



KPMG
(Chartered Accountants)
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23rd July 2018

The Board of Directors,
Singer (Sri Lanka) PLC,
No.80, Nawam Mawatha,
Colombo 2

Dear Sirs,

ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF SINGER (SRI LANKA) PLC

This report has been prepared for the inclusion in the Prospectus issued in connection with the initial issue of ten million (10,000,000) Listed, Rated, Unsecured, Senior, Redeemable three years (2018/2021) debentures at a face value of Rupees one hundred (Rs.100/-) each to raise Rupees one billion (Rs.1,000,000,000/-) with an option to issue up to a further five million (5,000,000) of said debentures to raise up to Rupees five hundred million (Rs.500,000,000/-) at the discretion of the company in the event of an oversubscription of the initial issue.

We have examined the financial statements of Singer (Sri Lanka) PLC for the financial years ended 31st December 2013 to 31st December 2016 and fifteen months period ended 31st March 2018, included in the prospectus and report as follows.

1. INCORPORATION

Singer (Sri Lanka) PLC ("the Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The Registered Office of the Company is located at No. 80, Nawam Mawatha, Colombo 02 and the principle place of the business is situated at the above address.

2. FINANCIAL STATEMENTS OF THE COMPANY

2.1 Five years summary of financial statements

A summary of the statement of profit or loss and other comprehensive income and statement of financial position of the Company for the financial years ended 31st December 2013 to 31st December 2016 and fifteen months period ended 31st March 2018, based on the audited financial statements of the Company are set out in Annexure 01 of Accountants' Report.

2.2 Audited financial statements for the fifteen months period ended 31st March 2018

Our audit report on the financial statements of the Company for the fifteen months ended 31st March 2018 together with such financial statements comprising statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement cash flows along with the accounting policies and notes thereon is available on the website of Colombo Stock Exchange (CSE), www.cse.lk, where the management is responsible for the electronic version of the audited financial statements and the auditor's report on the website is identical to the final signed hard copy version.



2.3 Audit reports

We have audited the financial statements of the Company for the years ended 31st December 2013 to 31st December 2016 and fifteen months period ended 31st March 2018. Unmodified audit opinions have been issued for the said periods.

2.4. Application of accounting standards and accounting policies

The financial statements of the Company for the year ended 31st December 2013 to 31st December 2016 and fifteen months period ended 31st March 2018 comply with Sri Lanka Accounting Standards.

The accounting policies of the Company are stated in detail in the audited financial statements of Singer Sri Lanka PLC for the fifteen months period ended 31st March 2018.

2.5. Dividends

The Company has declared the following dividends in respect of ordinary shares.

Financial period	Dividend Declared/paid (Rs.000)	Dividend Per Share (Rs.)
2013	313,024	0.83*
2014	313,024	0.83*
2015	525,880	1.40*
2016	1,101,845	2.93*
2018(fifteen months)	826,383	2.20

*Information for the previous years have been restated to reflect the subdivision of shares in March 2017.

2.6 Events after the reporting date

As per the audited financial statements for the fifteen months period ended 31st March 2018, there have been no material events occurring after the reporting date, which require adjustments to or disclosure in the financial statements



3. RESTRICTION ON USE

This report has been prepared for the inclusion in the Prospectus issued in connection with the initial issue of ten million (10,000,000) Listed, Rated, Unsecured, Senior, Redeemable three years (2018/2021) debentures at a face value of Rupees one hundred (Rs.100/-) each to raise Rupees one billion (Rs.1,000,000,000/-) with an option to issue up to a further five million (5,000,000) of said debentures to raise up to Rupees five hundred million (Rs.500,000,000/-) at the discretion of the company in the event of an oversubscription of the initial issue.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the addressee, for our audit work, for this report we have formed. This report should not to be used, circulated, quoted or otherwise referred to for any other purpose.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'KPMG' or a similar stylized signature.

Chartered Accountants
Colombo

Please refer to below tableau for the 5 years summary of Singer (Sri Lanka) PLC.

Income Statements

	15 Months ended 31st march 2018 Rs.	12 Months ended 31st December 2016 Rs.	12 Months ended 31st December 2015 Rs.	12 Months ended 31st December 2014 Rs.	12 Months ended 31st December 2013 Rs.
Revenue	50,910,032,892	39,267,202,832	33,311,395,189	27,130,594,150	23,717,117,022
Cost of Sales	(36,728,240,797)	(27,849,435,276)	(23,531,268,883)	(18,664,273,624)	(16,064,939,097)
Gross Profit	14,181,792,095	11,417,767,556	9,780,126,306	8,466,320,526	7,652,177,925
Other Income	1,088,431,100	431,704,582	296,622,470	165,714,877	192,964,984
Selling and Administrative Expenses	(11,961,817,260)	(9,069,711,231)	(7,918,679,029)	(6,625,967,276)	(5,961,869,214)
Other Expenses	-	-	-	(260,799,438)	(195,078,574)
Operating Profit	3,308,405,935	2,779,760,907	2,158,069,747	1,745,268,689	1,688,195,121
Finance Cost	(2,494,325,151)	(1,619,789,209)	(1,094,741,462)	(1,111,556,493)	(1,359,130,146)
Finance Income	344,598,049	338,358,270	164,053,234	64,148,473	141,018,936
Net Finance Cost	(2,149,727,102)	(1,281,430,939)	(930,688,228)	(1,047,408,020)	(1,218,111,210)
Value Added Tax on Financial Services	(52,800,000)	(47,800,000)	(31,700,000)	(37,600,001)	(22,050,000)
Profit before Tax	1,105,878,833	1,450,529,968	1,195,681,519	660,260,668	448,033,911
Income Tax Expense	(106,855,559)	(346,085,301)	(335,976,573)	(196,629,743)	(146,139,537)
Profit for the Year	999,023,274	1,104,444,667	859,704,946	463,630,925	301,894,374
Other Comprehensive income					
Items that will not be reclassified to profit or loss					
Deferred Tax on revaluation of land	(198,082,001)	-	-	-	-
Revaluation of Property, Plant and Equipment	-	250,153,762	-	134,237,410	-
Remeasurement of defined benefit obligation	(9,478,416)	52,905,239	(40,252,056)	(11,658,866)	(3,728,007)
Tax on Other Comprehensive Income	2,653,957	(44,227,036)	11,270,576	(11,370,070)	1,043,842
Other Comprehensive Income for the year, Net of Tax	(204,906,460)	258,831,965	(28,981,480)	111,208,474	(2,684,165)
Total Comprehensive Income for the Year	794,116,814	1,363,276,632	830,723,466	574,839,399	299,210,209

Balance Sheets

	As at 31st March 2018 Rs	As at 31st December 2016 Rs	As at 31st December 2015 Rs	As at 31st December 2014 Rs	As at 31st December 2013 Rs
ASSETS					
Property, Plant & Equipment	3,082,597,562	3,022,805,042	2,600,437,050	2,603,690,913	2,434,877,797
Intangible Assets	207,145,304	213,157,147	200,296,513	205,413,030	166,101,003
Investment in Subsidiaries	2,925,222,314	2,455,179,989	992,241,596	987,241,596	982,241,596
Equity Accounted Investees			48,000,000	48,000,000	48,000,000
Other Investments	929,110,000	929,110,000	616,303,000	166,303,000	166,303,000
Trade and Other Receivables	1,341,906,019	1,888,466,783	1,620,582,297	1,564,675,080	1,514,131,546
Deferred Tax Assets	69,642,532	147,270,286	124,492,574	59,596,117	135,362,481
Non-Current Assets	8,555,623,731	8,655,989,247	6,202,353,030	5,634,919,736	5,447,017,423
Inventories	10,741,281,063	7,793,495,049	6,677,026,859	5,178,215,346	5,155,665,980
Loans Due From Related Parties	1,219,150,767	1,378,074,696	1,122,638,197	717,068,549	69,634,631
Income Tax Receivables	157,630,474	1,767,152			50,963,181
Trade and Other Receivables	12,150,611,598	9,923,803,755	8,325,781,111	7,043,914,247	6,371,541,790
Amounts due from Related Parties	185,396,027	74,782,845	234,256,922	108,956,605	21,246,027
Cash & Cash Equivalents	1,017,627,946	1,039,586,108	876,593,992	914,488,142	519,015,324
Current Assets	25,471,697,875	20,211,509,605	17,236,297,081	13,962,642,889	12,188,066,933
Total Assets	34,027,321,606	28,867,498,852	23,438,650,111	19,597,562,625	17,635,084,356
Equity					
Stated Capital	626,048,050	626,048,050	626,048,050	626,048,050	626,048,050
Capital Reserves	847,555,412	1,065,542,144	857,580,019	870,358,087	762,033,802
Revenue Reserves	3,326,088,413	4,242,212,861	3,612,778,716	3,082,301,207	2,928,810,118
Total Equity attributable to Owners of the Company	4,799,691,875	5,933,803,055	5,096,406,785	4,578,707,344	4,316,891,970
Total Equity	4,799,691,875	5,933,803,055	5,096,406,785	4,578,707,344	4,316,891,970
Liabilities					
Interest - Bearing Loans & Borrowings	2,532,149,832	6,000,000,000	6,250,000,000	3,146,637,155	3,147,930,325
Defined Benefit Obligation	574,009,152	476,754,466	457,181,699	362,593,372	305,782,867
Security Deposits	1,199,127,333	1,018,451,850	851,794,462	732,124,370	651,765,090
Deferred Tax Liability					109,540,205
Non-Current Liabilities	4,305,286,317	7,495,206,316	7,558,976,161	4,241,354,897	4,215,018,487
Trade and Other Payables	6,076,063,211	4,865,013,167	3,345,457,979	3,021,470,030	2,837,344,652
Deferred Revenue	246,289,945	438,989,246	318,459,902	235,333,686	20,878,350
Dividends Payable	539,610,179	20,523,857	17,515,071	15,491,340	14,956,444
Income Tax Payable			133,791,489	109,209,836	-
Amounts due to Related Parties-Trade	2,639,361,427	876,918,882	771,744,188	577,736,208	333,565,081
Amounts due to Related Parties-Non Trade			125,239,131	90,246,223	69,126,269
Other Financial Liabilities	8,337,510	-	-	-	-
Interest - Bearing Loans & Borrowings	14,175,592,417	8,534,948,198	5,454,102,091	6,728,013,061	5,827,303,103
Bank Overdrafts	1,237,088,725	702,096,131	616,957,314		
Current Liabilities	24,922,343,414	15,438,489,481	10,783,267,165	10,777,500,384	9,103,173,899
Total Liabilities	29,227,629,731	22,933,695,797	18,342,243,326	15,018,855,281	13,318,192,386
Total Equity and Liabilities	34,027,321,606	28,867,498,852	23,438,650,111	19,597,562,625	17,635,084,356

Yours Faithfully


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Pramila Liyanage

Finance Manager

Singer (Sri Lanka) PLC