



SINGER[®]

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SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
NINE MONTHS ENDED 31ST DECEMBER 2018

Statement of Profit or Loss and Other Comprehensive Income

For the quarter ended 31st December	Group		Company		Variance		Variance	
	2018 Rs. '000	2017 Rs. '000	2018 Rs. '000	2017 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	15,894,056	14,488,167	11,685,990	11,105,846	1,405,889	+	580,144	+
Cost of Sales	(11,349,806)	(10,416,348)	(8,411,711)	(8,105,509)	(933,457)	+	(306,201)	+
Direct Interest Cost	(333,828)	(291,515)	—	—	(42,313)	+	—	—
Gross Profit	4,210,422	3,780,303	3,274,279	3,000,337	430,119	+	273,942	+
Other Income	76,642	90,286	22,910	17,718	(13,644)	-	5,192	+
Selling and Administrative Expenses	(3,187,138)	(2,962,382)	(2,734,938)	(2,582,772)	(224,756)	+	(152,165)	+
Operating Profit	1,099,926	908,207	562,251	435,283	191,719	+	126,969	+
Finance Cost	(827,631)	(526,927)	(738,304)	(518,357)	(300,705)	+	(219,947)	+
Exchange Gain/(Loss)	(187,967)	5,288	(94,954)	4,001	(193,255)	+	(98,955)	+
Finance Income	44,355	65,642	111,423	107,796	21,288	-	3,628	+
Net Finance Cost	(971,243)	(455,997)	(721,834)	(406,560)	(515,247)	+	(315,274)	+
Value Added Tax on Financial Services	(95,292)	(62,692)	(10,800)	(11,000)	(32,600)	+	200	-
Profit Before Tax	33,391	389,519	(170,383)	17,722	356,128	-	188,106	-
Income Tax Expense	(16,004)	(170,724)	61,115	(45,498)	(154,720)	-	(106,613)	-
Profit for the Period	17,387	218,794	(109,268)	(27,775)	201,408	-	81,493	-
Other Comprehensive Income								
Items that will not be Reclassified to Profit or Loss								
Remeasurement of Employee Benefit Obligations	—	(32,318)	—	(24,260)				
Tax on Other Comprehensive Income	—	8,996	—	6,793				
Other Comprehensive Income for the Period, Net of Tax	—	(23,322)	—	(17,467)				
Total Comprehensive Income for the Period, Net of Tax	17,387	195,472	(109,268)	(45,242)				
Profit Attributable to –								
Owners of the Company	(180,404)	184,435	(109,268)	(27,775)				
Non-Controlling Interests	197,791	34,360	—	—				
	17,387	218,794	(109,268)	(27,775)				
Total Comprehensive Income Attributable to –								
Owners of the Company	(194,453)	162,003	(109,268)	(27,775)				
Non-Controlling Interests	197,791	33,469	—	—				
	17,387	195,472	(109,268)	(45,242)				
Earnings/(Loss) Per Share – Basic (Rs.)	(0.48)	0.49	(0.29)	(0.07)				

Above figures are provisional and subject to audit.

	Quarter ended 31st December 2018 Rs.	Quarter ended 31st December 2017 Rs.
Share Prices		
Highest	35.10	50.00
Lowest	28.00	40.00
Last Traded Price	30.00	43.50

Statement of Profit or Loss and Other Comprehensive Income

For the nine months ended 31st December	Group		Company		Variance		Variance	
	2018 Rs. '000	2017 Rs. '000	2018 Rs. '000	2017 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	44,500,797	39,513,236	33,161,998	31,089,063	4,987,560	+	2,072,934	+
Cost of Sales	(31,418,349)	(27,752,083)	(23,804,412)	(22,385,935)	(3,666,266)	+	(1,418,477)	+
Direct Interest Cost	(915,213)	(779,590)	—	—	(135,623)	+	—	—
Gross Profit	12,167,235	10,981,563	9,357,585	8,703,128	1,185,671	+	654,457	+
Other Income	249,206	225,150	356,705	225,649	24,057	+	131,057	+
Selling and Administrative Expenses	(9,173,401)	(8,309,836)	(7,808,633)	(7,316,757)	(863,565)	+	(491,876)	+
Operating Profit	3,243,040	2,896,877	1,905,658	1,612,020	346,164	+	293,637	+
Finance Cost	(2,178,087)	(1,657,256)	(2,030,550)	(1,592,049)	(520,831)	+	(438,501)	+
Exchange Gain/Loss	(355,153)	(15,360)	(147,579)	10,236	(370,513)	-	(157,815)	-
Finance Income	107,673	125,151	311,654	285,159	17,478	-	26,465	+
Net Finance Cost	(2,425,567)	(1,516,744)	(1,866,475)	(1,296,624)	(908,822)	+	(569,850)	+
Value Added Tax on Financial Services	(222,338)	(159,020)	(31,400)	(31,600)	(63,318)	+	(200)	+
Profit Before Tax	595,136	1,221,113	7,783	283,796	625,977	-	276,013	-
Income Tax Expense	(242,343)	(459,684)	86,871	(86,321)	(217,341)	-	(173,193)	-
Profit for the Period	352,793	761,429	94,654	197,475	408,636	-	102,821	-
Other Comprehensive Income								
Items that will not be Reclassified to Profit or Loss								
Remeasurement of Employee Benefit Obligations	—	(32,318)	—	(24,260)				
Tax on Other Comprehensive Income	—	8,996	—	6,793				
Other Comprehensive Income for the Period, Net of Tax	—	(23,322)	—	(17,467)				
Total Comprehensive Income for the Period, Net of Tax	352,793	738,107	94,654	180,008				
Profit Attributable to –								
Owners of the Company	94,222	669,788	94,654	197,475				
Non-Controlling Interests	258,571	91,640	—	—				
	352,793	761,429	94,654	197,475				
Total Comprehensive Income Attributable to –								
Owners of the Company	94,222	647,357	94,654	180,008				
Non-Controlling Interests	258,571	90,749	—	—				
	352,793	738,107	94,654	180,008				
Earnings Per Share – Basic (Rs.)	0.25	1.78	0.25	0.53				

Above figures are provisional and subject to audit.

	Nine months ended 31st December 2018 Rs.	Nine months ended 31st December 2017 Rs.
Share Prices		
Highest	41.00	53.50
Lowest	28.00	39.33
Last Traded Price	30.00	43.50

Statement of Financial Position

As at	Group			Company		
	31st December 2018 Rs. '000	31st December 2017 Rs. '000	31st March 2018 Rs. '000	31st December 2018 Rs. '000	31st December 2017 Rs. '000	31st March 2018 Rs. '000
ASSETS						
Property, Plant and Equipment	5,613,663	5,730,640	5,649,424	2,994,993	3,133,712	3,082,598
Intangible Assets	269,036	274,622	281,317	201,282	209,426	207,145
Investment in Subsidiaries	—	—	—	2,900,873	2,925,222	2,925,222
Other Non-current Assets	63,653	—	64,520	—	—	—
Other Investments	17,061	27,830	17,061	929,110	939,879	929,110
Trade and Other Receivables	11,293,520	8,457,599	9,162,980	1,586,114	1,465,482	1,341,906
Deferred Tax Assets	—	79,988	—	156,514	235,982	69,643
Non-current Assets	17,256,933	14,570,680	15,175,302	8,768,886	8,909,704	8,555,624
Inventories	12,563,720	11,315,153	12,573,710	10,794,154	9,579,926	10,741,281
Loans due from Related Parties	—	—	—	1,845,151	597,145	1,219,151
Income Tax Receivables	249,241	46,538	46,635	343,144	155,328	157,630
Trade and Other Receivables	23,278,581	19,708,403	20,693,787	12,946,679	11,386,637	12,150,612
Amounts due from Related Parties	2,017	—	788	111,169	118,869	185,396
Deposits with Banks	82,670	81,079	81,504	—	—	—
Other Financial Assets	144,111	1,149,051	—	144,111	—	—
Other Investments	609,668	—	671,383	—	—	—
Cash and Cash Equivalents	3,514,185	1,994,547	1,339,007	1,814,111	1,426,770	1,017,628
Current Assets	40,444,192	34,294,769	35,406,814	27,998,519	23,264,675	25,471,698
Total Assets	57,701,125	48,865,450	50,582,116	36,767,405	32,174,379	34,027,322
Equity						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	567,485	1,036,987	577,919	835,613	1,049,509	847,556
Statutory Reserve	136,009	113,852	136,009	—	—	—
Revenue Reserves	5,580,176	6,085,677	5,495,479	3,432,684	3,656,042	3,326,087
Total Equity Attributable to Owners						
Company	6,909,719	7,862,564	6,835,456	4,894,346	5,331,599	4,799,691
Non-controlling Interest	1,656,023	1,535,741	1,349,113	—	—	—
Total Equity	8,565,742	9,398,305	8,184,569	4,894,346	5,331,599	4,799,691
Liabilities						
Interest-Bearing Loans and Borrowings	9,200,437	6,243,865	4,332,360	6,682,017	4,420,000	2,532,150
Employee Benefit Obligations	855,565	789,502	794,645	613,428	573,377	574,009
Security Deposits	1,322,066	1,159,558	1,199,127	1,322,066	1,159,558	1,199,127
Other Financial Liabilities	692,722	453,582	411,394	—	—	—
Deferred Tax Liability	398,838	—	467,236	—	—	—
Non-current Liabilities	12,469,628	8,646,506	7,204,762	8,617,511	6,152,935	4,305,286
Trade and Other Payables	9,259,417	8,032,941	8,286,261	6,430,077	6,371,457	6,076,064
Deferred Revenue	220,270	238,628	246,290	216,338	238,628	246,290
Income Tax Payables	—	—	—	—	—	—
Dividends Payable	38,458	32,281	593,695	30,642	26,223	539,610
Amounts due to Related Parties	39,029	—	16,182	2,301,942	2,281,625	2,639,361
Other Financial Liabilities	3,920,243	4,666,945	4,826,584	—	—	8,338
Interest-Bearing Loans and Borrowings	20,961,905	16,074,299	19,091,083	13,582,470	10,570,347	14,175,592
Bank Overdrafts	2,226,434	1,775,546	2,132,691	694,080	1,201,566	1,237,089
Current Liabilities	36,665,755	30,820,640	35,192,786	23,255,548	20,689,846	24,922,344
Total Liabilities	49,135,383	39,467,146	42,397,548	31,873,059	26,842,780	29,227,630
Total Equity and Liabilities	57,701,125	48,865,451	50,582,117	36,767,405	32,174,380	34,027,321
Net Assets Per Share (Rs.)	18.40	20.93	18.20	13.03	14.19	12.78

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

(Sgd.)

Lalith Yatiwella

Finance Director

Above figures are provisional and subject to audit.

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

Signed for and on behalf of the Board by,

(Sgd.)

A.M. Pandithage

Chairman

Colombo,
07th February 2019

(Sgd.)

Mahesh H. Wijewardene

Director/Group Chief Executive Officer

Statement of Changes in Equity

For the nine months ended 31st December

Group	Stated Capital Rs. '000	Reserve Fund Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000	Non-controlling Interest Rs. '000	Total Equity 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	–	–	(17,521)	–	17,521	–	–	–
Transferred to/(from) during the Period	–	18,491	–	–	(18,491)	–	–	–
Total Comprehensive Income for the Period								
Profit for the Period	–	–	–	–	669,790	669,790	91,641	761,431
Other Comprehensive Income								
Remeasurement of Employee Benefit Obligations	–	–	–	–	(31,111)	(31,111)	(1,207)	(32,318)
Related Taxes	–	–	–	–	8,678	8,678	315	8,993
Total Other Comprehensive Income for the Period	–	–	–	–	(22,433)	(22,433)	(892)	(23,325)
Total Comprehensive Income for the Period	–	–	–	–	647,357	647,357	90,749	738,106
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)
Right Issue to Non-Controlling Interest	–	–	–	–	–	–	77,732	77,732
Gain on Acquisition of Additional Shares in Right Issue	–	–	–	–	3,337	3,337	–	3,337
Balance as at 31st December 2017	626,048	113,852	1,036,987	2,700,000	3,385,677	7,862,564	1,535,741	9,398,305
Realisation of Revaluation Surplus	–	–	(7,237)	–	7,237	–	–	–
Transferred to/(from) during the Period	–	22,158	–	–	(22,158)	–	–	–
Total Comprehensive Income for the Period								
Profit for the Period	–	–	–	–	213,995	213,995	(1,747)	212,249
Other Comprehensive Income								
Remeasurement of Employee Benefit Obligations	–	–	–	–	13,495	13,495	(87)	13,408
Related Taxes	–	–	–	–	(2,688)	(2,688)	15	(2,674)
Deferred Tax Relating to Revaluation of Land	–	–	(451,831)	–	–	(451,831)	(64,218)	(516,049)
Total Other Comprehensive Income for the Period	–	–	(451,831)	–	10,807	(441,024)	(64,291)	(505,315)
Total Comprehensive Income for the Period	–	–	(451,831)	–	224,802	(227,029)	(66,037)	(293,066)
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	–	–	–	–	–	–	–	–
Gain on Acquisition of Additional Shares in Right Issue	–	–	–	–	–	–	–	–
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	2,795,479	6,835,456	1,349,113	8,184,569
Realisation of Revaluation Surplus	–	–	(10,434)	–	10,434	–	–	–
Total Comprehensive Income for the Period								
Profit for the Period	–	–	–	–	94,222	94,222	258,571	352,793
Total Comprehensive Income for the Period	–	–	–	–	94,222	94,222	258,571	352,793
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 31st December 2018	626,048	136,009	567,485	2,700,000	2,880,176	6,909,719	1,656,023	8,565,742

Statement of Changes in Equity

For the nine months ended 31st December

Company	Stated Capital Rs. '000	Revaluation Reserves Rs. '000	General Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 1st April 2017	626,048	1,062,086	2,700,000	763,457	5,151,591
Realisation of Revaluation Surplus	–	(12,577)	–	12,577	–
Profit for the Period	–	–	–	197,475	197,475
Other Comprehensive Income					
Remeasurement of Employee Benefit Obligations	–	–	–	(24,260)	(24,260)
Related Taxes	–	–	–	6,793	6,793
Total Other Comprehensive Income for the Period	–	–	–	(17,467)	(17,467)
Total Comprehensive Income for the Period	–	–	–	180,008	180,008
Balance as at 31st December 2017	626,048	1,049,509	2,700,000	956,042	5,331,599
Realisation of Revaluation Surplus	–	(3,871)	–	3,871	–
Total Comprehensive Income for the Period					
Profit for the Period	–	–	–	481,916	481,916
Other Comprehensive Income					
Remeasurement of Employee Benefit Obligations	–	–	–	14,782	14,782
Related Taxes	–	–	–	(4,139)	(4,139)
Deferred Tax Relating to Revaluation of Land	–	(198,082)	–	–	(198,082)
Total Other Comprehensive Income for the Period	–	(198,082)	–	10,643	(187,439)
Total Comprehensive Income for the Period	–	(198,082)	–	492,558	294,476
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	626,087	4,799,691
Realisation of Revaluation Surplus	–	(11,943)	–	11,943	–
Total Comprehensive Income for the Period					
Profit for the Period	–	–	–	94,654	94,654
Total Comprehensive Income for the Period	–	–	–	94,654	94,654
Balance as at 31st December 2018	626,048	835,613	2,700,000	732,684	4,894,346

Statement of Cash Flows

	Group		Company	
	2018 Rs. '000	2017 Rs. '000	2018 Rs. '000	2017 Rs. '000
<i>For the nine months ended 31st December</i>				
Cash Flows from Operating Activities				
Net Profit Before Income Tax Expense	595,136	1,221,113	7,783	283,795
Adjustment for:				
Depreciation on Property, Plant and Equipment	372,878	382,956	339,537	308,953
Amortisation of Intangible Assets	16,251	21,909	9,180	16,076
Amortisation of Leasehold Rights	867	–	–	–
(Gain)/Loss on Disposal of Property, Plant and Equipment	(20)	4,633	(85)	4,695
Fair Value Gain from Investment	–	(10,769)	–	(10,769)
Gain on Disposal of Shares in Subsidiary	–	–	(14,049)	–
Interest Expense	2,533,240	1,641,896	2,178,129	1,581,813
Interest Income	(107,673)	(125,151)	(311,654)	(285,188)
Impairment of Inventories	157,989	38,619	151,627	46,205
Impairment of Trade and Other Receivables	369,173	269,063	262,619	141,353
Dividend Income	–	–	(264,020)	(126,816)
Provision for Retiring Gratuity	109,071	100,494	75,583	68,093
Operating Profit Before Working Capital Changes	4,046,913	3,544,762	2,434,650	2,028,211
(Increase)/Decrease in Inventories	(148,000)	475,901	(204,500)	417,149
(Increase)/Decrease in Debtors falling Due after One Year	(2,130,540)	(1,798,536)	(244,208)	440,664
(Increase)/Decrease in Debtors falling Due within One Year	(2,953,967)	(1,057,640)	(1,058,686)	(1,046,674)
(Increase)/Decrease in Dues from Related Parties	(1,229)	–	74,227	(38,384)
Increase/(Decrease) in Dues to Related Parties	505	(101,825)	(356,127)	1,332,854
Increase/(Decrease) in Security Deposits	122,938	95,328	122,938	95,328
Increase/(Decrease) in Trade and Other Payables	873,178	299,792	250,401	145,889
Increase/(Decrease) in Deferred Liabilities	(26,020)	(169,782)	(29,952)	(169,782)
Cash Generated from/(used in) Operations	(216,221)	1,287,999	988,743	3,205,254
Finance Costs Paid	(2,410,920)	(1,592,344)	(2,055,810)	(1,532,261)
Retiring Gratuity Paid	(48,151)	(24,657)	(36,164)	(19,616)
Income Tax Paid	(523,364)	(641,655)	(185,514)	(205,337)
Net Cash from/(used in) Operating Activities	(3,198,656)	(970,656)	(1,288,744)	1,448,040
Cash Flows from Investing Activities				
Acquisition of Property, Plant and Equipment and Intangible Assets	(373,118)	(765,510)	(287,280)	(484,246)
Proceeds from Disposal of Property Plant and Equipment	32,050	5,760	32,116	5,612
Investment in Shares in Subsidiary Company	–	–	–	(470,042)
Proceeds from Disposal of Investment in Subsidiary	38,399	–	38,399	–
(Acquisition)/Disposal of Marketable Securities	61,715	(599,795)	–	–
Investment in Bank Deposits	(1,166)	50	–	–
Net Cashflows from Loans Given to Related Companies	–	–	(626,000)	1,224,290
Interest Income Received	107,673	125,151	311,654	285,188
Dividends Received	–	–	264,020	126,816
Net Cash Flows from/(used in) Investing Activities	(134,447)	(1,234,344)	(267,091)	687,618
Cash Flow from Financing Activities				
Net Proceeds from interest-bearing Loans and Borrowings	6,594,788	1,452,253	3,404,296	(361,962)
Net (Payment) to/Receipts from Minority Shareholders	–	86,199	–	–
Increase/(Decrease) in Customer Deposit Liabilities	(625,012)	2,023,147	–	–
Dividends Paid	(555,237)	(906,756)	(508,969)	(906,756)
Net Cash Flow from/(used in) Financing Activities	5,414,539	2,617,490	2,895,327	(1,268,718)
Net Increase/(Decrease) in Cash and Cash Equivalents	2,081,435	412,491	1,339,492	866,940
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	1,287,752	219,000	1,120,032	225,204

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 31st December 2018 based on LKAS 39.

2.1 Segmental Analysis of Company Net Turnover is as follows:

	Quarter ending 31st December 2018 Rs. '000	Quarter ending 31st December 2017 Rs. '000	Nine months ending 31st December 2018 Rs. '000	Nine months ending 31st December 2017 Rs. '000
Consumer Electronics	1,927,446	1,994,898	5,114,663	5,173,453
Financial Services	836,266	893,298	2,584,889	2,713,535
Furniture	700,033	708,685	2,046,953	1,991,239
Home Appliances	4,281,795	3,970,204	12,952,949	12,153,124
IT Products	2,425,121	1,909,473	6,406,891	4,715,934
Sewing Machines	747,970	938,237	1,998,727	2,202,321
Other	767,359	691,051	2,056,926	2,139,457
	11,685,990	11,105,846	33,161,998	31,089,063

Notes to the Financial Statements

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

	Quarter ending 31st December 2018 Rs. '000	Quarter ending 31st December 2017 Rs. '000	Nine months ending 31st December 2018 Rs. '000	Nine months ending 31st December 2017 Rs. '000
Consumer Electronics	102,164	76,634	267,223	226,204
Financial Services	143,806	128,308	454,180	462,308
Furniture	32,841	23,215	85,310	68,047
Home Appliances	180,790	132,075	559,953	504,555
IT Products	45,961	23,302	112,284	55,812
Sewing Machines	31,572	33,681	90,329	92,198
Other	25,118	18,067	62,310	76,079
Dividend	–	–	264,020	126,817
Gain on Disposal of Shares in Subsidiary	–	–	14,050	–
Operating Profit	562,252	435,282	1,905,659	1,612,020
Net Finance Cost	(721,835)	(406,560)	(1,866,475)	(1,296,625)
VAT on Financial Services	(10,800)	(11,000)	(31,400)	(31,600)
Profit Before Tax	(170,383)	17,722	7,783	283,796

2.3 Segmental Analysis of Group Net Turnover is as follows:

	Quarter ending 31st December 2018 Rs. '000	Quarter ending 31st December 2017 Rs. '000	Nine months ending 31st December 2018 Rs. '000	Nine months ending 31st December 2017 Rs. '000
Consumer Electronics	1,927,446	1,994,899	5,114,663	5,173,454
Financial Services	1,816,429	1,662,934	5,348,130	4,894,200
Furniture	700,033	708,685	2,046,953	1,991,239
Home Appliances	4,284,034	3,972,448	12,959,649	12,159,663
IT Products	5,650,657	4,519,716	14,975,268	10,952,127
Sewing Machines	747,970	938,237	1,998,727	2,202,321
Other	767,487	691,248	2,057,407	2,140,233
	15,894,056	14,488,167	44,500,797	39,513,236

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

	Quarter ending 31st December 2018 Rs. '000	Quarter ending 31st December 2017 Rs. '000	Nine months ending 31st December 2018 Rs. '000	Nine months ending 31st December 2017 Rs. '000
Consumer Electronics	144,424	76,633	310,570	226,204
Financial Services	314,977	400,659	1,229,693	1,198,051
Furniture	46,334	23,215	99,149	68,047
Home Appliances	302,752	181,645	764,400	636,341
IT Products	211,492	171,068	655,223	611,123
Sewing Machines	49,352	37,484	111,588	79,729
Other	30,596	17,503	72,417	77,384
Operating Profit	1,099,927	908,207	3,243,040	2,896,877
Net Finance Cost	(971,243)	(455,996)	(2,425,567)	(1,516,745)
VAT on Financial Services	(95,292)	(62,693)	(222,338)	(159,020)
Profit Before Tax	33,391	389,519	595,136	1,221,113

Notes to the Financial Statements

3. Stated Capital

3.1	31st December 2018	30th December 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

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. The Company has appealed against the VAT assessment, requesting to cancel the notice of assessment. Deemed VAT is removed with effect from 1st January 2016 under VAT Amendment Act No. 20 of 2016.
- (b) Singer (Sri Lanka) PLC has provided bank guarantees amounting to Rs. 277.1 million to Director General of Customs to clear imports during the years 2008 to December 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) (a) During the year of 2017/18, the Commissioner General of Inland Revenue has issued an assessment notice for the year of assessment 2014/15 on Singer Finance (Lanka) PLC pertaining to an additional tax liability on account of disallowing impairment charge. The assessment is for a value Rs. 56.4 million and a penalty of Rs. 28.2 million totalling to Rs. 84.6 million. The Company after carefully reviewing the advice of tax consultant's, is of the opinion that there is no basis for the Company to be made liable, hence, no provision has been made in the Financial Statements. The Company has appealed against the assessment, requesting the entire tax and penalty be held over pending settlement of the appeal under Section 173 (6) of the Inland Revenue Act No. 10 of 2006.
- (b) During the year of 2018/19, the Commissioner General of Inland Revenue has issued an assessment notice for the year of assessment 2015/16 on Singer Finance (Lanka) PLC pertaining to an additional tax liability on account of disallowing impairment charge and under estimating tax credits. The assessment is for a value Rs. 43.0 million and a penalty of Rs. 48.8 million totaling to Rs. 91.8 million. The Company after carefully reviewing the advice of tax consultant's, is of the opinion that there is no basis for the Company to be made liable, hence, no provision has been made in the Financial Statements. The Company has appealed against the assessment, requesting the entire tax and penalty be held over pending settlement of the appeal under Section 173 (6) of the Inland Revenue Act No. 10 of 2006.
- (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 as of 31st December 2018, the balance has been exceeded in the credit card product by Rs.414.0 million.
- (e) Guarantees given to banks and other lending institutions by Singer (Sri Lanka) PLC on behalf of Regnis (Lanka) PLC is amounting 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 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.

Notes to 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 31st December 2018 were 9.56% (i & ii) and 11.61% (iii).

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

The debentures were not traded during the quarter ended 31st December 2018.

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 Party/s 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	
	31st December 2018	31st December 2017	31st December 2018	31st December 2017
Debt Equity Ratio	3.91	2.90	3.91	2.77
Interest Cover	1.25	1.81	1.00	1.22
Quick Assets Ratio	0.76	0.72	0.74	0.66

7. Top 20 Shareholders as at 31st December 2018

Name	Number of Shares	Percentage
1. National Savings Bank/Hayleys PLC	85,147,054	22.67
Peoples Bank/Hayleys PLC	85,147,053	22.67
Hayleys PLC	50,679,271	13.49
Hatton National Bank PLC/Hayleys PLC	40,293,659	10.73
2. Hayleys Advantis Limited	37,127,660	9.88
3. Volanka (Pvt) Limited	11,595,745	3.09
4. Hayleys Aventura (Private) Limited	10,531,915	2.80
5. Carbotels (Pvt) Limited	9,680,851	2.58
6. Hayleys Agriculture Holdings Limited	9,468,085	2.52
7. Mr. Kulappuarachchige Don Dhammika Perera	6,935,913	1.85
8. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	2,492,130	0.66
9. Mrs. Mihiri Virani Fernando	1,930,000	0.51
10. Commercial Bank of Ceylon PLC/Andaradeniya Estate Private Limited	669,849	0.18
11. Mrs. Anoma Kamalika Amarasingha	536,910	0.14
12. Mr. Nai Kaluge Anura Deepal De Silva	441,582	0.12
13. Miss Nai Kaluge Ruvani Hemamala De Silva	397,638	0.11
14. Mr. Nalin Amita De Silva	378,978	0.10
15. Jafferjee Brothers (Exports) Limited	375,600	0.10
16. Mr. Abey Siri Hemapala Munasinghe	328,644	0.09
17. Mrs. Enoka Kamali Wickramasinghe	319,857	0.09
18. Mr. Leslie Premal Mendis and Mrs. M.S. Mendis	274,934	0.07
19. Mr. Hemaka Devapriya Senarath Amarasingha	268,446	0.07
20. Mr. Murtaza Ali Jafferjee	230,600	0.06
	355,252,374	94.57
Others	20,376,456	5.43
	375,628,830	100.00

Notes to the Financial Statements

8. Directors' and CEO'S Shareholding as at 31st December 2018

Name of the Director	Shareholding as at 31st December 2018 Number of Shares
Mr. A. Mohan Pandithage	–
Mr. K.D. Dhammika Perera	6,935,913
Mr. H.A. Pieris (CEO) – Resigned w.e.f. 31.10.2018	6,000
Mr. M.H. Wijewardhane (CEO) – Appointed w.e.f 01.11.2018	–
Mr. Deepal Sooriyaarachchi	–
Mr. D.H. Fernando	–
Mr. G.J. Walker – Resigned w.e.f 29.11.2018	–
Mr. M.H. Jamaldeen	–
Mr. S.C. Ganegoda	–
Mr. D.K. De Silva Wijeyeratne	–
Mr. Stephen Goodman	–
Ms. O.D. Gunewardene	–
Mr. L.N.S. Kumara Samarasinghe (Alternate Director) – (Ceased to be Alternate Director to H.A. Pieris w.e.f 31st October 2018. Appointed as Alternate Director to M.H. Jamaldeen w.e.f 22nd January 2019)	17,372
Mr. M.H. Wijewardene – (Ceased to be Alternate Director to G.J. Walker w.e.f 29.11.2018)	–
Mr. H.P.S. Perera (Appointed as Alternate Director to M.H. Wijewardene w.e.f. 22nd January 2019)	–
Mr. K.K.L.P. Yatiwella (Alternate Director to S.C. Ganegoda)	–

9. Public Holding

Shares held by public as at 31st December 2018

Number of Shareholders	Number of Shares	Percentage
2,667	29,021,624	7.73%

Float adjusted market capitalisation – Rs. 870,648,720.00.

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. Secretaries Information

Hayleys Group Services (Private) Limited
400, Deans Road, Colombo 10, Sri Lanka
Telephone: 011 262 7650

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