



SINGER[®]

Trusted Excellence

SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
NINE MONTHS ENDED 30th SEPTEMBER 2016

Group Chief Executive Officer's Review

Singer (Sri Lanka) PLC Group continued its exceptional growth in Revenue and Net Income.

At the end of the first Nine Months of 2016, Group Revenue was Rs. 33.1 billion, an increase of 22% over prior year. This is on top of the increase last year and represents a 59% growth over two years.

At the end of first Nine Months Group Net Profit, inclusive of a one-time gain and consolidation of new acquisitions, as described below, is Rs. 1,763 million, an increase of 112% over the prior year. When the one-time gains are eliminated, Group Net Profit increased by 51% indicating the underlying strength in the Group's operation businesses.

During the current year, Singer (Sri Lanka) acquired majority stakes in Singer Industries (Ceylon) PLC and Regnis (Lanka) PLC from its parent company Retail Holdings (Sri Lanka) B.V. (formerly known as Singer (Sri Lanka) B.V.) making these companies subsidiaries of Singer (Sri Lanka) PLC. The acquisition of these companies resulted in a one-time gain on bargain purchase amounting to Rs. 507.7 million.

Regnis (Lanka) PLC Group made a Profit of Rs. 250.5 million in the first Nine Months of 2016, an increase of 4%, while Singer Industries (Ceylon) PLC made a Profit of Rs. 40 million, including Rs. 24 million gain on change in fair value of investment property. Post-Acquisition, the Net Income of these two companies are consolidated in the group results of Singer (Sri Lanka) PLC. After considering the financial costs of the acquisition and consolidation adjustments to acquisition, resulted a gain of approximately Rs. 209 million, whereas there was no acquisition in the corresponding period of last year. There was no impact on Group Revenue due to the acquisitions.

At Singer Finance (Lanka) PLC, revenue increased by 15%, but Net Profit decreased by 5% in the first nine months due to higher interest rates, startup costs relating to the credit card launch and impairment of software as we migrate to a new system.

The Company's subsidiary, Singer Digital Media (Pvt) Limited, which concentrates on the sale of mobile phones to the trade channel, had Revenue to external parties of Rs. 3.4 billion.

In the case of Singer (Sri Lanka) PLC, company only results, Net Profit for first nine months of the year was Rs. 796 million, an increase of 38%.

In the 3rd Quarter of 2016, Group Revenue increased 21% to Rs. 11 billion. Group Net Profit for the 3rd

Quarter inclusive of consolidation of new acquisitions, as described above is Rs. 340 million. This is an increase of 99% over the prior year.

The growth in Revenue and Net Income, apart from the consolidation of new acquisitions, is due both to the initiatives undertaken by the Group and the business environment.

During the year, significant initiatives undertaken by the group included: the launch of Singer's own Credit Card with Visa; launch of the new Singer Smart TV range under the sub-brand Singer Vista; marketing of Sony brand products to wholesale dealers; opening of Digital Media Corners in Retail shops; expansion of capacity at the Refrigerator factory; replacement of powder painting with painted sheets at that factory; introduction of new models across all product lines; renovation of shops; opening of new shops and service centres; mobile app linking with website; product demonstrations on Youtube for customers; introduction of a new Furniture brand for Dealers; and Thrust into Dealer markets for Computers and Furniture and Institutional Market for Digital Media, Air Conditioners and Furniture. The Group also continued its successful promotion campaigns on Refrigerators, Televisions and Air Conditioners.

With regard to product lines, we had growth in most sectors. In case of our traditional product lines in unit terms, Refrigerators grew by 16%, Panel Televisions by 10% and Sewing Machines by 3%. Growth in our major thrust product categories were naturally stronger: Smartphones grew by 63%, Air Conditioners by 59%, Air Coolers by 30%, Water Pumps by 29%, Furniture (value) by 24%, Computers by 15% and Washing Machines by 18%.

I wish to place on record my appreciation of all staff in our Group for their contribution and commitment in achieving these outstanding results.

I also thank the Chairman of the Group and the Board of Directors of the Company and the Chairman and the Chief Executive Officer of Singer Asia for their valuable support and guidance.

I also thank all our shareholders for their continued trust in and support of the Board of Directors and the Management of the Company.

Sincerely,

Asoka Pieris
Group Chief Executive Officer
15th November 2016

Statement of Profit or Loss and Other Comprehensive Income

For the quarter ended 30th September	Group		Company		Variance		Variance	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	11,025,185	9,139,616	8,976,972	7,743,537	1,885,569	+ 21	1,233,434	+ 16
Cost of Sales	(7,395,388)	(6,289,486)	(6,271,483)	(5,447,376)	(1,105,903)	+ 18	(824,108)	+ 15
Direct Interest Cost	(193,053)	(180,812)	–	–	(12,241)	+ 7	–	–
Gross Profit	3,436,743	2,669,318	2,705,489	2,296,161	767,425	+ 29	409,328	+ 18
Other Income	51,114	47,871	27,680	24,428	3,244	+ 7	3,252	+ 13
Selling and Administration Expenses	(2,467,267)	(2,111,696)	(2,171,573)	(1,906,246)	(355,570)	+ 17	(265,329)	+ 14
Other Operating Expenses	(95,632)	(73,113)	(82,649)	(68,077)	(22,519)	+ 31	(14,572)	+ 21
Finance Cost	(377,268)	(273,027)	(437,771)	(274,053)	(104,240)	+ 38	163,719	+ 60
Finance Income	(453)	12,201	84,015	32,769	(12,655)	– 104	51,246	+ 156
Net Finance Cost	(377,722)	(260,826)	(353,756)	(241,284)	(116,895)	+ 45	112,473	+ 47
Share of Profit of Equity Accounted Investees (Net of Income Tax)	–	530	–	–	(530)	– 100	–	–
Value Added Tax on Financial Services	(35,290)	(29,957)	(12,800)	(7,800)	(5,333)	+ 18	(5,000)	+ 64
Profit before Tax	511,947	242,127	112,391	97,183	269,820	+ 111	15,207	+ 16
Income Tax Expense	(172,066)	(71,626)	(31,000)	(27,471)	(100,440)	+ 140	(3,529)	+ 13
Profit for the Period	339,881	170,501	81,391	69,712	169,381	+ 99	11,678	+ 17
Total Comprehensive Income for the Period	339,881	170,501	81,391	69,712				
Profit Attributable to –								
Owners of the Company	265,457	150,840	81,391	69,712				
Non-Controlling Interests	74,424	19,661	–	–				
Profit for the Period	339,881	170,501	81,391	69,712				
Total Comprehensive Income Attributable to –								
Owners of the Company	265,457	150,840	81,391	69,712				
Non-Controlling Interest	74,424	19,661	–	–				
Total Comprehensive Income for the Period	339,881	170,501	81,391	69,712				
Earnings per Share – Basic (Rs.)	2.12	1.36	0.65	0.56				

Above figures are provisional and subject to audit.

Share Prices	Quarter Ended	Quarter Ended
	30th September 2016 Rs.	30th September 2015 Rs.
Highest	134.90	152.00
Lowest	107.00	121.50
Last Traded Price	133.80	136.40

Statement of Profit or Loss and Other Comprehensive Income

For the Nine Months ended 30th September	Group		Company		Variance		Variance	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	33,140,390	27,144,044	28,060,869	23,399,648	5,996,346	+ 22	4,661,221	+ 20
Cost of Sales	(22,242,725)	(18,314,788)	(19,665,567)	(16,322,507)	(3,927,936)	+ 21	(3,343,061)	+ 20
Direct Interest Cost	(571,263)	(476,448)	-	-	(94,815)	+ 20	-	-
Gross Profit	10,326,402	8,352,807	8,395,302	7,077,141	1,973,594	+ 24	1,318,161	+ 19
Other Income	649,519	96,588	326,936	202,851	552,931	+ 572	124,084	+ 61
Selling and Administration Expenses	(7,216,085)	(6,150,362)	(6,443,296)	(5,553,676)	(1,065,723)	+ 17	(889,620)	+ 16
Other Operating Expenses	(284,864)	(214,282)	(242,333)	(198,293)	(70,581)	+ 33	(44,038)	+ 22
Finance Cost	(1,099,192)	(818,110)	(1,136,648)	(821,112)	(281,082)	+ 34	(315,536)	+ 38
Finance Income	63,868	55,871	184,292	84,670	7,997	+ 14	99,622	+ 118
Net Finance Cost	(1,035,324)	(762,239)	(952,356)	(736,442)	(273,084)	+ 36	(215,913)	+ 29
Share of Profit/(Loss) of Equity Accounted Investees (Net of Income Tax)	-	1,512	-	-	1,512	- 100	-	-
Value Added Tax on Financial Services	(104,772)	(73,799)	(35,200)	(17,200)	(30,973)	+ 42	18,000	+ 105
Profit before Tax	2,334,877	1,250,226	1,049,055	774,382	1,084,651	+ 87	274,673	+ 35
Income Tax Expense	(572,367)	(419,446)	(253,286)	(196,220)	(152,921)	+ 36	(57,066)	+ 29
Profit for the Period	1,762,510	830,779	795,769	578,162	931,731	+ 112	217,606	+ 38
Total Comprehensive Income for the Period	1,762,510	830,779	795,769	578,162				
Profit Attributable to –								
Owners of the Company	1,590,789	767,750	795,769	578,162				
Non-Controlling Interest	171,721	63,029	-	-				
Profit for the Period	1,762,510	830,779	795,769	578,162				
Total Comprehensive Income Attributable to –								
Owners of the Company	1,590,789	767,750	795,769	578,162				
Non-Controlling Interest	171,721	63,029	-	-				
Total Comprehensive Income for the Period	1,762,510	830,779	795,769	578,162				
Earnings per Share – Basic (Rs.)	12.71	6.13	6.36	4.62				

Above figures are provisional and subject to audit.

	Nine Months Ended 30th September 2016 Rs.	Nine Months Ended 30th September 2015 Rs.
Share Prices		
Highest	134.90	152.00
Lowest	107.00	105.00
Last Traded Price	133.80	136.40

Statement of Financial Position

As at	Group			Company		
	30th September 2016	30th September 2015	31st December 2015	30th September 2016	30th September 2015	31st December 2015
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS						
Non-Current Assets						
Property, Plant & Equipment	4,958,632	2,672,200	2,715,401	2,751,217	2,598,603	2,600,437
Intangible Assets	265,681	242,721	249,892	211,519	200,174	200,297
Investments in Subsidiaries	-	-	-	2,455,180	992,242	992,242
Investments in Equity Accounted Investees	-	56,701	54,831	-	48,000	48,000
Other Financial Assets	17,061	17,061	17,061	929,110	616,303	616,303
Trade and Other Receivables	7,980,073	6,907,932	7,222,705	1,744,424	1,692,994	1,620,582
Deferred Tax Assets	184,840	168,310	144,224	128,634	178,695	124,492
	13,414,287	10,064,926	10,404,114	8,220,084	6,327,011	6,202,352
Current Assets						
Inventories	9,124,450	6,888,364	6,919,159	7,840,653	6,638,517	6,677,027
Loans Due from Related Parties	-	65,135	65,891	1,124,815	890,094	1,122,638
Income Tax Receivable	35,411	-	-	32,966	-	-
Trade and Other Receivables	15,365,027	12,265,379	13,270,919	8,803,389	7,531,551	8,325,781
Amounts Due from Related Parties	-	1,366	-	280,656	63,185	234,257
Deposits with Banks	86,140	91,430	85,344	-	-	-
Marketable Securities	497,397	582,974	606,011	-	-	-
Cash and Cash Equivalents	1,038,258	1,351,941	910,169	761,979	1,108,942	876,594
	26,146,684	21,246,589	21,857,494	18,844,457	16,232,290	17,236,297
Total Assets	39,560,971	31,311,515	32,261,608	27,064,541	22,559,302	23,438,650
EQUITY AND LIABILITIES						
Equity						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	846,932	860,775	857,580	846,932	860,775	857,580
Statutory Reserve	95,361	73,318	73,318	-	-	-
Revenue Reserves	5,783,179	4,369,793	4,728,455	3,893,316	3,357,023	3,612,779
Total Equity Attributable to Equity Holders of the Company	7,351,520	5,929,934	6,285,401	5,366,296	4,843,846	5,096,407
Non-Controlling Interest	1,323,741	464,487	484,584	-	-	-
Total Equity	8,675,261	6,394,421	6,769,985	5,366,296	4,843,846	5,096,407
Non-Current Liabilities						
Interest-Bearing Loans and Borrowings	10,665,461	6,769,335	8,091,907	8,250,000	4,500,000	6,250,000
Retirement Benefit Obligations	701,180	448,099	486,465	533,483	423,719	457,182
Deferred Taxation Liability	153,126	116,062	-	-	116,062	-
Security Deposits	978,724	813,833	851,794	978,724	813,833	851,794
Other Financial Liabilities	458,181	503,406	645,008	-	-	-
	12,956,672	8,650,735	10,075,174	9,762,207	5,853,614	7,558,976
Current Liabilities						
Trade and Other Payables	5,614,260	5,003,411	4,388,035	4,152,837	4,189,524	3,345,458
Deferred Revenue	399,058	289,380	318,460	399,058	289,380	318,460
Income Tax Payable	170,220	131,287	349,605	-	11,252	133,791
Dividends Payable	25,048	266,843	17,515	21,105	266,843	17,515
Amounts Due to Related Parties – Trade	-	416,085	454,203	500,941	416,085	771,744
Amounts Due to Related Parties – Non-Trade	98,965	99,667	122,214	98,965	104,984	125,239
Other Financial Liabilities	2,479,528	2,951,193	2,722,825	-	-	-
Interest-Bearing Loans and Borrowings	9,141,959	7,108,493	7,043,592	6,763,132	6,583,775	6,071,059
	17,929,038	16,266,358	15,416,448	11,936,038	11,861,842	10,783,267
Total Equity and Liabilities	39,560,971	31,311,515	32,261,608	27,064,541	22,559,302	23,438,650
Net Assets per Share (Rs.)	58.71	47.36	50.20	42.86	38.69	40.70

I certify that the above Financial Statements of the Company comply with the requirements of the Companies Act No. 07 of 2007.

(Sgd.) Lalith Yatiwella

Finance Director

Above figures are provisional and subject to audit.

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board by,

(Sgd.) Dr. Saman Kelegama

Director

Colombo,

15th November 2016

(Sgd.) Asoka Pieris

Director/Group Chief Executive Officer

Statement of Changes in Equity

For the Nine Months ended 30th September 2016

Group	Stated Capital	Reserve Fund	Investment Fund	Revaluation Reserves	General Reserves	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st January 2015	626,048	53,885	82,243	870,358	2,600,000	1,242,675	5,475,208	441,960	5,917,169
Realisation of Revaluation Surplus	-	-	-	(9,584)	-	9,584	-	-	-
Transferred to/(from) during the year	-	19,433	(82,243)	-	-	(62,810)	-	-	-
Transactions with Owners of the Company, Recognised Directly in Equity									
Distributions to Owners of the Company									
Final Dividend – 2014	-	-	-	-	-	(313,024)	(313,024)	-	(313,024)
Dividend Paid by Subsidiary Company to Non-Controlling Interest – 2014								(40,503)	(40,503)
Total Distributions to owners of the Company	-	-	-	-	-	(313,024)	(313,024)	(40,503)	(353,527)
Total Comprehensive Income for the Period									
Profit for the Nine Months ended 30th September 2015	-	-	-	-	-	767,750	767,750	63,029	830,779
Total Comprehensive Income for the Period	-	-	-	-	-	767,750	767,750	63,029	830,779
Balance as at 30th September 2015	626,048	73,318	-	860,775	2,600,000	1,769,794	5,929,934	464,487	6,394,421
Realisation of Revaluation Surplus	-	-	-	(3,194)	-	3,194	-	-	-
Transferred to/(from) during the Year	-	-	-	-	100,000	(100,000)	-	-	-
Distributions to Owners of the Company									
Dividend Paid by Subsidiary Company to Non-Controlling Interest – 2014	-	-	-	-	-	-	-	-	-
Total Distributions to Owners of the Company	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Period									
Profit for the Three Months Period	-	-	-	-	-	385,022	385,022	20,239	405,261
Actuarial Loss on Retirement Benefit Obligation	-	-	-	-	-	(41,048)	(41,048)	(196)	(41,244)
Tax on Other Comprehensive Income	-	-	-	-	-	11,493	11,493	55	11,548
Total Comprehensive Income for the Period	-	-	-	-	-	355,467	355,467	20,098	375,565
Balance as at 31st December 2015	626,048	73,318	-	857,580	2,700,000	2,028,455	6,285,401	484,584	6,769,985
Realisation of Revaluation Surplus	-	-	-	(10,648)	-	10,648	-	-	-
Non-Controlling Interest on Initial Acquisition of Subsidiaries	-	-	-	-	-	-	-	798,035	798,035
Subsequent Acquisition of Non-Controlling Interest	-	-	-	-	-	-	-	(41,503)	(41,503)
Transferred to/(from) during the Year	-	22,043	-	-	-	(22,043)	-	-	-
Distributions to Owners of the Company									
Final Dividend – 2015	-	-	-	-	-	(525,880)	(525,880)	(89,096)	(614,976)
Dividend Paid by Subsidiary Company to Non-Controlling Interest – 2015	-	-	-	-	-	-	-	-	-
Total Distributions to Owners of the Company	-	-	-	-	-	(525,880)	(525,880)	-	(614,976)
Gain on Acquisition of Non-Controlling Interest	-	-	-	-	-	13,166	13,166	-	13,166
Disposal of Associate Companies	-	-	-	-	-	(11,955)	(11,955)	-	(11,955)
Profit for the Nine Months ended 30th September 2016	-	-	-	-	-	1,590,789	1,590,789	171,721	1,762,510
Balance as at 30th September 2016	626,048	95,361	-	846,932	2,700,000	3,083,179	7,351,520	1,323,741	8,675,261

Statement of Changes in Equity

Company	Stated Capital Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 1st January 2015	626,048	870,358	2,600,000	482,301	4,578,707
Realisation on Revaluation Surplus	-	(9,584)	-	9,584	-
Final Dividend – 2014	-	-	-	(313,024)	(313,024)
Total Comprehensive Income for the Period					
Profit for the Nine Months ended 30th September 2015	-	-	-	578,162	578,162
Total Comprehensive Income for the Period	-	-	-	578,162	578,162
Balance as at 30th September 2015	626,048	860,775	2,600,000	757,023	4,843,846
Realisation on Revaluation Surplus	-	(3,195)	-	3,195	-
Transferred to/(from) during the Year	-	-	100,000	(100,000)	-
Total Comprehensive Income for the Period					
Profit for the three months period	-	-	-	281,543	281,543
Actuarial Loss on Retirement Benefit Obligation	-	-	-	(40,252)	(40,252)
Tax on Other Comprehensive Income	-	-	-	11,271	11,271
Total Comprehensive Income for the Period	-	-	-	252,562	252,562
Balance as at 31st December 2015	626,048	857,580	2,700,000	912,779	5,096,407
Realisation on Revaluation Surplus	-	(10,648)	-	10,648	-
Final Dividend – 2015	-	-	-	(525,880)	(525,880)
Total Comprehensive Income for the Period					
Profit for the Nine Months ended 30th September 2016	-	-	-	795,769	795,769
Total Comprehensive Income for the Period	-	-	-	795,769	795,769
Balance as at 30th September 2016	626,048	846,932	2,700,000	1,193,316	5,366,296

Statement of Cash Flows

For the Nine Months ended 30th September	Group		Company	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Cash Flows from Operating Activities				
Net Profit before Income Tax Expense	2,334,877	1,250,226	1,049,054	774,382
Adjustment for:				
Depreciation on Property, Plant & Equipment	309,385	237,649	247,197	233,903
Share of Profit from Equity Accounted Investees	-	(1,512)	-	-
Amortisation of Intangible Assets	33,420	15,969	10,660	12,243
Gain on Disposal of Property, Plant & Equipment	(4,858)	(2,818)	(4,885)	(2,818)
Interest Expense	1,099,192	815,061	1,136,648	818,064
Interest Income	(63,868)	(55,871)	(184,292)	(84,670)
Impairment of Inventories	107,297	137,026	104,861	136,316
Impairment on Trade and Other Receivables	140,789	215,892	129,425	135,221
Dividend Income	-	(2,345)	(235,910)	(151,892)
Provision for Retiring Gratuity	96,875	72,100	84,424	68,950
Gain on Bargain Purchase	(509,370)	-	-	-
Operating Profit before Working Capital Changes	3,543,740	2,681,377	2,337,182	1,939,698
(Increase)/Decrease in Inventories	(1,283,552)	(1,549,599)	(1,268,486)	(1,596,618)
(Increase)/Decrease in Debtors Falling Due after One Year	(768,145)	(1,129,733)	(123,842)	(128,319)
(Increase)/Decrease in Debtors Falling Due within One Year	(1,759,852)	(1,463,896)	(607,033)	(568,812)
(Increase)/Decrease in Dues from Related Parties	-	43,707	(46,399)	235,204
Increase/(Decrease) in Dues to Related Parties	(554,990)	78,739	(297,077)	(336,345)
Increase/(Decrease) in Security Deposits	126,930	81,709	126,930	81,709
Increase/(Decrease) in Trade and Other Payables	722,460	1,185,387	807,379	1,168,054
Increase/(Decrease) in Deferred Liabilities	80,598	-	80,598	-
Cash Generated from Operations	107,189	(72,310)	1,009,252	794,569
Finance Costs Paid	(1,099,192)	(832,520)	(1,107,225)	(835,522)
Retiring Gratuity Paid	(10,565)	(7,913)	(8,123)	(7,825)
Income Tax Paid	(728,600)	(465,970)	(424,185)	(297,215)
Net Cash from/(used in) Operating Activities	(1,731,168)	(1,378,713)	(530,281)	(345,993)
Cash Flows from Investing Activities				
Acquisition of Property, Plant & Equipment and Intangible Assets	(488,553)	(271,203)	(423,084)	(240,850)
Proceeds from Disposal of Property, Plant & Equipment	8,082	7,850	8,110	7,850
Investment in Shares/Debentures in Subsidiary Company	(1,497,318)	-	(1,727,745)	(455,000)
(Acquisition)/Disposal of Marketable Securities	108,614	70,407	-	-
Investment in Bank Deposits	100,043	19,663	-	-
Net Cash Flows from Loans Given to Related Companies	(65,891)	-	(2,177)	(173,026)
Interest Income Received	63,868	55,871	184,292	84,670
Dividends Received	-	2,345	235,910	151,892
Net Cash Flows from Investing Activities	(1,771,155)	(115,067)	(1,724,694)	(624,463)
Cash Flow from Financing Activities				
Net Proceeds from Interest-Bearing Loans and Borrowings	4,260,862	2,752,008	2,502,490	1,357,178
Net Payment to Minority Shareholders	(89,096)	(40,503)	-	-
Increase/(Decrease) in Customer Deposit Liabilities	(430,123)	(1,040,043)	-	-
Dividends Paid	(522,290)	(61,672)	(522,290)	(61,672)
Net Cash Flow from Financing Activities	3,219,353	1,609,790	1,980,200	1,295,506
Net Increase/(Decrease) in Cash and Cash Equivalents	(282,969)	116,010	(274,774)	325,050
Cash and Cash Equivalents at the beginning of the Year	111,849	827,988	259,637	607,657
Cash and Cash Equivalents at the end of the Period	(171,120)	943,998	(15,136)	932,706

Notes to the Financial Statements

1.1 The Interim Financial Statements of the Company and the Group have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st December 2015, are in compliance with Sri Lanka Accounting Standard 34 – ‘Interim Financial Reporting’.

2.1 Segmental Analysis of Company Net Turnover is as Follows:

	Quarter ending 30th September 2016 Rs. '000	Quarter ending 30th September 2015 Rs. '000	Nine months ending 30th September 2016 Rs. '000	Nine months ending 30th September 2015 Rs. '000
Consumer Electronics	1,496,401	1,465,146	4,523,412	4,338,756
Financial Services	764,410	667,345	2,312,395	2,066,547
Furniture	514,085	430,766	1,731,613	1,400,414
Home Appliances	3,484,262	2,978,090	11,539,861	9,223,293
IT Products	1,141,211	896,088	3,460,770	2,508,984
Sewing	646,619	585,009	2,188,114	1,988,375
Other	929,984	721,093	2,304,704	1,873,279
	8,976,972	7,743,537	28,060,869	23,399,648

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

	Quarter ending 30th September 2016 Rs. '000	Quarter ending 30th September 2015 Rs. '000	Nine months ending 30th September 2016 Rs. '000	Nine months ending 30th September 2015 Rs. '000
Consumer Electronics	10,463	13,020	160,200	129,305
Financial Services	29,171	27,346	280,413	219,593
Furniture	5,520	4,423	57,179	39,728
Home Appliances	41,592	33,745	386,565	261,076
IT Products	4,532	4,147	25,319	23,166
Sewing	5,608	4,725	73,838	55,210
Other	15,505	9,777	65,541	46,304
	112,391	97,183	1,049,055	774,382

2.3 Segmental Analysis of Group Net Turnover is as Follows:

	Quarter ending 30th September 2016 Rs. '000	Quarter ending 30th September 2015 Rs. '000	Nine months ending 30th September 2016 Rs. '000	Nine months ending 30th September 2015 Rs. '000
Consumer Electronics	1,496,401	1,465,146	4,523,412	4,338,756
Financial Services	1,347,873	1,160,587	3,972,227	3,505,980
Furniture	514,085	430,766	1,731,613	1,400,414
Home Appliances	3,488,099	2,978,090	11,547,200	9,223,293
IT Products	2,602,119	1,798,990	6,872,824	4,813,947
Sewing	646,619	585,009	2,188,114	1,988,375
Other	929,989	721,028	2,305,000	1,873,279
	11,025,185	9,139,616	33,140,390	27,144,044

Notes to the Financial Statements

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

	Quarter ending	Quarter ending	Nine months ending	Nine months ending
	30th September 2016	30th September 2015	30th September 2016	30th September 2015
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Consumer Electronics	10,463	13,020	160,200	129,305
Financial Services	173,248	171,808	718,437	707,132
Furniture	5,520	4,423	57,179	39,728
Home Appliances	208,652	33,745	734,982	261,076
IT Products	140,264	4,204	281,036	159,512
Sewing	11,997	4,725	94,515	55,210
Other	18,503	10,202	71,821	47,810
Inter Company Dividend	(56,700)	-	(290,983)	(149,547)
Gain on Acquisition	-	-	507,690	-
	511,947	242,127	2,334,877	1,250,226

3. Related Parties

3.1 Identity of Related Parties

Acquisition of Subsidiary

(I) Acquisition of Singer Industries (Ceylon) PLC

Subsequent to obtaining all regulatory clearance, on 4th January 2016, Singer (Sri Lanka) PLC purchased 3,213,600 shares in Singer Industries (Ceylon) PLC from its Parent Retail Holdings (Sri Lanka) BV [formerly known as Singer (Sri Lanka) BV] and thereby obtained 83.55% of controlling interest in Singer Industries (Ceylon) PLC.

Consideration Transferred

Singer (Sri Lanka) PLC has paid Rs. 206/- per share for the acquisition and paid the consideration in cash. Total consideration amounted to Rs. 664,070,355/-.

(II) Acquisition of Regnis (Lanka) PLC

On 24th February 2016, the Singer (Sri Lanka) PLC purchased 6,568,461 shares in Regnis (Lanka) PLC from its Parent Retail Holdings (Sri Lanka) BV [formerly known as Singer (Sri Lanka) BV] and thereby obtained 58.29% of controlling interest in Regnis (Lanka) PLC.

Consideration Transferred

Singer (Sri Lanka) PLC has paid Rs. 110/- per share for the acquisition and paid the consideration in cash. Total consideration amounted to Rs. 722,530,710/-.

(III) Acquisition of Non-Controlling Interest of Singer Industries (Ceylon) PLC

On 18th March 2016 and 30th June 2016 the Group acquired 1.73% and 2.44% of the shares and voting rights of Singer Industries (Ceylon) PLC respectively and paid the consideration in cash. Total consideration amounted to Rs. 28,337,328/-.

Notes to the Financial Statements

3.2 Transactions with Parent Companies

a) Retail Holdings (Sri Lanka) BV [formerly known as Singer (Sri Lanka) BV] – (Immediate Parent)

Consideration paid on acquisition of following Companies:	2016 Rs. Million	2015 Rs. Million
Singer Industries (Ceylon) PLC	692.4	–
Regnis (Lanka) PLC	722.5	–

b) Retail Holdings Asia BV (Formerly known as Singer Asia Holdings BV) – (Intermediate Parent)

	2016 Rs. Million	2015 Rs. Million
Royalty Expenses	330.4	230.8
Royalty Payable Balance as at Period End	98.9	107.7

3.3 Transactions with Subsidiary Companies

Name of the Company and Relationship	Nature of Transaction	2016 Rs. Million	2015 Rs. Million
Singer Finance (Lanka) PLC	Sales Financed through Singer Finance (Lanka) PLC	395.4	268.1
	Cash Remittance from Singer (Sri Lanka) PLC	1,616.3	1,211.6
	Interest Income/(Expense)	4.2	3.6
	Dividend Received – Gross	199.4	166.2
	Cash Collection through Singer (Sri Lanka) PLC	2,135.2	1,681.2
	Expenses Paid	243.7	188.7
	Royalty Exp. Charged during the Period	17.6	–
	Collecting Commission Paid through Singer (Sri Lanka) PLC	18.7	15.6
	Rent Reimbursed	11.9	10.3
	Royalty Paid through Singer (Sri Lanka) PLC	17.3	10.9
	Loans Settled during the Period	500.0	–
	Non-Trade Settlement	200.0	–
	Loans Obtained during the Period	200.0	–
	Service Charge Income	9.5	–
Purchase of Assets	3.5	1.2	
Balance Payable	47.8	63.1	
Singer Digital Media (Pvt) Ltd.	Purchases	1,552.9	1,223.0
	Expenses Reimbursed	101.6	58.8
	Interest Charged	100.8	42.4
	Royalty Paid through Singer (Sri Lanka) PLC	–	25.6
	Loan Granted	2,489.9	–
	Loan Settlements	2,388.7	–
	Balance Receivable – Loans	958.7	747.5
	Balance Payable – Trade	339.1	239.0
	Balance Receivable – Non-Trade	–	77.3
	Corporate Guarantee Given	50.0	50.0

Notes to the Financial Statements

Name of the Company and Relationship	Nature of Transaction	2016	2015
		Rs. Million	Rs. Million
Singer Business School (Pvt) Ltd.	Services Provided	4.9	3.7
	Expenses Reimbursed	–	0.4
	Capital Invested	–	5.0
	Balance Payable – Trade	5.9	5.5
Reality (Lanka) Ltd.	Rent Expense	5.8	5.5
	Loan Receivable	58.6	65.1
Singer Industries (Ceylon) PLC	Purchases	607.1	605.7
	Corporate Guarantee Given	75.0	75.0
	Lease Rental Paid	5.6	3.2
	Net Finance Charges	0.3	0.3
	Trade Creditor Settled	638.1	663.2
	Expenses Reimbursed	–	3.1
	Balance Payable	71.5	51.6
Regnis (Lanka) PLC	Purchases	2,889.2	2,379.1
	Corporate Guarantees Given	455.5	455.5
	Interest Expense	1.7	0.6
	Interest Income	1.6	–
	Non-Trade Settlement	45.0	25.0
	Trade Credit Settled	3,142.8	2,576.6
	Expenses Reimbursed	58.6	37.2
	Fixed Assets Purchases	1.0	–
	Transfer of Staff Loan	0.9	–
	Balance Payable	349.1	253.9
Regnis Appliances (Pvt) Ltd.	Purchases	794.1	639.3
	Trade Settlements	962.2	653.0
	Expenses Paid	17.7	7.4
	Finance Charged	5.8	1.5
	Non-Trade Settlement	4.5	–
	Balance Payable	62.7	110.3

The following company is an Associate company of Singer (Sri Lanka) PLC, with whom Singer (Sri Lanka) PLC or Singer Finance (Lanka) PLC had no transactions other than through Advertising Agencies during the year:

Telshan Network (Pvt) Ltd.

- 3.4** Key Management Personnel includes members of the Board of Directors of the Company, its Subsidiaries and Parent. Transactions with Key Management Personnel, their close family members and parties/entities in which such Key Management Personnel or their close family members have control, joint control or significant influence can be shown as follows:

(i) Transactions with Key Management Personnel or their Close Family Members

	2016	2015
	Rs. Million	Rs. Million
Deposits kept by Key Management Personnel or their close family members of Singer Finance (Lanka) PLC	30.8	16.8

Notes to the Financial Statements

3.5 Terms and Conditions of Transactions with Related Parties

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions only if such terms can be substantiated.

Transactions with related parties are carried out in the ordinary course of business. Outstanding current account balances at the year end are unsecured, and the settlements will be made in cash subject to the credit period.

3.6 Subsidiaries/Associate and Related Companies

Company Name	Principal Activity	Directors
Singer Finance (Lanka) PLC Singer – Interest 80.4%	Leasing Hire Purchasing Lending and Accepting Deposits	Dr. Saman Kelegama Mr. J.A. Setukavalal Mr. Russel De Mel Mr. Gavin J. Walker Mr. John Hyun Mr. N.J.K. Dissanayake Mr. R.S. Wijeweera Mr. Janaka Mendis Mr. S. Ramanathan Mr. K.K.L.P. Yatiwella Mr. C.A. Samarasinghe Mr. T.A. Amarasuriya Mr. A.G.I.H. Perera
Singer Digital Media (Pvt) Ltd. Singer – Interest 100%	Marketing Mobile Phones, Computers and Cameras	Mr. H.A. Pieris Mr. M.H. Wijewardena Mr. K.K.L.P. Yatiwella
Reality Lanka Ltd. Singer – Interest 86.3% (indirect)	Investment on Properties	Dr. Saman Kelegama Mr. Gavin J. Walker Mr. H.A. Pieris
Singer Business School (Pvt) Ltd. Singer – Interest 100%	Educational Services	Mr. H.A. Pieris Mr. M.H. Wijewardena Mr. K.K.L.P. Yatiwella
Singer Industries (Ceylon) PLC Singer – Interest 87.7%	Manufacturing Sewing Machines	Dr. Saman Kelegama Mr. Ranil De Silva Mr. G.J. Walker Mr. H.A. Pieris Mr. V.G.K. Vidyaratne Mr. K.D. Kospelawatta
Regnis (Lanka) PLC Singer – Interest 58.3%	Manufacturing Refrigerators	Dr. Saman Kelegama Mr. Ranil De Silva Mr. G.J. Walker Mr. H.A. Pieris Mr. V.G.K. Vidyaratne Mr. K.D. Kospelawatta Mr. N.B. Karunaratne
Regnis Appliances (Pvt) Ltd. Singer – Interest 58.3% (indirect)	Manufacturing Washing Machines	Dr. Saman Kelegama Mr. H.A. Pieris Mr. V.G.K. Vidyaratne Mr. K.D. Kospelawatta

Notes to the Financial Statements

4. Stated Capital

4.1	30th September 2016	30th September 2016
Value – Ordinary Shares	Rs. 626,048,050/-	Rs. 626,048,050/-
No. of Shares – Ordinary Shares	125,209,610	125,209,610
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

5. Contingencies

- (a) Guarantees given to banks and other lending institutions by Singer (Sri Lanka) PLC on behalf of Singer Industries (Ceylon) PLC, Regnis (Lanka) PLC and Singer Digital Media (Pvt) Ltd., amounts to Rs. 75 Million, Rs. 455.5 Million and Rs. 50 Million respectively.

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

- (b) The Company has provided bank guarantees amounting to Rs. 237.2 Million to Director General of Customs to clear imports during the year 2008 to September 2016. The bank guarantee related to alleged additional duty payable on imports, claimed by the Customs and is being contested by the Company in Courts.

The Court of Appeal Ordered that the Director General of Customs continue with the investigations. The Company being aggrieved by the decision has filed an appeal, which is pending before the Supreme Court.

The Company lawyers are of the opinion that there is no basis that the Company is liable for the additional duty and hence, no provision is made in the Financial Statements.

- (c) Singer Finance (Lanka) PLC has provided guarantees to its Fixed Deposit Holders amounting to Rs. 550,000/- holding deposit holders Fixed Deposits amounting to Rs. 686,312/- as security.
- (d) Commissioner General of Inland Revenue has issued assessment notices on Singer (Sri Lanka) PLC pertaining to an additional VAT Liability/Payment on Account of Deemed VAT for seven quarters for the period 1st January 2014 to 30th September 2015. The assessment was for a Deemed VAT payment of Rs. 1,076 Million and Penalty of Rs. 423 Million totalling to Rs. 1,499 Million.

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

As per the Circular No. SEC/2016/02 issued on 29th January 2016 by the Department of Inland Revenue, deemed VAT is removed with effect from 1st January 2016 which was subsequently enacted under VAT Amendment Act No. 20 of 2016. Accordingly Deemed VAT is removed with effect from 1st January 2016.

Notes to the Financial Statements

6. Events Occurring after the Balance Sheet Date

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

7. Listed Debentures

Details regarding the Listed Debentures are as follows:

Interest Rates of Comparable
Government Securities as at
Issue Date (%)

8.25% senior rated listed unsecured redeemable on 22nd December 2017	6.66
8.60% senior rated listed unsecured redeemable on 7th June 2018	6.29
9.5% senior rated listed unsecured redeemable on 7th June 2018	6.29
10.5% senior rated listed unsecured redeemable on 19th March 2019	9.43
12.29% senior rated listed unsecured redeemable on 19th March 2019	9.43

Interest rate of Government Securities as at 30th September 2016 was 9.39%.

Highest Traded Price, Lowest Traded Price, Last Traded Price as at 30th September 2016, Interest Yield and Yield to Maturity of Trade of debentures which were traded are as follows:

	Highest Traded Price Rs.	Lowest Traded Price Rs.	Last Traded Price Rs.	Interest Yield %	Yield to Maturity %
8.25% Senior Rated Listed Unsecured Redeemable Debentures	99.97	99.97	99.97	8.25	8.25

The following debentures were not traded since date of issue:

8.60% senior rated listed unsecured redeemable debentures
9.5% senior rated listed unsecured redeemable debentures
10.5% senior rated listed unsecured redeemable debentures
12.29% senior rated listed unsecured redeemable debentures

	Group		Company	
	30th September 2016	30th September 2015	30th September 2016	30th September 2015
Debt Equity Ratio	2.16	1.96	2.66	2.06
Interest Cover	3.26	2.64	2.10	2.05
Quick Assets Ratio	0.95	0.88	0.92	0.81

8. Top 20 Shareholders as at 30th September 2016

Name	No. of Shares	%
1. Retail Holdings (Sri Lanka) BV	99,762,850	79.68
2. BNYM SA/NV-CF Ruffer Investment Funds: CF Ruffer Pacific Fund BNY	5,000,000	3.99
3. Bank of Ceylon A/C Ceybank Unit Trust	4,928,540	3.94
4. Pemberton Asian Opportunities Fund	3,500,000	2.80
5. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund DEUT	830,710	0.66
6. Mrs. Mihiri Virani Fernando	620,000	0.50
7. Bank of Ceylon A/C Ceybank Century Growth Fund	587,668	0.47
8. Mrs. Zohra Taher Jafferjee	330,890	0.26
9. People's Bank	200,000	0.16
10. Dr. Nimal Ebenezer Herat Sanderatne	180,403	0.14
11. Mrs. Anoma Kamalika Amarasuriya	178,970	0.14
12. Mrs. Kalutaravedage Jinangali Manel De Silva	131,248	0.10
13. Mr. Nalin Amita De Silva	126,326	0.10
14. Jafferjee Brothers (Exports) Ltd.	125,200	0.10
15. Union Investments Private Ltd.	120,144	0.10
16. Mr. Abey Siri Hemapala Munasinghe	109,548	0.09
17. Mrs. Enoka Kamali Wickramasinghe	106,619	0.09
18. Mrs. Jasbinderjit Kaur Piara Singh	89,606	0.07
19. Mr. Hemaka Devapriya Senarath Amarasuriya	89,482	0.07
20. Mr. Nai Kaluge Anura Deepal De Silva	81,570	0.07
	<u>117,099,774</u>	<u>93.52</u>
Others	8,109,836	6.48
	<u>125,209,610</u>	<u>100.00</u>

9. Directors' and CEO's Shareholding as at 30th September 2016

Name of the Director	Shareholding	Shareholding
	30th September 2016 No. of Shares	31st December 2015 No. of Shares
Dr. Saman Kelegama	-	-
Mr. H.A. Pieris	2,000	2,000
Mr. L.N.S. Kumara Samarasinghe	4,124	4,124
Mr. M.H. Wijewardene	-	-
Mr. P.J. O'Donnell	-	-
Mr. G.J. Walker	-	-
Mr. J.J. Hyun	-	-
Mr. A.S. Paravitane	-	-
Mr. D.T.R. De Silva	-	-
Mr. Deepal Sooriyaarachchi	-	-
Mr. K.K.L.P. Yatiwella	-	-
Mr. S.H. Goodman	-	-
Mr. Gelmart Martin Gellecanao	-	-
Mr. H.A.P. Sujewa Perera	-	-

10. Public Holding

Shares held by public as at 30th September 2016

No. of Shareholders	No. of Shares	%
2,397	25,440,636	20.32

11. Information of the Company Secretary

A.C.M. Irzan

FCMA (UK)

Contact No. 011 2 300 129

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