently manufacture refrigerators, washing machines and plastic chairs. The agility of the Group's manufacturing process has enabled it to continuously innovate its product range- thereby enhancing product features and processes without substantial changes to the manufacturing lines. Details of the manufacturing facilities are listed below;

LOCATION	PRODUCT	CAPACITY UTILISATION IN 2017 (%)
Ratmalana	Refrigerators	100%
Panadura	Washing Machines	75%

Value addition in 2017

During the year under review, the Group added Rs.238.8 million assets to its portfolio as illustrated graphically below. This comprised investments in a new thermo forming/ vacuum forming machine which enables the reductions in the thickness of the refrigerator internal walls. Investments were also made in dies, tools and gauges during the year. In addition to new investments, the Group engages in regular maintenance of its manufactured capital through scheduled programmes with third-party service providers and daily running maintenance.

Value addition to manufactured capital

Rs. million

238.8

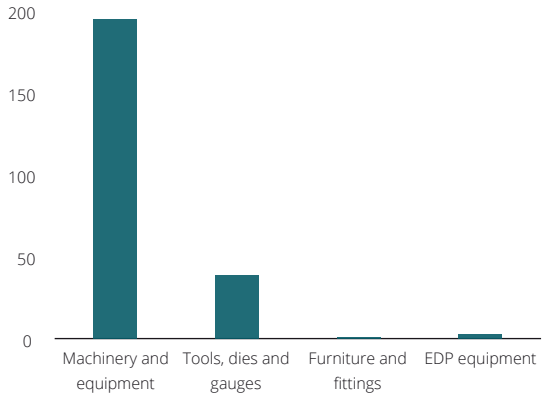
100%

Capacity utilisation

Sustainable manufacturing methods

As part of our environmental commitment, the Group consistently strives to introduce technology which reduces the environmental footprint of its manufacturing activities. In recent years, these have included the installation of a new U-shell machine which resulted in automating the cabinet making process for refrigerators and the vacuum forming machine, both of which are generated substantial improvements in energy efficiency.

VALUE ADDITION TO MANUFACTURED CAPITAL (Rs. Mn)



INTELLECTUAL CAPITAL

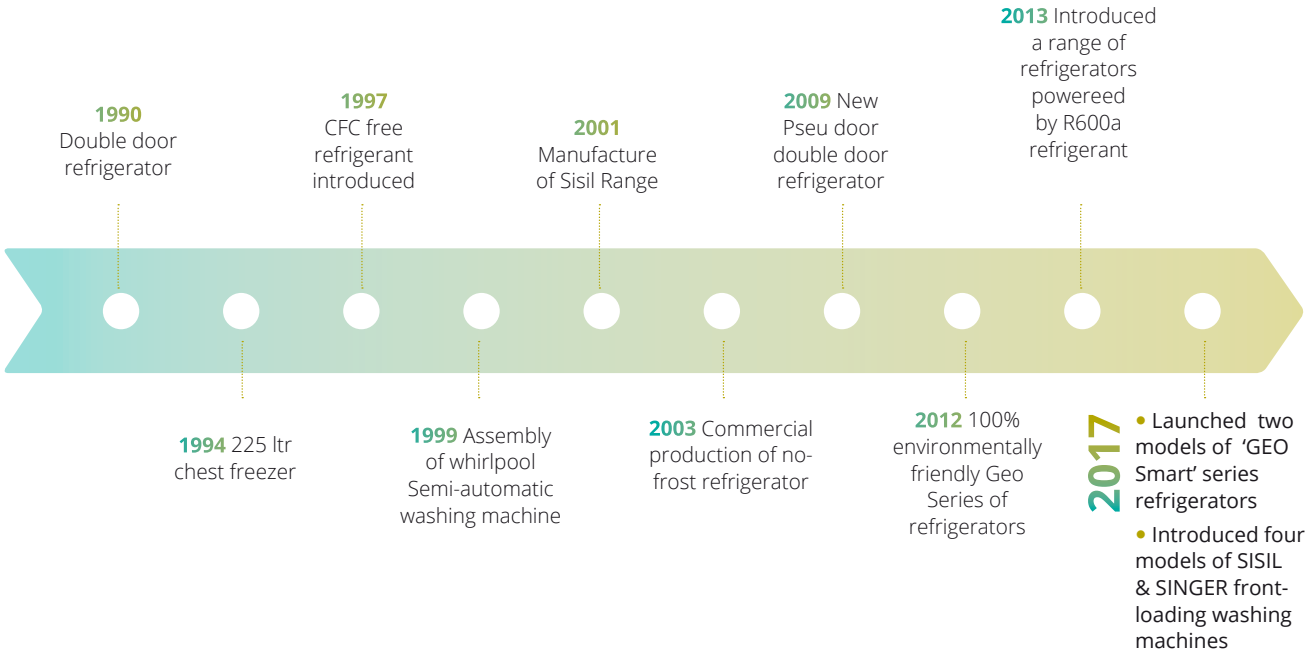
Our Intellectual Capital determines the way we work and is reflected by our capacity for innovation, the strength of our tacit knowledge and our brand values which define our corporate conduct and stakeholder interactions.

Capacity for innovation

The Group's ability to persistently innovate its product offering to suit emerging customer needs is a key source of competitive advantage and has enabled Regnis to withstand competitive pressures. Accordingly, the Group's research and development capabilities is a vital element of its brand reputation and market identity. Key focus areas in R&D for 2017 included,

* Development of new models with varying capacities and sizes
* Modification of existing products with additional features
* Redesigning the components of existing products to improve quality and generate cost savings

Since its inception, the Group has persistently introduced innovative solutions to the market, both in the refrigerator and washing machine lines. In 2017, we launched the new GEO Smart Refrigerator series showcasing four models under the Singer brand- this series features improved door design and an electronically controlled temperature control system. We also launched a coloured refrigerator series in December 2017 as a pilot project, the response for which has been extremely encouraging. The Group's innovation map over the last few years is given below;



CAPITAL REPORTS

INTELLECTUAL CAPITAL

Organisational knowledge

The Group has nurtured deep insights into customer behaviour and industry variables which has allowed us to persistently enhance our systems, standards and processes to build an unmatched base of organisational tacit knowledge. This knowledge is shared through ongoing training programmes and employee engagement initiatives to reinforce learnings. Compliance to local and international quality and safety certifications has also enabled the development of best practices in all aspects of our operations.

Our values

The Group's unique organisational values reflect our corporate conduct and how we interact with our stakeholders. They define what we value as an organisation and our approach towards building mutually beneficial relationships with our stakeholders;

CONSUMERS	EMPLOYEES	SUPPLIERS	COMPETITORS	SHAREHOLDERS	COMMUNITY
We live up to the expectations of a responsible organisation by contributing to the improvement in the quality of life of our customers through outstanding products and Service	We respect each other as individuals and encourage cross-functional teamwork while providing opportunities for career development	We develop our suppliers to be partners in progress and we share our growth with them	We respect our competitors and recognise their contribution to market value	We provide a reasonable return while safeguarding their investment	We conduct our business by conforming to the ethics of our country and share the social responsibility of the less fortunate

HUMAN CAPITAL

Our team of 267 employees, are the driving force behind the Group's continued success. Their capacity for innovation, work ethic, skills and industry experience are vital in achieving our strategic objectives and fulfilling our customer promise

13
Employment generation in 2017

65%
of employees have over 10 years length of service

+4.5%
Payments to employees

As a manufacturing organization, our performance is deeply connected with a skilled and competent workforce contributing towards improving productivity and cost efficiency delivering fruitful growth to our shareholders. Our services play an integral role in a wider value chain process of our parent company- Singer Sri Lanka being the sole local supplier of refrigerators and washing machines. As such, timely delivery of products with desired quality is of paramount importance in our business. Driven by a cadre of 267 permanent employees, our products are delivered with desired quality standards and enhanced performance and design features to suite customer expectations. An inhouse technical team of 146 employees focus on ensuring conformity to quality and health and safety standards whilst 61 production employees and 152 trainees under a fixed term contract focus on day to day production activities. We understand the value of our employees and strive to create a healthy workplace that fosters deeper relationships and employee retention.

Team composition

The Group's permanent employee cadre was 322 in 2017 (316 in 2016) and Company was 267 (261 in 2016). Being a manufacturing organization, the nature of our operations demand a higher proportion of males to perform production related roles. As such a predominant 97% of our workforce are males and include technicians, production employees and trainees. However, as an equal opportunity employer, we ensured that 06 females (06 in 2016) were employed in administration functions. A smooth flow of production is of paramount importance to our business continuity and driven by the leadership roles in our employee cadre.

IN 2017	MALE	FEMALE	TOTAL
By Employee category			
Senior management and above	3		3
Corporate Management	10	2	12
Supervisors	9		9
Quality Controllers	6		6
Master Technician	24		24
Technician	91		91
Assistant Technician	29	2	31
Production Employee	61		61
Stores Employee/ Others	12		12
Office Assistant	9	4	13
Maintenance Employee	5		5
Fixed Term	5	3	8
Trainee	152		152
By Age category			
18-30	192	6	198
31-55	222	5	227
56 above	2	-	2
By contract type			
Permanent	259	8	267
Trainee	152	0	152
Fixed Term	5	3	8

CAPITAL REPORTS

HUMAN CAPITAL

Talent recruitment

Highlights In 2017

Recruited 13 new employees.

NEW RECRUITS BY AGE	MALE	FEMALE	TOTAL
18 to 30	09	2	11
31-55	2	-	2
Total	11	2	13

Our recruitment policy ensures that we identify and recruit the best people through a formal recruitment procedure that avoids discrimination on any ground. In addition, our policies set minimum age limits for recruitment at 18 years avoiding any instances of child labor.

During the year 13 new employees were identified and selected through a formal recruitment process aligned with group recruitment policies. As an initiative to obtain the best talent, we conduct technical training programs for trainees from technical colleges and vocational training colleges being a medium to select employees for our cadre. During the year, 50 trainees were selected for training. In addition, as a manufacturing operation, we ensure that most of our factory level production and technical employees are certified by the National Apprentice Board programs.

Employee Retention

Highlights In 2017

7 employees resigned from the company.

TURNOVER BY AGE GROUP	MALE	FEMALE	TOTAL
18-30	1	1	2
31-55	3	-	3
Above 56	2	-	2
Total	6	1	7

LENGTH OF SERVICE

Below 5Y **13%**
6 Y -10 Y **22%**
11 Y -15 Y **7%**
16 Y -20 Y **21%**
21 Y - 25 Y **19%**
Over 26 Y **18%**

We continued to maintain a sound employee retention rate being a critical success factor for timely delivery of manufactured products to our customers. In 2017, employee turnover rate was maintained at 2.67% (below 2% in 2016) driven by several factors such as sound human resource policies, attractive remuneration packages, career progression and development opportunities. Nearly 87% of our cadre have remained with Regnis for more than 6 years with 37% having more than 20 years of work experience. We strive towards maintaining a sound retention rate as we consider work experience as comparative advantage to improve productivity and efficiency. In the meantime, we continuously evaluate the challenges to employee retention and take pro-active measures. During the year all employees were below the retirement age representing no immediate challenges to replace experienced and highly competent employees.

Focus areas

Our focus in 2017 was to ensure that we provide an environment that enable employees to exercise their employment rights of freedom, trust, confidence and progression whilst contributing to the broader organizational goals. A healthy workplace plays an integral role in developing a sense of belongness, avoiding any conflicts of interest and ensuring zero disruptions to production.

Develop a culture that is backed by integrity

All employees are bound by the Group code of Ethics as integrity forms a core part of our values and culture. Group code of ethics is reviewed annually and includes the following aspects:

1. Exercise honesty, objectivity and diligence when performing one's duties.
2. Avoid conflicts of interest and in the event of a conflict ensure its disclosed.
3. Maintain confidentiality of price sensitive and commercial information.
4. Work with applicable laws and regulations.
5. Safeguard the assets of the company.
6. Avoid any form of disapproving conduct that has a negative impact on the person concerned or the company image.
7. Avoid any bribes or contribution to political funds.
8. Strictly avoid any kind of sexual harassments,
9. Formal whistle blowing procedure to encourage employees to report of any identified instances of misconduct.

No conflicts of interest reported. There were no political contributions given during 2017

Our regular engagement with employees ensure that we promptly respond to any employee concerns.

During the year, we engaged with employees through:

1. Social and cultural event
2. Annual performance appraisals
3. Memo and circulars
4. Internal discussions
5. Training programs
6. Staff meetings
7. Meetings with trade unions

Remuneration and employee benefits

We ensure compliance to labor laws and regulations whilst continuously reviewing our remuneration and benefits offered to remain above industry norms.

CAPITAL REPORTS

HUMAN CAPITAL

* **Rewards and remuneration.** The wages paid are well above the both economic wage rate in the country and industry average.
* Defined contribution plans include Employees' Provident Fund/ Mercantile Services Provident Society and Employees' Trust Fund. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund/ Mercantile Services Provident Society and Employees' Trust Fund respectively in line with regulatory requirements. The Group also maintains a non-contributory defined benefit plan providing for gratuity benefits payable to employees.

Other benefits include:

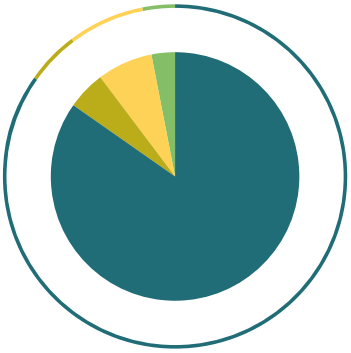
1. Distress loans
2. Death donations
3. Staff loans at concessionary rates
4. Vehicle loans with adequate security held by the company
5. Employee sales scheme for Singer products
6. Health insurance benefits for management and grade employees including reimbursement of 50% of total hospitalization medical expenses
7. Leave allotments in line with regulatory requirements and includes 14 days of annual leave,7 days of casual leave,21 days of sick leave and 84 days of maternity leave

Training and development

Training and development enhances both behavioral and technical competencies of our employees being a driver to deliver optimal performance despite changing technologies and customer needs. We endeavor to be a pioneer in both introducing new products and adopting new technology in manufacturing that provides us a long standing competitive edge. Thus, a competent and evolving team is a pre-requisite for successful strategy implementations. Our training and development policies ensure that competency gaps are identified at annual performance appraisals and addressed through continuous training programs. Our training and development plan includes an annual training calendar to formally structure the training programs across all employee levels with minimal disruptions to business processors. There are several training programs conducted inhouse including both Regnis and parent company -Singer covering diverse areas such as technical skills development, knowledge enhancement, continuous professional development to soft skills, motivational programs and leadership development skills.

PERSONNEL COST

Bonus **7%**
Salaries **84%**
EPF/ETF/MSPS **5%**
Gratuity **3%**



Career progression

Career progression plays an integral role in employee satisfaction whilst motivating employees to perform better. Annual performance appraisals cover all employees of the organization with a review and discussion of performance against clearly defined key performance indicators. In addition, a career succession plan is mapped out for production employees with stipulated time periods for promotions and career developments. During the year 27 number of employees were promoted of which 89% was factory employees.

Engagement

Continuous engagement fosters a deeper relationship with our employees through staff welfare events, community programs, sports events and one to one discussions. In addition, engagement ensures that our employees maintain a work life balance being a pre -requisite for effective performance. As part of our policies, Regnis sets normal working hours at 45.5 hours per week except for certain days of increased hours due to manufacturing deadlines. During the year, we continued to engage in staff welfare events that foster a sense of team spirit within the organization. Annual events were hosted by both Regnis and the parent company and included events such as 'one family', trips,etc. In addition Regnis sports club hosted many sport events such as Cricket, volleyball, Carom, Badminton and participated in inter-departmental, inter-group and mercantile level sports competitions throughout the year. In addition, our employees initiated a well-stocked library containing fictional books, magazines and other literature for their reading pleasure.

Freedom of Association

We work with three trade unions with 90% of our employees being unionised. The collective agreements are reviewed every two years and enable an equitable balance to be maintained between the interests of the employees and company. Salary revisions are negotiated every two years and approved through a separate Memorandums of Settlement between

the Company and the Unions. Over the years, we have continued to maintain strong relationships with trade unions through regular interactions with monthly meetings and phone conversations in the event of adhoc needs. Resultantly, there have been no industrial disputes or strikes over the last 4 years.

NAME OF UNION	NO OF EMPLOYEES UNIONISED IN 2017
CIWU	23
CMU	138
CFTU	1
ICEU	66
Total	228

Occupational health and safety

Health and safety of employees is of paramount importance to Regnis and we endeavor to provide a work environment that is benchmarked for the quality of its health and safety standards. We understand the health and safety hazards present in a manufacturing organization and ensure that sound and comprehensive health and safety policies and procedures are maintained through - out the organization. In addition, a comprehensive insurance scheme covers all permanent employee of our cadre and include a 50% coverage of total hospitalization medical expenses. Increasing awareness of health and safety is important to ensure that all our employees are aware of the health and safety risks, its implications and protective measures implemented by Regnis. Routine training programs on health and safety were conducted to all employees during the year. In addition, employees were encouraged to participate in health and safety measures by being part of dedicated fire squad formed by volunteers from various employee ranks. Quarterly fire squad meetings are held to review the fire safety equipment and procedures in place and propose any changes to safety policies based on the findings.

RESULTS IN 2017

No fatal injuries over the last 5 years.
Number of **minor injuries were 15** (13 in 2016) of which:

10 Cut injuries | **03** Eye injuries | **10** Other injuries

One accident reported in 2017

Key indicators in 2017

Injury rate was **3.5%** per 100 workers.

Number of lost days due to occupational injuries were 19.

Number of absentee days were 19,466 days and absentee rate was **18%**.

In addition, the Company also has signage and safety notice in prominent location of our premises warning employees and other visitors to proceed with care. First aid boxes are kept in important areas and a medical officer is available for free consultations on certain days of the week. We have also tied-up with the Katubedda Medical Centre in close proximity to our manufacturing facilities to obtain emergency medical assistance.

Safety of equipment was ensured through a scheduled machine maintenance program that is undertaken through service contracts with external parties ensuring that all our machines are fit for use at any given time. In addition, as a safety- measure employees are encouraged to use safety equipment such as protective eye gear, shoes, masks, etc. In cases of emergency, Regnis has tied-up with the Katubedda Medical Centre in close proximity to our manufacturing facilities to obtain emergency medical assistance if ever required.

Grievance Handling

Handling employee grievances form an integral function of our human resource management given its impact on the emotional well -being of our employees. Policies such as grievance handling, human rights and whistleblower policy ensure that employee grievances are identified through a culture of open communication enabling employees to freely voice their concerns on any ground. Grievances are treated with confidentiality and handled by an 'Employee Grievance Handling' Committee with necessary correction action being promptly undertaken.

Human Rights Policy

Human rights play a vital role in developing a healthy and motivated workforce that develops a sense of belongingness. The human rights policy ensure that any human right violations are identified and addressed across all divisions in the organization. We maintain an open -door policy enabling employees to whistle blow suspected human rights violations to managers at any level in the organization. In addition, human rights form part of our other policies such as recruitment, code of ethics, career development, etc.

During the year there were no instances of human right grievances or discrimination being raised by the employees.

OUTLOOK

In 2018, we hope to continuous our focus on training and development that enhances our ability to cope with increasing operational requirements over the forthcoming years with the ongoing capacity enhancements of Regnis. In addition, our main area of focus in 2018 would be in finalizing the negotiations on collective agreements.

CAPITAL REPORTS

SOCIAL AND RELATIONSHIP CAPITAL

The Group's excellent track record, the popularity of our household brand names and the extensive reach of our parent entity's distribution network has enabled us to nurture long-standing, mutually beneficial relationships with a diverse array of stakeholders.

Undisputed market leader in Refrigerators and washing machines

SINGER

Rated Sri Lanka's most popular brand for the 11th consecutive year at SLIM-Nielsen People's Awards

94%

Customer satisfaction rate

Our Approach to Stakeholder Management

Our approach to stakeholder management is underpinned by ongoing engagement, mutual respect and value creation and pursuing opportunities for stakeholder development. These relationships are a critical aspect of our value creation process, providing us our social license to operate. In this Integrated Report, we will focus on four key aspects of our social and relationship capital; namely customers, suppliers, communities and our brand reputation.

CUSTOMERS

Customer engagement

Regnis does not directly engage with the end-consumers of its products, as distribution, marketing and after-sales services are provided by Singer (Sri Lanka) PLC. Nevertheless, understanding evolving customer needs is essential to delivering relevant product solutions and we strive to maintain engagement through our Parent entity and other platforms. For instance, a structured process is in place to obtain customer feedback on products; a customer feedback form inclusive of a stamped envelope is provided at the point of sale. We also conduct bi-annual interactive sessions with the field staff (consisting of field representatives such as technicians and repairers) who through their frequent interactions with the customers are able to provide valuable insights on their needs. We also conduct 'refrigerator clinics' through our branches, whereby our technicians visit around 50 households a month to examine and rectify refrigerator breakdowns and conduct minor repairs free of charge. The clinics are also used as a platform to educate customers on the optimum use of their refrigerators. During the year 06 such clinics were conducted, giving us the opportunity to engage and service with over 234 customers island-wide.

Accessibility

The extensive reach of our parent's distribution arm is a key source of competitive edge and has enabled us to cement our market position in the country's rural areas. Singer's tiered network includes Singer Mega, Singer Plus and Singer Homes outlets as well as satellite shops and dedicated SISIL World outlet. By end-2017, our products were sold through 433 customer contact points across the island

PROVINCE	SINGER MEGA	SINGER PLUS	SINGER HOMES	SATELLITE SHOPS	SISIL WORLD	TOTAL
Central	2	26	3	11	8	50
Eastern		21		3	2	26
North Central		23	1	6	3	33
North Western		23	2	8	5	38
Northern		15		1	4	20
Sabaragamuwa		18	2	8	11	39
Southern		33	1	12	6	52
Uva		13	1	11	5	30
Western	21	83	10	7	24	145
	23	225	20	67	68	433

Product innovation

Our ability to consistently differentiate our offering through innovation is a key element of our competitive edge. Over the years, we have introduced a range of refrigerators and washing machines with exciting new features allowing us to withstand competitive pressures to a certain degree. In 2017, we launched the GEO Smart series of refrigerators, piloted a coloured refrigerator series and introduced two fully automated front-loading washing machine models (Please refer to page 37 for our innovation map).

Safety

Comprehensive tests are conducted during and post-production to ensure the quality and safety of all our products. Meanwhile, user manuals are provided with all products whilst instructions for usage are given by the sales representatives across the retail network. During the year, there were no incidences of non-compliance pertaining to product/service labelling or marketing communications

Satisfaction

Customer satisfaction is measured through customer feedback forms which are provided with all products at point of sale. In addition, customer complaints are handled by the respective branch manager of the retail outlet within three days of receipt. During the year the average customer satisfaction rate (customers who rated the running condition as excellent, good and satisfactory) was 94%.

CUSTOMER SATISFACTION

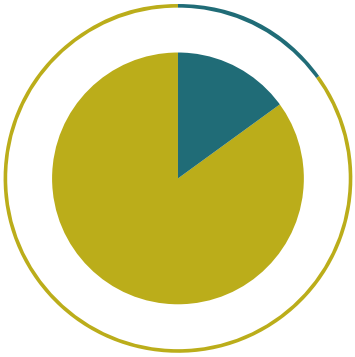
Excellent **44%**
Good **36%**
Satisfactory **14%**
Poor **6%**

SUPPLIERS

The Group procures raw materials from 384 suppliers, comprising foreign and local suppliers. In terms of number of suppliers, local suppliers account for the majority although in terms of value, foreign suppliers dominate the profile. The Group's local suppliers include sub-contractors who are engaged in the manufacture of components.

SUPPLIER PROFILE

Large suppliers **15%**
Small suppliers **85%**



Selection criteria

Suppliers are selected following stringent evaluation comprising several criteria including product quality- which is assessed through a sample check, financial support, certifications and standards. Site visits are also conducted prior to engaging new suppliers.

Supplier value creation

The relationships we have nurtured with our suppliers extend to a holistic value creation proposition which includes international training exposure for our employees, technical guidance on enhancing efficiency of machinery and equipment, site visits and ongoing support on maintaining the optimum productivity.

COMMUNITY ENGAGEMENT

We have nurtured cordial relationships within the communities that we operate in, particularly where our manufacturing facilities are located. The Group understands it responsibility towards ensuring that community needs are met to retain its license to operate and guarantee the smooth functioning of our operations. Accordingly, we support community requirements for sponsorships on a needs-based basis and in 2017, we sponsored/engaged in the following CSR initiatives;

CAPITAL REPORTS

SOCIAL AND RELATIONSHIP CAPITAL

INSTITUTE NAME	ITEM
K/Bolosgama Maha Vidyalaya Kaluthara - South	Refrigerator
WP/HO/ Aruggoda Sri Parakkrama Maha Vidyalaya	Refrigerator
Moratu Maha Vidyalaya	Television
Chiththa Wivekashramaya Borupana Ratmalana	Refrigerator
Uyanwaththa Sri Medhankaramaya Malgamuva - Giriulla	Refrigerator
Janadipathi Vidyalaya - Sri Jayawardanapura Kotte	Cash
Customs Tax offices welfare society	Cash
Moratuwa Municipal Council	Refrigerator
Vacational Training Authority	Cash

Our Brand

The Singer and Sisil brands are household names nurtured through years of high quality product design, innovation, excellent customer service and widespread customer access. The strong brand recognition associated with our products allows for quick market acceptability of new products, long-term customer retention and enables us to withstand competitive pressures to a certain degree.

SINGER®

was ranked as Sri Lanka's most popular brand for the 11th consecutive year at the

SLIM-Nielsen People's Awards 2017

SINGER®

Consumer durables brand of the year Youth

Brand of the year

SLIM-Nielsen People's Brand of the Year 2017

SINGER®

Ranked as Sri Lanka's 12th most valuable brand

with a brand value of Rs. 13.75 billion- LMD Top brand 2017

CAPITAL REPORTS

NATURAL CAPITAL

As a manufacturing organisation, we are cognisant of our impact on the environment, through consumption of natural resources, discharge of emissions and waste materials as well as through use of our products. Over the years, we have placed emphasis on reducing the environmental footprint of our operations as well as our products through leveraging on our R&D capabilities and driving product and process innovation

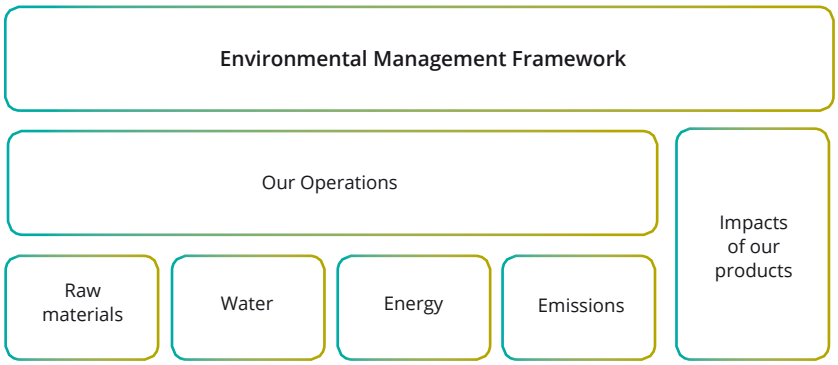
21%
Decrease in energy consumption

17%
Decrease in Carbon Footprint

Reduction in energy and carbon footprint intensity ratios

Approach to Environmental Management

The Group's approach towards managing its environmental impacts are clearly articulated in a comprehensive Environmental Management Framework- which encompasses water, waste and emission management. The policy is communicated to all employees during induction and reinforced through training programmes, signposts and written communication. Key aspects of the Group's environmental framework are given below;



Raw Materials

Our primary raw materials are steel, plastic, chemicals, refrigerants and compressors. The materials we use in our products are free of hazardous elements and ongoing efforts driving process enhancements and productivity have led to the efficient use of raw materials. In 2017, the Group invested in a vacuum forming machine which allows for the use of thinner plastic sheets in the internal walls- thereby reducing the use of plastic in our refrigerators. Regnis also pioneered the use of the R600a technology in South Asia, hydrocarbon based refrigerant gas which is substantially more environmentally-friendly that its predecessor. The Group's material usage in 2017 is listed below; total usage shows a decline of 4% compared to the previous year due to the slight reduction in production volumes during the year under review.

MODEL	DIRECT MATERIALS (KG)	PACKING MATERIALS (KG)	TOTAL MATERIALS (KG)
RGS 150	25,193	2,065	27,258
ECO 55	336,702	24,758	361,460
GEO 182 / GEO 185	312,576	29,568	342,144
ECO 72	890,370	79,905	970,275
GEO 200D / GEO 205	905,182	80,206	985,388
ECO192/ECO WR 192	1,339,248	118,668	1,457,915
GEO 242D / GEO 255	253,565	24,440	278,005
ECO 245	298,717	28,792	327,509
GEO 260/ GEO 265	312,156	27,144	339,300
ECO 251/251WR	483,828	42,072	525,900
GEO 262I /252I	133,446	11,604	145,050
Total	5,290,983	469,222	5,760,204

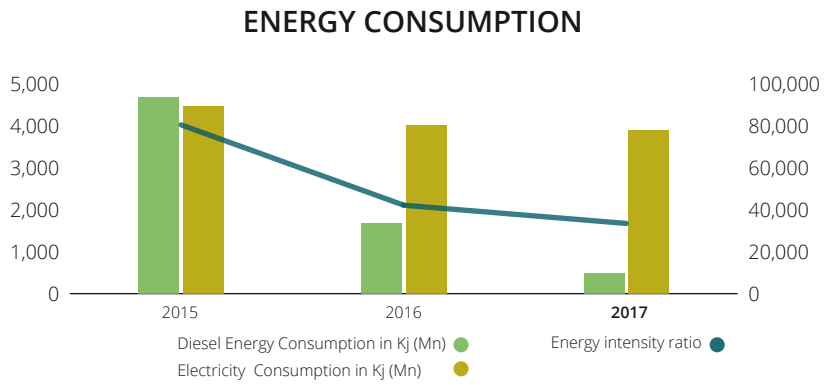
Energy

Our key sources of energy are electricity and diesel. The entirety of the Group's electricity requirements is fulfilled through the national grid. Improvements in production processes and employee engagement in conserving energy have allowed the Group to achieve substantial energy efficiencies in recent years. Key initiatives include,

* Installation of the new U-shell machine which automated the cabinet manufacturing process for refrigerators
* Introduction of pre-painted sheets for refrigerator cabinets
* Installation of the new vacuum forming machine
* Equipment scheduling and planning within the factory to reduce wastage
* Engaging staff in conservation through awareness building and training initiatives
* Replacement of halogen lighting with LED solutions

In 2017, the Group's total energy consumption declined by 23%, primarily due to substantial efficiencies in diesel use and a slight reduction in production volumes. The use of diesel energy per unit of production declined by nearly 70% due to elimination of powder painting system and due to introduction of electric forklift in to the operations. Meanwhile the total energy intensity ratio also improved by 21% to 8,696.7 KJ per unit during the year, reflecting our ongoing efforts to enhance efficiency of energy usage. Accordingly, the Group saved 123.6 Mn KJ in electricity and 1177.8 Mn KJ in diesel during the year.

	2017	2016	2015
Diesel (litres)	**13,200**	44,800	125,400
Electricity (Kwh)	**1,083,868**	1,118,190	1,240,321
Diesel Energy Consumption in Kj (Mn)	**492.0**	1,669.9	4,674.1
Electricity Consumption in Kj (Mn)	**3,901.9**	4,025.5	4,465.2
Total Energy Consumption in Kj (Mn)	**4,393.9**	5,695.3	9,139.3
Diesel energy intensity ratio Kj/unit	**3,746.66**	12,360.16	41,133.74
% Reduction in Diesel consumption p/unit	**70%**	70%	7%
Electricity energy intensity ratio Kj/unit	**29,713.10**	29,796.33	39,294.88
% Reduction in Electricity consumption p/unit	**0%**	24%	7%
Total energy intensity ratio	**33,459.76**	42,156.49	80,428.62



Water

The Group's manufacturing processes not water intensive, and the primary usage of water is for employees' daily requirements. Employee awareness programmes are conducted frequently to encourage the optimal use of water while sign board are displayed at user points as a reminder to consume water efficiently. Nearly 80% of our water requirements are fulfilled through ground-water sources, with the remainder being met through municipal lines.

During the year under review, the Group's water consumption remained relatively unchanged at 4,242 M3 units while consumption per unit also remained more or less static at 0.03 M3.

	2017	2016
Total water usage (m3)	**4,242**	4,243
Consumption per unit	**0.03**	0.03

CAPITAL REPORTS

NATURAL CAPITAL

Waste and effluents

Solid waste arising from our operations are metal offcuts, cardboard, Styrofoam, plastic, polythene and paper. These are categorised at source and sent to certified third-party recyclers to ensure responsible disposal. Metal off-cuts and cardboard are sold, while all other water materials are recycled. The generate of waste and level of recycling during the year are given below;

	YEAR 2017 (KG)	YEAR 2016 (KG)
HIPS off-cuts	**150,763**	152,551
Metal off-cuts	**65,634**	67,333
Plastic and polythene	**14,192**	13,779
Cardboard	**74,146**	63,901
Total	**304,735**	297,564

Emissions

Implications of climate change: Over the past several years, Sri Lanka's agriculture sector has been affected by erratic weather condition including prolonged drought and flooding. This has had an impact on the demand for the Group's products, particularly in rural areas which rely on earnings from agricultural activities. We are yet to quantify the impact of these trends on the Group's earnings.

Concerted efforts to reduce the Group's electricity and diesel consumption have enabled continued reductions in our carbon footprint. These initiatives have been elaborated in previous sections relating to energy conservation. In 2017/18, the total carbon footprint declined by 17% while the carbon intensity ratio also reduced by 21%.

Method of computation:

The emissions generated through the use of electricity are computed using the National Grid Thermal Efficiency ratio of 58% and National Grid Emission factor for thermal energy of 0.7208. Meanwhile the emission for diesel is computed using the calorific value of diesel which is 48,400 KJ/KG.

	2017	2016
Direct Greenhouse Gas Emissions (Scope 1)		
Combustion in stationary sources	**37,224.00**	126,336.00
Total for Scope 1	**37,224.00**	126,336.00
Energy Indirect Greenhouse Gas Emissions (Scope 2)		
Purchased Electricity	**453,126.19**	467,474.98
Total	**490,350.19**	593,810.98

Products and Services

As a manufacturer of consumer durables our products consume energy and discharge emissions. We are cognisant of the substantial impact we can have on reducing the overall carbon footprint of customers by enhancing the energy efficiency of our products. The measures we have adopted in recent years to minimise the environmental impact of our products are as follows;

* The adoption of the R600a gas in the manufacture of refrigerators resulted in an estimated energy saving of 30%. Presently, all refrigerators manufactured by the Company use this technology
* Replacing R141b with Cyclopentane for insulation
* Manufacture of semi and fully automatic washing machines have short and smaller pre-set cycles

Environmental Grievance Mechanism

The Company has introduced an environmental grievance framework, allowing community members to air their grievances regarding the adverse environmental impact of our operations. The framework includes public display of the names and contact numbers of the relevant individuals in the Group to whom concerns can be notified and a formal process for evaluating and addressing these issues. During the year under review, there were no substantiated concerns, complains or grievances relating to environmental impacts.

STEWARDSHIP

CORPORATE GOVERNANCE

The Group's sustainable value creation is underpinned by robust corporate governance practices. Our approach to governance is characterised by a suite of comprehensive policy frameworks, structures and foster judicious empowerment and strong business ethics. The framework drives accountability, transparency and integrity at every level of the organisation, ensuring stability during challenging industry conditions.
The Board of Directors is the apex governing body and holds responsibility for setting the strategic direction, formulating policies and exercising oversight over the affairs of the Company.

Governance Framework and Structure

Regnis (Lanka) PLC's governance framework is broadly aligned to that of its parent, Singer (Sri Lanka) PLC. In 2017, Singer Sri Lanka was acquired by Hayleys PLC- following which the former's governance mechanisms, policies and practices were aligned to those of its new parent. Regnis (Lanka) PLC's governance framework is based on the following internal and external steering instruments;

EXTERNAL INSTRUMENTS	INTERNAL STANDARDS AND PRINCIPLES	GOVERNANCE MECHANISMS	
Companies Act No. 7 of 2007	Articles of Association	Stakeholder engagement	Strategic planning
Continuing listing requirements of the Colombo Stock Exchange	Group policy frameworks		
Code of Best Practice on Corporate Governance issued by the SEC and ICASL	Board and sub-committee terms of reference	Talent management	Risk management and compliance
Integrated Reporting Framework issued by the International Integrating Reporting Council (IIRC)	Code of Ethics	Product responsibility	Investor relations
GRI Standards for Sustainability reporting issued by the Global Reporting Initiative			

Board of Directors

The Board comprises ten (10) directors- including the Chairman, of whom Seven (07) are non-executive directors. Of the non-executive directors, five (05) function in an independent capacity. Following the acquisition of our parent by Hayleys PLC, 5 new directors (including the Chairman) were appointed to the Board. Please refer from page 18 to19 for profiles of directors. The Board combines a diverse set of skills, industry acumen and experience, contributing towards the depth of discussion and effectiveness of decision making.

Board Mandate

The Board is collectively responsible for the overall stewardship of the Company. The responsibilities of the Board include;

* Setting the strategic agenda to enhance long-term value creation
* Formulating policy
* Setting the risk appetite and ensuring the Group's risk exposure is maintained within the defined parameters

CORPORATE GOVERNANCE

* Ensuring that key management personnel have requisite skills and knowledge to drive the strategic agenda
* Ensuring effectiveness of systems in place to secure integrity of information and internal controls

Sub-Committees

The Board has delegated certain functions warranting greater attention, to four Board Sub-Committees with oversight responsibility for same. This enables the Board to allocate sufficient time to matters within its scope, particularly execution of strategy and forward-looking agenda items. The roles of the committees, composition, meeting attendance during the year and focus areas during the year are given in the respective committee reports from page 76 to 79 of this Report.

Board Effectiveness

Directors combine a unique depth and breadth of skills which includes entrepreneurial, corporate and academic expertise. Non-executive directors are eminent professionals in their respective fields, bringing diverse perspectives to board deliberations. With the appointment of directors representing the Hayleys Group, the Board's skill set has been enhanced further, with substantial expertise being brought in, in the areas of corporate strategy and financial management. The Board has sufficient financial acumen, with four directors holding memberships in professional accountancy bodies.

Role of Chairman and CEO

The role of Chairman and CEO/ Managing have been segregated, in line with best practices in Corporate Governance ensuring that no one director has unfettered power and authority. The Chairman leads the Board of Directors, ensuring that it conducts its activities in the best interest of the Company. The CEO/ Managing Director is accountable to the Board for the exercise of authority delegated by the Board of Directors and for the performance of the Company.

Board appointment and re-election

Directors appointed by the Board to fill casual vacancies during the year retire in terms of the Articles of Association and may offer themselves for re-election at the next Annual General Meeting. Further, at the first and each subsequent AGM, one-third of the Directors or number nearest to one-third (but not greater than) shall retire from office.

Board access to information

Directors are provided comprehensive and timely information to ensure the effective of duties. Quantitative and qualitative information which includes performance against objectives, stakeholder relationships, progress on achieving strategic objectives and risk indicators are furnished to all Directors prior to Board/Sub-Committee meetings. In addition, Directors have open access to Key Management Personnel (KMP) to obtain further information or clarify any concerns that may arise. Directors also have unfettered access to the Company Secretary.

Board Activities

Board meetings

The Board convenes at least on a quarterly basis. The scheduled dates of meetings for the year are approved by the Board in advance and Directors are given adequate notice of any changes to the planned schedule. Meeting agendas and Board papers are circulated to all Board members prior to Board and Sub-committee meetings. In addition to the comprehensive Board papers, Directors are also regularly kept abreast of changes in the economic and industry landscape that could potentially impact the Group's ability to create value. The attendance at Board meetings during the year are given below;

Board focus areas in 2017

- Setting strategy for 2018
- Determining the product development agenda
- Discussion of implications of macro-economic and government policy

DIRECTOR	BOARD MEETING	AUDIT COMMITTEE MEETING*	REMUNERATION COMMITTEE MEETING*	NOMINATION COMMITTEE MEETING*	RELATED PARTY TRANSACTION COMMITTEE*
Mr. A M Pandithage*	3/3			1/1	
Dr. S Kelegama****			1/1	1/1	
Mr. H A Pieris	7/7		2/2	3/3	3/3
Mr. Ranil De Silva	7/7	5/5	2/2		3/3
Mr. Gavin J Walker	2/7		2/2	2/2	
Mr. V G K Vidyaratne	6/7				
Mr. K Kospelawatte	7/7				
Mr. S C Ganegoda*	3/3				
Mr. M H Jamaldeen*****	3/3	2/2		1/1	
Mr. N L S Joseph*	3/3				
Mr. K D G Gunaratne*	3/3				
Mr. D Sooriyaarachchi***		5/5	2/2		3/3
Mr. K D D Perera**				1/1	

* Committees of the parent company

* Appointed w.e.f 2nd October 2017
** Co-Chairman of parent company
*** Independent Non-Executive Director of Parent Company
**** Dr. S Kalegama deceased on 23rd June 2017
***** Mr. Jamaldeen was appointed to the Remuneration Committee after 2nd October 2017

Board Remuneration

A formal and transparent procedure is in place for determining remuneration of Directors and developing executive remuneration policy. Remuneration for Non-Executive Directors is determined taking into consideration the time commitment, role and responsibilities of each individual Director as well as industry practice. The Board has delegated this responsibility to the Board Remuneration Committee, the details and composition of which are given on page 77of this Report. No individual director has the capacity to determine his own remuneration.

The Company's remuneration policy is designed to ensure that highly-skilled individuals are attracted and retained, whilst contributing to sustainably and responsibly enhancing shareholder value. Key considerations when setting remuneration include, the remuneration policies of the parent company, market and industry practice and each employees' level of experience and contribution.

Remuneration of executive directors and employees comprise guaranteed pay and pay for performance, designed to incentive higher levels of achievement according to agreed criteria. Remuneration of non-executive directors comprise solely of guaranteed remuneration. The remuneration of the Directors is disclosed on pages 110 of this Annual Report and the detailed Remuneration Committee Report is given on page 77.

Accountability and Audit

The Board is responsible for presenting a balanced, accurate and understandable assessment of the Company's, performance, financial position and prospects. Interim performance reports are circulated within 45 days of each quarter end whilst other price sensitive information is disclosed to shareholders through the Colombo Stock Exchange. The Company's financial statements are prepared in accordance with the Sri Lanka Financial Reporting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act. Our Annual Report conforms to the GRI Standards on sustainability reporting, prescribed by the Global Reporting Initiative and the Integrated Reporting Framework published by the International Integrated Reporting Council.

The following specialised information requirements are also included in this Annual Report.

* The Annual Report of the Board of Directors on the Affairs of the Company on pages 82 to 86 of this Report contains the declarations prescribed by the Code i.
* The Statement of Directors' Responsibility is given on pages 87 of this Report.
* The Independent Auditor's Report on page 88 of this Report.

The Management Discussion and Analysis as set out from page 29 to page 31 of this Report, includes the following information specified in the Code of Best Practice

* Industry structure and developments;
* Risks and opportunities arising from the external and internal operating landscape
* Social and environmental protection activities carried out by the Company;
* Financial performance;
* Material developments in human resource/industrial relations and

Audit Committee

The Board Audit Committee is chaired by a Non-Executive, Independent Director who has substantial and relevant experience in financial management and related areas. The Committees' responsibilities and specific duties are set out in the Audit Committee Charter which empowers it to examine any matters relating to the financial affairs of the Group and to review the adequacy of the internal control procedures, coverage of internal and external audit programmes, determining appropriate accounting policies and review of significant business risks and control issues. It also reviews the Corporate Audit Report of the Corporate Internal Audits. The Finance Director of the parent company, Factory Director Compliance Officer, Hayles Group CFO, Group Factory Controller audit staff, representatives of external auditors regularly attend the meetings of the Audit Committee by invitation.

Ethics

All employees are bound to abide by the ethics, values and expectations set out in the Employee Code of Conduct. The Code is made available to all employees to ensure that the highest standards of integrity are maintained in corporate conduct and in interactions with all stakeholders The Code of Conduct addresses a range of key issues including conflict of interest, bribery and corruption, confidentiality, fair dealing and compliance among others. The Code also includes the following;

* Exercise honesty, objectivity and diligence when performing one's duties
* Avoid situations where personal interest could conflict with the interest of the Company and in such situations disclose such interests in advances

CORPORATE GOVERNANCE

* Maintain confidentiality of commercial and price sensitive information
* Work within applicable laws and regulations
* Safeguard the Company's assets
* Avoid conduct that would reflect badly on the person concerned or the Company's image
* Strictly avoid giving or accepting any kind of bribe, either directly or indirectly
* Strictly avoid making contributions for political funds, either directly or indirectly
* Strictly avoid any kind of sexual harassment

Whistleblowing Policy

The Company has a Whistleblowing Policy in place which serves as a channel for early identification of corporate fraud or risk management by ensuring that employees reporting legitimate concerns on potential wrongdoings are guaranteed complete confidentiality. Such complaints are investigated and addressed through a formalised procedure.

Communication with shareholders

The Company's majority shareholder is Singer (Sri Lanka) PLC who is also the sole retailer of goods manufactured by the Company. There are 06 common directors who sit on the Board of Regnis and that of Singer (Sri Lanka) PLC. With the acquisition of Singer by Hayleys PLC, 04 directors on the Regnis board now represent its ultimate parent. Related party transactions between Regnis and its parent entity are detailed on page from 139 to 143 of the financial statements.

The Company maintains a high level of engagement with its shareholders, facilitated through the AGM and dissemination of accurate and relevant information. Channels facilitating shareholder communication include corporate website, announcements to the Colombo Stock Exchange and other press articles. Interim performance reports published to shareholders whilst Annual Reports are provided to all shareholders in printed form. Shareholders can direct their questions, comments and suggestions to the Board of Directors or Management team through the Company Secretary, who acts as the contact points for shareholder concerns.

The Annual General Meeting

The Annual General Meeting is used as the main platform for engaging with shareholders and is also the main forum of contact between small shareholders and the Board. In using the AGM constructively towards enhancing its relations with its shareholders, the following procedures are followed;

* Notice of the AGM and all relevant papers are sent to the shareholders at least 15 working days prior to the AGM in accordance with the rules stipulated by the Colombo Stock Exchange and the companies Act No. 7 of 2007.
* Directors of the Board, including Chairmen of Audit, Remuneration and Nomination Committees are available to clarify any points raised by the shareholders. Company secretaries are available for any matters relating to the compliances.
* A summary of procedures governing voting at the AGM is provided in the proxy form, which is also circulated to shareholders 15 working days prior to the AGM.

Sustainability

The Company strives to embed the principles of Sustainability to its operations and consistently monitors the opportunities and risks presented to it by economic, environmental and social developments in the operating context. Strategy formulation is guided by stakeholder considerations as enumerated on page from 24 to 25 of this Report.

The Company's approach towards corporate reporting has also evolved towards embracing the principles of sustainability and this Report aims to discuss the opportunities, risks and performance of all economic, social and environmental material aspects. This Annual Report is an Integrated Report, prepared in line with the Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC). It also complies with the recently published GRI Standards of the Global Reporting Initiative.

The main Sustainability disclosures prescribed by the Code of best Practice are as follows;

DISCLOSURE	PAGE REFERENCE
Economic Performance	32
The Environment	48
Labour Practise	39
Society	46
Product Service and Responsibility	29
Stakeholder identification, engagement and effective communication	32

COMPLIANCE TO THE LISTING RULES

THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA (SEC)

RULE NO.	CORPORATE GOVERNANCE RULE	STATUS OF COMPLIANCE	REGNIS EXTENT OF ADAPTION
Board of Directors			
7.10.1	Number of Non-Executive Directors - One-third of the total number of Directors, subject to a minimum of two.	✓	At the year end, the Board comprised of Ten (10) Directors, of whom Seven (07) are Non-Executive Directors.
7.10.2 (a)	Number of Independent Directors - One-third of Non- Executive Directors, subject to a minimum of two.	✓	As at year end, the Board comprised of five Independent Directors.
7.10.3 (a)	Disclosure Relating to Directors' independence.	✓	Have submitted a declaration confirming their Independence.
7.10.3 (b)	In the event a director does not qualify as "independent", the board shall specify the criteria not met and the basis for its determination	✓	Please refer the page number 85 annual report of the board of directors.
7.10.3 (C)	A brief resume of each directors, include in the annual report	✓	All the Directors brief resume set out in the page number from 18 to 19.
7.10.3 (d)	Upon appointment of a new director to the company board, the Company shall forthwith provide to the Colombo Stock Exchange a brief resume of such director for dissemination to the public	✓	During the year the company appointed five (05) new directors and provided the brief resume of each Director to the Colombo Stock Exchange.
Remuneration Committee			
7.10.5 (a)	Number of Independent Non-Executive Directors in the Committee to be: * a minimum of two (where a Company has only two Directors on the Board), or * in all other instances majority of whom are to be Independent.	✓	The Committee comprise of three (03) Independent Non-Executive Directors. Please refer the page number 77.
	Separate committee to be formed for the Company or the listed Parent's Remuneration Committee to be used.	✓	Remuneration Committee of the listed parent functions as the Remuneration Committee of Regnis (Lanka) PLC.
	Chairman of the Committee to be a Non-Executive Director.	✓	The Chairman of the Committee is an Independent Non- Executive Director.

✓ Complied

CORPORATE GOVERNANCE

RULE NO.	CORPORATE GOVERNANCE RULE	STATUS OF COMPLIANCE	REGNIS EXTENT OF ADAPTION
7.10.5 (b)	Functions of the Committee.	✓	The Remuneration Committee Report (Page 77) sets out the functions of the Committee.
7.10.5 (C)	The annual report should set out the names of directors comprising the remuneration committee and set out the aggregate remuneration paid to executive and non-executive directors	✓	The Names of the remuneration committee members are given in page 77, and remuneration paid to Directors is given in the Note 11 to the financial statement on page 110.
Audit Committee			
7.10.6 (a)	Number of Independent Non-Executive Directors in the Committee to be: * a minimum of two (where a Company has only two Directors on the Board), or * in all other instances majority of whom are to be independent	✓	As at year end, the Audit Committee comprised of three (03) Independent Non-Executive Directors of the Board. Please refer the page number 76.
	Separate committee to be formed for the Company or the listed Parent's Committee to be used.	✓	Audit Committee of the listed parent Company functions as the committee for the Company.
	Chairman of the Committee to be a Non-Executive Director.	✓	The Chairman of the Committee is an Independent Non- Executive Director.
	Chairman or one member of the Committee to be a member of a recognised professional accounting body.	✓	The Independent Director, namely Mr. Ranil De Silva is a Fellow Member of the Chartered Institute of Management Accountants, UK and Associate Member of Institute of Chartered Accountants of Sri Lanka.
	CEO and CFO to attend committee meetings, unless otherwise determined by the Audit Committee.	✓	CEO and CFO attend by invitation.
7.10.6 (b)	Functions of the Committee.	✓	The Audit Committee Report sets out the functions of the Committee.
7.10.6 (C)	The names of the directors comprising the audit committee should be disclosed in the annual report.	✓	The Audit Committee Report sets out the names of members in the committee.

RULE NO.	CORPORATE GOVERNANCE RULE	STATUS OF COMPLIANCE	REGNIS EXTENT OF ADAPTION
Related Party Transactions Committee			
9.2.2	Combination of non-executive directors and independent non-executive directors	✓	The Committee comprises of three Independent Non-Executive Directors and one Executive Director.
9.2.3	Separate Committee to be formed for the Company or the Listed Parent's Committee to be used.	✓	A Related Party Transactions Review Committee was formed for the Singer Group.
	Function of the Committee.	✓	The Related Party Transactions Review Committee Report sets out the functions of the Committee.
9.3.2 (a)	In the case of Non-recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets-Disclosure	✓	Non-recurrent Related Party Transactions are disclosed on page 141 of this Report.
9.3.2 (b)	In the case of Recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income - Disclosure	✓	Recurrent Related Party Transactions are disclosed on page 141 of this Report.
9.3.2 (C)	The Annual report shall contain a Report of the Audit Committee in the prescribed manner.	✓	Related Party Transactions Review Committee Report on page 79.
9.3.2 (d)	A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with 9.3.2 of the listing rule.	✓	Related Party Transactions Review Committee report on page 79 declared compliance with rule 9.3.2

✓ Complied

CORPORATE GOVERNANCE

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA (ICASL)

RULE NO.	CORPORATE GOVERNANCE RULE	STATUS OF COMPLIANCE	REGNIS EXTENT OF ADAPTION
A. DIRECTORS			
A.1 THE BOARD			
A.1.1	Board Meetings	✓	The Board usually meets at quarterly intervals, but also meets more frequently when needed. The Board met 7 times during the year under review. Scheduled Board meetings were arranged well in advance, and all Directors were expected to attend each meeting. Any instances of non-attendance of Board meetings were generally related to prior business, personal commitments or illness. The attendance at Board meetings held is set out on page 52.
A.1.2	Board Responsibilities	✓	The Board responsible for matters including; The Board ensures the formulation and implementation of a sound business strategy. * The Board has put in place a Corporate Management team led by the Managing Director with the required skills, experience and knowledge necessary to implement the business strategy of the Company. * The Board also ensures effective systems are in place to secure integrity of information, internal controls and risk management. * The Board ensures that the Company's values and standards are set with an emphasis on adopting appropriate accounting policies and fostering compliance with financial regulation. The board approves budgets and major capital expenditure The board ensure that all stakeholders' interest are considered in corporate decision making.
A.1.3	Compliance with Laws and access to independent professional advice	✓	The Board collectively, and Directors individually must act in accordance with the laws as applicable to the Company. The Company had complied with all applicable laws and regulations during the year. A procedure has been put in place for Directors to seek independent professional advice in furtherance of their duties, at the Company's expense. This will be coordinated through the Company or the Board Secretary when requested.
A.1.4	Company/Board Secretary	✓	All Directors have access to the advice and services of the Company Secretary as required. The Company Secretary keeps the Board informed of new laws and revisions, and regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board. The Company Secretary acts as the Board Secretary as well.

✓ Complied

RULE NO.	CORPORATE GOVERNANCE RULE	STATUS OF COMPLIANCE	REGNIS EXTENT OF ADAPTION
A.1.5	Independent judgment	✓	All Directors exercise independent judgment in decisions made by the Board on issues of strategy, performance, resource allocation and the conduct of business.
A.1.6	Dedication of adequate time and effort by the Board and Board Committees	✓	All Directors of the Company dedicate adequate time and effort to fulfill their duties as Directors of the Company (both before and after the Board Meetings), in order to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged. Board papers are circulated well in advance allowing Directors ample time to prepare for the meeting.
A.1.7	Training for new and existing Directors	✓	Every director should receive appropriate training when first appointment to the board of the company, and subsequently as necessary. In addition, Directors also attend ongoing training on emerging issues.
A.2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)			
A.2	Division of responsibilities of the Chairman and Managing Director (CEO)	✓	Functions of the Chairman and the Managing Director have been separated. The role of the Managing Director is to manage the day-to-day running of the company. The Chairman of the company responsible for providing leadership to the board
A.3 CHAIRMAN'S ROLE			
A.3.1	Role of the Chairman	✓	The Chairman is a business leader and luminary of his field. He is responsible to provide leadership to the Board, controls and preserves order at Board meeting and provides the Board with strategic direction and guidance in managing the affairs of the Company * Ensuring all directors are made aware of their duties and responsibilities. * The effective participation of both Executive and Non-Executive Directors is secured. * All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company. * A balance of power between Executive and Non-Executive Directors is maintained. * The views of Directors on issues under consideration are ascertained:

CORPORATE GOVERNANCE

RULE NO.	CORPORATE GOVERNANCE RULE	STATUS OF COMPLIANCE	REGNIS EXTENT OF ADAPTION
A.4 FINANCIAL ACUMEN			
A.4	Financial acumen and knowledge	✓	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance. Out of ten (10) Directors four (04) Directors hold membership in professional accounting bodies; * Mr. H A Pieris - Associate Member of the Institute of Chartered Accountants of Sri Lanka(ACA) and Fellow Member of the Chartered Institute of Management Accountants(CIMA-UK) * Mr. Ranil De Silva - Associate Member of the Institute of Chartered Accountants of Sri Lanka(ACA) and Fellow Member of the Chartered Institute of Management * Mr. M H Jamaldeen - Fellow of the Association of Certified Chartered Accountants(ACCA) * Mr. Sarath Ganegoda - Fellow Member of Institute of Chartered Accountants of Sri Lanka These Directors add substantial value and independent judgment on the decision-making of the Board on matters concerning finance and investment.
A.5 BOARD BALANCE			
A.5.1	Presence of Non-Executive Directors	✓	Seven (7) of the Ten (10) Directors are Non-Executive Directors, which is well above the minimum number prescribed by this Code.
A.5.2	Independent Non-Executive Directors	✓	Five (5) out of Seven (7) Non-Executive Directors are independent Directors.
A.5.3	Criteria to evaluate Independence of Non-Executive Directors	✓	The Board considers Non Executive Director's independence on an annual basis. For a Director to be deemed 'independent', such a Director should be independent of management and free of any business or any other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
A.5.4	Signed declaration of independence by the Non-Executive Directors	✓	Every Non-Executive Director of the Company has made a written submission as to their independence against the specified criteria set out by the Company, which is in line with the requirements of Schedule K of this Code.

✓ Complied

RULE NO.	CORPORATE GOVERNANCE RULE	STATUS OF COMPLIANCE	REGNIS EXTENT OF ADAPTION
A.5.5	Determination of independence of the Board	✓	The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence as a fair representation and will continue to evaluate their independence on this basis Annually. Independent Non-Executive Directors are: Mr. Ranil De Silva Mr. V G K Vidyarathne Mr. M H Jamaldeen Mr. Noel Joseph Mr. Gamini Gunaratne
A.5.9	Chairman's meeting of Non-Executive Directors	✓	The Chairman meets with the Non-Executive Directors without the presence of Executive Directors, whenever necessary.
A.5.10	Recording of concerns in Board Minutes	✓	Concerns raised by the Directors which cannot be unanimously resolved during the year, if any, are recorded in the Board Minutes with adequate details.
A.6 SUPPLY OF INFORMATION			
A.6.1	Obligation of the Management to provide appropriate and timely information to the Board	✓	The Board was provided with timely and appropriate information by the management by way of Board papers and Proposals. The Board sought additional information as and when necessary. The Chairman also ensured all Directors were Properly briefed on issues arising at Board meetings.
A.6.2	Adequate time for effective Board meetings	✓	The minutes, agenda and papers required for Board meeting are provided in advance to facilitate its effective conduct.
A.7 APPOINTMENTS TO THE BOARD			
A.7.1	Nomination Committee	✓	The Nomination Committee of the parent Company, Singer (Sri Lanka) PLC, acts as the Nomination Committee for the Company and makes recommendations to the Board on all new Board Appointments. The Nomination committee of Singer (Sri Lanka) PLC consists of following members: Mr. A M Pandithage – Chairman (ED) Mr. K D D Perera – Co-Chairman of Singer (Sri Lanka) PLC Mr. H A Pieris –(ED) Mr. Ranil De Silva - (IND) Mr. M H Jamaldeen - (IND)
A.7.2	Assessment of Board Composition by the Nomination Committee	✓	The Nomination Committee annually assesses Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing The Company. The findings of such assessment are taken into Account when new Board appointments are considered.

✓ Complied

CORPORATE GOVERNANCE

RULE NO.	CORPORATE GOVERNANCE RULE	STATUS OF COMPLIANCE	REGNIS EXTENT OF ADAPTION
A.7.3	Disclosure of required details to Shareholders on new appointments to the Board		All new appointments are communicated to the shareholders via the Colombo Stock Exchange (CSE) The details of the current Board of Directors and new appointments are provided on pages 18 to 19 in this Report.
A.8 RE-ELECTION			
A.8.1	Appointment of Non-Executive Directors, Chief Executive and Directors	✓	The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting and seek re-appointment by the shareholders at that meeting. The Articles call for one-third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment /re appointment. Retiring Directors are generally eligible for re-election. Accordingly. Mr. G J Walker and Mr. K D Kospelawatte Retire by rotation and being eligible offer themselves for re-election.
A.8.2	Election of Directors by Shareholders	✓	The names of the Directors submitted for election or re-election is accompanied by a resume to enable shareholders to make an Informed decision on their election.
A.9 APPRAISAL OF BOARD PERFORMANCE			
A.9.1 & 9.2	Annual performance evaluation of the Board and its Committees	✓	The Board undertakes an annual self-evaluation of its own Performance and of its Committees. The Board evaluated its Performance and effectiveness in the current year.
A. 9.3	Disclosure of performance evaluation criteria	✓	Evaluation criteria with regard to Executive Directors are financial and non-financial targets set at the beginning of the year through the annual corporate plan.
A.10 DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS			
A.10.1	Details in respect of Directors	✓	The following details disclosed in the Annual report pertaining to each Director, a) Name, Qualification and brief profile – page 18 and 19 b) Director's expertise functional area c) Directors' Interest in Contracts d) Whether Director is an executive, non executive or Independent e) Other companies in Sri Lanka which the director serve as Director

✓ Complied

RULE NO.	CORPORATE GOVERNANCE RULE	STATUS OF COMPLIANCE	REGNIS EXTENT OF ADAPTION
A.11 APPRAISAL OF CHIEF EXECUTIVE OFFICER			
A.11.1	Targets for Managing Director	✓	Prior to the commencement of each financial year, the board sets reasonable financial and non-financial targets which are in line with short, medium and long-term objectives of the Company, achievement of which should be ensured by the Managing Director.
A.11.2	Evaluation of the performance of the Managing Director	✓	The performance is evaluated by the Board at each board meeting and the overall evaluation at the end of each fiscal year in order to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such Targets was reasonable in the circumstances.
B. DIRECTORS' REMUNERATION			
B.1 REMUNERATION PROCEDURE			
B.1.1	Establishment of a Remuneration Committee	✓	The Remuneration Committee of the parent Company Singer (Sri Lanka) PLC functions as the Committee to the Company. The scope of the Committee is to look into fees, remuneration and perquisites of Chairman, Group Chief Executive Officer, Independent Directors and the Executive Directors of the Board of the Company including alternate Directors. The Committee also reviews the policies pertaining to the remuneration and perquisites of the executives of the Company. No Director is involved in deciding his own remuneration. The Remuneration Committee is listed in Page number 77 in this report.
B.1.2	Composition of Remuneration Committee	✓	The Remuneration Committee consists of three (03) Independent Non-Executive Directors and the Chairman of this Committee is appointed by the Board. The Remuneration Committee is listed in Page number 77 in this report.
B.1.3	Chairman and the members of the Remuneration Committee	✓	The Remuneration Committee is listed in Page number 77 in this report.
B.1.4	Determination of Remuneration of the Non-Executive Directors	✓	The Board as a whole determines the remuneration of the Non- Executive Directors including the members of the Remuneration Committee.

✓ Complied

CORPORATE GOVERNANCE

RULE NO.	CORPORATE GOVERNANCE RULE	STATUS OF COMPLIANCE	REGNIS EXTENT OF ADAPTION
B.2 THE LEVEL AND MAKE UP OF REMUNERATION			
B.2.1	Level and makeup of the remuneration packages of Executive Directors.	✓	The Board is mindful of the fact that the remuneration of Executive Directors should reflect the market expectations and is sufficient enough to attract, retain and motivate the Executive Directors of the required competence in order to run the Company.
B.2.2	Competitiveness of levels of Remuneration	✓	The Remuneration Committee ensures that the remuneration of executives of each level of management including Executive directors is competitive and in line with their performance.
B.2.3	Comparisons of remuneration with other companies in the Group	✓	The Remuneration Committee reviews data concerning executive pay among the Group Companies.
B.2.4	Annual Salary Increase	✓	The Committee is sensitive to remuneration and employment condition elsewhere in the company or group of which it is a part, especially when deciding annual salary increase.
B.2.5	Designing the performance based Remuneration for Executive Directors	✓	Performance-based incentives have been determined by the Remuneration Committee to ensure that the total earnings of the Executive Directors are aligned with the achievement of objectives and budgets of the Group companies.
B.2.7	Designing the Performance Related Remuneration of Executive Director	✓	The Remuneration Committee follows the provisions set out in Schedule E of the Code as required.
B.2.10	Levels of Remuneration of Non-Executive Directors	✓	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.
B.3 DISCLOSURE OF REMUNERATION			
B.3.1	Disclosure of Remuneration	✓	Directors' remuneration are disclosed in page number 110 in this report.

✓ Complied

RULE NO.	CORPORATE GOVERNANCE RULE	STATUS OF COMPLIANCE	REGNIS EXTENT OF ADAPTION
C. RELATIONS WITH SHAREHOLDERS			
C.1 CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS			
C.1.1	Notice of the meetings	✓	The Company send notice of the AGM with the a copy of the Annual Report including Financial Statements, and the Form of Proxy, 15 working days prior to the date of the AGM
C.1.2	Proxy to Vote	✓	Proxy appointment forms provided to each share holders with the option to direct their proxy to vote.
C.1.3	Details of Votes	✓	Company ensures that the following information is provided at the meeting, Number of Votes for the resolution Number of votes against the resolution The number of shares in respect of which proxy appointments have been validly made
C.1.4	Availability of all Board Sub Committee Chairmen at the AGM	✓	The Chairman of the Company ensures the Chairmen of Audit and Remuneration Committees are available to answer questions at the AGM if so requested by the Chairman.
C. 1.5	Adequate notice of the AGM to Shareholders	✓	A copy of the Annual Report including Financial Statements, Notice of the Meeting and the Form of Proxy is sent to shareholders 15 working days prior to the date of the AGM, as required by the statute, in order to provide the opportunity to all the shareholders to attend the AGM.
C.2 COMMUNICATION WITH SHAREHOLDERS			
C.2.1	Channel to reach all shareholders	✓	The main mode of communication between the Company and the shareholders is the Annual General Meeting. Shareholders are provided with the information prior to the AGM and all the information relevant for shareholders are publish in the CSE website
C.2.2.	Policy methodology for communication with shareholders.	✓	Contact details are published in all annual and quarterly financial reporting.
C.2.4	Contact person for communication	✓	Details of contact persons are disclosed in the back inner cover of the Report.
C.2.5	Process to make Directors aware of major issues and concerns of shareholders	✓	The Company Secretary maintains a record of all Correspondence received. All major issues and concerns of the shareholders are referred to the Board of Directors with the views of the management.
C.2.6	Contact person for Share holders matters	✓	Company secretary contact details are provided in back inner cover of the report

✓ Complied

CORPORATE GOVERNANCE

RULE NO.	CORPORATE GOVERNANCE RULE	STATUS OF COMPLIANCE	REGNIS EXTENT OF ADAPTION
D. ACCOUNTABILITY AND AUDIT			
D.1 FINANCIAL REPORTING			
D.1.1 & D.1.2	Board's responsibility for Statutory and Regulatory Reporting	✓	The Board has recognized the responsibility to present Annual report and quarterly reports including financial statements in true and fair, balanced and prepared in accordance with, Companies Act No. of 2017 Sri Lanka Accounting Standard Requirements and CSE rules and regulations prescribed by CSE. The Integrated Reporting Framework published by the IIRC GRI Standards issued by the Global Reporting Initiative.
D1.2.3	Declaration of CEO and CFO	✓	The CEO and CFO declared that the financial records of the entity have been properly maintained and financial statements comply with the relevant accounting standard and fair view of the financial position and performance of the company and the system of risk management and internal control was operating effectively.
D.1.4	Declaration by Directors' report in the Annual Report	✓	The Directors have made required declarations on pages 87.
D.1.5	Statement of Directors' and Auditor's responsibility for Financial Reporting	✓	The 'Statement of Directors' Responsibility' is given on page 87. See the 'Auditors' Report' on page 88 for the reporting Responsibility of Auditors.
D.1.6	Management Discussion and Analysis	✓	See 'Management Discussion and Analysis' on pages 29 to 31.
D.1.8	Related party Transactions	✓	Adequately disclosed in page number 139 to 143.
D.2 RISK MANAGEMENT & INTERNAL CONTROL			
D.2.1 D.2.2	Annual evaluation of the internal controls system	✓	Please refer the Page 68 to 71.
D.2.3	Need for internal audit Function	✓	The Singer Group's Internal Audit functions as internal Auditor for the Company.
D.2.4	Review of the process and effectiveness of risk management and internal controls.	✓	The Audit Committee reviews internal control issues and risk management measures and evaluates the adequacy and effectiveness of the risk management and internal control systems including financial reporting.

✓ Complied

RULE NO.	CORPORATE GOVERNANCE RULE	STATUS OF COMPLIANCE	REGNIS EXTENT OF ADAPTION
D.2.5	Directors' responsibility of maintaining of a sound internal control system	✓	Please refer statement of Directors' Responsibilities. Please refer the page number 87.
D.3 AUDIT COMMITTEE			
D.3.1	Composition of the Audit Committee	✓	Please refer the page number 76
D.3.2	Duties of the Audit Committee	✓	Please refer page 76.
D.3.3	Disclosures of the Audit Committee	✓	Disclosed. Please refer page 76.
D.4 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE			
D.4.1, D.4.2 & D.4.3	Related party Transaction review Committee	✓	Please refer the number 79.
D.4 CODE OF BUSINESS CONDUCTED AND ETHICS			
D.5.1	Code of Business Conduct and Ethics	✓	The Company has developed a Code of Conduct for its employees. This Code addresses conflict of interest, corporate opportunities, confidentiality of information, fair dealing, protection and proper use of the Company's assets, compliance with laws and regulations and encouraging the reporting of any illegal or unethical behavior, etc.
D.5.2	Price sensitive information	✓	Price sensitive information is promptly communicated to shareholders through the CSE.
D.5.3	Shares Held by Directors	✓	Please refer the Page number 146.
D.5 CORPORATE GOVERNANCE DISCLOSURE			
D.5.1	Disclosure of corporate governance	✓	This requirement is met through the presentation of this report.
E. INSTITUTIONAL INVESTORS			
E.1 SHAREHOLDERS' VOTING			
E.1.1	Communication with shareholders	✓	The Company maintains a high level of engagement with its shareholders, facilitated through multiple platforms including AGM, Annual Report, quarterly results publications and press releases among others.

✓ Complied

RISK MANAGEMENT

At Regnis, proactive and effective risk management underpins the sustainable creation of value allowing the Group to deliver on its commitment to shareholders. A top down approach is driven by annual risk assessments by Audit committee and periodic risk evaluations by the Singer Group's chief risk officer, providing the Board with timely information for strategic planning. Formulation of risk mitigation strategies and delegation of duties and responsibilities for execution, rests with the Board of directors which holds apex responsibility for risk management. Parallelly, a bottom up approach is also adopted with operational managers involved in risk management. Managers execute and monitor the implementation of risk mitigation strategies in the day to day operations ensuring the smooth operation of business activities from supply to production to product delivery.

Risk management policy

We adopt the risk management policy of our parent company-Singer Sri Lanka which is periodically reviewed and updated to reflect changing business and operating landscapes. In addition, regular training and awareness sessions develop a risk culture within the organization ensuring that employees adopt individual responsibilities in risk mitigation and conform to internal controls.

Risk identification

Being a manufacturer of consumer durables, we are inherently subject to several risks both from external environments and internal business processes that could have material impacts on our business performance. A smooth flow of operations is of paramount importance that ensure the timely delivery our products to customer homes. We continuously engage with various stakeholders such as our parent company-Singer Sri Lanka being the sole customer for our products, suppliers, government and employees to be able to identify the material concerns that form part of our evolving risk landscape. In addition, we continuously monitor key economic trends such as economic growth, inflation, Interest rates, currency depreciation, etc as demand for consumer durables industry is largely driven by macro-economic variables.

Risk prioritization

The identified risks are evaluated and prioritized based on the likelihood and level of impact to business performance. Risk mitigation strategies are implemented for material risks with sound monitoring methods adopted to ensure the adequacy of internal controls.

Risk Landscape

MATERIAL RISKS	IMPACT TO BUSINESS PERFORMANCE	RISK MITIGATION IN 2017	RISK RATING 2017
Business Risk Dependency on a single retailer.	Revenues are fully dependent on the performance and relationships with a single customer leading to a severe impact on business continuity on customer withdrawal.	With Singer Sri Lanka being our parent company, Regnis became part of a broader value chain of our sole customer hedging any risk of sudden customer withdrawals. Being the sole local supplier for Singer we play a strategically prominent role in the business of our parent entity thereby minimizing the risk associated with customer concentration.	
Economic risk due to changing macro-economic variables. Interest Rates Inflation Disposable incomes Exchange rate movements Commodity prices	Sales volumes were impacted by changes in consumer spending patterns as increasing market interest rates and inflation impacted disposable incomes. The depreciation of the exchange rate and the increase in commodity prices during the year impacted profitability margins as 80% of our raw materials are imported including high value inputs such as compressors, steel sheets, plastic sheet, Chemicals etc.	These factors are typically beyond the control of the Company and we continue to monitor changes in macro-economic variables to be able to promptly adjust budgets and innovatively change product design and features to meet evolving customer demands. During the year, we ensured that cost escalations were not passed on to consumers in the form of increasing selling prices. We considered our long -standing relationships with customers relationships built on trust and reliability as a competitive edge.	
Industry/Market changes Fast changing customer expectations and trends in design, color, performance, features,etc.	Being at the forefront in innovation and differentiation is important to hold our competitive position. Latest trends reveal a growing interest for energy efficient products that deliver cost savings to consumers while meeting the customer need to be sustainable.	We re- designed the existing products to improve quality and enhance cost savings. Introduced four models under the GEO-Smart series with better design features in addition to being inverter models that reduces electricity usage.	
Risk of Climate action such as adverse weather conditions.	During the year, Sri Lanka faced severe drought conditions that impacted demand from rural areas especially for direct cool refrigerators that account for 77% of revenues.	We diversified our product mix by including a new product range under the GEO-Smart series to be able to target new customers.	

High Medium Low

RISK MANAGEMENT

MATERIAL RISKS	IMPACT TO BUSINESS PERFORMANCE	RISK MITIGATION IN 2017	RISK RATING 2017
Risk of intensified competition. Free trade agreements signed by the government. Entry of new local manufacturers to the industry.	Competition can impact our market share and competitive edge. The FTAs with neighbouring countries could impact the Group's market position due to a potential influx of consumer goods into the market.	Maintained brand loyalty with customers with a rich history of 29 years in operation. Upgraded capacity and focused on research and development to be able to meet withstand competitive pressures.	
Supplier risk Reliance on global suppliers. Nearly 80% of raw material requirements imported. Purchase of machinery and equipment for production of new or redesigned products	Closure of many factories in China in 2017 due to environmental concerns impacted raw material supply and resulted in cost escalations that impacted margins. Any change in the quality of raw materials can severely impact the quality of the final product.	Maintained long term relationships with suppliers with certain suppliers providing customized products to meet our stringent quality requirements. Diversified suppliers with 91% of suppliers being small and medium size. High value raw materials such as compressors are tested prior to usage. All new suppliers are evaluated prior to selection in areas such as quality, performance and adherence to ISO standards. On purchase of new plant and equipment, Regnis engineers and maintenance officers visit supplier offices for product testing. In addition- continuous technical consultancy is provided by suppliers.	
Fiscal policy risk	Increasing taxes such as port and airport levy impact costs of production.	We engage actively in industry forums in encouraging the Government to ensure the success and sustainability of our industry.	
People risk Retention Absenteeism Industrial actions Resignations Accidents and injuries.	Human resource related aspects directly impact our production capacity being the core driver of our performance. In addition, production delays impact our brand image.	Maintained low staff turnover levels inclusive of factory employees by providing an attractive remuneration and good working environments. Maintained sound health and safety measures. Sound relationships with trade unions enabled us to avoid any industrial action over the last 4 years. In 2017, we engaged in negotiations for collective agreements.	

High Medium Low

MATERIAL RISKS	IMPACT TO BUSINESS PERFORMANCE	RISK MITIGATION IN 2017	RISK RATING 2017
Reputation risk Environmental impact of production such as pollution, discharge of waste, dependency on national grid for supply of electricity. Product quality related issues.	Risks to reputation could severely impact customer trust and reliability on Regnis which in turn impact sales volumes and profits.	Product quality is evaluated by quality inspectors and chief compliance officers. To date we maintained a customer satisfaction rate of 94% as measured by customer feed -back forms. In addition, there were no product returns due to faults/ technical failures. In addition, a warranty claim is maintained by Regnis Group. Ensured proper disposal of waste especially hazardous waste minimizing negative impact on environment. In 2017, we started importing painted sheets that eliminated a part of our manufacturing process	
Asset risk due to theft,destruction,etc	Impact available production capacity.	Defined procedures and maintained high safety standards. Asset testing prior to procurement at the supplier premises. Full insurance coverage Fire drills and fire training of staff	
Financial risk arising from liquidity, currency and interest rate risks.	Impact cost of capital and the availability of funds for expansion.	Stress testing (results to be taken from notes) Sound relationships with banks to obtain new loans, Unutilized borrowing lines of LKR 817mn in December 2017. Daily monitoring of liquidity requirements and assess future requirements by preparing rolling budgets. Funding support from parent company enabled LKR 150mn to be raised in 2017 that formed 24% of borrowings. In addition corporate guarantees of LKR 455mn was given by Singer Sri Lanka.	

High Medium Low

GRI CONTEXT INDEX

GRI STANDARD	DISCLOSURE	PAGE NUMBER	OMISSION
GRI 101: Foundation 2016 (does not include any disclosures)			
General Disclosures			
GRI 102: General Disclosures 2016	102-1 Name of Organisation	97	
	102-2 Activities, brands, products and services	97	
	102-3 Location of headquarters	97	
	102-4 Location of operations	97	
	102-5 Ownership and legal form	97	
	102-6 Markets served	97	
	102-7 Scale of the organisation	97	
	102-8 Information on employees and other workers	39	
	102-9 Supply chain	22	
	102-10 Significant changes to the organisation and supply chain	4	
	102-11 Precautionary principle	68	
	102-12 External initiatives	4	
	102-13 Membership of associations	NA	
	102-14 Statement from senior decision maker	12	
	102-16 Values, principles, norms and standards of behaviour	37	
	102-18 Governance Structure	51	
	102-40 List of stakeholder groups	24	
	102-41 Collective bargaining agreements	39	
	102-42 Identifying and selecting stakeholders	24	
	102-43 Approach to stakeholder engagement	25	
	102-44 Key topics and concerns raised	25	
	102-45 Entities included in the consolidated financial statements	4	
	102-46 Defining report content and topic boundary	27	
	102-47 Material topics	27	
	102-48 Restatement of information	4	
	102-49 Changes in reporting	-	Not applicable
	102-50 Reporting period	4	
	102-51 Date of most recent report	4	
	102-52 Reporting cycle	4	
	102-53 Contact point for questions regarding Report	4	
	102-54 Claims of reporting in accordance with GRI Standards	4	
	102-55 GRI context index	72	
	102-56 External assurance	4	

GRI STANDARD	DISCLOSURE	PAGE NUMBER	OMISSION
Material topics			
Economic Performance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32	
	103-2 The Management Approach and its components	32	
	103-2 Evaluation of the Management Approach	32	
GRI 201: Economic Performance 2017	201-2- Financial implications and other risks and opportunities due to climate change	26	
	201-3 Defined benefit plan obligations and other retirement plans	104	
Materials			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	48	
	103-2 The Management Approach and its components	48	
	103-2 Evaluation of the Management Approach	48	
GRI 301: Materials 2017	301-1 Materials used by weight or volume	48	
Energy			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	49	
	103-2 The Management Approach and its components	49	
	103-2 Evaluation of the Management Approach	49	
GRI 302: Energy 2017	302-1 Energy consumption within the organization	49	
	302-4 Energy intensity	49	
Water			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	49	
	103-2 The Management Approach and its components	49	
	103-2 Evaluation of the Management Approach	49	
GRI 303: Water 2017	Total water withdrawal by source	49	
Emissions			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	50	
	103-2 The Management Approach and its components	50	
	103-2 Evaluation of the Management Approach	50	
GRI 305 Emissions: 2017	305-1 Direct greenhouse gas (GHG) emissions	50	
	305-2 Energy indirect greenhouse gas (GHG) emissions (Scope 2)	50	
	305-3 Other indirect greenhouse gas (GHG) emissions (Scope 3)	50	
	305-4 GHG emission intensity	50	

GRI CONTEXT INDEX

GRI STANDARD	DISCLOSURE	PAGE NUMBER	OMISSION
Effluents and waste			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	50	
	103-2 The Management Approach and its components	50	
	103-2 Evaluation of the Management Approach	50	
GRI 306 Effluents and Waste 2017	306-2 Waste by type and disposal method	50	
Environmental Compliance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	50	
	103-2 The Management Approach and its components	50	
	103-2 Evaluation of the Management Approach	50	
GRI 307: Environmental compliance	307-1 Non-compliance with environmental laws and regulations	50	
Employment			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	39	
	103-2 The Management Approach and its components	39	
	103-2 Evaluation of the Management Approach	39	
GRI 401: Employment 2017	401-1 Employee hires and turnover	39	
Occupational health and safety			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	43	
	103-2 The Management Approach and its components	43	
	103-2 Evaluation of the Management Approach	43	
GRI 403: Occupational health and safety	403-2 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	43	
Training and education			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	42	
	103-2 The Management Approach and its components	42	
	103-2 Evaluation of the Management Approach	42	
GRI 404: Training and education	404-2 Programs for upgrading skills and transition assistance programmes	42	
	404-3 Percentage of employees receiving regular performance and career development reviews	42	

GRI STANDARD	DISCLOSURE	PAGE NUMBER	OMISSION
Diversity and equal opportunity			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	40	
	103-2 The Management Approach and its components	40	
	103-2 Evaluation of the Management Approach	40	
GRI 405: Diversity and equal opportunity 2017	405-1 Diversity of government bodies and employees	40	
Marketing and labelling			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	45	
	103-2 The Management Approach and its components	45	
	103-2 Evaluation of the Management Approach	45	
GRI 417: Marketing and labelling	417-1 Requirements for product and service labelling	45	
	417-2 Incidents of non-compliance concerning product and service information and labelling	45	
	417-3 Incidents of non-compliance concerning marketing communications	45	
Local Communities			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	46	
	103-2 The Management Approach and its components	46	
	103-2 Evaluation of the Management Approach	46	
GRI 413-1	Operations with local community engagement, impact assessments and development programs	46	

COMMITTEE REPORTS

AUDIT COMMITTEE REPORT

Preamble

The Audit Committee of the parent company, Singer (Sri Lanka) PLC functions as the Committee to Regnis (Lanka) PLC. The Committee is empowered to review and monitor the financial reporting process of Regnis Group so as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective review. As such, the Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities on ensuring the quality of financial reporting and related communications to the Shareholders and the Public.

Composition of the Committee

As at year-end, the Audit Committee comprised of three Independent Non-Executive Directors namely;

Mr. Ranil De Silva-Chairman (IND)

Mr. D Sooriarachchi (IND)

Mr. M H Jamaldeen (IND)

Hayleys Group Services (Private) Limited functions as the Secretary to the Committee. The Group Financial Controller of the Parent Company, Compliance Officer, Internal Audit Staff, Representatives of External Auditors, the Group Chief Executive Officer and when necessary, relevant Managers attend the meetings by invitation.

Responsibilities and Duties of the Committee

The Audit Committee's authority, responsibilities and specific duties have been formalised through an Audit Committee Charter. By this, the Audit Committee is empowered among other things, to examine any matters relating to the financial affairs of the Regnis Group and to review the adequacy of the internal control procedures, coverage of internal and external audit programmes, disclosure of Accounting Policies and Compliance with Statutory and Corporate Governance requirements.

The Committee also provides a forum for the impartial review of the reports of internal and external audits and to take into consideration findings and recommendations stated therein relating to significant business risks and control issues.

The Audit Committee reviews significant business risks and internal control issues and suggests where necessary appropriate remedial measures.

The Committee along with the Board, Internal Audit and External Audit review the Annual and Quarterly Financial Results to ensure compliance with mandatory, statutory and other regulatory requirements laid down by the authorities.

The Audit Committee also reviews the Corporate Audit Report of the Corporate Internal Auditors of Hayleys PLC.

The Committee reviews the Compliance Officer's report on the Regnis Group's compliance with the applicable laws and regulations, including any internal policy codes of conduct of its employees.

Meetings of the Committee

During the year, 05 Audit Committee (From 1st January 2017 to 31st December 2017) meetings were held to discuss the reports of the Internal and External Auditors and quarterly accounts. The final accounts were discussed at the meeting held 01st February 2018. The minutes of the meetings were tabled at the meeting of the Board of Directors for information and necessary action.

External Auditors

The Audit Committee has recommended to the Board of Directors that Messrs KPMG, Chartered Accountants be reappointed as the external Auditors of the Company for the financial year ending 31st December 2018.

(Sgd.)

Ranil De Silva
Chairman - Audit Committee

Colombo

February 23, 2018

REMUNERATION COMMITTEE REPORT

The Remuneration Committee of the parent Company Singer (Sri Lanka) PLC functions as the Committee to the Company and consists of three independent Non-Executive Directors.

Mr. M H Jamaldeen- Chairman (IND)

Mr. Ranil De Silva(IND)

Mr. D Sooriarachchi (IND)

The brief profile of the Directors is given on Page 18 to 19.

Hayleys Group Services (Private) Limited functions as the Secretary to the Committee. The Chairman and the Managing Director assist the Committee by providing the relevant information and participate in its analysis and deliberations except when their own compensation packages are reviewed.

The scope of the Committee

The scope of the Committee is to "look into fees, remuneration and perquisites of Chairman, Group Chief Executive Officer, Independent Directors and the Executive Directors of the Board of the Company including alternate Directors and approve recommendations made by the Chairman.

The Committee also reviews the policies pertaining to the remuneration and perquisites of the executives of the Company.

Remuneration Policy

A primary objective of compensation packages is to attract and retain a highly qualified and experienced work force, and reward performances. These compensation packages should provide compensation appropriate for each business within the Group and commensurate with each employee's level of experience and contribution, bearing in mind the business performance and long-term shareholder returns.

Meetings

The Committee meets from time to time and reviews the Group's remuneration and fee structures to assure alignment with strategic priorities and with compensation offered by competitor companies.

During the year, two Remuneration Committee meetings were held.

(Sgd.)

M. H Jamaldeen
Chairman - Remuneration Committee

Colombo
February 23, 2018

COMMITTEE REPORTS

NOMINATION COMMITTEE REPORT

Nomination committee of the parent Company, Singer (Sri Lanka) PLC functions as the Committee for the Company. Nomination Committee comprises of 02 Independent Non-Executive Directors, 01 Non- Executive Director and 02 Executive Directors.

Mr. A M Pandithage – Chairman (ED)

Mr. K D D Perera – Co-Chairman of Singer (Sri Lanka) PLC

Mr. H A Pieris –(ED)

Mr. Ranil De Silva - (IND)

Mr. M H Jamaldeen - (IND)

Brief profiles of the Directors are given on page 18 to 19 of the Annual Report.

Meetings

During the year, 03 Board Nomination Committee meetings were held.

The duties of the Committee

* Consideration of making any appointment of new Directors or re-electing current Directors.
* Provide advice and recommendations to the Board on any such appointment.
* Review criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to the Board and Key Management Personnel in the Company.
* Consider if a Director is able to and has been adequately carrying out his or her duties as a Director taking into consideration the Directors' number of listed Company Boards on which the Director Is represented and other principal commitments.
* Review the structure size, compensation and competencies of the Board and make recommendations to the Board with regard to any changes.
* Recommend the requirements of new expertise and succession arrangements for retiring Directors.
* Recommend or any other matter referred by the Board of Directors.

Re-election of Directors at the Annual General Meeting

In terms of article 24 (4) of the Article of Association of the Company, Mr. K D Kospelawatte retires by rotation. The Committee recommended to the Board that Mr. K D Kospelawatte be proposed for re-election to the Board at the Annual General Meeting to be held on 28th March 2018.

In terms of Article 24(4) of the Article of Association of the Company, Mr. G J Walker retires by rotation. The Committee recommended to the Board that, Mr. G J Walker be proposed for re-election to the Board at the Annual General Meeting to be held on 28th March 2018.

In terms of Article 24(10) of the Article of Association of the Company, all the Directors who were appointed to the Board during the year are subject for re-election by the shareholders at the Annual General meeting as given on the Notice of Meeting.

The recommendations were approved by the Board.

(Sgd.)

A M Pandithage
Chairman - Nomination Committee

Colombo

February 23, 2018

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Parent Company's Related Party Transactions Review Committee (RPTRC) functions as the Committee to the Company.

Composition of the Board Related Party Transactions Review Committee

The Related Party Transactions Review Committee comprises of 02 Non-Executive Independent Directors and 01 Executive Director. The following Directors serve on the Committee.

Mr. Deepal Sooriyaarachchi - Chairman (IND of Singer (Sri Lanka) PLC)

Mr. Ranil De Silva (IND)

Mr. H A Pieris – (ED)

Mr. J A Setuvakalar (IND) (Represents Singer Finance (Lanka) PLC by invitation)

The above composition is in compliance with the provisions of the Code regarding the composition of the Board Related Party Transactions Review Committee.

Brief profiles of the members are given on pages 18 & 19 of the Annual Report.

Hayleys Group Services (Private) Limited functions as the Secretary to the Related Party Transactions Review Committee.

The duties of the Committee

01. To review in advance all proposed related party transactions of the group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

02. Seek any information the Committee requires from management, employees or external parties to with regard to any transaction entered into with a related party.

03. Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.

04. To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.

05. To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.

06. Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.

07. To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.

08. To review the economic and commercial substance of both recurrent/non recurrent related party transactions

09. To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.

Task of the Committee

The Committee reviewed the related party transactions and their compliances in Singer Group Companies including Regnis (Lanka) PLC.

The Committee in its re-view process recognized the adequate of the content and quality of the information forwarded to its members by the management and confirmed that they are in compliance with rule 9.3 of the listing rule.

Meetings

During the year 03 Committee meetings were held.

Reporting to the Board

The Minutes of the BRPTRC meetings are tabled at Board meetings enabling all Board members to have access to same.

Disclosures

A detailed disclosure of all the related party transactions including Recurrent and Non Recurrent related party transactions which are required to be disclosed under section 9.3.2 of the listing rules of the Colombo Stock Exchange has been made in Note 38 to the financial statements given in page 141 to this report.

(Sgd.)

Deepal Sooriyaarachchi
Chairman - Related Party Transactions Review Committee

Colombo

February 23, 2018

Regnis Appliances also continued to focus on utilising its installed capacity to reduce production costs and improve manufacturing processes with the ultimate aim of improving quality and meeting the demand for **environmentally friendly and energy efficient washing machines** by consumers.

FINANCIAL INFORMATION

FINANCIAL CALENDAR -2017

Annual Report 2016 Approved 23rd February 2017

Thirtieth Annual General Meeting
31st March 2017

Final Dividend 2016 Paid
16th March 2017

Interim Financial Statements in Terms of Rule 8.3 of the Colombo Stock Exchange
For the three months ended
31st March 2017 (unaudited)
9th May 2016

For the six months ended
30th June 2017(unaudited)
10th August 2017

For the nine months ended
30th September 2017 (unaudited)
2nd November 2017

For the twelve months ended
31st December 2017 (unaudited)
01st February 2018

Annual Report and Annual General Meeting
Annual Report 2017 Approved
23rd February 2018

Thirty first Annual General Meeting
28th March 2018

Final Dividend 2017 Payable
20th March 2018

PROPOSED FINANCIAL CALENDAR -2018

For the three months ended
31st March 2018 (unaudited)
May 2018

For the six months ended
30th June 2018 (unaudited)
August 2018

For the nine months ended
30th September 2018 (unaudited)
November 2018

For the twelve months ended 31st December 2018 (unaudited) **February 2019**

Annual Report and Accounts for 2019 (audited) **March 2019**

Thirty- second Annual General Meeting
March 2019

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of Regnis (Lanka) PLC has pleasure in presenting its Report on the affairs of the Company together with the audited financial statements of Regnis (Lanka) PLC and the audited consolidated financial statements of the Group for the year ended 31st December 2017.

Review of the Year

The Chairman's review on pages 12 to 13, the Chief Executive Officer's Review on pages 14 to 15 and Management Discussion and Analysis on pages 29 to 31describe the Company's affairs and the Group business and mention important events that occurred during the year, and up to the date of this Report. These reports together with the audited financial statements reflect the state of affairs of the Company/Group.

Principal Activities

The principal activities of the Company are the manufacture of Refrigerators and Bottle Coolers.

Principal activities of the Subsidiary, Regnis Appliances (Private) Ltd are manufacture and assembly of Washing Machines and producing Plastic Components for Refrigerators.

The details of the Group and its main activities are described in Management Discussion and Analysis on pages 29 to 31.

Independent Auditor's Report

The Auditor's Report on the financial statements is given on page 88 in this Annual Report.

Financial Statements

The financial statements for the year ended 31st December 2017 are in accordance with the Sri Lanka Accounting Standards, SLFRSs/LKASs, issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of Section 151 (and Section 153 for consolidated entity) of the Companies Act No. 07 of 2007.

The financial statements duly signed by the Directors are provided on pages 92 to 143 in this Annual Report.

Accounting Policies

The accounting policies adopted in preparation of the financial statements are provided in the Notes to the financial statements on pages 97 to 106. The Group has consistently applied the accounting policies as set out in Note 03 to all periods presented in these consolidated financial statements.

Property, Plant & Equipment

During the year under review, the Company and Group invested a sum of Rs. 163,139,203/- (2016 - Rs. 187,891,588/-) and Rs. 174,835,093/- (2016 - Rs. 214,926,758/-). The Company and Group Invested a sum of Rs. 2,024,125/- (2016 - 1,493,500/-) in Computer Software, which is disclosed under Intangible Assets.

Details of Property, Plant & Equipment and Intangible Assets and their movements are given in Notes 14 and 15 to the financial statements respectively.

Details of Freehold Land and Building are given in Note 14 to the financial statements.

Market Value of Properties

The Freehold Property of the Company is valued by an Independent Qualified Valuer, when there is a substantial difference between the fair value and the carrying amount of the Freehold Property. The most recent valuation was carried out on 30th June 2016. The details of the valuation are given in Note 14 to the financial statements on page 116 in this Report.

Investments

Details of long term investments are given in Notes 16 and 17 to the financial statements on page 117.

Directors' Responsibility

The Statement of the Directors' Responsibility is given on page 87 of this Report.

Corporate Governance

The Corporate Governance Section on pages 51 to 67 describes the extent of compliance to the listing rules of the Colombo Stock Exchange and good Corporate Governance principles adopted by the Company.

Dividend

The Board of Directors proposed a Dividend of Rs. 10.50 per share for the year 2017 payable on 20th March 2018. The Board resolved that the Company satisfied the Solvency Test immediately after the distribution in accordance with Section 57 of the Companies Act No.07 of 2007 and signed the Certificate of Solvency, subject to obtaining a Certificate of solvency by the auditors.

The Board of Directors will obtain a Certificate of Solvency from the Auditors prior to the date of dispatch of the dividend payment.

	2017	2016
	Rs.	Rs.
Group profit before Income tax expense for the year ending 31st December after deducting all expenses, known liabilities and depreciation amounts to	215,119,381	471,750,388
From this has to be deducted the income tax expense	(60,002,549)	(121,426,450)
Making a profit for the year of	155,116,832	350,323,938
From this has to be added/ (deducted) the actuarial gain/ (losses) on defined benefit plan recognised through other comprehensive income net of tax of	767,423	2,237,971
To this has to be added the balance brought forward from previous year of	796,162,532	646,899,089
And the Realisation of Revaluation Surplus	4,944,000	5,157,000
Leaving a total available for Appropriation of	956,990,787	1,004,617,998
Following Appropriation has been Approved:		
Final Dividend Approved: 2017 - Rs. 10.50 per share (2016 - Rs. 18.50)	(118,312,561)	(208,455,466)
Leaving a balance to be carried forward by the Group of	838,678,226	796,162,532
Balance to be carried forward by Company of	606,184,577	561,178,739

Reserves

Company Reserves and Retained Earnings as at 31st December 2017 amounted to Rs. 1,053.4 Mn against

Rs. 1,186.4 Mn as at 31st December 2016.

The Group Reserves and Retained Earnings as at 31st December 2017 amounted to Rs. 1,285.9 Mn against

Rs. 1,421.4 Mn as at 31st December 2016.

The break-up and the movement are shown in the Statement of Changes in Equity in the financial statements.

Stated Capital

As per the terms of the Companies Act No. 07 of 2007, the Stated Capital of the Company was Rs. 211,192,425/- as at 31st December 2017 and was unchanged during the year.

The details are given in Note 24 to the financial statements on page 121.

Events Occurring After the Reporting Period

No circumstances have arisen since the reporting date, which would require adjustment or disclosure except for the following event.

The Board of Directors has approved the final dividend of Rs.10.50 per ordinary share for the year ended 31st December 2017, for payment on 20th March 2018.

Change of Immediate Parent Company:

Singer (Sri Lanka) PLC is the parent Company of Regnis (Lanka) PLC, On 15th September 2017, Hayleys PLC with its Group Companies acquired 61.73% of Singer (Sri Lanka) PLC. Accordingly, Hayleys PLC became the ultimate parent company of Regnis (Lanka) PLC with effect from 15th September 2017.

Subsequently, Hayleys PLC with parties acting in concert made a mandatory offer in line with terms of Rule 31(1)(a) of Takeovers and mergers code 1995, to purchase the remaining Ordinary shares excluding 35,562,883 shares held by Retail Holding (Sri Lanka) BV.

After exercising the mandatory offer, Hayleys PLC together with its group Companies holds 80.96% (approx.) of Singer (Sri Lanka) PLC.

Statutory Payments

The declaration relating to Statutory Payments is made in the Statement of Directors' Responsibility on page 87.

Interests Register

Details of transactions with Director-related entities are disclosed in Note 38 to the financial statements on pages 139 to 143 and have been declared at the Board meeting, pursuant to Section 192 (2) of the Companies Act No. 07 of 2007.

Interest in Shares

There are no share transactions by the Directors have taken place during the year to disclose, in terms of section 200 of the Companies act in respect of the Group Companies.

Board Committees

Audit Committee

The Audit Committee of the parent company, Singer (Sri Lanka) PLC functions as the Committee to Regnis (Lanka) PLC

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The members and the composition of the members are given on Page 76 under the Audit Committee Report.

The Report of the Audit Committee on page 76 sets out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10 of the Rules of the Colombo Stock Exchange on Corporate Governance.

Remuneration Committee

Remuneration Committee of the parent company, Singer (Sri Lanka) PLC functions as the Remuneration Committee of Regnis (Lanka) PLC.

The members and the composition of the members are given on Page 77 under the Report of the Remuneration Committee

The Report of the Remuneration Committee on page 77 sets out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10 of the Rules of the Colombo Stock Exchange on Corporate Governance. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the financial year are given in Note 11 on page 110 to the financial statements.

Nomination Committee

The members and the composition of the members are given on Page 78 under the Report of the Nomination Committee

The Report of the Board Nomination Committee on page 78 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and The Securities and Exchange Commission of Sri Lanka.

Related Party Transactions Review Committee

Related Party Transactions Review Committee of the parent company, Singer (Sri Lanka) PLC functions as the Related Party Transactions Review Committee of Regnis (Lanka) PLC.

The members and the composition of the members are given on Page 79 under the Report of the Related Party Transactions Review Committee.

Board Related Party Transactions Review Committee for Singer Group was formed to assist the Board in reviewing all related party transactions in accordance with the requirements of the rule 9.3.2 of the CSE Listing Rules.

Directors' Indemnity and Insurance

Directors and Officers of the Company and Subsidiary are covered in respect of Directors' and Officers' liability by the Insurance Policy obtained by the Ultimate Parent Company, as per the provisions in Article 44.

Share Information and Substantial Shareholdings

The distribution of shareholding, public holding percentage, market value of shares, twenty largest shareholders and the percentage held by each of them are disclosed on pages 145 to 146.

Earnings per share, dividends per share, dividend pay-out and net asset value per share are given in Performance Highlights on page 07 and Decade at a Glance on page 144 in this Annual Report.

Directorate and Shareholdings

The names of Directors of the Company as at 31st December 2017 and their brief profiles are given on pages 18 to 19 in this Report.

In terms of article 24 (4) of the Article of Association of the Company, Mr. K D Kospelawatte retires by rotation and who being eligible, is being recommended for re-election.

In terms of article 24 (4) of the Article of Association of the Company, Mr. G J Walker retires by rotation and who being eligible, is being recommended for re-election.

Messrs A.M. Pandithage, S C Ganegoda, M H Jamaldeen N L S Joseph and K D G Gunaratne have been apoited to the Board on 2nd October 2017.

In terms of article 24 (10) of the Article of Association of the Company the shareholders will be requested to elect Messrs A M Pandithage S C Ganegoda, M H Jamaldeen N L S Joseph and K D G Gunaratne who were appointed to the Board since the last Annual General Meeting, Directors.

Shareholdings of the Directors and the Chief Executive Officer at the beginning of the year and as at the end of the year are as follows:

	Share- holding 01.01.2017 No. of Shares	Share- holding 31.12.2017 No. of Shares
Mr. A M Pandithage	-	-
Mr. H A Pieris	1,000	1,000
Mr. Ranil De Silva	-	-
Mr. M H Jamaldeen	-	-
Mr. N L S Joseph	-	-
Mr. K D G Gunarathne	-	-
Mr. G J Walker	-	-
Mr. V G K Vidyaratne	60,155	60,155
Mr. S C Ganegoda	-	-
Mr. K D Kospelawatta	-	-

The names of Directors holding office at the end of the financial year in respect of the Subsidiary is given in page 18 to 19.

Independence of Directors

In accordance with Rule 7.10.2 (b) of Colombo Stock Exchange (CSE) Listing Rules, Mr. M H Jamaldeen, Mr. Ranil De Silva , Mr.V G K Vidyarathne , Mr. N L S Joseph and Mr. K D G Gunarathne who are a Non-Executive Directors of the Company, have submitted signed and dated declaration as per the specimen given in Appendix 7 A of Continuing Listing requirements of CSE.

Although, Mr. M H Jamaldeen has not met the criteria mentioned in item (g) of Rule 7.10.4 of the CSE Rules, as he is a Director of the ultimate parent Company, the Board of Directors of the Company is of the opinion that ;

(i) Mr. M H Jamaldeen is nevertheless independent on the following basis:

a) His high standing in society and business sector.

b) His experience and knowledge particularly in the field of Accounting will continue to be an asset to the Company.

c) He does not participate in executive decision making.

d) He serves as an independent Non-executive director in the Ultimate parent company as well.

Although, Mr. Ranil De Silvahas not met the criteria mentioned in items (g) of Rule 7.10.4 of the CSE Rules, as he is a Director of the parent Company, the Board of Directors of the Company is of the opinion that;

(ii) Mr. Ranil De Silva is nevertheless independent on the following basis:

a) His high standing in business sector.

b) His experience and knowledge particularly in the field of Accounting will continue to be an asset to the Company.

c) He does not participate in executive decision making.

d) He serves as an independent Non-executive director in the Ultimate parent company as well.

Although, Mr. V G K Vidyarathe has not met the criteria mentioned in items (g) of Rule 7.10.4 of the CSE Rules, as he has served on the board of the company continually for a period exceeding 09years, the Board of Directors of the Company is of the opinion that;

(iii) Mr. V G K Vidyarathe is nevertheless independent on the following basis:

a) His high standing in business sector.

b) His experience and knowledge particularly in the field of engineering will continue to be an asset to the Company.

c) He does not participate in executive decision making.

Although, Mr. N L S Joseph has not met the criteria mentioned in items (g) of Rule 7.10.4 of the CSE Rules, as he is a Director of the ultimate parent Company, the Board of Directors of the Company is of the opinion that;

(iv) Mr. N L S Joseph is nevertheless independent on the following basis:

a) His high standing in business sector.

b) His experience and knowledge particularly in the field of Engineering will continue to be an asset to the Company.

c) He does not participate in executive decision making.

d) He serves as an independent Non-executive director in the Ultimate parent company as well.

Although, Mr. K D G Gunarathne has not met the criteria mentioned in Rule 7.10.4 of the CSE Rules, as he is a Director of another company the majority of the Directors are the Directors, of that Company, the Board of Directors of the Company is of the opinion that;

(v) Mr. K D G Gunarathne is nevertheless independent on the following basis:

a) His high standing in business sector.

b) He does not participate in executive decision making.

c) He serves as an independent Non-executive director in the Ultimate parent company as well.

Independent Non-Executive Directors

Mr. M H Jamaldeen

Mr. Ranil De Silva

Mr. V G K Vidyarathe

Mr. N L S Joseph

Mr. K D G Gunarathne

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Employment

The number of persons employed by the Group and Company as at 31st December 2017 was 322 (2016 - 316) and 267 (2016 – 261) respectively.

Details of human resource initiatives are detailed in "Human Capital" section of Capital Reports on page 39.

Donations

During the year, Donations amounting to Rs. 338,897/- (2016 - Rs. 1,233,115/-) were made by the Company.

Subsidiary company made donations amounting to Rs. 128,999/- during 2017 (2016 – 189,955).

Auditors

The financial statements for the period under review were audited by Messrs KPMG, Chartered Accountants.

On the recommendation of the Audit Committee, a resolution for the reappointment of the external Auditors, Messrs KPMG Chartered Accountants for the year 2018 and to authorise the Directors to determine their remuneration will be put to the shareholders at the Annual General Meeting.

The audit and audit related fees paid to the Auditor by the Company, and Group is disclosed in Note 11 on page 110 in this Annual Report.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or its Subsidiary.

The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditor. Details on the work of the Audit Committee are set out in the Audit Committee Report.

Notice of Meeting

The Annual General Meeting will be held at Hayleys PLC- Conference Room, 400 Deans Road, Colombo 10 Wednesday, 28th March 2018 at 3.00 p.m.

The Notice of the Annual General Meeting of the Shareholders is on page 150. The Notice of Meeting accompanies this report, explaining the business to be transacted at the meetings.

For and on behalf of the Board,

(Sgd.)
A M Pandithage
Director

(Sgd.)
Asoka Pieris
Director

(Sgd.)
Hayleys Group Services (Private) Limited
Secretaries

Colombo
February 23, 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under sections 150 (1), 151, 152 (1),) & 153 of the Companies Act No. 7 of 2007, to ensure compliance with the requirements set out therein to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit & loss of the Company and the Group for the financial year.

The Directors are also responsible, under section 148, for ensuring that proper accounting records are kept to enable, determination of financial position with reasonable accuracy, preparation of financial statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the financial statements presented. The Directors confirm that in preparing the financial statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting standards (SLFRS/ LKAS), Companies Act No 07 of 2007 and the listing rules of the Colombo Stock Exchange. Further, the financial statements provide the information required by the Companies Act and the listing rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the company, key operations and specific inquiries that adequate resources exist to support the Company on a going concern basis over the next year. These financial statements have been prepared on that basis.

The Directors have taken reasonable measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The Board of Directors has declared the Final Dividend for the year ended 2017 in terms of the Articles of Association of the Company and in line with Section 56 of the Companies Act No 7 of 2007 (Act) payable on 20th March 2018 and being satisfied based on the information available to it, that the Company would satisfy the solvency test immediately after such distribution in accordance with Section 57 of the Act and have sought a certificate of solvency from the Auditors.

The external Auditors, Messrs. KPMG who will be reappointed as the Auditors of the Company at the Annual General Meeting were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on page 88 sets out their responsibilities in relation to the Financial Statements.

Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its Subsidiaries as at the Balance Sheet date have been paid or where relevant, provided for.

By order of the Board

(Sgd.)

Hayleys Group Services (Private) Limited
Secretaries

Colombo
February 23, 2018

INDEPENDENT AUDITORS' REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
+94 - 11 254 1249
Internet : www.kpmg.com/lk

TO THE SHAREHOLDERS OF REGNIS (LANKA) PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Regnis (Lanka) PLC, ("the Company"), and the consolidated financial statements of the Company and its subsidiary ("Group"), which comprise the statement of financial position as at December 31, 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 92 to 143 of the annual report.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion and scope and limitations of the audit are as stated above.

b) In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,

  - The financial statements of the Company give a true and fair view of its financial position as at December 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

  - The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS

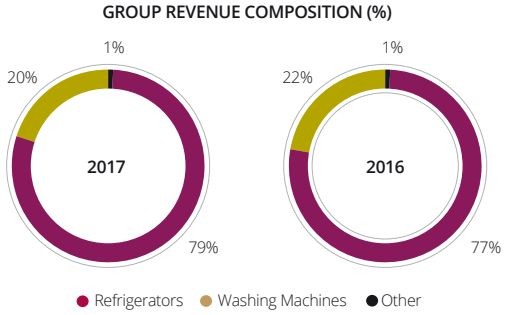
Colombo

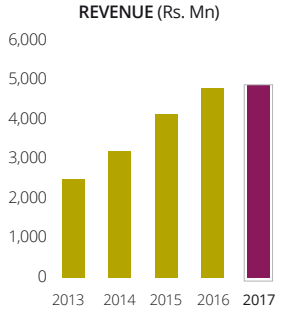
February 23, 2018

FINANCIAL STATEMENTS HIGHLIGHTS

LKR 4,867MN

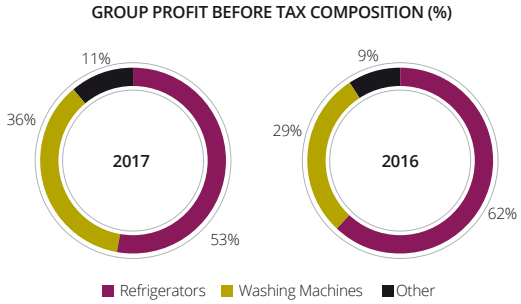
2%
Group Revenue

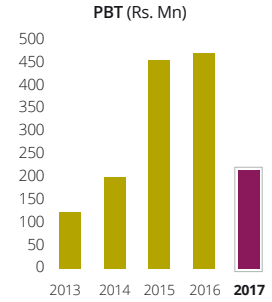




LKR 215.12MN

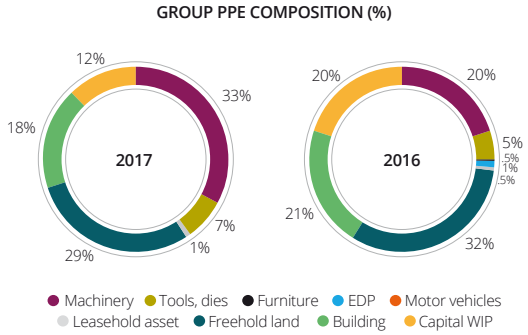
-54%
Group PBT

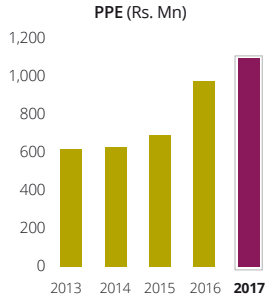




LKR 1097.05MN

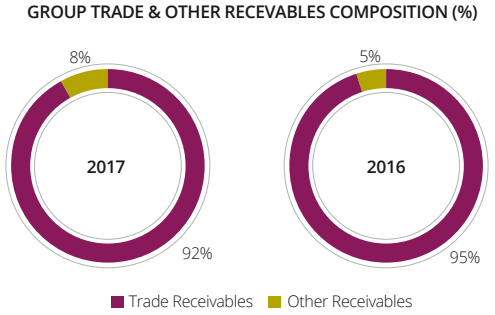
12%
Group PPE

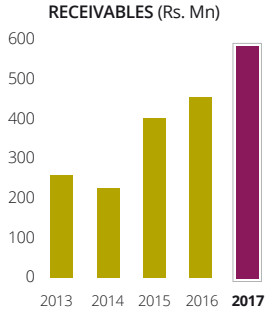




LKR 585.2MN

28%
Group Receivables



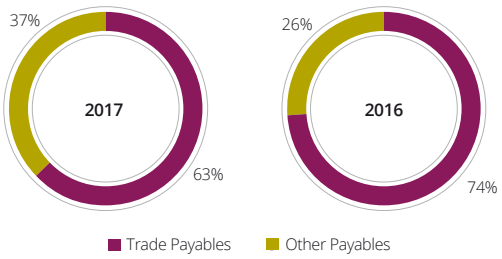


FINANCIAL STATEMENTS HIGHLIGHTS

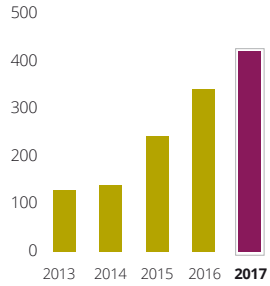
LKR 421.84MN

23%
Group Paybles

GROUP TRADE & OTHER PAYABLES COMPOSITION (%)



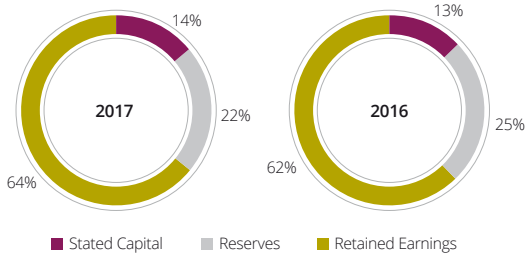
PAYABLES (Rs. Mn)



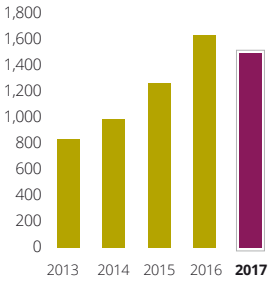
LKR 1,497.13MN

-8%
Group Equity

GROUP TOTAL EQUITY COMPOSITION (%)



EQUITY (Rs. Mn)



FINANCIAL STATEMENTS TABLES OF CONTENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
For the year ended 31 December		2017	2016	2017	2016
	Notes	Rs.	Rs.	Rs.	Rs.
Revenue	6	4,867,250,395	4,791,255,604	3,838,347,118	3,693,478,411
Cost of sales		(4,502,195,288)	(4,208,998,325)	(3,607,596,684)	(3,315,155,984)
Gross profit		365,055,107	582,257,279	230,750,434	378,322,427
Other income	8	328,162	998,089	75,906,687	57,698,089
Administrative expenses		(18,973,829)	(19,745,194)	(16,109,274)	(16,825,833)
Selling and distribution expenses		(82,015,794)	(87,186,692)	(53,100,197)	(60,599,969)
Other expenses	9	(40,450)	(27,841)	(40,450)	-
Results from operating activities		264,353,196	476,295,641	237,407,200	358,594,714
Finance costs	10.1	(51,452,702)	(11,988,811)	(51,327,696)	(12,518,267)
Finance income	10.2	2,218,887	7,443,558	3,816,266	4,615,047
Net finance cost		(49,233,815)	(4,545,253)	(47,511,430)	(7,903,220)
Profit before income tax expense	11	215,119,381	471,750,388	189,895,770	350,691,494
Income tax expense	12	(60,002,549)	(121,426,450)	(32,818,332)	(78,392,243)
Profit for the year		155,116,832	350,323,938	157,077,438	272,299,251
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Revaluation of property, plant and equipment	25.1	-	116,872,482	-	116,872,482
Re-measurement of defined benefit obligation	27	1,139,413	2,870,613	1,801,335	731,489
Related tax	12.2	(85,914,007)	(3,746,937)	(86,046,391)	(3,319,112)
Items that may be reclassified subsequently to profit or loss					
Net change in fair value of available-for-sale financial asset	17	2,668,754	(380,962)	2,668,754	(380,962)
Other comprehensive income for the year, net of tax		(82,105,840)	115,615,196	(81,576,302)	113,903,897
Total comprehensive income for the year		73,010,992	465,939,134	75,501,136	386,203,148
Profit attributable to:					
Owners of the Company		155,116,832	350,323,938	157,077,438	272,299,251
Non-Controlling Interest		-	-	-	-
Profit for the year		155,116,832	350,323,938	157,077,438	272,299,251
Total comprehensive income attributable to:					
Owners of the Company		73,010,992	465,939,134	75,501,136	386,203,148
Non-Controlling Interest		-	-	-	-
Total comprehensive income for the year		73,010,992	465,939,134	75,501,136	386,203,148
Basic earnings per share	13	13.77	31.09	13.94	24.17

The Accounting Policies and Notes on Page 97 to 143 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31 December		2017	2016	2017	2016
	Notes	Rs.	Rs.	Rs.	Rs.
Assets					
Non-current assets					
Property, plant and equipment	14	1,097,046,045	979,596,219	1,014,298,553	897,730,122
Intangible assets	15	3,831,688	2,182,996	3,571,813	1,828,621
Investment in subsidiary	16	-	-	150,000,000	150,000,000
Available for sale financial asset	17	22,849,591	20,180,837	22,849,591	20,180,837
Pre-paid operating leases	18	64,845,635	-	-	-
Other receivables	20.1	2,936,411	4,535,617	2,108,386	1,913,303
Total non-current assets		1,191,509,370	1,006,495,669	1,192,828,343	1,071,652,883
Current assets					
Inventories	19	1,150,249,530	1,160,687,229	912,448,490	889,302,209
Other receivables	20.2	43,757,096	18,835,953	26,297,561	15,762,242
Amounts due from related parties	21	538,524,793	432,664,488	382,591,271	307,843,548
Income tax recoverable	31	17,569,121	-	21,363,518	-
Prepayments	22	13,320,199	7,397,670	4,464,282	5,261,833
Cash and cash equivalents	23.1	5,579,616	9,565,987	5,529,616	8,494,005
Total current assets		1,769,000,355	1,629,151,327	1,352,694,738	1,226,663,837
Total assets		2,960,509,725	2,635,646,996	2,545,523,081	2,298,316,720
Equity					
Stated capital	24	211,192,425	211,192,425	211,192,425	211,192,425
Reserves	25	328,950,876	416,768,139	328,950,876	416,768,139
Retained earnings		956,990,787	1,004,617,998	724,497,138	769,634,205
Total equity attributable to owners of the Company		1,497,134,088	1,632,578,562	1,264,640,439	1,397,594,769
Non-current liabilities					
Deferred tax liabilities	26	173,933,336	74,507,118	166,176,389	65,946,957
Employee benefits	27	104,594,814	89,593,056	101,293,455	87,930,604
Total non-current liabilities		278,528,150	164,100,174	267,469,844	153,877,561
Current liabilities					
Trade and other payables	28	319,010,198	334,976,230	238,631,728	250,285,849
Amounts due to related parties	29	102,830,140	6,958,087	161,768,353	49,802,621
Provisions	30	45,594,423	53,929,260	29,169,981	39,269,397
Current tax liabilities	31	-	60,362,619	-	38,933,442
Dividend payable	32	4,890,231	3,090,348	4,890,231	3,090,348
Loans and borrowings	33.1	613,220,554	296,781,567	512,706,732	296,781,567
Bank overdraft	23.2	99,301,941	82,870,149	66,245,773	68,681,166
Total current liabilities		1,184,847,487	838,968,260	1,013,412,798	746,844,390
Total liabilities		1,463,375,637	1,003,068,434	1,280,882,642	900,721,951
Total equity and liabilities		2,960,509,725	2,635,646,996	2,545,523,081	2,298,316,720

The Accounting Policies and Notes on Page 97 to 143 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

I certify that the financial statements have been prepared in accordance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)
Kanchana Athukorala
Chief Financial officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Board,

(Sgd.)
A M Pandithage
Director

(Sgd.)
H A Pieris
Director

Colombo
February 23, 2018

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

Group	Notes	Stated Capital Rs.	Revaluation Reserve Rs.	Available for Sale Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 January 2016		211,192,425	305,986,115	2,561,799	748,309,856	1,268,050,195
Total comprehensive income						
Profit for the year		-	-	-	350,323,938	350,323,938
Other comprehensive income						-
Revaluation of property, plant & equipment	25.1	-	116,872,482	-	-	116,872,482
Re-measurement of defined benefit obligation	27	-	-	-	2,870,613	2,870,613
Related taxes	12.2	-	(3,114,295)	-	(632,642)	(3,746,937)
Other comprehensive income for the year	12.2,17, 25 & 27	-	113,758,187	(380,962)	2,237,971	115,615,196
Total comprehensive income for the year		-	113,758,187	(380,962)	352,561,909	465,939,134
Transactions with owners of the Company, recognised directly in equity						
Final dividend 2015		-	-	-	(101,410,767)	(101,410,767)
Total transactions with owners of the Company		-	-	-	(101,410,767)	(101,410,767)
Realisation of revaluation surplus	25.1	-	(5,157,000)	-	5,157,000	-
Balance as at 31 December 2016		211,192,425	414,587,302	2,180,837	1,004,617,998	1,632,578,562
Total comprehensive income						
Profit for the year		-	-	-	155,116,832	155,116,832
Other comprehensive income						-
Re-measurement of defined benefit obligation	27	-	-	-	1,139,413	1,139,413
Tax on defined benefit obligation	12.2	-	-	-	(371,990)	(371,990)
Deferred Tax on revaluation of land	26		(85,542,017)	-	-	(85,542,017)
Other comprehensive income for the year	12.2,17, 25 & 27	-	(85,542,017)	2,668,754	767,423	(82,105,840)
Total comprehensive income for the year		-	(85,542,017)	2,668,754	155,884,255	73,010,992
Transactions with owners of the Company, recognised directly in equity						
Final dividend 2016		-	-	-	(208,455,466)	(208,455,466)
Total transactions with owners of the Company		-	-	-	(208,455,466)	(208,455,466)
Realisation of revaluation surplus	25.1	-	(4,944,000)	-	4,944,000	-
Balance as at 31 December 2017		211,192,425	324,101,285	4,849,591	956,990,787	1,497,134,088

The Accounting Policies and Notes on Page 97 to 143 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Company	Notes	Stated Capital Rs.	Revaluation Reserve Rs.	Available for Sale Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 January 2016		211,192,425	305,986,115	2,561,799	593,062,049	1,112,802,388
Total comprehensive income						
Profit for the year		-	-	-	272,299,251	272,299,251
Other comprehensive income						-
Revaluation of property, plant & equipment	25.1	-	116,872,482	-	-	116,872,482
Re-measurement of defined benefit obligation	27	-	-	-	731,489	731,489
Related taxes	12.2	-	(3,114,295)	-	(204,817)	(3,319,112)
Other comprehensive income for the year	12.2,17, 25 & 27	-	113,758,187	(380,962)	526,672	113,903,897
Total comprehensive income for the year		-	113,758,187	(380,962)	272,825,923	386,203,148
Transactions with owners of the Company, recognised directly in equity						
Final dividend 2015		-	-	-	(101,410,767)	(101,410,767)
Total transactions with owners of the Company		-	-	-	(101,410,767)	(101,410,767)
Realisation of revaluation surplus	25.1	-	(5,157,000)	-	5,157,000	-
Balance as at 31 December 2016		211,192,425	414,587,302	2,180,837	769,634,205	1,397,594,769
Total comprehensive income						
Profit for the year		-	-	-	157,077,438	157,077,438
Other comprehensive income						-
Re-measurement of defined benefit obligation	27	-	-	-	1,801,335	1,801,335
Tax on defined benefit obligation	12.2	-	-	-	(504,374)	(504,374)
Deferred Tax on revaluation of land	26		(85,542,017)	-	-	(85,542,017)
Other comprehensive income for the year	12.2,17, 25 & 27	-	(85,542,017)	2,668,754	1,296,961	(81,576,302)
Total comprehensive income for the year		-	(85,542,017)	2,668,754	158,374,399	75,501,136
Transactions with owners of the Company, recognised directly in equity						
Final dividend 2016		-	-	-	(208,455,466)	(208,455,466)
Total transactions with owners of the Company		-	-	-	(208,455,466)	(208,455,466)
Realisation of revaluation surplus	25.1	-	(4,944,000)	-	4,944,000	-
Balance as at 31 December 2017		211,192,425	324,101,285	4,849,591	724,497,138	1,264,640,439

The Accounting Policies and Notes on Page 97 to 143 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

		Group		Company	
For the year ended 31 December		2017	2016	2017	2016
	Notes	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities					
Profit before income tax expense		215,119,381	471,750,388	189,895,770	350,691,494
Adjustments for:					
Depreciation of property, plant and equipment	14.2 &14.5	57,311,751	45,663,133	46,526,061	37,583,058
Amortisation of intangible assets	15	375,433	293,650	280,935	199,150
Amortisation of lease assets	18	216,875	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	8 & 9	18,975	(676,437)	40,450	(704,278)
Provision for inventories	11	(10,610,955)	(1,870,260)	(11,629,322)	3,215,972
Interest expense	10.1	51,452,702	11,988,811	51,327,696	12,518,267
Interest income	8 &10.2	(2,220,206)	(7,457,646)	(3,817,585)	(4,629,135)
Dividend income	8	-	(243,000)	(75,600,000)	(56,943,000)
Provision for employee benefits	27	18,205,731	15,802,813	15,775,042	15,168,543
Operating profit before working capital changes		329,869,687	535,251,452	212,799,047	357,100,071
(Increase)/Decrease in inventories	19	21,048,654	(445,168,327)	(11,516,959)	(387,386,155)
(Increase)/Decrease in trade and other receivables	20 &10.2	(22,423,679)	20,655,040	(10,364,136)	19,208,303
(Increase)/Decrease in due from related parties	21	(105,860,305)	(73,177,025)	(74,747,723)	(88,623,941)
(Increase)/Decrease in prepayments	22	(5,922,529)	1,805,588	797,551	991,986
Increase/(Decrease) in trade and other payables	28	(15,966,032)	92,447,882	(11,654,121)	118,770,718
Increase/(Decrease) in due to related parties	29	95,872,053	6,958,087	111,965,732	(5,576,745)
Increase/(Decrease) in provisions	30	(8,334,837)	8,578,767	(10,099,416)	6,529,097
Cash generated from operations		288,283,012	147,351,464	207,179,975	21,013,334
Interest paid	10	(50,065,796)	(10,755,309)	(50,454,596)	(11,289,775)
Employee benefits paid	27	(2,064,560)	(1,029,397)	(610,856)	(1,029,397)
Income tax paid	31	(124,422,080)	(152,675,210)	(78,932,251)	(109,159,351)
Net cash flows (used in)/ generated from operating activities		111,730,576	(17,108,452)	77,182,272	(100,465,189)
Cash flows from investing activities					
Acquisition of property, plant and equipment, capital work-in progress and intangible assets	14 &15	(176,859,218)	(216,420,258)	(165,163,328)	(189,385,088)
Acquisition of lease asset	18	(65,062,510)	-	-	-
Proceeds from disposal of property, plant and equipment	8,9 & 14	54,560	2,337,671	4,260	2,337,671
Interest income received	8 & 10.2	1,321,948	6,321,985	3,451,319	3,927,112
Dividend income received	8	-	243,000	75,600,000	56,943,000
Net cash flows used in investing activities		(240,545,220)	(207,517,602)	(86,107,749)	(126,177,305)
Cash flows from financing activities					
Proceeds from long-term loans	33.4	200,000,000	-	200,000,000	-
Repayment of long-term loans	33.4	(99,960,000)	-	(99,960,000)	-
Proceeds from short-term borrowings	33.2	1,130,620,674	320,553,075	1,030,620,674	320,553,075
Repayment of short-term borrowings	33.2	(1,065,608,610)	(25,000,000)	(1,065,608,610)	(25,000,000)
Proceeds from related company borrowings	33.3	150,000,000	-	150,000,000	-
Payment of finance lease liability	33.5	-	(346,500)	-	-
Dividend paid	32 & 34	(206,655,583)	(100,564,656)	(206,655,583)	(100,564,656)
Net cash flows generated from financing activities		108,396,481	194,641,919	8,396,481	194,988,419
Net decrease in cash and cash equivalents		(20,418,163)	(29,984,135)	(528,996)	(31,654,075)
Cash and cash equivalents at the beginning of the year	23	(73,304,162)	(43,320,028)	(60,187,161)	(28,533,086)
Cash and cash equivalents at the end of the year	23	(93,722,325)	(73,304,162)	(60,716,157)	(60,187,161)

The Accounting Policies and Notes on Page 97 to 143 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

1.1 REPORTING ENTITY

Regnis (Lanka) PLC ('Company') is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of business are situated at No. 52, Ferry Road, Off Borupana Road, Ratmalana, Sri Lanka.

These consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiary (together referred to as the 'Group' and individually as 'Group entities').

1.2 SUBSIDIARY - REGNIS APPLIANCES (PRIVATE) LTD

A fully-owned Subsidiary, Regnis Appliances (Private) Ltd., was Incorporated on 18 January 2010 under the Companies Act No. 07 of 2007 and commenced its commercial operations On 1 October 2010.

Financial statements of the Company and the subsidiary are prepared for a common financial year, which ends on 31 December.

1.3 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS PARENT COMPANY

The principal activities of Regnis (Lanka) PLC are manufacturing of refrigerators and bottle coolers.

Subsidiary

Principal activities of Regnis Appliances (Private) Ltd. are manufacturing and assembling of washing machines, producing plastic components for refrigerators and plastic chairs.

1.4 PARENT ENTERPRISE AND ULTIMATE PARENT ENTERPRISE

The Company's Parent undertaking as at 31st December 2017 is Singer (Sri Lanka) PLC.

After getting necessary regulatory approval, Singer (Sri Lanka) PLC acquired 58.29% stake in Regnis (Lanka) PLC on 23rd February 2016 from then common parent, Retail Holdings (Sri Lanka) B.V - formally Singer (Sri Lanka) B.V., making Regnis (Lanka) PLC and Regnis Appliances (Private) Ltd. subsidiaries of Singer (Sri Lanka) PLC.

On 15th September 2017, Hayleys PLC with its Group Companies acquired 61.73% of Singer (Sri Lanka) PLC. Accordingly, Hayleys PLC became the ultimate parent company of Regnis (Lanka) PLC with effect from 15th September 2017.

Subsequently, Hayleys PLC with parties acting in concert made a mandatory offer in line with terms of Rule 31(1)(a) of Takeovers and mergers code 1995, to purchase the remaining Ordinary shares excluding 35,562,883 shares held by Retail Holding (Sri Lanka) BV.

After exercising the mandatory offer, Hayleys PLC together with its group Companies holds 80.96% (approx.) of Singer (Sri Lanka) PLC.

1.5 NUMBER OF EMPLOYEES

The number of employees of the Group at the end of the year was 322 (2016 - 316), and Company - 267 (2016 – 261).

1.6 RESPONSIBILITIES FOR FINANCIAL STATEMENTS & APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors is responsible for preparation and presentation of the financial statements of the Company as per the provision of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The Directors responsibility over financial statements is set out in detail in the Statement of Director's Responsibility. The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with resolution of the Board of Directors on 23rd February 2018.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Sri Lanka Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and complies with the requirements of the Companies Act No. 07 of 2007.

2.2 BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except for the following material items in the Statement of Financial Position:

* Investment classified as available-for-sale financial asset is measured at fair value.
* Land and building are measured at fair value.
* Defined benefit plans which are measured at the present value of the Employee Benefits.

NOTES TO THE FINANCIAL STATEMENTS

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Sri Lankan Rupees, which is the functional currency of the Company and its Subsidiary.

2.4 USE OF ESTIMATES AND JUDGMENTS

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

2.4.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes.

Note 19 - Provision for Inventories

Note 26 - Deferred Tax Asset/Liability

Note 27 - Measurement of Employee Benefits

Note 30 - Provisions

Note 36 - Contingencies

2.4.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 December 2017 is included in the following notes:

Note 27.1 - measurement of defined benefit obligations: key actuarial assumptions
Note 36 - recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

2.5 MEASUREMENT OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs other, than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly. (i.e. derived from prices).
Level 3:	Inputs for the asset or liability that are not based on observable market data. (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumption made in measuring fair value is included in Note 14.10, and Note 35.2.

2.6 GOING CONCERN

The Directors have made an assessment of the Group's ability to continue as a going concern in the forceable future, and they do not intend either to liquidate or cease trading.

2.7 COMPARATIVE INFORMATION

The comparative information has been reclassified/ restated where necessary to conform to the current year's classification in order to provide a better presentation

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

3.1 BASIS OF CONSOLIDATION

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

3.1.1 Subsidiaries

Subsidiaries' are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

3.1.2 Non–controlling Interests

Non–controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a Subsidiary that do not result in a loss of control are accounted for as equity transactions.

Company owns 100% of its Subsidiary Regnis Appliances (Private) Ltd and accordingly there is no non-controlling interest.

3.1.3 Loss of control

When a Group loses control over a Subsidiary, it derecognises the asset and liabilities of subsidiary, and any related Non Controlling Interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3.2 FOREIGN CURRENCY

3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

3.3 FINANCIAL INSTRUMENTS

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

3.3.1 Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they

NOTES TO THE FINANCIAL STATEMENTS

are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3.2 Non derivative financial assets - Measurement

(a) Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables comprise cash and cash equivalents and trade and other receivable.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

(b) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or not classified in any of the other categories. The Group's investments in equity securities are classified as available- for- sale financial assets. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments are recognised in Other Comprehensive Income and accumulated in the fair value reserve.

When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise of long-term equity investments.

3.3.3 Non-derivative financial liabilities - Measurement

A financial liability is classified as at Fair Value through Profit or Loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

The Group classifies non derivative financial liabilities in to other financial liability category.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group has the following non-derivative financial liabilities: trade and other payables, bank overdrafts, loans and borrowings and financial guarantees.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

3.4 STATED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.5 IMPAIRMENT

3.5.1 Non-derivative financial assets

Financial assets not classified as FVTPL, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

* default or delinquency by a debtor;
* restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
* indications that a debtor or issuer will enter bankruptcy;
* adverse changes in the payment status of borrowers or issuers;
* the disappearance of an active market for a security because of financial difficulties; or
* observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

(a) Financial assets carried at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(b) Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

(c) Equity -accounted investee

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3.5.2 Non-financial assets

The carrying amount of the Group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the

NOTES TO THE FINANCIAL STATEMENTS

cash inflows of other assets or Cash-Generating Unit (CGU). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 PROPERTY, PLANT AND EQUIPMENT

3.6.1 Recognition and Measurement

Items of property, plant and equipment are initially measured at cost which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant part of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

COST MODEL

The Group applies the cost model to property, plant and equipment except for freehold land and buildings.

REVALUATION MODEL

The Group applies the revaluation model to the entire class of freehold land and buildings. A revaluation is carried out when there is a substantial difference between the fair value and the carrying amount of the property, and is undertaken by professionally qualified valuers. Group revalues its assets once in every two years.

Increases in the carrying amount on revaluation is recognised in other comprehensive income and accumulated in equity in the revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down.

Decreases in the carrying amount on revaluation that offset previous increases of the same individual assets are charged against revaluation reserve directly in equity. All other decreases are recognised in profit or loss.

The relevant portion of the revaluation reserve is transferred to retained earnings as the asset is depreciated with the balance being transferred on ultimate disposal.

3.6.2 Subsequent Expenditure

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

3.6.3 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives are as follows:

Buildings	over 40 years
Machinery and Equipment	over 12 years
Tools, Dies and Gauges	over 10 years
Furniture and Fittings	over 10 years
Motor Vehicles	over 07 years
EDP Equipment	over 05 years
Leasehold Improvement	over leasehold Period/useful life

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.6.4 Derecognition

An item of property, plant and equipment is derecognised upon disposal of or when no future economic benefits are expected from its use or disposal. Gain and losses arising on derecognition of the assets are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other income' in profit or loss.

3.7 INTANGIBLE ASSETS

3.7.1 Recognition and measurement

An intangible asset is recognised if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 on 'Intangible Assets'. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

3.7.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

3.7.3 Amortization

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful life of intangible assets with finite life is as follows:

Computer Software *(Without Windows & Office Packages)*	10 years
Leasehold rights	50 years
Windows and Office Packages	5 years

Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the asset is derecognised.

3.8 LEASES

3.8.1 Determining whether an agreement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

3.8.2 LEASED ASSETS

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's statement of financial position. Investment property held under an operating lease is recognised in the Group's statement of financial position at its fair value.

3.8.3 Lease payments

The initial cost of acquiring a leasehold property treated as an operating lease, is recognize as a non-current assets and is amortised over the period of the lease. The carrying amount of leasehold property is tested for impairment annually.

3.9 INVENTORIES

Inventories are measured at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of each category of inventory is determined on the following basis:

Raw Materials	At actual cost on first-in first-out basis
Finished Goods and Work-in-Progress	At the cost of direct materials, direct labour and an appropriate proportion of production overheads based on normal operating capacity
Goods-in-Transit	At actual cost
Allowance for Impairment	All inventory items are tested for impairment periodically

3.10 PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.10.1 WARRANTIES

A provision for warranties is recognised when the underlying products are sold. The provision is based on the historical warranty data and a weighting of all possible outcomes against their associated probabilities.

3.11 EMPLOYEE BENEFITS

3.11.1 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.11.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Employees are eligible for Employees' Provident Fund contributions Mercantile Services Provident Society and Employees' Trust Fund contributions in line with respective statutes and regulations. The Group contributes 12%, 12% and 3% of gross emoluments of employees to Employees' Provident Fund Mercantile Services Provident Society and Employees' Trust Fund respectively and is recognised as an expense in profit or loss in the periods during which services are rendered by employees.

3.11.3 Defined Benefit Plans

The Group net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking in to account any changes in the net defined benefit liability during the period as a result of contributions

and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

The liability is not externally funded.

3.12 REVENUE RECOGNITION

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

3.13 FINANCE INCOME AND FINANCE COST

The Group's finance income and costs include

* interest income;
* interest expense;
* the foreign currency gain or loss on financial assets and financial liabilities;
* the net gain or loss on the disposal of available for sale financial assets;
* the reclassification of net gains previously recorded in OCI
* Interest income or expense is recognised using the effective interest method.

3.14 DIVIDEND INCOME

Dividend income is recognised in profit or loss on the date the entities right to receive dividend is established.

3.15 OTHER INCOME AND EXPENSES

Gains and losses on disposal of property, plant & equipment and other non-current assets including investments are recognised by comparing the net sales proceeds with the carrying amount of the corresponding asset and are recognised net within 'other income' or 'other expenses' in profit or loss.

3.16 EXPENDITURE RECOGNITION

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the purpose of presentation of statement of profit or loss and other comprehensive income, the Directors are of the opinion that 'function of expenses method' presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

3.17 INCOME TAX

Income tax expense comprises current and deferred tax.

It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

3.17.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

3.17.2 Deferred Income Tax

Deferred income tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

3.18 EARNINGS PER SHARE

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4 FINANCIAL RISK MANAGEMENT

The Group's objective, policies and processes for measuring and managing risk from financial instruments and the management of capital are reported separately in Note 35 in conformity with Sri Lanka Financial Reporting Standards.

5 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Institute of Chartered Accountants of Sri Lanka has issued the following standards which become effective for annual periods beginning after the current financial year. Accordingly, these standards have not been applied in preparing these financial statements. The Group will be adopting these standards when they become effective.

SLFRS 9 Financial Instruments

Summary of the requirements

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Possible Impact on Consolidated Financial Statements

Company had completed its initial assessment but not yet completed its detailed assessment.

Based on the initial assessment, the management does not believe that there will be significant implications relating to classification and impairment of its financial instruments.

SLFRS 15 Revenue from Contracts with Customers

Summary of the Requirements

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Possible Impact on Consolidated Financial Statements

Company had completed its initial assessment but not yet completed its detailed assessment.

Based on the initial assessment the management does not believe that there will be significant implications relating to recognition of revenue.

SLFRS 16 Leases

Summary of the Requirements

SLFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value even though lessor's accounting remains similar to current practice. This supersedes: Sri Lanka Accounting Standard LKAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement Contains a Lease", SIC 15 "Operating Leases - Incentives"; and SIC 27 "Evaluating the substance of Transactions Involving the Legal form of a Lease". Earlier application is permitted for entities that apply SLFRS 15 "Revenue from Contracts with Customers".

Possible Impact on Consolidated Financial Statements

The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of SLFRS 16.

		Group		Company	
	For the year ended 31 December	**2017**	2016	**2017**	2016
		Rs.	Rs.	Rs.	Rs.
6	**REVENUE**				
	Sale of goods-Local	4,867,250,395	4,791,255,604	3,838,347,118	3,693,478,411
		4,867,250,395	4,791,255,604	3,838,347,118	3,693,478,411

7 OPERATING SEGMENTS

7.1 SEGMENTAL INFORMATION - GROUP

The Group has three reportable segments, as described below. These three different segments are managed separately because they require different marketing strategies.

The following summary describes the operations in each of the Group's reportable segments.

Reportable Segments	Operations	Location
Refrigerators	* Manufacture of Refrigerators and bottle coolers	Regnis (Lanka) PLC
Washing Machines	* Manufacture and assembly of fully auto and semi auto washing machines	Regnis Appliances (Private) Ltd
Other	* Production of plastic chairs and plastic components for refrigerators	Regnis Appliances (Private) Ltd

Inter-segment revenue includes sale of plastic components of refrigerators manufactured at Regnis Appliances (Private) Ltd to Regnis (Lanka) PLC and transfer of raw materials.

NOTES TO THE FINANCIAL STATEMENTS

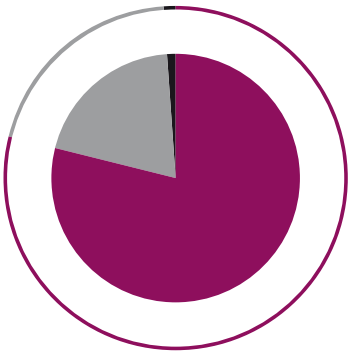
7.2 INFORMATION ABOUT REPORTABLE SEGMENTS

Information regarding the results of each reporting segments are included below. Performance is measured based on segment profit before tax. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results.

	Refrigerators		Washing Machines		Other		Total	
For the year ended 31 December	2017	2016	2017	2016	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
External revenue	3,838,347,118	3,693,478,411	987,936,305	1,053,432,498	40,966,972	44,344,695	4,867,250,395	4,791,255,604
Inter segment revenue	-	-	-	-	276,922,999	265,230,896	276,922,999	265,230,896
Reportable segment revenue (Note 7.3)	3,838,347,118	3,693,478,411	987,936,305	1,053,432,498	317,889,971	309,575,591	5,144,173,394	5,056,486,500
Reportable segment results from operating activities	160,595,968	301,530,714	78,498,598	135,071,138	25,258,630	39,693,789	264,353,196	476,295,641
Net finance income/(cost) (Note 7.4)	(47,511,430)	(7,903,220)	(1,303,088)	2,595,283	(419,297)	762,684	(49,233,815)	(4,545,253)
Reportable segment profit before tax	113,084,538	293,627,494	77,195,510	137,666,421	24,839,333	40,456,473	215,119,381	471,750,388
Property, plant and equipment	1,014,298,553	897,730,122	62,603,472	51,974,285	20,144,020	29,891,812	1,097,046,045	979,596,219
Other segment assets	1,410,288,458	1,218,451,782	284,733,893	329,235,792	140,012,123	78,616,379	1,835,034,474	1,626,303,953
Reportable segment assets	2,424,587,011	2,116,181,904	347,337,365	381,210,077	160,156,143	108,508,191	2,932,080,519	2,605,900,172
Long-term investments	-	-	-	-	-	-	22,849,591	20,180,837
Cash and cash equivalents	-		-	-	-	-	5,579,616	9,565,987
Total Assets	-	-	-	-	-	-	2,960,509,726	2,635,646,996
Reportable segment liabilities	619,164,442	440,906,403	95,930,686	92,016,240	30,867,783	27,041,108	745,962,911	559,963,751
Bank overdraft	66,245,773	68,681,166	25,008,984	10,966,285	8,047,184	3,222,698	99,301,941	82,870,149
Loans and borrowings	512,706,732	296,781,567	20,000,000	-	80,513,822	-	613,220,554	296,781,567
Current tax liabilities	-	-	-	-	-	-	-	60,362,619
Dividend payable	-	-	-	-	-	-	4,890,231	3,090,348
Total Liabilities	-	-	-	-	-	-	1,463,375,637	1,003,068,434
Capital expenditure	165,163,328	189,385,088	6,010,305	1,779,512	5,685,585	25,255,658	176,859,218	216,420,258
Depreciation and amortisation	46,806,996	37,782,208	8,395,599	3,747,236	2,701,464	4,427,339	57,904,059	45,956,783

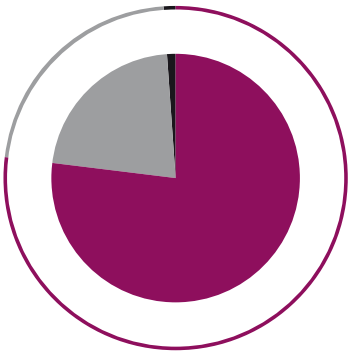
SEGMENTAL REVENUE 2017

Refrigerators 79%
Washing Machines 20%
Other 01%



SEGMENTAL REVENUE 2016

Refrigerators 77%
Washing Machines 22%
Other 01%



		Group	
	For the year ended 31 December	2017	2016
		Rs.	Rs.
7.3	**RECONCILIATION OF SEGMENTAL REVENUE**		
	Total reportable segment revenue	5,144,173,394	5,056,486,500
	Elimination of inter-segment revenue	(276,922,999)	(265,230,896)
	Consolidated revenue	4,867,250,395	4,791,255,604
7.4	**RECONCILIATION OF SEGMENTAL NET FINANCE COST**		
	Net finance cost for segments	(49,233,815)	(4,545,253)
	Consolidated net finance cost	(49,233,815)	(4,545,253)

7.5 SEGMENTAL INFORMATION - COMPANY

The Company, Regnis (Lanka) PLC, does not have different segments for the Refrigerators and Bottle Coolers because, they require same technology and market strategies. The segment is managed as one SBU (Strategic Business Unit) and CEO considers the products manufactured by the Company within Refrigerator segment.

		Group		Company	
	For the year ended 31 December	2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
8	**OTHER INCOME**				
	Interest income - from loans to Company officers	1,319	14,088	1,319	14,088
	Gain on sale of property, plant and equipment	21,475	704,278	-	704,278
	Dividend income	-	243,000	75,600,000	56,943,000
	Other income - miscellaneous	305,368	36,723	305,368	36,723
		328,162	998,089	75,906,687	57,698,089
9	**OTHER EXPENSES**				
	Loss on sale of property, plant and equipment	(40,450)	(27,841)	(40,450)	-
		(40,450)	(27,841)	(40,450)	-
10	**NET FINANCE COST**				
10.1	**FINANCE COST**				
	Interest expense on				
	Short term loans and borrowings	28,325,812	9,596,223	25,588,138	8,055,087
	Long term loans and borrowings	11,911,649	-	11,911,649	-
	Finance lease	-	5,010	-	-
	Related parties	11,215,241	2,387,578	13,827,909	4,463,180
		51,452,702	11,988,811	51,327,696	12,518,267
10.2	**FINANCE INCOME**				
	Interest income from				
	Intercompany funding	1,320,629	6,307,897	-	463,024
	Corporate guarantee issued to related party	-	-	3,450,000	3,450,000
	Unwinding of interest on interest- free employee loan	553,901	820,128	336,716	599,674
	Unwinding of interest on deposit given to lessor	344,357	315,533	29,550	102,349
		2,218,887	7,443,558	3,816,266	4,615,047
	Net finance costs	(49,233,815)	(4,545,253)	(47,511,430)	(7,903,220)

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
	For the year ended 31 December	2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
11	**PROFIT BEFORE INCOME TAX EXPENSE**				
	Profit before income tax expense is stated after charging all expenses including the following:				
	Depreciation on property, plant and equipment	57,311,751	45,663,133	46,526,061	37,583,058
	Amortisation of intangible assets	375,435	293,650	280,935	199,150
	Amortisation of lease assets	216,875	-	-	-
	Research and development expenditure	3,320,613	2,756,319	3,320,613	2,756,319
	Provision for inventories	(10,610,955)	(1,870,260)	(11,629,322)	3,215,972
	Personnel cost (Note 11.1)	510,892,056	504,140,134	461,112,226	457,834,474
	Legal and professional fees	4,419,662	983,992	4,419,662	983,992
	Auditors' remuneration	925,000	915,000	675,000	675,000
	Donations	467,896	1,423,070	338,897	1,233,115
	Executive Directors' emoluments	18,111,383	17,035,266	18,111,383	17,035,266
	Non-Executive Directors' fees	1,434,000	1,284,000	1,434,000	1,284,000
	Warranty cost (Note 30.1 & 30.2)	37,906,967	40,990,705	20,427,288	26,776,077
11.1	**PERSONNEL COST**				
	Salaries	431,160,517	417,652,132	389,582,171	378,577,656
	Defined contribution plan- EPF, ETF and MSPS	23,632,861	22,569,023	21,565,647	20,656,998
	Bonus	37,892,947	48,116,166	34,189,366	43,431,277
	Defined benefit plan cost - recognised in profit or loss (Note 27)	18,205,731	15,802,813	15,775,042	15,168,543
	Total	510,892,056	504,140,134	461,112,226	457,834,474
12	**INCOME TAX EXPENSE**				
	Current tax expense				
	Current year (Note 12.1)	39,353,009	115,028,050	18,430,474	79,383,168
	(Over) /Under provision in respect of previous years	(1,262,671)	24,662	204,817	-
	WHT on dividend received from Regnis Appliances (Private) Ltd	8,400,000	6,300,000	-	-
		46,490,338	121,352,712	18,635,291	79,383,168
	Deferred tax expense				
	Origination /(reversal) of temporary difference (Note 26)	13,512,211	73,738	14,183,041	(990,925)
	Income tax expense in statement of profit or loss	60,002,549	121,426,450	32,818,332	78,392,243

		Group		Company	
	For the year ended 31 December	2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
12	**INCOME TAX EXPENSE (CONTD.)**				
12.1	**RECONCILIATION BETWEEN ACCOUNTING PROFIT AND THE TAXABLE PROFIT**				
	Profit before income tax expense	215,119,381	471,750,388	189,895,770	350,691,494
	Total disallowable expenses	109,981,849	93,839,282	70,127,994	63,516,155
	Total allowable expenses	(160,431,186)	(98,295,268)	(116,602,733)	(54,892,465)
	Income not liable for tax	-	(243,000)	(75,600,000)	(56,943,000)
		164,670,044	467,051,402	67,821,031	302,372,184
	Statutory income	164,670,044	467,051,402	67,821,031	302,372,184
	Qualifying payments relief for investments	(1,997,909)	(18,860,869)	(1,997,909)	(18,860,869)
	Taxable profit	162,672,135	448,190,533	65,823,122	283,511,315
	Tax at 28%	20,811,672	83,248,204	18,430,474	79,383,168
	Tax at 20%	18,541,337	31,779,846	-	-
	Tax on profit for the year	39,353,009	115,028,050	18,430,474	79,383,168

12.2 **TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME**

Group	2017			2016		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Surplus on revaluation of building	-	-	-	11,122,482	(3,114,295)	8,008,187
Defined benefit plan actuarial gain or (losses)	1,139,413	(371,990)	767,423	2,870,613	(632,642)	2,237,971
Deferred tax on revaluation relating to land (Note 26.1)	-	(85,542,017)	(85,542,017)	-	-	-
	1,139,413	(85,914,007)	(84,774,594)	13,993,095	(3,746,937)	10,246,158

Company	2017			2016		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Surplus on revaluation of building	-	-	-	11,122,482	(3,114,295)	8,008,187
Defined benefit plan actuarial gain or (losses)	1,801,335	(504,374)	1,296,961	731,489	(204,817)	526,672
Deferred tax on revaluation relating to land (Note 26.1)	-	(85,542,017)	(85,542,017)	-	-	-
	1,801,335	(86,046,391)	(84,245,056)	11,853,971	(3,319,112)	8,534,859

NOTES TO THE FINANCIAL STATEMENTS

12.3 APPLICABLE TAX RATES

The Group tax expense is based on taxable profit of the Company and Subsidiary.

Regnis (Lanka) PLC

Regnis (Lanka) PLC is liable to income tax at the rate of 28% in terms of Inland Revenue Act No. 10 of 2006 and amendments thereto, as at the balance sheet date. In October 2017, New Inland Revenue act was passed in Parliament to be effective from 01st April 2018. As per the new act Company will be liable for income taxes at the same rates.

In terms of section 34 (2) (S) of the Inland Revenue Act No. 10 of 2006 which was introduced by section 15 (1) (C) of the Inland Revenue (Amendment) Act No. 8 of 2012, the investment of not less than Rs.50Mn made in fixed assets during the years 2012 to 2014 for the introduction of the new series qualified for exemption under section 16 (C) or Section 17 (A) is treated as a qualifying payment, deductible from the assessable income, subject to a maximum of 25% of the investment for each year of assessment falling within the period of 4 years commencing from the year of assessment 2012/2013.

Regnis Appliances (Private) Ltd

Pursuant to agreement entered into with the Board of Investment under section 17 of the Board of Investment Law No. 4 of 1978, the profits from business of Regnis Appliances (Private) Ltd was liable for the rate at 20% during 2017, (2016 - 20%). However, non-business income of the Company is liable at the rate of 28% in terms of Inland Revenue Act No. 10 of 2006 and amendment thereto, as at the balance sheet date. In October 2017, New Inland Revenue act was passed in Parliament to be effective from 01st April 2018. As per the new act Company will be liable for income taxes at the same rates.

13 EARNINGS PER SHARE

The calculation of basic earnings per share has been based on the following profit attributable to ordinary share holders and weighted-average number of ordinary shares outstanding.

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (BASIC)

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
AMOUNTS USED AS THE NUMERATORS				
Profit for the year (Rs.)	155,116,832	350,323,938	157,077,438	272,299,251
Profit for the year, attributable to ordinary shareholders (Rs.)	155,116,832	350,323,938	157,077,438	272,299,251

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (BASIC)

	Group		Company	
	2017	2016	2017	2016
	Number	Number	Number	Number
NUMBER OF ORDINARY SHARES USED AS DENOMINATORS				
Issued number of ordinary shares at 01 January	11,267,863	11,267,863	11,267,863	11,267,863
Weighted average number of shares	11,267,863	11,267,863	11,267,863	11,267,863
Basic earnings per share (Rs.)	13.77	31.09	13.94	24.17

14 PROPERTY, PLANT AND EQUIPMENT

14.1 GROSS CARRYING AMOUNTS - GROUP

As at 31 December	Balance as at 01.01.2017	Additions	Disposals/ Transfers	Balance as at 31.12.2017
	Rs.	Rs.	Rs.	Rs.
At Cost				
Machinery and equipment	354,942,248	195,272,499	(48,600)	550,166,147
Tools, dies and gauges	159,532,554	39,451,977	(16,000)	198,968,531
Furniture and fittings	9,041,705	820,089	(383,845)	9,477,949
EDP equipment	15,933,391	3,270,293	(714,614)	18,489,070
Motor vehicles	8,819,601	-	-	8,819,601
Improvement on leasehold premises	5,946,295	-	-	5,946,295
Leasehold asset	1,377,866	-	-	1,377,866
Gross carrying amount at cost	555,593,660	238,814,858	(1,163,059)	793,245,459
At Valuation				
Freehold land	317,250,000	-	-	317,250,000
Building on freehold land	209,882,839	-	-	209,882,839
Gross carrying amount at valuation	527,132,839	-	-	527,132,839
Gross carrying amount excluding capital work-in-progress	1,082,726,499	238,814,858	(1,163,059)	1,320,378,298
Capital work-in-progress				
Machinery and equipment	194,149,409	142,992,724	(206,972,489)	130,169,644
Total capital work-in-progress	194,149,409	142,992,724	(206,972,489)	130,169,644
Gross carrying amount	1,276,875,908	381,807,582	(208,135,548)	1,450,547,942

14.2 DEPRECIATION AND IMPAIRMENT LOSSES - GROUP

As at 31 December	Balance as at 01.01.2017	Charge for the Year	Disposals/ Transfers	Balance as at 31.12.2017
	Rs.	Rs.	Rs.	Rs.
At Cost				
Machinery and equipment	159,361,410	33,733,838	(29,928)	193,065,320
Tools, dies and gauges	107,487,745	10,969,041	(5,867)	118,450,919
Furniture and fittings	4,773,970	749,440	(353,017)	5,170,393
EDP equipment	11,078,363	1,954,724	(700,731)	12,332,356
Motor vehicles	3,880,128	916,574	-	4,796,702
Improvement on leasehold premises	5,946,295	-	-	5,946,295
Leasehold asset	315,761	114,822	-	430,583
Total depreciation on assets at cost	292,843,672	48,438,439	(1,089,543)	340,192,568
At Valuation				
Building on freehold land	4,436,017	8,873,312	-	13,309,329
Total depreciation on asset at valuation	4,436,017	8,873,312	-	13,309,329
Impairment losses	-	-	-	-
Total depreciation and impairment losses	297,279,689	57,311,751	(1,089,543)	353,501,897

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

As at 31 December	Group 2017 Rs.	Group 2016 Rs.
14.3 CARRYING AMOUNTS - GROUP		
At cost	453,052,891	262,749,988
At valuation	513,823,510	522,696,822
Capital work-in-progress	130,169,644	194,149,409
Total carrying amount of property, plant and equipment	1,097,046,045	979,596,219

14.4 GROSS CARRYING AMOUNTS - COMPANY

As at 31 December	Balance as at 01.01.2017 Rs.	Additions Rs.	Disposals/ Transfers Rs.	Balance as at 31.12.2017 Rs.
At Cost				
Machinery and equipment	249,060,702	168,473,794	-	417,534,496
Tools, dies and gauges	149,464,987	37,410,348	-	186,875,335
Furniture and fittings	8,493,735	443,094	(383,845)	8,552,984
EDP equipment	13,978,806	2,413,999	(385,417)	16,007,388
Motor vehicles	8,819,601	-	-	8,819,601
Gross carrying amount at cost	429,817,831	208,741,235	(769,262)	637,789,804
At Valuation				
Freehold land	317,250,000	-	-	317,250,000
Building on freehold land	209,882,839	-	-	209,882,839
Gross carrying amount at valuation	527,132,839	-	-	527,132,839
Gross carrying amount excluding capital work-in-progress	956,950,670	208,741,235	(769,262)	1,164,922,643
Capital work-in-progress				
Machinery and equipment	170,544,069	137,765,117	(183,367,149)	124,942,037
Total capital work-in-progress	170,544,069	137,765,117	(183,367,149)	124,942,037
Gross carrying amount	1,127,494,739	346,506,352	(184,136,411)	1,289,864,680

14.5 DEPRECIATION AND IMPAIRMENT LOSSES - COMPANY

As at 31 December	Balance as at 01.01.2017	Charge for the Year	Disposals/ Transfers	Balance as at 31.12.2017
	Rs.	Rs.	Rs.	Rs.
At Cost				
Machinery and equipment	103,153,609	24,569,268	-	127,722,877
Tools, dies and gauges	104,000,710	9,850,722	-	113,851,432
Furniture and fittings	4,482,365	662,669	(353,017)	4,792,017
EDP equipment	9,811,786	1,653,516	(371,534)	11,093,768
Motor vehicles	3,880,130	916,574	-	4,796,704
Total depreciation on assets at cost	225,328,600	37,652,749	(724,551)	262,256,798
At Valuation				
Building on freehold land	4,436,017	8,873,312	-	13,309,329
Total depreciation on assets at valuation	4,436,017	8,873,312	-	13,309,329
Impairment losses	-	-	-	-
Total depreciation and impairment losses	229,764,617	46,526,061	(724,551)	275,566,127

	Company	
As at 31 December	2017	2016
	Rs.	Rs.
14.6 CARRYING AMOUNTS - COMPANY		
At cost	375,533,006	204,489,231
At valuation	513,823,510	522,696,822
Capital work-in-progress	124,942,037	170,544,069
Total carrying amount of property, plant and equipment	1,014,298,553	897,730,122

14.7 INFORMATION ON THE FREEHOLD LAND AND BUILDING OF THE COMPANY

Location - No.52, Ferry Road , Off Borupona Road, Ratmalana.

	Last Revaluation Date	Valuation	Extent	No. of Buildings	Accommodation
Land	30th June 2016	317,250,000	705 Perches	-	Factory
Buildings	30th June 2016	208,545,406	120,615 Sq.ft	16	Factory

14.8 The carrying amount of the revalued assets that would have been included in the financial statements had the assets been carried at cost would amount to Rs. 62,269,800/-

As at 31 December	Cost	Accumulated Depreciation	Carrying Amount
	Rs.	Rs.	Rs.
Land	11,742,796	-	11,742,796
Building	88,691,054	(38,164,050)	50,527,004
Total carrying amount	100,433,850	(38,164,050)	62,269,800

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

14.9 During the year, Group and the Company acquired property, plant and equipment and intangible assets amounting to Rs. 176,859,218/- (2016 - Rs.216,420,258/-) and Rs.165,163,328/- (2016- Rs.189,385,088/-) respectively.

Group and the Company made cash payments of Rs.176,859,218/- (2016 - Rs.216,420,258/-) and Rs.165,163,328/- (2016 - Rs.189,385,088/-) respectively during the year for the purchase of property, plant and equipment and intangible assets.

14.10 PROPERTY, PLANT AND EQUIPMENT AT FAIR VALUE

(A) Reconciliation of Carrying Amount

	Group		Company	
As at 31 December	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Balance as at 1 January	522,696,822	413,817,430	522,696,822	413,817,430
Additions	-	1,337,419	-	1,337,419
Change in fair value	-	116,872,482	-	116,872,482
Depreciation	(8,873,312)	(9,330,509)	(8,873,312)	(9,330,509)
Balance as at 31 December	513,823,510	522,696,822	513,823,510	522,696,822

(b) Measurement of Fair Value

Fair value hierarchy

The freehold land and buildings were re-valued during the first half of 2016 by Messrs Chulananda Wellappili, B.Sc. (Estate Management & Valuation), PG. Dip. (Regional Planning), M.Sc. (Town & Country Planning) an Independent Qualified Valuer. The result of such revaluation was incorporated in these financial statements from its effective date which is 30th June 2016. The surplus arising from the revaluation was transferred to a revaluation reserve.

The fair value measurement for freehold land and building of Rs 525.7 million at the effective date of revaluation has been categorised as a Level 3 fair values based on the inputs to the valuation techniques used in Note 14.10 (d)

(c) Level 3 Fair Value

Reconciliation of from opening balance to the closing balance is shown in note 14.10 (a) above.

(d) Valuation Techniques and Significant Unobservable Inputs

The property is valued in an open market value for existing use basis. The following table shows the valuation techniques used in measuring the fair value of freehold land and building, as well as the significant unobservable inputs used.

	Valuation Techniques	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Land	Open market value for existing use basis	450,000/- per perch	The estimated fair value would increase/ (decrease) if : • Market value per perch was higher (lower)
Buildings	Contractors method	• Construction cost per square feet of a similar building • Depreciation rate for the usage of assets	• Depreciation rate for usage lower (higher) • Cost per square feet was higher (lower)

Land value as per the previous revaluation report dated 30th December 2014 was Rs.300,000/- per perch.

15 INTANGIBLE ASSETS

	Group		Company	
As at 31 December	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Software:				
Cost				
As at the beginning of the year	3,060,949	1,567,449	2,115,949	622,449
Acquired/incurred during the year	2,024,125	1,493,500	2,024,125	1,493,500
As at the end of the year	5,085,074	3,060,949	4,140,074	2,115,949
Amortisation				
As at the beginning of the year	877,953	584,303	287,328	88,178
Amortisation charge for the year	375,433	293,650	280,933	199,150
As at the end of the year	1,253,386	877,953	568,261	287,328
Carrying Amount				
As at the beginning of the year	2,182,996	983,146	1,828,621	534,271
As at the end of the year	3,831,688	2,182,996	3,571,813	1,828,621

16 INVESTMENT IN SUBSIDIARY

As at 31 December	Country of Incorporation	Holding % as at 31.12.2017	No. of Shares 31.12.2017	Cost 2017 Rs.	Cost 2016 Rs.
Regnis Appliances (Private) Ltd	Sri Lanka	100	15,000,000	150,000,000	150,000,000
Carrying amount as at 31 December		100	15,000,000	150,000,000	150,000,000

17 AVAILABLE FOR SALE FINANCIAL ASSET - NON-CURRENT

Investment in equity securities - Group/Company

17.1 NON-QUOTED - RELATED ENTITIES - GROUP/COMPANY

As at 31 December	No. of Shares 2017	Carrying Amount 2017 Rs.	No. of Shares 2016	Carrying Amount 2016 Rs.
Reality Lanka Ltd				
As at beginning of the year	1,800,000	20,180,837	1,800,000	20,561,799
Increase/(decrease) in fair value of investments	-	2,668,754	-	(380,962)
As at the end of the year	1,800,000	22,849,591	1,800,000	20,180,837

NOTES TO THE FINANCIAL STATEMENTS

18 PRE-PAID OPERATING LEASES

The non-current and current portion of pre-paid operating lease solely consists of the operating lease paid in advance for the land acquired by the group form Board of investment (BOI) in Sri Lanka during the year. The group amortise the lease hold land over the lease period of 50 years, on straight line basis. The reconciliation of pre-paid operating lease is as follows:

	Group		Company	
As at 31 December	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
At beginning of the year	-	-	-	-
Acquisition of during the year	65,062,510	-	-	-
Amortisation	(216,875)	-	-	-
At end of the year	64,845,635	-	-	-

19 INVENTORIES

		Group		Company	
As at 31 December		2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
Raw materials	at cost	784,499,658	734,589,782	668,579,558	578,878,413
Work-in-progress	at cost	55,347,934	59,887,704	40,720,240	42,123,681
Finished goods	at cost	80,809,624	191,125,148	60,170,950	147,722,895
Goods-in-transit	at cost	236,047,159	196,760,606	145,475,965	139,314,976
		1,156,704,375	1,182,363,240	914,946,713	908,039,965
Consumables and spares	at cost	9,503,927	8,462,919	9,503,927	8,462,919
		1,166,208,303	1,190,826,159	924,450,640	916,502,884
Less: Provision for inventories		(15,958,772)	(30,138,930)	(12,002,150)	(27,200,675)
Total inventories		1,150,249,530	1,160,687,229	912,448,490	889,302,209

Raw materials, consumables and changes in work-in-progress and finished goods recognised as cost of sales by the Group and Company amounted to Rs. 3,775,382,392/- (2016-Rs. 3,508,457,815/-) and Rs. 2,995,471,781/- (2016-Rs. 2,722,244,777/-) respectively.

The Group and Company inventories amounting to Rs.3,569,203/- (2016-Rs. 6,017,113/-) and Rs. 3,569,203/- (2016-Rs. 6,017,113/-) respectively, were written off against provision made during the year.

20 OTHER RECEIVABLES

		Group		Company	
	As at 31 December	2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
20.1	**NON-CURRENT**				
	Operating lease deposits (Note 20.4)	-	1,126,191	-	-
	Loans to Company officers (Note 20.3)	2,936,411	3,409,426	2,108,386	1,913,303
		2,936,411	4,535,617	2,108,386	1,913,303
20.2	**CURRENT**				
	Advances and other receivables	36,598,699	11,377,495	25,343,599	9,035,502
	Other taxes recoverable (Note 20.5)	3,809,408	4,754,123	-	4,754,123
		40,408,107	16,131,618	25,343,599	13,789,625
	Loans to company officers (Note 20.3)	1,148,772	1,570,125	953,962	1,027,359
	Rent deposits (Note 20.4)	2,200,217	1,134,210	-	945,258
		43,757,096	18,835,953	26,297,561	15,762,242
	Total	46,693,507	23,371,570	28,405,947	17,675,545
20.3	**LOANS TO COMPANY OFFICERS**				
	Summary				
	Balance as at the beginning of the year	4,979,551	5,304,728	2,940,662	3,615,148
	Loans granted during the year	1,285,635	3,418,280	1,285,635	1,668,280
	Unwinding of interest	553,901	820,127	336,716	599,674
	Less: Recoveries	(2,733,904)	(4,563,584)	(1,500,665)	(2,942,440)
	Balance as at the end of the year	4,085,183	4,979,551	3,062,348	2,940,662
	Current/non-current distinction				
	Amount receivable within one year	1,148,772	1,570,125	953,962	1,027,359
	Amount receivable after one year	2,936,411	3,409,426	2,108,386	1,913,303
		4,085,183	4,979,551	3,062,348	2,940,662
20.4	**OPERATING LEASE DEPOSITS**				
	Summary				
	At the beginning of the year	2,260,401	3,844,940	945,258	1,642,909
	Deposits during the year	570,268	1,249,928	-	100,000
	Unwinding of interest	340,356	315,533	25,550	102,349
	Less: Recoveries	(970,808)	(3,150,000)	(970,808)	(900,000)
	Balance as at the end of the year	2,200,217	2,260,401	-	945,258
	Current/non-current distinction				
	Amount receivable within one year	2,200,217	1,134,210	-	945,258
	Amount receivable after one year	-	1,126,191	-	-
		2,200,217	2,260,401	-	945,258
20.5	**OTHER TAXES RECOVERABLE**				
	Value added tax (VAT)	3,809,408	-	-	-
	Excise duty	-	2,117,134	-	2,117,134
	Nation building tax (NBT)	-	2,636,989	-	2,636,989
		3,809,408	4,754,123	-	4,754,123

NOTES TO THE FINANCIAL STATEMENTS

21 AMOUNTS RECEIVABLE FROM RELATED PARTIES

		Group		Company	
As at 31 December		2017	2016	2017	2016
	Relationship	Rs.	Rs.	Rs.	Rs.
Singer (Sri Lanka) PLC	Parent company	535,859,408	432,664,488	382,591,271	305,042,784
Regnis Appliances (Private) Ltd	Subsidiary	-	-	-	2,800,764
Singer Industries (Ceylon) PLC	Related company	2,665,385	-	-	-
		538,524,793	432,664,488	382,591,271	307,843,548

Group exposure to credit risks relating to related party and other receivables are disclosed in note 35.1.1 to the financial statements.

22 PREPAYMENTS

	Group		Company	
As at 31 December	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Pre-paid rent	8,000,609	936,297	-	56,239
Pre-paid employee benefit	1,298,106	1,479,719	899,632	796,223
Other prepayments	4,021,484	4,981,654	3,564,650	4,409,371
Total	13,320,199	7,397,670	4,464,282	5,261,833

23 CASH AND CASH EQUIVALENTS

	Group		Company	
As at 31 December	2017	2016	2017	2016
Components of cash and cash equivalents	Rs.	Rs.	Rs.	Rs.
23.1 FAVOURABLE CASH AND CASH EQUIVALENT BALANCES				
Cash at bank	5,429,616	9,415,987	5,429,616	8,394,005
Cash in hand	150,000	150,000	100,000	100,000
Cash and cash equivalents	5,579,616	9,565,987	5,529,616	8,494,005
23.2 UNFAVOURABLE CASH AND CASH EQUIVALENT BALANCES				
Bank overdraft (Note 23.2.1)	(99,301,941)	(82,870,149)	(66,245,773)	(68,681,166)
Total cash and cash equivalents for the purpose of statement of cash Flows	(93,722,325)	(73,304,162)	(60,716,157)	(60,187,161)

23.2.1 BANK OVERDRAFT

	Bank/Institution	Nominal interest rate		31-Dec-17 Carrying Amount	31-Dec-16 Carrying Amount
Group		2017	2016	Rs.	Rs.
Bank overdraft	Commercial Bank	PLR+1.5%	PLR+1.5%	25,949,722	49,850,071
	Hatton National Bank	AWPLR+1.0%	AWPLR+1.0%	24,321,966	7,963,669
	National Development Bank	14.50%	14.50%	11,092,028	8,643,908
	Sampath Bank	AWPLR+1.5%	AWPLR+2.5%	23,679,111	15,740,603
	DFCC Vardhana Bank	AWPLR+1.25%	AWPLR+1.25%	5,278,863	671,898
	Cargills Bank	AWPLR+1%	-	8,980,251	-
				99,301,941	82,870,149
Company					
Bank overdraft	Commercial Bank	PLR+1.5%	PLR+1.5%	25,949,722	49,850,071
	Hatton National Bank	AWPLR+1.0%	AWPLR+1.0%	19,155,647	7,963,669
	National Development Bank	14.50%	14.50%	2,697,776	8,643,908
	Sampath Bank	AWPLR+1.5%	AWPLR+2.5%	4,183,514	1,551,620
	DFCC Vardhana Bank	AWPLR+1.25%	AWPLR+1.25%	5,278,863	671,898
	Cargills Bank	AWPLR+1%	-	8,980,251	-
				66,245,773	68,681,166

24 STATED CAPITAL

24.1

As at 31 December	At the beginning of the Year 01.01.2017	Issued for Cash during the Year	Issued for Non-Cash Consideration	At the end of the Year 31.12.2017
	Number	Number	Number	Number
Number of shares - Ordinary shares	11,267,863	-	-	11,267,863
	11,267,863	-	-	11,267,863
	Rs.	Rs.	Rs.	Rs.
Value - Ordinary shares	211,192,425	-	-	211,192,425
	211,192,425	-	-	211,192,425

24.2 SHARES HELD BY GROUP COMPANIES

The shares of the Company held by the Group Companies as at 31 December are as follows:

	2017		2016	
	Number	%	Number	%
Held by Group Companies				
Singer (Sri Lanka) PLC (Note 38.1)	6,568,577	58.29%	6,568,577	58.29%
	6,568,577	-	6,568,577	-

NOTES TO THE FINANCIAL STATEMENTS

25 RESERVES

25.1 REVALUATION RESERVE

	Group		Company	
As at 31 December	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Revaluation Reserve Relates to the Surplus on Revaluation of Land and Buildings				
The movement of revaluation reserve as follows:				
At the beginning of the year	414,587,302	305,986,115	414,587,302	305,986,115
Surplus from revaluation of land & building	-	116,872,482	-	116,872,482
Deferred tax effect on surplus on revaluation	(85,542,017)	(3,114,295)	(85,542,017)	(3,114,295)
Realisation of revaluation surplus	(4,944,000)	(5,157,000)	(4,944,000)	(5,157,000)
Balance at the end of the year	324,101,285	414,587,302	324,101,285	414,587,302

The revaluation reserve relates to freehold land and buildings as at the date of revaluation.

25.2 AVAILABLE FOR SALE RESERVE

At the beginning of the year	2,180,837	2,561,799	2,180,837	2,561,799
Surplus/(deficit) during the year	2,668,754	(380,962)	2,668,754	(380,962)
Balance at the end of the year	4,849,591	2,180,837	4,849,591	2,180,837
Total Reserves	328,950,876	416,768,139	328,950,876	416,768,139

This represents the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

26 DEFERRED TAX LIABILITIES

	Group		Company	
As at 31 December	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	74,507,118	70,686,443	65,946,957	63,618,770
Origination/(reversal) of temporary difference:				
Recognised in profit or loss	13,512,211	73,738	14,183,041	(990,925)
Recognised in OCI (actuarial gain)	371,990	632,642	504,374	204,817
Recognised in OCI (revaluation of PPE)	85,542,017	3,114,295	85,542,017	3,114,295
Balance at the end of the year	173,933,336	74,507,118	166,176,389	65,946,957

26.1 As per the newly enacted Inland Revenue Act No 24 of 2017, business income includes gains from realization of capital assets and liabilities of a business. Accordingly, the gain from the realization of an asset or liability shall be the amount by which the sum of the consideration received for the asset or liability exceeds the acquiring cost of the asset or liability at the time of realization. The Company has recognized a revaluation reserve on free hold land (Capital asset of the Company) amounting to Rs. 305,507,204 as at 31 December 2017 which is the amount by which the sum of the carrying value of the freehold land exceeds the acquiring cost of the land based on the revaluation carried out and accounted for as at the balance sheet date. Hence, the Company has recognized a deferred tax liability of Rs. 85,542,017 on revaluation reserve of freehold lands which is computed at the corporate tax rate of 28%.

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Deferred tax assets	33,098,648	24,953,059	28,362,167	24,620,569
Deferred tax liabilities	207,031,986	99,460,177	194,538,556	90,567,525
Net deferred tax liabilities	173,933,336	74,507,118	166,176,389	65,946,957

Recognised Deferred Tax Assets and Liabilities - Group	2017		2016	
	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	-	121,489,967	-	99,460,177
Revaluation of land	-	85,542,017	-	-
Employee benefits	29,022,439	-	24,953,059	-
Bonus	338,008	-	-	-
Warranty	2,946,877	-	-	-
Inventory Provision	791,324	-	-	-
	33,098,648	207,031,984	24,953,059	99,460,177
Net deferred tax liabilities	-	173,933,336	-	74,507,118

Recognised Deferred Tax Assets and Liabilities - Company	2017		2016	
	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	-	108,996,539	-	90,567,525
Revaluation of land	-	85,542,017		
Employee benefits	28,362,167	-	24,620,569	-
	28,362,167	194,538,556	24,620,569	90,567,525
Net deferred tax liabilities	-	166,176,389	-	65,946,957

27 EMPLOYEE BENEFITS

	Group		Company	
As at 31 December	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Present value of unfunded gratuity	104,594,814	89,593,056	101,293,455	87,930,604
Total present value of the obligation	104,594,814	89,593,056	101,293,455	87,930,604
Provision for employee benefits movement in the present value of employee benefits				
Balance at the beginning of the year	89,593,056	77,690,253	87,930,604	74,522,947
Current service costs	7,599,489	6,186,466	5,663,023	5,827,464
Interest costs	10,298,314	9,616,347	10,112,019	9,341,079
Adjustment due to transfer of employees	307,928	-	-	-
Expenses recognised in comprehensive income statement	18,205,731	15,802,813	15,775,042	15,168,543
Actuarial gain	(1,139,413)	(2,870,613)	(1,801,335)	(731,489)
Expenses recognised in other comprehensive income	(1,139,413)	(2,870,613)	(1,801,335)	(731,489)
Benefits paid	(2,064,560)	(1,029,397)	(610,856)	(1,029,397)
Balance at the end of the year	104,594,814	89,593,056	101,293,455	87,930,604

NOTES TO THE FINANCIAL STATEMENTS

27 EMPLOYEE BENEFITS (CONTD.)

The Group maintains a non-contributory defined benefit plan providing for gratuity benefits payable to employees which is expressed in terms of final monthly salary and service.

As at 31 December 2017, the gratuity liability was actuarially valued by a professionally qualified actuary Mr. Pushpakumara Gunasekera, Actuary/Associate of the Institute of Actuaries of Australia (AIAA) of Smiles Global (Pvt) Limited.

The required accounting provision of the Group as at 31 December 2017 has been determined based on the recommendation of this report.

Key assumptions used by the actuary include the following:		2017	2016
(a) Discount rate		11.0% p.a.	11.5% p.a.
(b) Salary increment rate		10%	10%
(c) Assumptions regarding future mortality (Basis)		A67/70	A67/70
(d) Retirement age		Executive Grade	Executive Grade
	Males	60 Years	60 Years
	Females	60 Years	60 Years

As per the Group accounting policy, the expense is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

27.1 SENSITIVITY OF ASSUMPTIONS USED

Effect on the defined benefit obligation liability is one percentage point change in the assumptions, would have the following effects.

		Effect 2017		Effect 2016	
		Group	Company	Group	Company
		Rs.	Rs.	Rs.	Rs.
(A)	Discount Rate				
	Increase by one percentage point - (Increase)/Decrease	(7,503,323)	(7,052,625)	(6,940,031)	(6,712,312)
	Decrease by one percentage point - (Increase)/Decrease	8,456,942	7,909,195	7,836,917	7,556,365
(B)	Salary Increment Rate				
	Increase by one percentage point - Increase/(Decrease)	8,779,466	8,225,845	8,153,359	7,865,339
	Decrease by one percentage point - Increase/(Decrease)	(7,911,165)	(7,448,527)	(7,327,146)	(7,090,221)

28 TRADE AND OTHER PAYABLES

	Group		Company	
As at 31 December	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Trade payables	250,163,684	246,500,420	182,700,681	188,981,133
Sundry creditors and accrued expenses (Note 28.1)	56,063,754	80,539,225	44,890,619	60,063,112
Value Added Tax, Excise Duty and Nation Building Tax payable	12,782,760	7,936,585	11,040,428	1,241,604
Total	319,010,198	334,976,230	238,631,728	250,285,849

28.1 SUNDRY CREDITORS AND ACCRUED EXPENSES

Sundry creditors	11,821,962	21,302,168	748,735	983,280
Accrued expenses	44,241,792	59,237,057	44,141,884	59,079,832
	56,063,754	80,539,225	44,890,619	60,063,112

29 AMOUNT DUE TO RELATED PARTIES

29.1 AMOUNTS DUE TO RELATED PARTY - TRADE

	Relationship				
Regnis Appliances (Private) Ltd	Subsidiary	-	-	77,713,411	49,802,621
Singer Industries (Ceylon) PLC	Related Entity	16,383,213	-	563,494	-
		16,383,213	-	78,276,905	49,802,621

29.2 AMOUNTS DUE TO RELATED PARTY - NON TRADE

	Relationship				
Regnis Appliances (Private) Ltd	Subsidiary	-	-	12,389	-
Singer (Sri Lanka) PLC	Parent	86,446,927	6,958,087	83,479,059	-
		86,446,927	6,958,087	83,491,448	-
		102,830,140	6,958,087	161,768,353	49,802,621

The Group exposure to required risk related to trade and other payable is disclosed in Note 35.1.2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 PROVISIONS

30.1 PROVISIONS - GROUP

As at 31 December	2017	2017	2017	2016
	Warranties	Bonus	Total	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the year	31,438,315	22,490,945	53,929,260	45,350,493
Provision made during the year	37,906,967	37,892,947	75,799,914	89,106,871
Utilised during the year	(34,398,837)	(49,735,914)	(84,134,751)	(80,528,104)
Balance at the end of the year	34,946,445	10,647,978	45,594,423	53,929,260

Warranties: A provision of Rs. 37,906,967/- has been recognised for expected future warranty claims for products sold.

Bonus: A provision of Rs. 37,892,947/- has been recognised for expected bonus payable for all employees employed as at 31 December 2017.

30.2 PROVISIONS - COMPANY

As at 31 December	2017	2017	2017	2016
	Warranties	Bonus	Total	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the year	19,449,191	19,820,206	39,269,397	32,740,300
Provision made during the year	20,427,288	34,189,366	54,616,654	70,207,354
Utilised during the year	(19,664,435)	(45,051,635)	(64,716,070)	(63,678,257)
Balance at the end of the year	20,212,044	8,957,937	29,169,981	39,269,397

Warranties: A provision of Rs.20,427,288/- has been recognised for expected future warranty claims for products sold.

Bonus: A provision of Rs. 34,189,366/- has been recognised for expected bonus payable for all employees employed as at 31 December 2017.

31 INCOME TAX RECOVERABLE/PAYABLES

	Group		Company	
As at 31 December	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Balance payable at the beginning of the year	60,362,621	91,685,117	38,933,442	68,709,625
Tax on profit for the year (Note 12.1)	39,353,009	115,028,050	18,430,474	79,383,168
Under/(over) provision in respect of previous year	(1,262,671)	24,662	204,817	-
WHT on dividend received from Regnis Appliances (Private) Ltd	8,400,000	6,300,000	-	-
Current tax expense for the year (Note 12)	46,490,338	121,352,712	18,635,291	79,383,168
Payments made during the year	(124,422,080)	(152,675,210)	(78,932,251)	(109,159,351)
Balance recoverable at the end of the year	17,569,121	-	21,363,518	-
Balance payable at the end of the year	-	60,362,619	-	38,933,442

32 DIVIDENDS PAYABLE

	Group		Company	
As at 31 December	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Unclaimed dividend	4,890,231	3,090,348	4,890,231	3,090,348

33 LOANS AND BORROWINGS

33.1 PAYABLE AS FOLLOWS:

	Group		Company	
As at 31 December	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Payable within one Year				
Short-term bank loans (Note 33.2)	360,565,139	295,553,075	260,565,139	295,553,075
Loan from Related Company (Note 33.3)	150,000,000	-	150,000,000	-
Long-term bank loans (Note 33.4)	100,040,000	-	100,040,000	-
Interest payable	2,615,415	1,228,492	2,101,593	1,228,492
Lease payable (33.5)	-	-	-	-
	613,220,554	296,781,567	512,706,732	296,781,567
Payable after one year	-	-	-	-
Total	613,220,554	296,781,567	512,706,732	296,781,567

33.2 SHORT-TERM LOANS

At the beginning of the year	295,553,075	-	295,553,075	-
Obtained during the year	1,130,620,674	320,553,075	1,030,620,674	320,553,075
Repayments during the year	(1,065,608,610)	(25,000,000)	(1,065,608,610)	(25,000,000)
At the end of the year	360,565,139	295,553,075	260,565,139	295,553,075

33.3 LOAN FROM RELATED COMPANY- SINGER (SRI LANKA) PLC

At the beginning of the year	-	-	-	-
Obtained during the year	150,000,000	-	150,000,000	-
Repayments during the year	-	-	-	-
At the end of the year	150,000,000	-	150,000,000	-

33.4 LONG-TERM LOANS

At the beginning of the year	-	-	-	-
Obtained during the year	200,000,000	-	200,000,000	-
Repayments during the year	(99,960,000)	-	(99,960,000)	-
At the end of the year	100,040,000	-	100,040,000	-

NOTES TO THE FINANCIAL STATEMENTS

33 LOANS AND BORROWINGS (CONTD.)

33.5 LEASE PAYABLES

	Group		Company	
As at 31 December	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	-	346,500	-	-
Obtained during the year	-	-	-	-
Repayments during the year	-	(346,500)	-	-
At end of the year	-	-	-	-
Interest in Suspense				
At the beginning of the year	-	(5,011)	-	-
Obtained during the year	-	-	-	-
Charged during the year	-	5,011	-	-
Net lease payable	-	-	-	-

33.6 GROUP

Terms and conditions of outstanding Loans were as follows:

	Bank/Institution	Nominal Interest Rate		31-Dec-17 Carrying Amount	31-Dec-16 Carrying Amount
		2017	2016	Rs.	Rs.
Loan -term	Commercial Bank	FIXED RATE (13.25%)	-	100,040,000	-
Short- term	Commercial Bank	VARIABLE RATE	MKT RATE (12.8%)	50,000,000	50,000,000
	Hatton National Bank	PLR+1.0%	AWPLR+1.5%	79,000,000	50,000,000
	National Development Bank	FIXED RATE (12.25%)	MKT RATE (14.5%)	180,000,000	90,000,000
Trust receipt	Commercial Bank	VARIABLE RATE	MKT RATE (12.5%)	33,169,139	105,553,075
	Hatton National Bank	FIXED RATE (12.01%)	-	18,396,000	-
Related Company Loan	Singer (Sri Lanka) PLC	VARIABLE RATE	-	150,000,000	-
Interest payable			-	2,615,415	1,228,492
Loans and borrowings			-	613,220,554	296,781,567

Securities for the above facilities are as follows.

- Corporate Guarantee executed by Singer (Sri Lanka) PLC for Rs. 455.50 mn for the facilities granted to Regnis (Lanka) PLC .

- Corporate Guarantee executed by Regnis (Lanka) PLC for Rs. 345.0 Mn for the facilities granted to Regnis Appliances (Private) Ltd.

33 LOANS AND BORROWINGS

33.7 COMPANY

Terms and Conditions of Outstanding Loans were as follows:

	Bank/Institution	Nominal Interest Rate		31-Dec-17 Carrying Amount	31-Dec-16 Carrying Amount
		2017	2016	Rs.	Rs.
Loan -term	Commercial Bank	FIXED RATE (13.25%)	-	100,040,000	-
Short- term	Commercial Bank	VARIABLE RATE	MKT RATE (12.8%)	50,000,000	50,000,000
	Hatton National Bank	AWPLR +1.0%	AWPLR+1.5%	69,000,000	50,000,000
	National Development Bank	FIXED RATE (12.25%)	MKT RATE (14.5%)	90,000,000	90,000,000
Trust receipt	Commercial Bank	VARIABLE RATE	MKT RATE (12.5%)	33,169,139	105,553,075
	Hatton National Bank	FIXED RATE (12.01%)	-	18,396,000	-
Related Company Loan	Singer (Sri Lanka) PLC	VARIABLE RATE		150,000,000	-
Interest payable				2,101,593	1,228,492
Loans and borrowings			-	512,706,732	296,781,567

Securities for the above facilities are as follows.

- Corporate Guarantee executed by Singer (Sri Lanka) PLC for Rs. 455.50 Mn for the facilities granted to Regnis (Lanka) PLC.

- The Group's exposure to credit risk and liquidity risk is given in Note 35 to the financial statements.

34 DIVIDENDS

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Proposed final dividends - Rs. 10.50 (2016 Rs.18.50)	118,312,562	208,455,466	118,312,562	208,455,466
	118,312,562	208,455,466	118,312,562	208,455,466

34.1 Directors have proposed the payment of final dividend of Rs.10.50 per share amounting to Rs. 118.3 million for the year ended 31st December 2017 to be paid on 20th March 2018. In accordance with Sri Lanka Accounting Standard No.10 on "Event after reporting period", the proposed final dividend has not been recognised as a liability at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS

35.1 FINANCIAL RISK MANAGEMENT -OVERVIEW

The Group has exposure to the following risks arising form financial instrument.

* Credit risk

* Market risk

* Liquidity risk

This note presents information about the Group's exposure to each above risks,the Group's Supervision ,polices and processes for measuring and managing risk and the Group's management of capital

Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities. The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

35.1.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fail to meet contractual obligations. Credit risk arises principally from the Group's receivables from related parties and placement of deposits.

Guarantees

The Group policy is to provide financial guarantees only to the affiliate companies.

The Company has provided financial guarantees to the wholly-owned subsidiary.

Details of the guarantees are given in Note 36.4.1 to this report.

35 FINANCIAL INSTRUMENTS

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Other receivables (Note 20.2)	46,693,507	23,371,570	28,405,947	17,675,545
Amounts due from related parties (Note 21)	538,524,793	432,664,488	382,591,271	307,843,548
Cash at bank (Note 23.1)	5,429,616	9,415,987	5,429,616	8,394,005
Available for sale financial asset (Note 17)	22,849,591	20,180,837	22,849,591	20,180,837
Total	613,497,507	485,632,882	439,276,425	354,093,935

Trade and Other Receivables

The maximum exposure to credit risk for related party and other receivables at the end of the reporting period was as follows:

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Other receivables	46,693,507	23,371,570	28,405,947	17,675,545
Amounts due from related parties (Note 21)	538,524,793	432,664,488	382,591,271	307,843,548
Total	585,218,300	456,036,058	410,997,218	325,519,093

The maximum exposure to credit risk for related party and other receivables at the end of the reporting period by type of counterparty is as follows:

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Singer (Sri Lanka) PLC	535,859,408	432,664,488	382,591,271	305,042,784
Singer Industries (Ceylon) PLC	2,665,385	-	-	-
Regnis Appliances (Private) Ltd	-	-	-	2,800,764
Loans to company officers (Note 20.3)	4,085,183	4,979,551	3,062,348	2,940,662
Advances and other receivables	38,798,916	13,637,896	25,343,599	9,980,760
Other taxes recoverable	3,809,408	4,754,123	-	4,754,123
Total	585,218,300	456,036,058	410,997,218	325,519,093

The Group's principal customer, Singer (Sri Lanka) PLC, settles dues on a four-week credit term.

Loans are given to permanent confirmed employees and are deducted from the salaries as per the terms of granting the loan. Company has adequate security over the vehicle loans granted.

The credit quality of financial assets which are neither past due nor impaired can be assessed by reference to historical information on counter-party default rates. All receivables of the Company has a history of zero defaults. None of the above assets are impaired.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (CONTD.)

Cash at bank

Both the Group and Company held cash at bank of Rs. 5,429,616/- and 5,429,616/- respectively- as at 31 December 2017. The cash at bank are held with reputed commercial banks.

35.1.2 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations related to its financial liabilities, through settlement by cash or financial assets. Liquidity risk is managed by the Group by ensuring as much as possible, sufficient liquidity to meet liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or tarnishing the Group's reputation.

Liquidity issues can have an adverse impact on ongoing operations as well as investment decisions of the Group. In order to minimise the risk, the Company regularly reviews its liquidity position and reports to the Board. Future cash requirements are ascertained through continuous rolling forecasts. Further, the expected cash inflows from related party receivables, outflows from trade payables and imports are closely monitored by the Group.

The Group also maintains excellent relationships with banks, it has dealings with and enjoys substantial banking facilities. The Group aims to maintain banking facilities in excess of expected funding requirement. The table below highlights the lines of credit and utilised facilities as at 31 December 2017.

	Group 2017		Company 2017	
Lines of Credit	Facility Amounts	Utilisation	Facility Amounts	Utilisation
	Rs.	Rs.	Rs.	Rs.
Long-term loans	200,000,000	100,040,000	200,000,000	100,040,000
Short-term loans	329,000,000	309,000,000	229,000,000	209,000,000
Import-term loans	51,565,138	51,565,138	51,565,138	51,565,138
Bank overdraft	200,000,000	99,301,941	155,000,000	66,245,773
Total borrowing facility vs utilisation	780,565,138	559,907,079	635,565,138	426,850,911
Total borrowings	1,959,000,000	1,125,876,362	1,614,000,000	797,132,074
Letter of credit facility vs utilisation	1,178,434,862	565,969,283	978,434,862	370,281,163

In addition, the treasury of the parent Company, Singer (Sri Lanka) PLC also assists the Company by providing funds at competitive rates in times of need.

This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Following are the remaining contractual maturities of financial liabilities, including estimated interest payments as at the end of the reporting period:

31-Dec-17	Carrying Amount	Contractual Cash Flows					
		Total	I Month	2 Months	4-12 Months	1-2 Years	Over 2 Years
Company	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank loans	512,706,732	521,981,604	424,191,400	18,593,285	79,196,919	-	-
Bank overdraft	66,245,773	66,245,773	66,245,773	-	-	-	-
Trade and other payables	238,631,728	238,631,728	238,631,728	-	-	-	-
Amount due to related parties	161,766,353	161,766,353	161,766,353	-	-	-	-

31-Dec-17	Carrying Amount	Contractual Cash Flows					
		Total	I Month	2 Months	3-12 Months	1-2 Years	Over 2 Years
Group	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank loans	613,220,554	623,005,437	525,215,233	18,593,285	79,196,919	-	-
Bank overdraft	99,301,941	99,301,941	99,301,941	-	-	-	-
Trade and other payables	319,010,198	319,010,198	319,010,198	-	-	-	-
Amount due to related parties	102,830,140	102,830,140	102,830,140	-	-	-	-

31-Dec-16	Carrying Amount	Contractual Cash Flows					
		Total	I Month	2 Months	3-12 Months	1-2 Years	Over 2 Years
Company	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank loans	296,781,567	296,781,567	296,781,567	-	-	-	-
Bank overdraft	68,681,166	68,681,166	68,681,166	-	-	-	-
Trade and other payables	250,285,849	300,088,470	300,088,470	-	-	-	-
Amount due to related parties	49,802,621	49,802,621	49,802,621	-	-	-	-

31-Dec-16	Carrying Amount	Contractual Cash Flows					
		Total	I Month	2 Months	3-12 Months	1-2 Years	Over 2 Years
Group	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank loans	296,781,567	296,781,567	296,781,567	-	-	-	-
Bank overdraft	82,870,149	82,870,149	82,870,149	-	-	-	-
Trade and other payables	334,976,230	341,934,317	341,934,317	-	-	-	-
Amount due to related parties	6,958,087	6,958,087	6,958,087	-	-	-	-

Gross inflows/outflows disclosed in the previous table represents the contractual undiscounted cash flows obtained on variable interest rates. Interest payments of these loans indicated in the table above reflect the present market interest rates at the period end and may vary according to changes in the market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (CONTD.)

35.1.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that would impact Group's income or the value of investment in financial instruments. The objective of managing market risk is to manage and control market risk exposures within acceptable parameters, while optimising returns.

(a) Currency Risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated to the respective functional currency of the Group. The functional currency of Group is LKR. The currencies in which these transactions are primarily denominated are US dollars and Euro.

	Group		Company	
US$	2017	2016	2017	2016
Trade payables	1,352,886	1,348,524	958,466	1,002,216
Net exposure	1,352,886	1,348,524	958,466	1,002,216

On reporting date Book rate was US$ 1 = LKR 153.23 (2016 - US$ 1 = LKR 150.31)

Sensitivity Analysis

Group

At 31 December 2017, the pre-tax profit and shareholder equity of the Group would be (Rs. '000) 4,146 (2016- 6,081), (higher/lower) based on the appreciation/depreciation of the Sri Lankan Rupee by 3% (2016-3%) against the US$, due to the US$ denominated trade payables.

	Equity		Profit and Loss	
	Appreciation	Depreciation	Appreciation	Depreciation
31-Dec-17	Rs.'000	Rs.'000	Rs.'000	Rs.'000
US$ (2% movement)	(4,146)	4,146	(4,146)	4,146

	Equity		Profit and Loss	
	Appreciation	Depreciation	Appreciation	Depreciation
31-Dec-16	Rs.'000	Rs.'000	Rs.'000	Rs.'000
US$ (3% movement)	(6,081)	6,081	(6,081)	6,081

Company

At 31 December 2017, the pre-tax profit and shareholder equity of the Company would be (Rs. '000) 2,937 (2016 - 4,519), (higher/lower) based on the appreciation/depreciation of the Sri Lankan Rupee by 2%(2016-3%) against the US$, due to the US$ denominated trade payables.

	Equity		Profit and Loss	
	Appreciation	Depreciation	Appreciation	Depreciation
31-Dec-17	Rs.'000	Rs.'000	Rs.'000	Rs.'000
US$ (2% movement)	(2,937)	2,937	(2,937)	(2,937)

	Equity		Profit and Loss	
	Appreciation	Depreciation	Appreciation	Depreciation
31-Dec-16	Rs.'000	Rs.'000	Rs.'000	Rs.'000
US$ (2% movement)	(4,519)	4,519	(4,519)	4,519

(b) Interest Rate Risk

The Group adopts a policy of ensuring borrowings are maintained at manageable levels while optimising returns. Interest rates are negotiated leveraging on the strength of the Singer Group and thereby ensuring the availability of cost-effective funding at all times, while minimising the negative effect of market fluctuations. In addition, Company has considerable banking facilities with several reputed banks which has enabled the Company to negotiate competitive rates.

The borrowings are denominated in Sri Lankan Rupees which is the functional currency.

35.1.4 Capital Management

The Board's policy is to maintain a strong capital base to maintain confidence of the investors, creditors and the market while sustaining future development of the business. Capital consists of total equity. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seek to maintain a balance between higher returns facilitated through a higher level of borrowings and the benefits and security afforded by a sound capital position.

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 23.2.1 & 33.1 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings as detailed in Notes 24 and 25). The capital structure of the Group is reviewed by the Board of Directors. The gearing ratios are given below:

Gearing Ratio

The gearing ratio at the end of the reporting period is as follows:

	Group		Company	
Rs '000	2017	2016	2017	2016
Total borrowings (Note 23.2.1 & 33.1)	712,522	379,652	578,953	365,463
Cash and bank balances	(5,580)	(9,566)	(5,530)	(8,494)
Net debt	706,943	370,086	573,423	356,969
Equity	1,497,134	1,632,579	1,264,640	1,397,595
Net debt to equity ratio	47%	23%	45%	26%

(1) Debt is defined as long and short-term borrowings as described in Notes 23.2.1 & 33.1

(2) Equity includes all capital and reserves of the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (CONTD.)

35.2 ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

35.2.1

Group In Rs '000	Note	Loans and Receivables	Available - for- Sale	Other Financial Liabilities	Total Carrying Amount	Fair Value			
						Level 1	Level 2	Level 3	Total
31-Dec-17									
Cash and cash equivalents	23.1	5,580	-	-	5,580	-	-	-	-
Other receivables	20.1 & 20.2	46,694	-	-	46,694	-	-	-	-
Amounts due from related party	21	538,525			538,525				
Investment in equity Securities - Available for sale	17	-	22,850	-	22,850	-	-	22,850	22,850
		590,799	22,850	-	613,649	-	-	22,850	22,850
Bank loans	33.1	-	-	(613,221)	(613,221)	-	-	-	-
Trade and other payables	28	-	-	(319,010)	(319,010)	-	-	-	-
Amount due to related parties	29	-	-	(102,830)	(102,830)	-	-	-	-
Bank overdraft	23.2	-	-	(99,302)	(99,302)	-	-	-	-
Dividends payable	32	-	-	(4,890)	(4,890)	-	-	-	-
		-	-	(1,139,253)	(1,139,253)	-	-	-	-

Group In Rs '000	Note	Loans and Receivables	Available - for- Sale	Other Financial Liabilities	Total Carrying Amount	Fair Value			
						Level 1	Level 2	Level 3	Total
31-Dec-16									
Cash and cash equivalents	23.1	9,566	-	-	9,566	-	-	-	-
Other receivables	20.1 & 20.2	23,372	-	-	23,372	-	-	-	-
Amounts due from related party	21	432,664			432,664				
Investment in equity securities - Available for sale	17	-	20,181	-	20,181	-	-	20,181	20,181
		465,602	20,181	-	485,783	-	-	20,181	20,181
Bank loans	33.1	-	-	(296,782)	(296,782)	-	-	-	-
Trade and other payables	28	-	-	(334,976)	(334,976)	-	-	-	-
Amount due to related parties	29			(6,958)	(6,958)				
Bank overdraft	23.2	-	-	(82,870)	(82,870)	-	-	-	-
Dividends payable	32	-	-	(3,090)	(3,090)	-	-	-	-
Current tax liabilities	31	-	-	(60,363)	(60,363)	-	-	-	-
		-	-	(785,039)	(785,039)	-	-	-	-

The management assessed that cash and short -term deposits, related party and other receivables, trade payables, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties, other than in a forced sale or on liquidation.

35.2.2

Company In Rs '000	Note	Loans and Receivables	Available - for- Sale	Other Financial Liabilities	Total Carrying Amount	Fair Value			
						Level 1	Level 2	Level 3	Total
31-Dec-17									
Cash and cash equivalent	23.1	5,530	-	-	5,530	-	-	-	-
Other receivables	20.1&20.2	28,406	-	-	28,406	-	-	-	-
Amounts due from related party	21	382,591			382,591				
Investment in equity securities - Available for sale	17	-	22,850	-	22,850	-	-	22,850	22,850
		416,527	22,850	-	439,376	-	-	22,850	22,850
Bank loans	33.1	-	-	(512,707)	(512,707)	-	-	-	-
Trade and other payables	28	-	-	(238,632)	(238,632)	-	-	-	-
Amount due to related parties	29			(161,768)	(161,768)				
Bank overdraft	23.2	-	-	(66,246)	(66,246)	-	-	-	-
Dividends payable	32	-	-	(4,890)	(4,890)	-	-	-	-
		-	-	(984,243)	(984,243)	-	-	-	-

Group In Rs '000	Note	Loans and Receivables	Available - for- Sale	Other Financial Liabilities	Total Carrying Amount	Fair Value			
						Level 1	Level 2	Level 3	Total
31-Dec-16									
Cash and cash equivalents	23.1	8,494	-	-	8,494	-	-	-	-
Other receivables	20.1&20.2	17,676	-	-	17,676	-	-	-	-
Amounts due from related party	21	307,844			307,844				
Investment in equity securities - Available for sale	17	-	20,181	-	20,181	-	-	20,181	20,181
		334,014	20,181	-	354,195	-	-	20,181	20,181
Bank loans	33.1	-	-	(296,782)	(296,782)	-	-	-	-
Trade and other payables	28	-	-	(250,286)	(250,286)	-	-	-	-
Amount due to related parties	29			(49,803)	(49,803)				
Bank overdraft	23.2	-	-	(68,681)	(68,681)	-	-	-	-
Dividends payable	32	-	-	(3,090)	(3,090)	-	-	-	-
Current tax liabilities	31	-	-	(38,933)	(38,933)	-	-	-	-
		-	-	(707,575)	(707,575)	-	-	-	-

The management assessed that cash and short -term deposits, related party and other receivables, trade payables, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties, other than in a forced sale or on liquidation.

NOTES TO THE FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (CONTD.)

Reconciliation of Fair Value Measurements of Level 3 Financial Instrument

The Group and Company carry unquoted equity shares as available-for-sale financial instruments classified as Level 3 within the fair value hierarchy.

	Available for Sale Financial Asset			
	Group		Company	
In Rs '000	2017	2016	2017	2016
Balance as at 1 January	20,181	20,562	20,181	20,562
Total loss recognised in other comprehensive income	2,669	(381)	2,669	(381)
As at 31 December	22,850	20,181	22,850	20,181

The fair value of Available for sale financial asset is determined by considering Regnis (Lanka) PLC's, share of the investee's net assets (Note 17).

36 COMMITMENTS AND CONTINGENCIES - GROUP/COMPANY

36.1 FINANCE COMMITMENTS

Document credit are effected for foreign purchases of the Group amounting to Rs. 530,581,610 /- (2016- Rs. 293,707,534/-)

Document credit are effected for foreign purchases of the Company amounting to Rs. 340,740,747 /- (2016- Rs. 262,926,498 /-)

36.2 OPERATING LEASE COMMITMENT - GROUP

(a) The land and buildings of Regnis (Lanka) PLC

Operating lease unexpired period details are as follows:

Location of Premises	Unexpired Period as at 31 December 2017
Ratmalana premises	-

Operating lease rentals are payable as follows :

	2017	2016
	Rs.	Rs.
Within one year	-	5.4Mn
Between one to five years	-	-

(b) The land and buildings of Regnis Appliances (Private) Ltd

Operating lease unexpired period details are as follows:

Location of Premises	Unexpired Period as at 31 December 2017
Diggala premises	One months
Moratuwa premises	Twelve months
Horana	Fourty nine Years and ten months

Operating lease rentals are payable as follows :

	2017	2016
	Rs.	Rs.
Within one year	28.11Mn	13.9Mn
Between one to five years	26.05Mn	1.1Mn
More than five years	286.54Mn	-

36.3 AMOUNTS RECOGNISED IN INCOME STATEMENT

Lease amotisation	0.20Mn	-
Contingent rent expenses	1.09Mn	-

36.4 CONTINGENCIES

36.4.1 Corporate guarantees were given to banks on behalf of Regnis Appliances (Private) Ltd amounting to Rs. 345 Mn for the purpose of obtaining banking facilities.

36.4.2 The Company cleared a shipment of imported goods during the year 2008 on provision of a bank guarantee amounting to Rs. 6,522,083/- to the Director of Customs. The bank guarantee relates to alleged additional duty payable on imports which is contested by the Company. The customs inquiry initiated in 2008 is still pending. The management is 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.

Other than the above, Company does not have significant contingencies as at the reporting date.

36.5 CAPITAL COMMITMENTS

There were no material capital commitments as at the reporting date.

37 EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date, which would require adjustments to or disclosure except for the following:

Directors have proposed the payment of final dividend of Rs.10.50 per share amounting to Rs.118,312,562 for the year ended 31st December 2017 to be paid on 20th March 2018. In accordance with Sri Lanka Accounting Standard No.10 on "Event after reporting period", the proposed final dividend has not been recognised as a liability at the reporting date.

38 RELATED PARTY DISCLOSURES

The company carries out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24) "The Related Parties disclosures, the details are as follows"

NOTES TO THE FINANCIAL STATEMENTS

38 RELATED PARTY DISCLOSURES (CONTD.)

38.1 PARENT AND ULTIMATE CONTROLLING PARTY

Singer (Sri Lanka) PLC is the parent company of Regnis (Lanka) PLC which hold 58.29% of the Group. On 15th September 2017, Hayleys PLC with parties acting in concert acquired 61.73% of Singer (Sri Lanka) PLC. Accordingly, Hayleys PLC became the ultimate parent company of Regnis (Lanka)PLC with effect from 15th September 2017.

Subsequently, Hayleys PLC with parties acting in concert issued a notice of mandatory offer in line with terms of Rule 31(1)(a) of Takeovers and mergers code 1995, to purchase 108,201,585 Ordinary shares carrying voting rights of Singer(Sri Lanka) PLC at a price of Rs.47/- per share (excluding 35,562,883 shares held by Retail Holding (Sri Lanka) BV,who have their letter dated 14th September 2017 confirmed, that they will not accept the offer in respect of the said shares).

After exercising the mandatory offer, Hayleys PLC together with its group Companies holds 80.96% (approx.) of Singer (Sri Lanka) PLC.

38.2 TRANSACTIONS WITH PARENT COMPANY AND SUBSIDIARY COMPANY

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

Singer (Sri Lanka) PLC

		2017	2016
Principal Activities	Nature of Transaction	Rs.	Rs.
The principal activities of the Company were marketing domestic and industrial sewing machines, appliances, furniture, agricultural equipment, personal computers and manufacturing furniture and agricultural equipment.	Bank guarantees obtained on behalf of the Company	455,500,000	455,500,000
	Revenue	3,828,751,555	3,682,114,780
	Sales taxes	676,751,603	560,069,926
	Non-trade settlement	10,001,000	72,950,640
	Funds received for sales	(4,428,731,040)	(4,150,562,715)
	Expenses incurred	(80,678,432)	(72,395,521)
	Fixed asset (purchases)/sales	(1,241,151)	(1,022,667)
	Transfer of staff loan	-	(921,410)
	Interest income	(8,506,004)	463,024
	Interest expense on corporate guarantee	(2,278,104)	(2,284,344)
	Loans Obtained	150,000,000	-
	Loans settled	-	-

(b) During the year Company had following transactions with its Subsidiary Company:

Regnis Appliances (Private) Ltd

Principal Activities	Nature of Transaction	2017 Rs.	2016 Rs.
Manufacture and assembly of washing machines, plastic chairs and producing plastic components for refrigerators.	Bank guarantees issued	345,000,000	345,000,000
	Purchases	(324,960,662)	(304,454,902)
	Sale of raw materials	1,290,030	301,835
	Funds paid	208,354,238	248,245,111
	Expenses incurred	6,809,041	4,425,026
	Fixed asset sales	1,774,728	135,102
	Dividends received	75,600,000	56,700,000
	Interest expense	(3,041,325)	(2,178,836)
	Interest income needed on corporate guarantee	3,450,000	3,450,000
	Transfer of staff loan	-	1,750,000

38.2.1 NON-RECURRENT RELATED PARTY TRANSACTIONS

Name of the Related Party	Nature of Transaction	Value of the Related Party Transaction Entered into During the Financial Year Rs.	Value of the Related Party Transaction as a % of Equity	Related Party Transaction as a % of Total Assets	Term and Condition of the Related Party Transaction The Rationale for entering into the Transaction
Singer (Sri Lanka) PLC	Loans Obtained	150,000,000	11%	6%	Arm's length Transaction on normal commercial terms

38.2.2 RECURRENT RELATED PARTY TRANSACTIONS

Name of the Related Party	Nature of Transaction	Value of the Related Party Transaction Entered into During the Financial Year Rs.	Value of the Related Party Transaction as a % of net consolidated revenue	Value of the Related Party Transaction as a % of net company revenue	Term and Condition of the Related Party Transaction The Rationale for entering into the Transaction
Singer (Sri Lanka) PLC	Sales	3,828,751,555	79%	99.8%	Arm's length Transaction on normal commercial terms
	Sales taxes	676,751,603	14%	18%	
	Funds received for sales	4,428,731,040	91%	115%	

38.3 TRANSACTIONS WITH RELATED ENTITIES

	Relationship
Singer Industries (Ceylon) PLC	Related Entity
Reality (Lanka) Ltd	Related Entity
Brand Trading (Cambodia) Ltd	Affiliate Entity

NOTES TO THE FINANCIAL STATEMENTS

38 RELATED PARTY DISCLOSURES (CONTD.)

Transactions with related entities

Name of the Company and Relationship	Nature of Transaction	2017 Rs.	2016 Rs.
Singer Industries (Ceylon) PLC			
Related entity	Expenses incurred	(1,094,645.00)	73,181.00
	Purchases	(2,942,148.27)	-
	Funds paid	3,473,299.00	(73,181.00)
Reality (Lanka) Ltd			
Related entity			
	Dividend received	-	243,000
	Share of profit/(loss) from available-for-sale-financial asset	2,668,754	(380,962)
Singer Business School (Pvt) Ltd			
Related entity	Training fees incurred	-	50,882
	Settlement of dues	-	(50,882)
Brand Trading (Cambodia) Ltd			
Affiliate entity	Fund received for sales	-	(2,584,363)

38.4 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Accordingly the key management personnel includes the board of directors of the Company, its parent Company and its ultimate parent entity.

(i) Loans to Directors

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

(ii) Key Management Personnel Compensation

Key Management Personnel comprises the Directors of the Company.

Key Management Personnel Compensation comprised:	2017 Rs.	2016 Rs.
Short-term employment benefits	18,111,383	17,035,266

In addition to their salaries, the Company provides non-cash benefits to the key management personnel and contributes to a post-employment defined benefit plan on their behalf. Directors' emoluments are disclosed in Note 11 to the financial statements.

No other transactions were carried out with key management personnels of the company and the group.

Terms and Conditions of Transactions with Related Parties:

Transactions with related parties are carried out at the terms equivalent to those that prevailing arm's length transactions. Outstanding current account balances at the year end are unsecured, and the settlements will be made in cash subject to the following credit periods.

	Credit Period 2017	Credit Period 2016
Singer (Sri Lanka) PLC	4 Weeks	4 Weeks
Regnis Appliances (Private) Ltd	8 Weeks	8 Weeks
Singer Industries (Ceylon) PLC	4 Weeks	-
Brand Trading (Cambodia) Ltd	30 Days form B/L	30 Days form B/L

The related party borrowings are at pre-determined interest rates and terms. (December 2017-12.30%).

38.5 The fully-owned subsidiary, Regnis Appliances (Private) Ltd had the following transaction with the Affiliate Companies, Singer (Sri Lanka) PLC and Singer Industries (Ceylon) PLC.

Name of the Company and Relationship	Nature of Transaction	2017 Rs.	2016 Rs.
Singer (Sri Lanka) PLC			
intermediate Parent	Revenue	1,022,104,647	1,087,090,978
	Sales taxes	177,303,867	160,820,579
	Non-trade settlement	22,732,887	15,927,796
	Funds received	(1,172,430,557)	(1,262,899,218)
	Expenses incurred	(27,776,081)	(19,644,026)
	Rent charged	352,477	311,928
	Fixed asset purchase	(860,210)	-
	Interest Income	1,251,534	5,741,639
Singer Industries (Ceylon) PLC			
Related entity	Sales of raw materials	3,927,000	7,175,370
	Sales taxes	681,214	1,006,447
	Trade settlement	67,970,598	2,042,753
	Purchases including taxes	(78,415,497)	(13,213,166)
	Funds received	-	(3,651,175)
	Lease rental paid	-	(318,316)
	Expenses incurred	(359,562)	-

Terms and Conditions of Transactions with Related Parties:

Transactions with related parties are carried out at the terms equivalent to those that prevailing arm's length transactions. Outstanding current account balances at the year end are unsecured, and the settlements will be made in cash subject to the following credit period.

	Credit Period 2017	Credit Period 2016
Singer (Sri Lanka) PLC	4 Weeks	4 Weeks
Singer Industries (Ceylon) PLC	4 Weeks	-

The related party borrowings are at pre-determined interest rates and terms. (December 2017-12.30%).

DECADE AT A GLANCE

Year ended 31st December	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Rs '000	Group	Group	Group	Group	Group	Group	Group			
Revenue * *	4,867,250	4,791,256	4,148,657	3,194,513	2,492,702	2,494,531	2,340,675	2,037,320	1,346,241	1,498,647
Profit/(Loss) before taxation * *	215,119	471,750	456,431	200,357	122,485	99,395	117,086	148,289	75,879	60,222
Taxation	(60,003)	(121,426)	(112,292)	(46,159)	(22,686)	(18,364)	(33,493)	(76,475)	(28,010)	(18,969)
Profit/(Loss) after taxation * *	155,117	350,324	344,139	154,198	99,799	81,031	83,593	71,814.00	47,869	41,253
Profit from discontinuedoperations (net of tax)	-	-	-	-	8,047	6,224	-	-	-	-
Profit/(Loss) for the Year	155,117	350,324	344,139	154,198	107,845	87,255	83,593	71,814.00	47,869	41,253
Property plant and equipment	1,097,046	979,596	695,121	631,731	620,909	572,417	480,072	489,844	323,096	339,489
Intangible assets	3,832	2,183	983	1,140	638	732	827	921	-	-
Available for sale financial asset	22,850	20,181	20,562	20,696	19,960	19,749	15,582	8,822	-	-
Investment in subsidiary	-	-	-	-	-	-	100,000	50,000	-	-
Current assets	1,770,302	1,629,151	1,125,579	864,937	839,326	1,100,954	792,605	573,098	478,545	424,474
Current liabilities	1,184,847	838,968	431,812	361,908	452,124	781,124	645,619	474,265	437,606	489,093
Net current assets	585,454	790,183	693,767	503,030	387,202	319,830	146,986	98,833	40,939	(64,619)
Long term loans	-	-	-	41,250	110,500	75,250	47,250	80,250	60,000	-
Share Capital & Reserves										
Stated capital	211,192	211,192	211,192	211,192	211,192	211,192	100,123	100,123	100,123	100,123
Capital reserves	328,951	416,768	308,548	314,130	290,289	294,987	251,505	255,499	164,507	164,507
Revenue reserves	956,991	1,004,618	748,310	473,254	334,816	251,461	192,168	132,334	74,875	39,079
Share Holders Funds	1,497,134	1,632,579	1,268,050	988,577	836,298	757,641	543,796	487,956	339,506	303,710
Basic earnings per share from continuing operations	13.77	31.09	30.54	13.68	8.86	8.11	8.64	14.87	9.91	8.54
Basic earnings per share after discontinued operations	-	-	-	13.68	9.57	8.73	-	-	-	-
Net assets per share at year end (Rs)	132.87	144.89	112.53	88.62	74.22	67.24	56.3	50.53	35.15	31.45
Return on Average Net Assets %	24.16	24.16	30.4	16.8	13.5	13.4	16.2	17.36	14.88	15.13
Dividends (Rs) *	118,313	208,455	101,411	78,875	22,536	28,170	28,975	28975	14,487	12,072.00
Dividend cover *	1.31	1.7	3.4	1.95	4.8	3.1	1.44	2.48	3.3	3.41
Dividend per share (Rs.) *	10.50	18.50	9	7	2	2.5	6	6	3	2.50
Others										
Annual sales growth (%)	1.59	15.49	30	28	-	19.65	14.89	51.33	-10.16	5.31
Inflation rate (%)	7.70	3.75	0.93	3.3	6.9	7.6	6.7	6.9	4.8	14.4
Current ratio	1.49	1.94	2.62	2.39	1.86	1.41	1.22	1.21	1.09	0.87
Investment in fixed assets (Rs.000)	176,859	216,420	108,966	28,416	80,117	72,206	21,410	59,733	2,460	5,038
Price earnings ratio (Times)	8.58	4.42	5.79	5.64	6.8	6.9	20.86	8.37	6.73	5.03
Market value of share	118.1	137.5	176.7	77.1	65	60	180.25	62.25	33.38	21.5

* Includes authorised final dividend

** 2012 & 2013 Constitute results from continuing operations

INVESTOR INFORMATION

1. GENERAL

Value - Ordinary Shares	Rs. 211,192,425/-
Number of Shares - Ordinary Shares	11,267,863
Voting Rights	One Vote per Ordinary Share

2. STOCK EXCHANGE LISTING

The Issued Ordinary Shares of Regnis (Lanka) PLC are listed with the Colombo Stock Exchange of Sri Lanka.

3. DISTRIBUTION OF SHAREHOLDINGS - 31 ST DECEMBER

Category	No. of Share Holders	2017 Total Holdings	%	Holders	2016 No. of Holdings	Total %
Less than 1,001 shares	1,164	341,648	3.03	1,138	333,286	2.96
1,001 to 10,000	308	993,477	8.82	352	1,148,089	10.19
10,001 to 100,000	71	1,913,692	16.98	75	2,094,980	18.59
100,001 to 1,000,000	5	1,450,469	12.87	6	1,122,931	9.97
Over 1,000,000 shares	1	6,568,577	58.29	1	6,568,577	58.29
	1,549	11,267,863	99.99	1,572	11,267,863	100.00

Category	2017 No. of Holders		2017 No. of Holdings		Percentage No of Holdings	
	Non-resident	Resident	Non-resident	Resident	Non-resident	Resident
Less than 1,001 shares	8	1,156	2,033	339,615	0.02	3.01
1001 to 10,000	7	301	19,077	974,400	0.17	8.65
10001 to 100,000	6	65	296,100	1,617,592	2.62	14.36
100,001 to 1,000,000	1	4	276,720	1,173,749	2.46	10.42
Over 1,000,000 shares	0	1	-	6,568,577	-	58.29
	22	1,527	593,930	10,673,933	5.27	94.73

4. SHARE INFORMATION

	2017 Rs.	2016 Rs.
Closing Price for the year ended 31st December	118.10	137.50
Highest value per Share during the year	173.20	188.90
Lowest Value per Share during the year	116.00	131.50

Share trading for the year ended 31st December

	No of transactions (Trades)	No of shares (Trades)	Value of shares (Trades) Rs.
2016	3,939	1,854,295	285,309,148
2017	3,062	2,316,404	335,141,757

INVESTOR INFORMATION

5. DIVIDEND

The Board of directors approved the payment of a final dividend of Rs. 10.50 per share on 28th February 2018 for the year ended 31st December 2017, to be paid on 20th March 2018.

6. DIRECTORS' AND CEO'S SHAREHOLDINGS AS AT 31ST DECEMBER 2017

Name of the Director	No. of Shares
Mr. A M Pandithage	NIL
Mr. H A Peiris	1,000
Mr. S C Ganegoda	NIL
Mr. V G K Vidyaratne	60,155
Mr. D T Ranil de Silva	NIL
Mr. M H Jamaldeen	NIL
Mr. N L S Joseph	NIL
Mr. K D G Gunaratne	NIL
Mr. G J Walker	NIL
Mr. K D Kospelawatta	NIL

7. ANALYSIS OF SHARES

	2017			2016		
Class of Member	Holders	No. of Shares	No. of %	Holders	No. of Shares	No. of 0
Individual	1,436	3,290,486	29.00	1,455	3,289,327	29.00
Company	113	7,977,377	71.00	117	7,978,536	71.00
Total	1,549	11,267,863	100.00	1,572	11,267,863	100.00
Shares held by public	1,546	4,638,131	41.16	1,569	4,638,131	41.16

8. TWENTY LARGEST SHAREHOLDERS AS AT 31ST DECEMBER 2017

	Name	No of Shares	%
1	SINGER (SRI LANKA) PLC	6,568,577	58.29
2	MR. CHANNA NALIN RAJAHMONEY	800,519	7.10
3	BNYMSANV RE-MILLVILLE OPPORTUNITIES MASTER FUND, LP	276,720	2.46
4	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC	130,315	1.16
5	UNION INVESTMENTS PRIVATE LTD	124,600	1.11
6	MR. MILINDA RANJAN PERERA	118,315	1.05
7	HINL-UBS AG ZURICH-MR CAPITAL MANAGEMENT LTD.	100,000	0.89
8	MRS. CONCEICAO APARECIDA DOS SANTOS WOODWARD	87,835	0.78
9	MR. AZEEZ JALALUDDIN RUMY	76,110	0.68
10	MR. VIDYARATNE GANITAGURUGE KULATUNGE VIDYARATNE	60,155	0.53
11	MRS. SONALI ROSHINI PERERA	58,282	0.52
12	BANSEI SECURITIES CAPITAL (PVT) LTD/ DAWI INVESTMENT TRUST (PVT) LTD	53,836	0.48
13	MR. SUVIN WETTIMUNY	50,188	0.45
14	TRADING PARTNERS (PVT) LTD	48,584	0.43
15	MRS. LILANI IRANDATHIE PERERA	47,990	0.43
16	SANDWAVE LIMITED	47,515	0.42
17	MR. ABEYSIRI HEMAPALA MUNASINGHE	46,922	0.42
18	WALDOCK MACKENZIE LIMITED/MR.SURANJAN PRAVEEN PERERA	43,716	0.39
19	MR. DUELEEP FAIRLIE GEORGE DALPETHADO & MRS. H A K D DALPETHADO	39,719	0.35
20	RICHARD PIERIS FINANCIAL SERVICES (PVT) LTD/ W P A S PERERA	37,676	0.33
	TOTAL	8,817,574	78.25

TWENTY LARGEST SHAREHOLDERS AS AT 31ST DECEMBER 2016

	Name	No of Shares	%
1	SINGER (SRI LANKA) PLC	6,568,577	58.29
2	MR. CHANNA NALIN RAJAHMONEY	500,519	4.44
3	WALDOCK MACKENZIE LIMITED/MR.SURANJAN PRAVEEN PERERA	144,469	1.28
4	FREUDENBERG SHIPPING AGENCIES LIMITED	126,188	1.12
5	MR. JOSEPH ROMESH DE SILVA	124,918	1.11
6	UNION INVESTMENTS PRIVATE LTD	124,600	1.11
7	BANSEI SECURITIES CAPITAL (PVT) LTD/DAWI INVESTMENT TRUST (PVT) LTD	102,237	0.91
8	ALLIANCE FINANCE COMPANY PLC	100,000	0.89
9	WALDOCK MACKENZIE LIMITED/MR. P S R CASIE CHITTY	100,000	0.89
10	MR. HAMISH WINSTON MCDONALD WOODWARD	87,835	0.78
11	MR. AZEEZ JALALUDDIN RUMY	71,100	0.63
12	MR. MILINDA RANJAN PERERA	64,422	0.57
13	MR. CHANDIRAPAL CHANMUGAM	61,722	0.55
14	MR. VIDYARATNE GANITAGURUGE KULATUNGE VIDYARATNE	60,155	0.53
15	MRS. SONALI ROSHINI PERERA	58,282	0.52
16	WALDOCK MACKENZIE LIMITED/MR. P T S DE SILVA	52,000	0.46
17	MR. SUVIN WETTIMUNY	50,188	0.45
18	SEYLAN BANK PLC/ROMANI KUMAR EARDLEY PATRICK DE SILVA	50,000	0.44
19	TRADING PARTNERS (PVT) LTD	48,584	0.43
20	MRS. LILANI IRANDATHIE PERERA	47,990	0.43
	TOTAL	8,543,786	75.82

GLOSSARY OF FINANCIAL TERMS

A

Accounting Policies

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

Amortisation

The expense of writing off over a fixed period, the initial value of an intangible asset such as goodwill, patents etc.

Asset Turnover

Total revenue divided by average total assets

Available-for-Sale

All assets not in any of the three categories namely held to maturity fair value through profit or loss and loan and receivables. It is a residual category does not mean that the entity stands ready to sell these all the time.

AWPLR

The Average Weighted Prime Lending Rate is Calculated by the Central Bank weekly, monthly and half yearly based on commercial banks Lending rates offered to their prime customers.

B

Borrowings

All interest bearing liabilities.

C

Capital Employed

Total assets less interest free liabilities, deferred income and provisions.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Capital Expenditure

The total of additions to property, plant & Equipment, intangible assets, investment Property and the purchase of outside Investments.

Capital Reserves

Reserves identified for specific purposes and Considered not available for distribution.

Credit Risk

Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance to the agreed terms and conditions.

Carrying Amount

The amount at which as asset is recognised in the statement of financial position.

Cash Equivalents

Liquid investments with original maturity periods of three months or less.

Contract

An agreement between two or more parties that has clear economic consequences that the parties have little, if any discretion to avoid usually because the agreement is enforceable by law.

Contingent Liabilities

Conditions or situations at Reporting date the financial effect of which are to be determined by future events which may or may not occur.

Current Ratio

Current assets divided by current liabilities. A measure of liquidity.

D

Debt

Total liabilities, excluding deferred income.

Debt Ratio

Total liabilities divided by total assets.

Deferred Taxation

The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

Dividend Cover

Profit attributable to ordinary shareholders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

Dividend Payout

Dividend per share divided by earnings per share.

Dividends per Share (DPS)

Dividends paid and proposed, divided by the number of issued shares, which ranked for those dividends.

Dividend Yield

Dividend per share divided by the market value of a share.

E

Earnings Per Share

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

Effective Rate of Interest

Total long-term and short-term interest divided by average long-term and short-term liabilities at the beginning and end of the year.

Equity

Shareholders' funds.

F

Financial Asset

Any asset that is cash or an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity or a contractual right to exchange financial instruments with another entity under conditions that are potentially favorable.

Financial Liability

A contractual obligation to deliver cash or another financial asset to another entity or exchange financial instruments with another entity under conditions that are potentially unfavorable.

Fair Value

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transactions.

Financial Instruments

Financial instrument is any contract that gives rise to both a financial assets in one entity and a financial liability or equity instrument in another entity.

G

Gearing

Proportion of borrowings to capital employed.

Gross Dividend

Portion of profits inclusive of tax withheld, distributed to shareholders.

H

Held-to-Maturity

Debt assets acquired by the entity with positive intention to be held-to-maturity.

I

Intangible Assets

An identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services for rental to others or for administrative purposes.

Interest Cover

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

Impairment

This occurs when recoverable amount of an asset is less than its carrying value.

L

Liquidity Risk

The risk of an entity having constrains to settle its financial liabilities. Loans and receivables A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

M

Market Capitalisation

Number of shares in issue multiplied by the market value of a share at the reported date.

N

Net Assets Per Share

Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

Non-Controlling Interest

Equities in a subsidiary not attributable, directly or indirectly, to a parent.

Net Profit Margin

Net profit for the period divided by the revenue.

P

Price Earnings Ratio

Market price of a share divided by earnings per share as reported at that date.

Q

Quick Asset Ratio

Total current assets less inventories divided by total current liabilities.

R

Related Parties

Parties who could control or significantly influence the financial and operating policies of the business.

Return on Average Net Assets Equity

Attributable profits divided by average shareholders' funds/total equity.

Revaluation Surplus

Surplus amount due to revaluing assets in accordance with its fair value.

Revenue Reserves

Reserves considered as being available for distributions and investments.

S

Segment

Constituent business units grouped in terms of similarity of operations and location.

T

Total Equity

Total of share capital, reserves, retained earnings and non-controlling interest.

V

Value Addition

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

W

Working Capital

Capital required to finance the day-today operations.

NOTICE OF ANNUAL GENERAL MEETING

REGNIS (LANKA) PLC

Company Number PQ 191

NOTICE IS HEREBY GIVEN THAT THE THIRTY FIRST ANNUAL GENERAL MEETING OF REGNIS (LANKA) PLC, WILL BE HELD AT THE CONFERENCE ROOM OF HAYLEYS PLC AT NO. 400 DEANS ROAD, COLOMBO 10 ON WEDNESDAY, 28TH MARCH 2018 AT 3.00 P.M.

1. To receive, consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st December 2017 with the Report of the Auditors thereon.

2. To re-elect , Mr. K D Kospelawatta, who retires by rotation at the Annual General Meeting, a Director in terms of Article 24(4) of the Article of Association of the Company.

3. To re-elect Mr. G J Walker , who retires by rotation at the Annual General Meeting, a Director in terms of Article 24(4) of the Article of Association of the Company.

4. To elect Mr. A M Pandithage who has been appointed by the Board since the last Annual General Meeting, a Director in terms of Article 24(10) of the Articles of Association of the Company.

5. To elect Mr. S C Ganegoda who has been appointed by the Board since the last Annual General Meeting, a Director in terms of Article 24(10) of the Articles of Association of the Company.

6. To elect Mr. M H Jamaldeen who has been appointed by the Board since the last Annual General Meeting, a Director in terms of Article 24(10) of the Articles of Association of the Company.

7. To elect Mr. N L S Joseph who has been appointed by the Board since the last Annual General Meeting, a Director in terms of Article 24(10) of the Articles of Association of the Company.

8. To elect Mr. K D G Gunaratne who has been appointed by the Board since the last Annual General Meeting, a Director in terms of Article 24(10) of the Articles of Association of the Company.

9. To authorise Directors to determine contributions to Charities.

10. To reappoint Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the year 2018 and to authorise the Directors to determine their remuneration.

By Order of the Board

REGNIS (LANKA) PLC

(Sgd.)

HAYLEYS GROUP SERVICES (PRIVATE) LTD

Secretaries

Colombo

February 23, 2018

Note:

(i) A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd, No.400, Deans Road, Colombo 10 not less than 48 hours before the time fixed for the Meeting.

FORM OF PROXY

REGNIS (LANKA) PLC

Company Number PQ 191

I/We* .....(full name of shareholder**)

NIC No./Reg. No. of Shareholder (**) .....

of.....

being Shareholder/Shareholders* of REGNIS (LANKA) PLC hereby appoint:

1) .....(full name of proxyholder**)

NIC No. of Proxyholder (**) .....

of .....or, failing him/them

2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our * proxy to attend and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty First Annual General Meeting of the Company to be held on Wednesday, 28th of March 2018 at 3.00 p.m. and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

		For	Against
1.	To adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st December 2017 with the Report of the Auditors thereon	☐	☐
2.	To re-elect , Mr. K D Kospelawatta, who retires by rotation at the Annual General Meeting, a Director in terms of Article 24(4) of the Article of Association of the Company.	☐	☐
3.	To re-elect Mr. G J Walker , who retires by rotation at the Annual General Meeting, a Director in terms of Article 24(4) of the Article of Association of the Company.	☐	☐
4.	To elect Mr. A M Pandithage who has been appointed by the Board since the last Annual General Meeting, a Director in terms of Article 24(10) of the Articles of Association of the Company.	☐	☐
5.	To elect Mr. S C Ganegoda who has been appointed by the Board since the last Annual General Meeting, a Director in terms of Article 24(10) of the Articles of Association of the Company.	☐	☐
6.	To elect Mr. M H Jamaldeen who has been appointed by the Board since the last Annual General Meeting, a Director in terms of Article 24(10) of the Articles of Association of the Company.	☐	☐
7.	To elect Mr. N L S Joseph who has been appointed by the Board since the last Annual General Meeting, a Director in terms of Article 24(10) of the Articles of Association of the Company.	☐	☐
8.	To elect Mr. K D G Gunaratne who has been appointed by the Board since the last Annual General Meeting, a Director in terms of Article 24(10) of the Articles of Association of the Company.	☐	☐
9.	To authorise Directors to determine contributions to Charities.	☐	☐
10.	To reappoint Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the Year 2018 and to authorise the Directors to determine their remuneration.	☐	☐

Proxy Contd..

FORM OF PROXY

As witness my/our* hands this ..... day of .....2018.

Witnesses: Signature: .....

Name: .....

Address: .....

NIC No .....

Signature: .....

.....

Signature of Shareholder.

Notes:

(a) * Please delete the inappropriate words.

(b) A shareholder entitled to attend and vote at the Annual General meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the company.

** Full name of shareholder/proxy holder and their NIC Nos and Witness are mandatory. Your Proxy Form will be rejected if these details are not completed.

(c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.

(d) Instructions are noted below.

(e) This Form of Proxy is in terms of the Articles of Association of the Company.

INSTRUCTIONS AS TO COMPLETION :

1. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd at No.400, Deans Road, Colombo 10, Sri Lanka not less than 48 hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly Sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at (1) overleaf. The proxy need not be a member of the Company.
4. Please indicate with an X in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy in his discretion will vote as he thinks fit.
5. In the Case of a Company /Corporation the proxy must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association.

   In the case of the individual shareholders, the signature of the shareholder should be witnessed by any person over 18 years of age.
6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
7. In case of Marginal Trading Accounts (slash accounts), the form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

CORPORATE INFORMATION

GENERAL

Name of the
Company Regnis (Lanka) PLC

Legal Form
A Public Limited Liability Company quoted in the Colombo Stock Exchange. Incorporated on 3rd June 1987 under the Company Act no. 17 of 1982 and re-registered under the Companies Act No . 07 of 2007

Company Registration
Number PQ 191

Accounting Year End
December 31

Registered Office
No 52, Ferry Road, Off Borupana Road,
Ratmalana, Sri Lanka.
Tel: 0112622641, 0112635408
Fax: 0114216003, 0112622032

Tax Payer Identification Number (TIN)
134001488

Company Secretary
Hayleys Group Services (Private) Limited
Tel: 0112627650

Registrars
Business Intelligence Ltd
No 08,Tickell Road, Colombo 08.

Auditors
KPMG Chartered Accountants
No 32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3.

Banks
Commercial Bank
NDB Bank PLC
Hatton National Bank PLC
Sampath Bank PLC
Seylan Bank PLC
People's Bank
DFCC Vardhana Bank
Cargills Bank

Legal Advisors
Neelakandan & Neelakandan
Attorneys -at-law
M&N Building (5th Floor)
No. 02 Deal Place,
Colombo 03.

Management Team
K D Kospelawatte
E Fernando
K G G Perera
P Madurasinghe
W K A P Wettewa
Ms S Edirisinghe
M Ranasinghe
E N P Soysa
K K Athukorala
A Amarasinghe
A S Kendasinghe
A A K.Maduranga
M De S Seneviratne
Ms S Fernando
Y C Withanachchi
D W P Kandage
A M S P Aththnayaka

BOARD OF DIRECTORS AND SUB-COMMITTEES

Board of Directors
Mr. A M Pandithage – Chairman
Mr. H A Pieris - Managing Director/ CEO
Mr. Ranil De Silva
Mr. Gavin J Walker
Mr. V G K Vidyaratne
Mr. K Kospelawatte
Mr. S C Ganegoda
Mr. M H Jamaldeen
Mr. N L S Joseph
Mr. K D G Gunaratne

Board Sub-Committees
Sub-Committees of the parent Company, Singer (Sri Lanka) PLC function as the sub-committees for Regnis (Lanka) PLC.

Nomination Committee
Mr. A M Pandithage – Chairman
Mr. K D D Perera
Mr. H A Pieris
Mr. Ranil De Silva
Mr. M H Jamaldeen

Audit Committee
Mr. Ranil De Silva – Chairman
Mr. D Sooriarachchi
Mr. M H Jamaldeen

Related Party Transactions Review Committee
Mr. D Sooriyaarachchi – Chairman
Mr. Ranil De Silva
Mr. H A Pieris
Mr. J A Setukavalar (By invitation)

Remuneration Committee
Mr. M H Jamaldeen – Chairman
Mr. D Sooriarachchi
Mr. Ranil De Silva
Mr. A M Pandithage (Observer)

PARENT, SUBSIDIARY AND RELATED COMPANIES

Parent Company
Singer (Sri Lanka) PLC

Subsidiary Company
Regnis Appliances (Private) Ltd

Related Companies
Singer Industries (Ceylon) PLC
Reality (Lanka) Ltd
Singer Business School (Pvt) Ltd

For any clarification on this report, Please write to:

The Chief Financial Officer
Regnis (Lanka) PLC
No. 52, Ferry Road,
Off Borupana Road,
Ratmalana, Sri Lanka

Tel: 0112622641, 0112635408
Fax: 0114216003, 0112622032

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REGNIS (LANKA) PLC