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SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
SIX MONTHS ENDED 30TH SEPTEMBER 2018

Statement of Profit or Loss and Other Comprehensive Income

For the quarter ended 30th September	Group		Company		Variance		Variance	
	2018 Rs. '000	2017 Rs. '000	2018 Rs. '000	2017 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	13,461,027	11,920,902	9,820,873	9,340,294	1,540,124	+ 13	480,579	+ 5
Cost of Sales	(9,445,643)	(8,263,365)	(7,082,584)	(6,721,573)	(1,182,278)	+ 14	(361,011)	+ 5
Direct Interest Cost	(280,302)	(251,771)	–	–	(28,531)	+ 11	–	–
Gross Profit	3,735,081	3,405,767	2,738,289	2,618,721	329,315	+ 10	119,568	+ 5
Other Income	93,275	61,504	303,811	159,877	31,771	+ 52	143,934	+ 90
Selling and Administration Expenses	(2,969,514)	(2,668,219)	(2,501,075)	(2,350,994)	(301,296)	+ 11	(150,081)	+ 6
Operating Profit	858,842	799,052	541,026	427,604	59,790	+ 7	113,422	+ 27
Finance Cost	(697,080)	(579,539)	(688,045)	(559,309)	(117,541)	+ 20	(128,736)	+ 23
Exchange Gain/(Loss)	(187,020)	7,254	(64,477)	6,690	(194,274)	+2,678	(71,167)	+1,064
Finance Income	16,967	33,947	116,242	106,469	16,980	- 50	9,772	+ 9
Net Finance Cost	(867,133)	(538,338)	(636,280)	(446,150)	(328,796)	+ 61	(190,130)	+ 43
Value Added Tax on Financial Services	(69,727)	(49,848)	(10,800)	(9,800)	(19,878)	+ 40	(1,000)	+ 10
Profit Before Tax	(78,018)	210,866	(106,054)	(28,346)	288,884	- 137	77,708	- 274
Income Tax Expense	(36,523)	(88,136)	111,022	47,717	(51,613)	- 59	(63,305)	- 133
Profit for the Period	(114,541)	122,730	4,968	19,371	237,271	- 193	14,403	- 74
Total Comprehensive Income for the Period	(114,541)	122,730	4,968	19,371				
Profit Attributable to –								
Owners of the Company	(144,133)	100,137	4,968	19,371				
Non-Controlling Interests	29,592	22,592	–	–				
Profit for the Period	(114,541)	122,730	4,968	19,371				
Total Comprehensive Income Attributable to –								
Owners of the Company	(114,133)	100,137	4,968	19,371				
Non-Controlling Interests	29,592	22,592	–	–				
Total Comprehensive Income for the Period	(114,541)	122,729	4,968	19,371				
Earnings/(Loss) Per Share – Basic (Rs.)	(0.38)	0.27	0.01	0.05				

Above figures are provisional and subject to audit.

Share Prices	Quarter ended 30th September 2018 Rs.	Quarter ended 30th September 2017 Rs.
Highest	40.00	53.50
Lowest	30.00	43.00
Last Traded Price	30.20	46.50

Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th September	Group		Company		Variance		Variance	
	2018 Rs. '000	2017 Rs. '000	2018 Rs. '000	2017 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	28,606,741	25,025,069	21,476,008	19,983,218	3,581,672	+ 14	1,492,791	+ 7
Cost of Sales	(20,068,543)	(17,335,735)	(15,392,702)	(14,280,426)	(2,732,808)	+ 16	(1,112,276)	+ 8
Direct Interest Cost	(581,385)	(488,075)	–	–	(93,310)	+ 19	–	–
Gross Profit	7,956,813	7,201,260	6,083,307	5,702,792	755,553	+ 10	380,515	+ 7
Other Income	172,564	134,863	333,795	207,930	37,701	+ 28	125,865	+ 61
Selling and Administration Expenses	(5,986,263)	(5,347,453)	(5,073,695)	(4,733,984)	(638,810)	+ 12	(339,711)	+ 7
Operating Profit	2,143,114	1,988,670	1,343,407	1,176,738	154,444	+ 8	166,669	+ 14
Finance Cost	(1,350,455)	(1,130,329)	(1,292,246)	(1,073,692)	(220,126)	+ 19	(218,554)	+ 20
Exchange Gain/(Loss)	(167,186)	10,072	(52,625)	6,235	(177,258)	+1,760	(58,860)	+ 944
Finance Income	63,318	59,509	200,231	177,393	3,809	+ 6	22,838	+ 13
Net Finance Cost	(1,454,323)	(1,060,748)	(1,144,640)	(890,064)	(393,575)	+ 37	(254,576)	+ 29
Value Added Tax on Financial Services	(127,045)	(96,327)	(20,600)	(20,600)	(30,718)	+ 32	–	–
Profit Before Tax	561,746	831,595	178,166	266,074	269,849	- 32	87,908	- 33
Income Tax Expense	(226,339)	(288,960)	25,756	(40,824)	(62,620)	- 22	(66,580)	- 163
Profit for the Period	335,406	542,635	203,922	225,250	207,229	- 38	21,328	- 9
Total Comprehensive Income for the Period	335,406	542,635	203,922	225,250				
Profit Attributable to –								
Owners of the Company	274,626	485,355	203,922	225,250				
Non-Controlling Interests	60,780	57,280	–	–				
Profit for the Period	335,406	542,635	203,922	225,250				
Total Comprehensive Income Attributable to –								
Owners of the Company	274,626	485,355	203,922	225,250				
Non-Controlling Interests	60,780	57,280	–	–				
Total Comprehensive Income for the Period	335,406	542,635	203,922	225,250				
Earnings Per Share – Basic (Rs.)	0.73	1.29	0.54	0.60				

Above figures are provisional and subject to audit.

Share Prices	Six months ended 30th September 2018 Rs.	Six months ended 30th September 2017 Rs.
Highest	41.00	53.50
Lowest	30.00	43.00
Last Traded Price	30.20	46.50

Statement of Financial Position

As at	Group			Company		
	30th September 2018 Rs. '000	30th September 2017 Rs. '000	31st March 2018 Rs. '000	30th September 2018 Rs. '000	30th September 2017 Rs. '000	31st March 2018 Rs. '000
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	5,644,105	5,590,363	5,649,424	3,032,730	3,073,291	3,082,598
Intangible Assets	274,411	271,357	281,317	204,360	215,077	207,145
Investment in Subsidiaries	–	–	–	2,900,873	2,455,180	2,925,222
Other Non-Current Assets	63,870	–	64,520	–	–	–
Other Investments	17,020	27,830	17,061	929,110	939,879	929,110
Trade and Other Receivables	10,525,469	8,984,828	9,162,980	1,503,503	2,069,818	1,341,906
Deferred Tax Assets	–	58,396	–	182,213	151,441	69,643
	16,524,875	14,932,774	15,175,302	8,752,788	8,904,686	8,555,624
Current Assets						
Inventories	12,676,242	10,181,918	12,573,710	10,609,921	8,908,477	10,741,281
Loans Due from Related Parties	–	–	–	1,640,151	599,497	1,219,151
Income Tax Receivable	54,611	72,143	46,635	196,070	224,156	157,630
Trade and Other Receivables	21,094,203	17,095,227	20,693,787	12,286,491	10,061,989	12,150,612
Amounts Due from Related Parties	733	–	788	10,564	111,437	185,396
Deposits with Banks	82,362	81,186	81,504	–	–	–
Other Financial Assets	81,124	–	–	81,124	–	–
Other Investments	623,104	668,703	671,383	–	–	–
Cash and Cash Equivalents	1,831,428	1,452,433	1,339,007	1,433,975	892,966	1,017,628
	36,443,806	29,551,608	35,406,814	26,258,294	20,798,522	25,471,698
Total Assets	52,968,681	44,484,383	50,582,116	35,011,082	29,703,208	34,027,322
EQUITY AND LIABILITIES						
Equity						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	572,702	1,047,239	577,919	839,594	1,054,818	847,556
Statutory Reserve	136,009	113,852	136,009	–	–	–
Revenue Reserves	5,755,362	5,910,085	5,495,478	3,537,972	3,695,976	3,326,088
Total Equity Attributable to Equity Holders of the Company	7,090,122	7,697,225	6,835,454	5,003,614	5,376,842	4,799,692
Non-Controlling Interest	1,458,234	1,424,540	1,349,115	–	–	–
Total Equity	8,548,356	9,121,765	8,184,569	5,003,614	5,376,842	4,799,692
Non-Current Liabilities						
Interest-Bearing Loans and Borrowings	7,695,931	5,933,337	4,332,360	5,005,700	2,898,333	2,532,150
Employee Benefit Obligations	839,135	731,567	794,645	601,302	538,842	574,009
Security Deposits	1,277,851	1,122,281	1,199,127	1,277,851	1,122,281	1,199,127
Other Financial Liabilities	631,230	521,957	411,394	–	–	–
Deferred Taxation Liability	373,953	–	467,236	–	–	–
	10,818,101	8,309,142	7,204,762	6,884,853	4,559,456	4,305,286
Current Liabilities						
Trade and Other Payables	10,114,607	5,198,707	8,286,261	6,017,895	4,035,118	6,076,064
Deferred Revenue	216,636	290,109	246,290	216,636	290,109	246,290
Dividends Payable	38,880	36,305	593,695	30,967	26,223	539,610
Amounts Due to Related Parties	24,200	78,884	16,182	4,612,190	1,055,823	2,639,361
Other Financial Liabilities	4,779,720	4,595,130	4,826,584	–	–	8,338
Interest-Bearing Loans and Borrowings	16,850,701	15,459,431	19,091,083	11,364,558	13,323,415	14,175,592
Bank Overdrafts	1,577,481	1,394,911	2,132,691	880,370	1,036,221	1,237,089
	33,602,225	27,053,477	35,192,786	23,122,615	19,766,909	24,922,344
Total Liabilities	44,420,326	35,362,619	42,397,548	30,007,468	24,326,365	29,227,630
Total Equity and Liabilities	52,968,681	44,484,383	50,582,116	35,011,082	29,703,208	34,027,322
Net Assets per Share (Rs.)	18.88	20.49	18.20	13.32	14.31	12.78

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

(Sgd.)
Lalith Yatiwella
Finance Director

Above figures are provisional and subject to audit.

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

Signed for and on behalf of the Board by,

(Sgd.)
A.M. Pandithage
Chairman
Colombo,
9th November 2018

(Sgd.)
Mahesh H. Wijewardene
Director/Group Chief Executive Officer

Statement of Changes in Equity

<i>For the six months ended 30th September</i>								
	Stated Capital	Reserve Fund	Revaluation Reserves	General Reserves	Retained Earnings	Total	Non- Controlling Interest	Total Equity
Group	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2017	626,048	95,361	1,054,508	2,700,000	2,735,953	7,211,870	1,401,606	8,613,476
Realisation of Revaluation Surplus	-	-	(7,269)	-	7,269	-	-	-
Transferred to/(from) during the Period	-	18,491	-	-	(18,491)	-	-	-
Total Comprehensive Income for the Period								
Profit for the Period	-	-	-	-	485,355	485,355	57,280	542,635
Total Comprehensive Income for the Period	-	-	-	-	485,355	485,355	57,280	542,635
Transactions with Owners of the Company, Recognised Directly in Equity								
Distributions to Owners of the Company								
Final Dividend – 2016	-	-	-	-	-	-	(34,346)	(34,346)
Total Distributions to Owners of the Company	-	-	-	-	-	-	(34,346)	(34,346)
Balance as at 30th September 2017	626,048	113,852	1,047,239	2,700,000	3,210,085	7,697,225	1,424,540	9,121,765
Realisation of Revaluation Surplus	-	-	(17,489)	-	17,489	-	-	-
Transferred to/(from) during the Period	-	22,157	-	-	(22,157)	-	-	-
Total Comprehensive Income for the Period								
Profit for the Period	-	-	-	-	398,430	398,430	32,616	431,046
Other Comprehensive Income								
Remeasurement of Employee Benefit Obligations	-	-	-	-	(17,616)	(17,616)	(1,294)	(18,910)
Related Taxes	-	-	-	-	5,990	5,990	330	6,319
Deferred Tax Relating to Revaluation of Land	-	-	(451,831)	-	-	(451,831)	(64,218)	(516,049)
Total Other Comprehensive Income for the Period	-	-	(451,831)	-	(11,626)	(463,457)	(65,183)	(528,640)
Total Comprehensive Income for the Period	-	-	(451,831)	-	386,804	(65,027)	(32,567)	(97,594)
Transactions with Owners of the Company, Recognised Directly in Equity								
Distributions to Owners of the Company								
Interim Dividend – 2017/18	-	-	-	-	(826,383)	(826,383)	(92,297)	(918,680)
Total Distributions to Owners of the Company	-	-	-	-	(826,383)	(826,383)	(92,297)	(918,680)
Changes in Ownership Interests in Subsidiary								
Right Issue to Non-Controlling Interest	-	-	-	-	-	-	77,732	77,732
Gain on Acquisition of Additional Shares in Right Issue	-	-	-	-	3,336	3,336	-	3,336
Right Issue Cost	-	-	-	-	(1,990)	(1,990)	-	(1,990)
Effect of Change in Holdings in Subsidiaries	-	-	-	-	28,294	28,294	(28,294)	-
Balance as at 31st March 2018	626,048	136,009	577,919	2,700,000	2,79 5,478	6,835,454	1,349,115	8,184,569
Realisation of Revaluation Surplus	-	-	(5,217)	-	5,217	-	-	-
Total Comprehensive Income for the Period								
Profit for the Period	-	-	-	-	274,626	274,626	60,780	335,406
Total Comprehensive Income for the Period	-	-	-	-	274,626	274,626	60,780	335,406
Distributions to Owners of the Company								
Dividend Paid in Terms of Bonus Issue	-	-	-	-	(10,018)	(10,018)	-	(10,018)
Total Distributions to Owners of the Company	-	-	-	-	(10,018)	(10,018)	-	(10,018)
Effect of Change in Holdings in Subsidiaries	-	-	-	-	(9,940)	(9,940)	48,339	38,399
Balance as at 30th September 2018	626,048	136,009	572,702	2,700,000	3,055,362	7,090,122	1,458,234	8,548,356

Statement of Changes in Equity

<i>For the six months ended 30th September</i>	Stated Capital Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Company					
Balance as at 1st April 2017	626,048	1,062,086	2,700,000	763,457	5,151,591
Realisation of Revaluation Surplus	-	(7,268)	-	7,268	-
Total Comprehensive Income for the Period					
Profit for the Period	-	-	-	225,250	225,250
Total Comprehensive Income for the Period	-	-	-	225,250	225,250
Balance as at 30th September 2017	626,048	1,054,818	2,700,000	995,976	5,376,842
Realisation of Revaluation Surplus	-	(9,180)	-	9,180	-
Total Comprehensive Income for the Period					
Profit for the Period	-	-	-	454,140	454,140
Other Comprehensive Income					
Remeasurement of Employee Benefit Obligations	-	-	-	(9,478)	(9,478)
Related Taxes	-	-	-	2,654	2,654
Deferred Tax Relating to Revaluation of Land	-	(198,082)	-	-	(198,082)
Total Other Comprehensive Income for the Period	-	(198,082)	-	(6,824)	(204,906)
Total Comprehensive Income for the Period	-	(198,082)	-	447,316	249,234
Transactions with Owners of the Company, Recognised Directly in Equity					
Distributions to Owners of the Company					
Interim Dividend – 2017/18	-	-	-	(826,383)	(826,383)
Total Distributions to Owners of the Company	-	-	-	(826,383)	(826,383)
Balance as at 31st March 2018	626,048	847,556	2,700,000	626,088	4,799,692
Realisation of Revaluation Surplus	-	(7,962)	-	7,962	-
Total Comprehensive Income for the Period					
Profit for the Period	-	-	-	203,922	203,922
Total Comprehensive Income for the Period	-	-	-	203,922	203,922
Balance as at 30th September 2018	626,048	839,594	2,700,000	837,972	5,003,614

Statement of Cash Flows

For the six months ended 30th September	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
Cash Flows from Operating Activities				
Net Profit Before Income Tax Expense	561,746	831,595	178,166	266,074
Adjustment for:				
Depreciation on Property, Plant and Equipment	219,745	250,385	206,476	202,029
Amortisation of Intangible Assets	14,560	9,519	6,102	6,859
Amortisation of Leasehold Rights	692	-	-	-
(Gain)/Loss on Disposal of Property, Plant and Equipment	880	3,881	814	3,921
Fair Value Gain from Investment	-	(10,769)	-	(10,769)
Gain from Disposal of Investment in Subsidiary	-	-	(14,049)	-
Interest Expense	1,517,641	1,120,257	1,344,871	1,067,457
Interest Income	(63,318)	(59,509)	(200,231)	(177,393)
Impairment of Inventories	137,466	44,287	88,136	18,271
Impairment on Trade and Other Receivables	271,652	30,894	195,958	125,321
Dividend Income	-	-	(264,020)	(126,816)
Provision for Retiring Gratuity	57,034	64,473	31,146	49,897
Operating Profit before Working Capital Changes	2,781,968	2,285,014	1,573,370	1,424,850
(Increase)/Decrease in Inventories	(239,998)	1,603,468	43,224	1,116,533
(Increase)/Decrease in Debtors falling Due after One Year	(1,362,489)	(2,325,765)	(161,597)	(163,672)
(Increase)/Decrease in Debtors falling Due within One Year	(672,069)	1,793,705	(331,837)	294,006
(Increase)/Decrease in Dues from Related Parties	55	-	174,832	(30,952)
Increase/(Decrease) in Dues to Related Parties	8,018	(22,942)	1,972,828	107,052
Increase/(Decrease) in Security Deposits	78,724	58,052	78,724	58,052
Increase/(Decrease) in Trade and Other Payables	1,876,142	(2,534,946)	(10,372)	(2,190,450)
Increase/(Decrease) in Deferred Liabilities	(29,654)	(118,301)	(29,654)	(118,301)
Cash Generated from Operations	2,440,697	738,285	3,309,518	497,118
Finance Costs Paid	(1,565,438)	(1,141,228)	(1,392,667)	(1,088,429)
Retiring Gratuity Paid	(12,544)	(13,749)	(3,854)	(11,695)
Income Tax Paid	(337,615)	(483,939)	(125,253)	(150,917)
Net Cash from/(used in) Operating Activities	525,100	(900,631)	1,787,743	(753,923)
Cash Flows from Investing Activities				
Acquisition of Property, Plant and Equipment and Intangible Assets	(293,390)	(472,945)	(167,364)	(309,335)
Proceeds from Disposal of Property Plant and Equipment	6,559	2,450	6,625	2,386
Proceeds from Disposal of Investment in Subsidiary	38,399	-	38,399	-
(Acquisition)/Disposal of Marketable Securities	48,279	(119,447)	-	-
Investment in Bank Deposits	(858)	(57)	-	-
Net Cash Flows from Loans Given to Related Companies	-	-	(421,000)	1,221,938
Interest Income Received	63,318	59,509	200,231	177,393
Dividends Received	-	-	264,020	126,816
Net Cash Flows from Investing Activities	(137,693)	(530,490)	(79,089)	1,219,198
Cash Flows from Financing Activities				
Net Proceeds from Interest-Bearing Loans and Borrowings	1,042,065	597,382	(426,946)	939,962
Net (Payment) to/ Receipts from Minority Shareholders	-	(28,199)	-	-
Increase/(Decrease) in Customer Deposit Liabilities	172,973	2,019,707	-	-
Dividends Paid	(554,815)	(906,756)	(508,643)	(906,756)
Net Cash Flows from Financing Activities	660,223	1,682,134	(935,589)	33,206
Net Increase/(Decrease) in Cash and Cash Equivalents	1,047,631	251,013	773,065	498,481
Cash and Cash Equivalents at the Beginning of the Year	(793,684)	(193,491)	(219,461)	(641,736)
Cash and Cash Equivalents at the End of the Period	253,947	57,522	553,605	(143,255)

Notes to the Financial Statements

1. Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements for the year ended 31st March 2018, except for the adoption of new standards effective as of 1st April 2018.

The Group applies SLFRS 15 – “Revenue from Contracts with Customers” and SLFRS 9 “Financial Instruments” for the first time that require restatement of previous Financial Statements. As required by LKAS 34, the nature and effect of these changes are disclosed below:

And for the other amendments and interpretations apply for the first time in 2018 do not have an impact on the Interim Condensed Consolidated Financial Statements of the Group.

(a) SLFRS 15 – “Revenue from Contracts with Customers”

SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under SLFRS.

The Group adopted SLFRS 15 using the full retrospective method of adoption. Based on the assessment performed, the Group concluded that SLFRS 15 does not have a material impact on the Group’s Consolidated Financial Statements.

(b) SLFRS 9 – “Financial Instruments”

SLFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment, and hedge accounting. SLFRS 9 is effective for annual periods beginning on or after 1st January 2018. However, paragraph 7.2.16 of SLFRS 9 permits an entity not to apply the requirements of this Standard to interim periods prior to the date of initial application, if it is impracticable.

Based on the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements” issued by The Institute of Chartered Accountants of Sri Lanka entities are granted with the option to prepare Interim Financial Statements continuing the application of LKAS 39 with disclosures on impact to the Income Statement and Statement of Profit or Loss and Other Comprehensive Income for the period, if SLFRS 9 has been applied.

Accordingly, as permitted by the above SoAT, the Group has prepared the Interim Financial Statements for the quarter ended 30th September 2018 based on LKAS 39.

2.1 Segmental Analysis of Company Net Turnover is as follows:

	Quarter ending 30th September 2018 Rs. '000	Quarter ending 30th September 2017 Rs. '000	Six months ending 30th September 2018 Rs. '000	Six months ending 30th September 2017 Rs. '000
Consumer Electronics	1,398,764	1,489,561	3,187,217	3,178,555
Financial Services	843,836	871,670	1,748,623	1,820,237
Furniture	530,364	576,474	1,346,920	1,282,554
Home Appliances	3,736,728	3,525,053	8,671,154	8,182,921
IT Products	1,999,045	1,445,271	3,981,770	2,806,461
Sewing Machines	668,156	680,853	1,250,757	1,264,084
Other	643,980	751,412	1,289,567	1,448,406
	9,820,873	9,340,294	21,476,008	19,983,218

Notes to the Financial Statements

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

	Quarter ending 30th September 2018 Rs. '000	Quarter ending 30th September 2017 Rs. '000	Six months ending 30th September 2018 Rs. '000	Six months ending 30th September 2017 Rs. '000
Consumer Electronics	32,202	45,076	167,235	149,570
Financial Services	93,381	105,119	310,415	334,000
Furniture	7,901	8,415	53,161	44,832
Home Appliances	83,302	85,081	384,163	372,480
IT Products	24,297	13,842	67,197	32,510
Sewing Machines	22,562	22,013	59,532	58,517
Other	13,361	21,241	37,683	58,012
Dividend	264,020	126,817	264,020	126,817
Operating Profit	541,026	427,604	1,343,407	1,176,738
Net Finance Cost	(636,280)	(446,150)	(1,144,640)	(890,064)
VAT on Financial Services	(10,800)	(9,800)	(20,600)	(20,600)
Profit Before Tax	(106,054)	(28,346)	178,166	266,074

2.3 Segmental Analysis of Group Net Turnover is as follows:

	Quarter ending 30th September 2018 Rs. '000	Quarter ending 30th September 2017 Rs. '000	Six months ending 30th September 2018 Rs. '000	Six months ending 30th September 2017 Rs. '000
Consumer Electronics	1,398,764	1,489,561	3,187,217	3,178,555
Financial Services	1,762,585	1,605,969	3,531,701	3,231,266
Furniture	530,364	576,474	1,346,920	1,282,554
Home Appliances	3,738,624	3,526,458	8,675,615	8,187,215
IT Products	4,718,346	3,289,785	9,324,611	6,432,410
Sewing Machines	668,156	680,853	1,250,757	1,264,084
Other	644,187	751,802	1,289,920	1,448,985
	13,461,027	11,920,902	28,606,741	25,025,069

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

	Quarter ending 30th September 2018 Rs. '000	Quarter ending 30th September 2017 Rs. '000	Six months ending 30th September 2018 Rs. '000	Six months ending 30th September 2017 Rs. '000
Consumer Electronics	31,100	45,077	166,133	149,571
Financial Services	446,503	345,300	920,713	797,391
Furniture	7,631	8,415	52,891	44,832
Home Appliances	119,195	121,680	460,453	454,695
IT Products	217,014	241,622	438,953	440,054
Sewing Machines	21,700	14,710	61,875	42,245
Other	15,699	22,248	42,095	59,881
Operating Profit	858,843	799,052	2,143,114	1,988,667
Net Finance Cost	(867,133)	(538,338)	(1,454,323)	(1,060,748)
VAT on Financial Services	(69,727)	(49,848)	(127,045)	(96,327)
Profit Before Tax	(78,018)	210,866	561,746	831,595

3. Stated Capital

	30th September 2018	30th September 2017
Value – Ordinary Shares	Rs. 626,048,050.00	Rs. 626,048,050.00
Number of Shares – Ordinary Shares	375,628,830	375,628,830
Voting Rights	One vote per ordinary share	One vote per ordinary share

Notes to the Financial Statements

On 15th October 2018, Hayleys PLC purchased the balance 35,562,883 (9.47%) ordinary shares held by Retail Holdings (Sri Lanka) BV in Singer (Sri Lanka) PLC at a price of Rs. 47.00 per share upon Retail Holdings (Sri Lanka) BV exercising their option to sell its shares to Hayleys PLC as previously agreed.

After accepting this offer, Hayleys PLC together with its Group Companies holds 90.43% (80.96% previously) of Singer (Sri Lanka) PLC.

On 1st November 2018, Mr. Mahesh H. Wijewardene was appointed as an Executive Director and the Chief Executive Officer of Singer (Sri Lanka) PLC and Mr. Asoka Pieris relinquished his duties as an Executive Director/Chief Executive Officer of Singer (Sri Lanka) PLC from 31st October 2018.

4. Contingencies

- (a) 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. Commissioner General of Inland Revenue has given the determination on the appeal. Accordingly, Rs. 791 million of Deemed VAT liability and penalty of Rs. 395 million totalling to Rs. 1,186 million is payable as a Deemed VAT liability for seven quarters for the period 1st January 2014 to 30th September 2015. 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 and accordingly Company has decided to appeal to the Tax Appeal Commission against the determination. 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. Deemed VAT is removed with effect from 1st January 2016 under VAT Amendment Act No. 20 of 2016.
- (b) Singer (Sri Lanka) PLC has provided bank guarantees amounting to Rs. 267 million to Director General of Customs to clear imports during the year 2008 to September 2018. The bank guarantee related to alleged additional duty payable on imports, claimed by the customs and is being contested by the Company in courts. The Court of Appeal ordered that the Director General of Customs continue with the investigations. The Company being aggrieved by the decision has filed an appeal, which is pending before the Supreme Court. The Company lawyers are of the opinion that there is no basis that the Company is liable for the additional duty and hence, no provision is made in the Financial Statements.
- (c) The Commissioner General of Inland Revenue has issued assessment notices during 2017/18 for the year of assessment 2014/15 on account of disallowing impairment charge on leasing business and during 2018/19 for the year of assessment 2015/16, due to disallowing impairment charge and underestimating tax credits on Singer Finance (Lanka) PLC. The assessment for 2014/15 is for a value of Rs. 56.4 million and a penalty of Rs. 28.2 million totalling to Rs. 84.6 million. The assessment for 2015/16 is for a value of Rs. 43 million and a penalty of Rs. 48.8 million totalling to Rs. 91.8 million. Singer Finance (Lanka) PLC after carefully reviewing the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable, hence, no provision has been made in the Financial Statements. The Company has appealed against the assessment, requesting the entire tax and penalty be held over pending settlement of the appeal under Section 173 (6) of the Inland Revenue Act No. 10 of 2006.
- (d) Under the Finance Companies (single borrowers limit) Direction No. 4 of 2006/1, the value of unsecured accommodations granted to and outstanding at any point of time from all borrowers should not exceed 5% of the capital funds as shown in the last audited Balance Sheet. However, the value of unsecured accommodation granted has been exceeded due to credit card product by Rs. 409.1 million as of 30th September 2018. Singer Finance (Lanka) PLC is in the process of seeking methods to be compliant with the said regulation.
- (e) Guarantees given to banks and other lending institutions by Singer (Sri Lanka) PLC on behalf of Regnis (Lanka) PLC, amounted Rs. 455.5 million. In addition to that, Regnis (Lanka) PLC provided guarantees to banks and other lending institutions on behalf of Regnis Appliances (Pvt) Limited amounting to Rs. 345 million.

5. Events Occurring after the Balance Sheet Date

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

6. Listed Debentures

Details Regarding the Listed Debentures are as follows.

	Interest Rates of Comparable Government Securities as at Issue Date (%)
i. 10.5 % senior rated listed unsecured redeemable on 15th March 2019	9.43
ii. 10.1 %* senior rated listed unsecured redeemable on 15th March 2019	9.43
iii. 12% senior rated listed unsecured redeemable on 28th September 2021	9.51

Interest rates of comparable Government Securities as at 30th September 2018 were 8.94% (i & ii) and 10.56% (iii).

* Variable six months Gross TB+1.5%. (Floor 9.5%, Cap 12.5%)

The debentures were not traded during the quarter ended 30th September 2018.

Notes to the Financial Statements

Utilisation of Funds Raised via Debentures:

Objective Number	Objective as per Prospectus	Amount Allocated as per Prospectus in Rs.	Proposed Date of Utilisation as per Prospectus	Amount Allocated from Proceed in Rs. (A)	Percentage of Total Proceed	Amounts Utilised (Rs.) (B)	Percentage of Utilisation against allocation (B/A)	Clarification if not fully utilised including where the funds are invested (e.g. whether lent to related parties etc.)
1	Refinancing of short-term bank facilities	Initial issue of Rs. 1.0 billion and a maximum issue of Rs. 1.5 billion	Immediately upon allotment of the Debentures	Rs. 656.8 million	100%	Rs. 656.8 million	100%	N/A

	Group		Company	
	30th September 2018	30th September 2017	30th September 2018	30th September 2017
Debt Equity Ratio	3.47	2.90	3.16	3.04
Interest Cover	1.40	1.83	1.16	1.48
Quick Assets Ratio	0.71	0.72	0.68	0.60

7. Top 20 Shareholders as at 30th September 2018

Name	Number of Shares	Percentage
1. National Savings Bank/Hayleys PLC	85,147,054	22.67
2. People's Bank/Hayleys PLC	85,147,053	22.67
3. Hatton National Bank PLC/Hayleys PLC	40,293,659	10.73
4. Hayleys PLC	15,116,388	4.02
5. Hayleys Advantis Limited	37,127,660	9.88
6. Retail Holdings (Sri Lanka) BV	35,562,883	9.47
7. Volanka (Pvt) Limited	11,595,745	3.09
8. Hayleys Aventura (Private) Limited	10,531,915	2.80
9. Carbotels (Pvt) Limited	9,680,851	2.58
10. Hayleys Agriculture Holdings Limited	9,468,085	2.52
11. Mr. Kulappuarachchige Don Dammika Perera	6,935,913	1.85
12. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	2,492,130	0.66
13. Mrs. Mihiri Virani Fernando	1,900,000	0.51
14. Andaradeniya Estate Private Limited	669,849	0.18
15. Mrs. Anoma Kamalika Amarasuriya	536,910	0.14
16. Mr. Nai Kaluge Anura Deepal De Silva	441,582	0.12
17. Miss Nai Kaluge Ruvani Hemamala De Silva	397,638	0.11
18. Mr. Nalin Amita De Silva	378,978	0.10
19. Jafferjee Brothers (Exports) Limited	375,600	0.10
20. Mr. Abeyisiri Hemapala Munasinghe	328,644	0.09
	354,128,537	94.28
Others	21,500,293	5.72
	375,628,830	100.00

Notes to the Financial Statements

8. Directors and CEO'S Shareholding as at 30th September 2018

Name of the Director	Shareholding 30th September 2018 Number of Shares	Shareholding 31st March 2018 Number of Shares
Mr. A.M. Pandithage	-	-
Mr. K.D.D. Perera	6,935,913	6,935,913
Mr. M.H. Wijewardene-CEO (Appointed w.e.f. 1st November 2018)	-	-
Mr. H.A. Pieris (Resigned w.e.f. 31st October 2018)	6,000	6,000
Mr. D. Sooriyaarachchi	-	-
Mr. M.H. Jamaldeen	-	-
Mr. D.H. Fernando	-	-
Mr. D.K de Silva Wijeyeratne	-	-
Mr. G.J. Walker	-	-
Mr. S.C. Ganegoda	-	-
Ms. O.D. Gunewardene (Appointed w.e.f. 1st August 2018)	-	-
Mr. S.H. Goodman	-	-
Mr. M.H. Wijewardene (Alt)	-	-
Mr. L.N.S.K. Samarasinghe (Alt) (Ceased to be an Alternate Director w.e.f. 31st October 2018)	17,372	17,372
Mr. K.K.L.P. Yatiwella (Alt)	-	-

9. Public Holding

Shares held by public as at 30th September 2018

Number of shareholders	Number of Shares	Percentage
2,724	28,997,574	7.72

Float adjusted market capitalisation – Rs. 875,765,079.42

The Company is not compliant with option five of the Listing Rules 7.13.1 (a) - Less than Rs. 2.5 billion. Float adjusted market capitalisation which requires 20% minimum public holding

10. Information of the Company Secretary

Hayleys Group Services (Private) Limited
Contact No. 011 262 7650

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