SINGER®

TRUSTED INTERNATIONAL BRAND



REALIZING SINGER'S POTENTIAL

SINGER BANGLADESH LIMITED

ANNUAL REPORT 2016



AMAR STOCK

REALIZING SINGER's POTENTIAL

SINGER BANGLADESH LIMITED
ANNUAL REPORT 2016

SINGER®

TRUSTED INTERNATIONAL BRAND

SINGER®

SINGER – The Trusted International Brand

2016 was the year of revival for SINGER as a major brand in Bangladesh. The efforts ultimately led to earning more mind share of consumers as well as the market share.

In addition to SINGER's presence in print and outdoor media, there has been extensive visibility of the brand in the electronic and digital media. Television commercials casting world class cricket star like Sakib Al Hasan as well as other celebrities have drawn attention of the people and thus uplifted the brand image.

Special efforts have been given to the Refrigerators produced in International Appliances Limited (IAL), a joint venture where SINGER has got major equity.

There have been extensive activation programs to reach the consumers in remote areas as well as create awareness about the brand, product or consumer promotion.

All these efforts have played a key role in achieving good growth in a major product categories along with successful development of a number of product categories. To strengthen the growth of SINGER Furniture Business, a good number of Exclusive Furniture Fairs have been conducted across the country.

During this period the brand SINGER was strongly positioned as 'Trusted International Brand'.

This brand positioning has been properly backed by quality products and all forms of marketing activities.

Company's retail channels – SINGER Mega and SINGER Plus have also been promoted as Consumer Electronics & Home Appliances Retail Destination.

Multi-brands

Apart from strengthening the brand SINGER, the company simultaneously took initiatives to promote other brands of products with an objective to offer more options to consumers. These initiatives created awareness on availability of Samsung and Skyworth LED TVs; Beko Refrigerators and Washing Machines; Panasonic and Haier ACs; Dell Laptops; Symphony and Videocon Air Coolers; Preethi, Prestige and Galanz Kitchen Appliances; Lifestraw and PureIt water purifiers; Huawei Smart Phones and so on.





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COMPANY AT A GLANCE
374 Retail Outlets
425 Dealers
1084 Members

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FINANCIAL HIGHLIGHTS
Net Income increased by 48.2% compared to that of last year

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CHAIRMAN'S STATMENT
Record revenue for the year of Tk. 9.0 billion, an increase of 30.3% over 2015



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BOARD OF DIRECTORS
The Board comprises Directors having diverse and professional expertiese and experiences

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COMPANY PROFILE
Singer has been operating in this region (Bangladesh) since 1905

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MANAGEMENT TEAM
Leaders behind company's success

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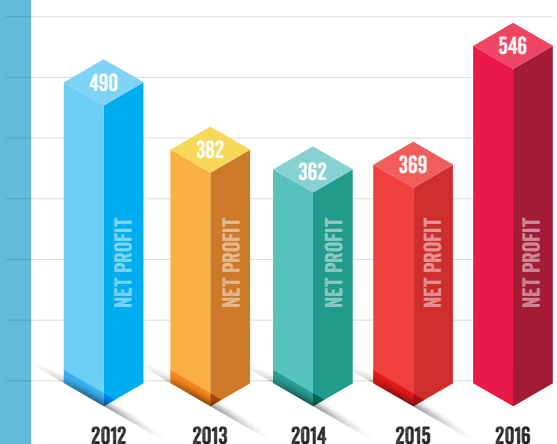
2016 RESULTS IN PERSPECTIVE
Recorded profit after tax Tk 546.3m for 2016 compared to Tk 368.6m in 2015

24

DIRECTORS' REPORT
Successfully able to drive meaningful volume growth in both retail and wholesale channels





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MANAGING RISK
Risk management process is featured to estimate the likelihood of any uncertain events

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CHIEF EXECUTIVE OFFICER'S REVIEW
International Appliances Limited started commercial production of "SINGER" branded refrigerator in 2016

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VISION

To be the most admired and respected family company in the country

VALUES

CONSUMERS

We live up to the expectation of a responsible organization by contributing to the improvement in the quality of life of our customers through outstanding product and services.

SHAREHOLDERS

We provide reasonable return to shareholders while safeguarding their investment.

EMPLOYEES

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

SUPPLIERS

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

COMPETITORS

We respect our competitors and recognize their contribution to market value.

COMMUNITY

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

ENVIRONMENT

We make every effort to ensure that the environment is protected and conserved for future generations.

MISSION

Our mission is to improve the quality of life of people by providing comforts and conveniences at affordable prices

OBJECTIVES

1.0

To be the market leader in our product range and market segment.

2.0

Provide our consumers with the best service and shopping experience in the country.

3.0

Provide our consumers with products of latest technology.

4.0

Develop our employees to achieve their real potential.

5.0

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

6.0

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

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Chairman
Gavin J. Walker

Managing Director & CEO
Mohamed Haniffa Mohamed Fairoz

Independent Director
Dr. Syed Ferhat Anwar

Directors
Stephen H. Goodman
Peter James O'Donnell
Gelmart M. Gellecanao
Nayana Jagath Kumar Dissanayake

Company Secretary
Mohammad Sanaullah

Audit Committee
Dr. Syed Ferhat Anwar (Chairman)
Gelmart M. Gellecanao
Mohamed Haniffa Mohamed Fairoz
Mohammad Sanaullah (Secretary)

Remuneration Committee
Gavin J. Walker (Chairman)
Dr. Syed Ferhat Anwar
Mohammad Sanaullah (Secretary)

Nomination Committee
Gavin J. Walker (Chairman)
Dr. Syed Ferhat Anwar
Mohammad Sanaullah (Secretary)

Management Committee
Mohamed Haniffa Mohamed Fairoz (Chairman)
Mohammad Sanaullah
Akram Uddin Ahmed
Mokbulla Huda Chowdhury
Tennakoon Mudiyanselage Vajira Tennakoon
Kazi Rafiqul Islam
Md. Anisur Rahman
M. M. Ferdous
Abu Zafor Md. Kibria
Md. Ashgar Hossain
Md. Monzur Murshed
Mokbul Ahmed (Member Secretary)

Chief Financial Officer
Akram Uddin Ahmed

Head of Internal Audit
Abu Zafor Md. Kibria

Auditors
Rahman Rahman Huq
Chartered Accountants

Legal Retainer
Advocate Md. Motiur Rahman

Corporate Governance Compliance Auditor
S. F. Ahmed & Co.
Chartered Accountants

Bankers
Trust Bank Limited
Pubali Bank Limited
Dhaka Bank Limited
Bank Alfalah Limited
Eastern Bank Limited
The City Bank Limited
Mutual Trust Bank Limited
Commercial Bank of Ceylon Plc.
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited (HSBC)

Registered Office
39 Dilkusha Commercial Area
Dhaka-1000

Corporate Office
5B, Road No. -126
Gulshan-1, Dhaka-1212

Audit and Wholesale Office
H. S. Bhaban
Cha-75/A, Bir Uttam Rafiqul Islam Avenue
Pragati Sarani, Dhaka- 1212

Singer Manufacturing Complex (SMC)
Rajfulbaria, Jhamur, Savar, Dhaka-1347

AMARSTOCK

YEAR AT A GLANCE

JANUARY

- Participated in the Dhaka International Trade Fair
- The Annual Sales Conference was held at Bashundhara Conventon Center
- Singer Annual Dealers Conferencer was held at Bashundhara Conventon Center
- Furniture Fair held in Rajshahi

FEBRUARY

- Renovated Singer Plus Shops in Chittagong, Gaibandha, Gazipur (2 Shops) & Teknaf
- Audit Committee Meeting held
- Introduced on Singer Low-Voltage Air Conditioners

MARCH

- Renovated Singer Plus Shop in Bogra, Sirajgonj, Tangail, Faridpur & Khagrachari
- Board and Remuneration Committee Meeting held
- Extension of Singer Plus Shops in Dhaka & Chittagong
- Introduced Singer Mattress & Dining Table Sets
- Furniture Fair held in Jassore & Mymenshing

APRIL

- Renovated Singer Plus Shops in Madaripur, Chittagong, Bogra & Dhaka
- Relocated Singer Plus Shops in Comilla & Dhaka
- Furniture Fair held in Dhaka (Uttara) & Faridpur

MAY

- 36th Annual General Meeting held
- Renovated Singer Plus Shops in Thakugaon, Sylhet, Mymensing, Shariatpur & Moulavibazar
- Extension of Singer Plus Shop in Thakurgaon
- Board and Audit Committee Meeting held
- Introduced new Thailand Range of Beko Brand
- Introduced locally manufactured Refrigerators
- Furniture Fair held in Brahman Baria

JUNE

- Relocated Singer Plus Shop Khulna & Chittagong
- Extension Singer Plus Shops in Narayangonj & Dhaka
- Introduced Singer Pressure Cookers and Cookery Items

JULY

- Board, Audit Committee and Remuneration Committee Meeting held
- Introduced new range of Refrigerator and Chest Freezer

AUGUST

- Renovated Singer Plus Shop Norshngdi
- Relocated Singer Plus Shop Dhaka

SEPTEMBER

- Renovated Singer Plus Shop in Dhaka
- Relocated Singer Plus Shop in Mymensing (2 Shops), Dhaka & Bogra
- Extension Singer Plus Shop in Sylhet
- Conversion plus to Mega Barisal
- Board, Remuneration and Nomination Committee Meeting held
- Introduced Singer 32" Smart Television

OCTOBER

- Renovated Singer Plus Shops in Chittagong, Chandpur & Naogaon
- Relocated Singer Plus Shops in Khulna, Rajshahi & Pirojpur
- Board and Audit Committee Meeting held
- Furniture Fair held in Chowmohony, Feni, Wari (Dhaka) and Mymenshing

NOVEMBER

- Conversion Singer Plus Shop to Mega in Cox's Bazaar
- Furniture Fair held in Dinajpur, Rangpur, Moulovibazar & Sylhet

DECEMBER

- Renovated Singer Plus Shops Hobigonj, Chapainawabgonj, Pabna, Rangpur & Noakhali
- Relocated Singer Plus Shops in Noakhali, Faridpur & Bogra
- Extension Singer Plus Shops in Bogra & Dhaka
- Furniture Fair held in Chittagoang, Cox's Bazaar & Rajshahi

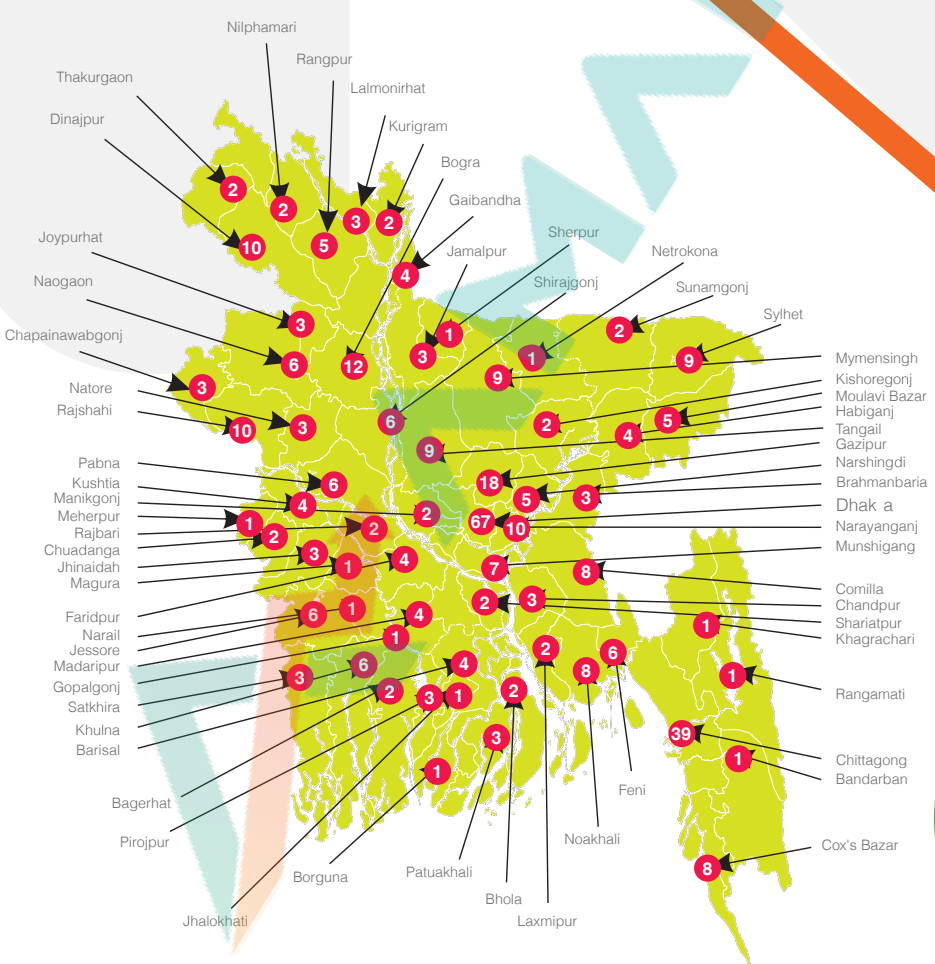
Our Retail Presence

Area	Singer MEGA	Singer Plus	Total
Central A	5	34	39
Central B	3	36	39
Central C	0	32	32
Eastern	1	39	40
Southeast	0	45	45
Northeast	2	37	39
Southwest	3	45	48
West	0	42	42
Northwest	1	49	50
Total	15	359	374

374
RETAIL OUTLETS
Singer Mega and Singer Plus

425
DEALERS
Singer Pro

1,084
MEMBERS
Singer Staff



FINANCIAL HIGHLIGHTS

	2016 Taka Million	2015 Taka Million	2014 Taka Million	2013 Taka Million	2012 Taka Million
Turnover	**9,007.5**	6,910.7	7,261.8	6,605.1	6,703.4
Operating Profit Before Interest & Tax	**894.1**	595.2	572.1	586.4	762.3
Profit Before Tax	**779.6**	517.0	501.3	527.6	668.1
Profit After Tax	**546.3**	368.6	362.3	382.1	490.4
Paid up Capital	**766.9**	766.9	613.6	490.8	392.7
Revenue Reserve	**594.7**	228.5	518.2	1,732.8	1,720.7
Revaluation Reserve	**566.6**	403.1	376.6	390.4	407.4
Capital Reserve	**18.8**	18.8	18.8	18.8	18.8
Shareholders' Equity	**1,947.0**	1,417.3	1,527.2	2,632.8	2,539.6
Property, Plant & Equipment	**1,034.1**	874.0	917.6	871.7	877.5
Investments	**288.2**	183.9	15.2	11.2	3.2
Net Current Assets	**1,781.2**	1,560.5	1,772.6	2,608.1	2,401.7
Gross Dividends	**536.9**	498.5	1,349.8	613.6	589.0
Dividend per Share (Taka)	**7.0**	6.5	22.0	12.5	15.0
Earnings Per Share (Taka)	**7.1**	4.8	4.7	5.0	6.4
Price Earning Ratio (Times)	**27.0**	37.5	46.4	24.0	13.1
Net Asset per Share including Revluation Reserve (Taka)	**25.4**	18.5	24.9	53.6	64.7
Net Asset per Share excluding Revluation Reserve (Taka)	**18.0**	13.2	18.8	45.7	54.3
Market Value per Share at Year End (Taka)	**192.5**	180.2	219.0	186.8	164.0
Net Income to Net Turnover (%)	**6.1**	5.3	5.0	5.8	7.3
Return on Average Net Assets (%)	**17.6**	14.1	13.4	10.9	14.9
Debt Equity Ratio (%)	**117.5**	58.1	62.4	28.3	48.3
Interest Cover	**9.9**	9.1	8.1	14.1	N/A
Current Ratio	**1.8**	2.9	2.6	4.5	3.0
Acid Ratio	**0.8**	1.5	1.2	2.8	1.1
Number of Shareholders	**11,549**	16,438	14,582	14,185	11,459
Number of Employees	**1,084**	1,064	1,020	947	969



TURNOVER IN 2016

9,007.5

MILLIONS



RECORD REVENUE FOR THE YEAR OF TK. 9.0 BILLION, AN INCREASE OF 30.3% OVER 2015

CHAIRMAN'S STATEMENT

It is my pleasure to present the Annual Report of Singer Bangladesh Limited for the year ended on December 31, 2016.

2016 was a successful year for the Company, with record sales in all key product categories. The company benefited from more stable trading conditions, which coupled with additional marketing initiatives, new product offerings, more competitive pricing and the exceptional efforts from the Singer management and staff produced the results that were achieved.

The key highlights for the year are as follows:

- Record revenue for the year of Tk. 9.0 billion, an increase of 30.3% over 2015;
- Net Income increased by 48.2% compared to that of last year;
- A total of 48 retail stores were renovated and in many instances also enlarged;
- The number of Singer hire purchase accounts increased by 50.8% in 2016, with further improvements in the collection performance;
- The financial services products offered from the Singer retail stores, like Western Union, bKash, Grameen airtime reloads and utility bill payments increased in value by 110%.

International Appliances Limited (IAL), the joint venture refrigerator manufacturing company for Singer branded refrigerators, deep freezers and other appliances went into commercial production in July 2016. The output continues to increase rapidly and the product is very well accepted in the market with its international quality standards, further building on the long standing trust associated with the Singer brand.

During the year, Singer also continued to build upon the success of its other factory operations for panel televisions, air conditioners and furniture with further substantial increases in output and capacity.

Company's main focus for 2017 is to continue to renovate and enlarge existing stores to allow more products to be displayed, particularly furniture. It is expected that over 60 stores will be renovated in 2017. The number of wholesale dealers is also expected to increase significantly in the years ahead.

During the year, the Singer Bangladesh share price reached a height of Tk. 205, whilst the low was Tk. 137, with meaningful trading volume on most days. The closing share price was Tk. 192.

The Board of Directors recommended a cash dividend of Tk. 7.0 per ordinary share of Tk. 10 each (70%).The total dividend, amounting to Tk. 536.9 million is 7.7% higher than the previous year.

With effect from September 6, 2016, Mr. A M Hamim Rahmatullah, Managing Director & CEO, decided to take early retirement and resigned as a director of the company. On behalf of the Board and shareholders, I express my heartfelt thanks to Mr. Rahmatullah for his contribution during his long tenure with the company and wish him success in the days to come.

The Board appointed Mr. Mohamed Haniffa Mohamed Fairoz as Managing Director & CEO of Singer Bangladesh Limited with effect from September 6, 2016, subject to obtaining the requisite work permit from the Government of Bangladesh as well as consent from the shareholders at the Annual General Meeting. Before his appointment as Managing Director Mr. Fairoz was the Marketing Director of Singer Bangladesh Limited. Please join me in welcoming Mr. Fairoz in his new role.

Mr. Kan Yat Cho Joe resigned as a director on July 26, 2016 and in his place Mr. Nayana Jagath Kumar Dissanayake has joined the Board. Mr. Dissanayake is a Vice President and the CFO of Singer Asia Limited.

Mr. Masud Khan, an Independent Director of the company, resigned from the Board effective from January 25, 2017. The Board accepted his resignation thanking him for his contribution to the board and for his role as Chairman of the Audit Committee, in particular.

Singer Bangladesh Limited received a National Award for Corporate Governance Excellence in 2015 from the Institute of Chartered Secretaries of Bangladesh (ICSB). The Company also received an AAA long term rating from Emerging Credit Rating Agency with a report citing the Company's strong financial position, experienced management, trusted brand and quality assurance amongst other key strengths.

I would like to thank all our staff whose dedication drives the company forward and the board members for their guidance. I also express gratitude and appreciation to all our customers for their continued confidence in our products and services and also our shareholders and other stakeholders for their support and confidence.



Gavin J. Walker
Chairman

March 20, 2017



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SINGER BANGLADESH LIMITED

Singer has been operating in this region (Bangladesh) since 1905, when the first Singer sewing machines went on sale at Chittagong and Dhaka stores and at that time the country was a part of the Indian sub continent.

After the partition of the Indian Sub Continent in 1947, Singer in East Pakistan operated as a branch of Singer Pakistan and the products used to come from West Pakistan. At the initial stage marketing operation was carried out through only 10 shops, which increased to 43 by the late 1960s.

In December 16, 1971 Bangladesh emerged as a sovereign state. As a result the East Pakistan Branch Office was elevated to a Country Office and the sewing machines were made available from different Singer overseas sources.

Singer Bangladesh Limited was incorporated as a private limited company on 4 September 1979 under Companies Act 1913. It was converted into a public limited company in 1983 when it offered its shares to the public with the requisite permission from the Government.

Since its inception in Bangladesh, the name Singer has been synonymous with the sewing machine. Although Singer Corporation started diversification of its product range in early sixties, Singer Bangladesh Limited was a company with a single product - sewing machine till 1985. A single product sewing machine company began into a multi-product consumer durable company in 1985.

Today, Singer Bangladesh Limited is a large, diversified company with unmatched presence throughout Bangladesh. Beginning with the sewing machine, Singer's product portfolio has diversified to encompass a highly successful multi-brand strategy combining products of top world marques with the Company's own products across a range of electrical home appliances.

Hire Purchase scheme is one of the cardinal factors for the success of the Company. This scheme is innovative and appropriate for Bangladesh considering the socio-economic conditions of the country.

Singer Bangladesh Limited remains a member of the worldwide Singer family. Retail Holdings Bhold B.V. is the majority shareholder in the company, holding a stake of 70.1%. The public shareholding accounts for 29.9%. Singer Bangladesh Limited was listed with the Dhaka Stock exchange in 1983 and Chittagong Stock Exchange in 2001.

LIFE GOT BETTER with SINGER®







BOARD OF DIRECTORS



Chairman
Gavin J. Walker

Joined the Board of Singer Bangladesh Limited on October 23, 2005.

Elected Chairman, Singer Bangladesh Limited on April 30, 2015.

Mr. Walker is the President and Chief Executive Officer of Singer Asia Limited and was appointed to this position in August 2005. Prior to joining the Company, Mr. Walker held offices as Managing Director and Chief Executive Officer of public quoted and private companies in the United Kingdom and South Africa.

Mr. Walker served as Chief Executive Officer of a multi-brand retailer of electrical appliances and furniture with operations in 16 African countries and Australia (including SINGER brand electrical appliances under license).

Mr. Walker serves on the Board of all of the listed public companies and key operating subsidiaries of Singer Asia Limited.

Mr. Walker is also the Chairman of the International Appliances Limited (IAL).



Managing Director & CEO
Mohamed Haniffa Mohamed Fairoz

Joined the Board of Singer Bangladesh Limited on September 6, 2016.

Prior to this appointment Mr. Fairoz served as the Marketing Director of Singer Bangladesh Limited.

Mr. Fairoz began his career in marketing nearly 25 years ago with Richard Pieris Group a leading conglomerate in Sri Lanka initially in their FMCG division. In 1997 he moved on their Furniture Division before joining Singer (Sri Lanka) in 2001. Held various positions during the 15 year tenure of exceptional growth of the firm and was Head of the Electronics and Furniture SBU's before joining the Bangladesh operations.

Mr. Fairoz is also a Director of International Appliances Limited (IAL).

He holds Postgraduate Diploma in Marketing (MCIM-UK) from The Chartered Institute of Marketing, UK along with an Accountancy qualification from Certified Management Accountants (CMA), Australia. In addition has also completed numerous Management Programs including courses at National University of Singapore (NUS), Singapore and Administrative Staff College, Hyderabad, India.

BOARD OF DIRECTORS



Independent Director
Dr. Syed Ferhat Anwar

Joined the Board of Singer Bangladesh Limited on February 28, 2015.

Dr. Ferhat is a Professor at the Institute of Business Administration (IBA), University of Dhaka; the leading business school of the country. He is in the teaching profession for more than 30 years. Prior to joining IBA, he worked for BRAC as Export Manager. He is the Chief Advisor of Bangladesh Brand Forum; Chief Patron of Marketing Society Bangladesh; Chairman of Insight Institute of Learning; Independent Director of Moddhopara Mining Company, and Board Member representing Bangladesh in Asia Marketing Federation. He is also the founder member of Institute of Management Consultants, Bangladesh which is an affiliate of global IMC and founder member of International Council for Small Business (BD).

He has visited various international and regional academic institutes as visiting scholar, including, Pennsylvania State University (USA), Harvard Business School (USA), Brunel University (UK), Stern Business School of NYU (USA), Kellogg School of North Western University (USA), Indian Institute of Management (Ahmadabad), Sri Lankan Institute of Marketing etc. He has been involved in many consulting assignments on marketing and business strategy for various sectors, foremost being Pharmaceutical, Apparel, ICT, and Social Enterprise.

Dr. Ferhat completed his PhD in Marketing Systems, jointly under University of New Brunswick Canada and University of Dhaka; and Post Graduate Diploma in University Teaching from University of New Brunswick Canada. Prior to his PhD he completed his MBA from IBA, University of Dhaka and B.Sc. (Honors) and M.Sc. in Biochemistry from University of Dhaka. He has more than 65 publications in international and national journals and writer of 3 major books on business management. His most recent contribution has been published as the Introduction Chapter in the book, Strategic Marketing Management is Asia published by Emerald UK in 2016.



Director
Stephen H. Goodman

Joined the Board of Singer Bangladesh Limited on December1, 2015.

Mr. Goodman is an Executive Director and Chairman of the Board of Sewko Holdings Limited and is Chairman of the Board of Singer Asia Limited. He is also Director, Chairman, President and Chief Executive Officer of Retail Holdings N.V., the ultimate parent company of Singer Bangladesh Limited. Mr. Goodman has held that position, and a similar position at a predecessor company, since January 1998. Prior to joining the predecessor company, Mr. Goodman was a Managing Director at Bankers Trust Company. He also serves as a Director of Singer (Sri Lanka) PLC. Mr. Goodman is an alumnus of Cornell University, BS (Economics) and Yale University, MA, MPh (Economics).

BOARD OF DIRECTORS



Director
Peter James O'Donnell

Joined the Board of Singer Bangladesh Limited on December1, 2015.

Mr. O'Donnell was appointed as a Director of the Company in July 2003. He is a Managing Director and co-founder of UCL Asia.

He also serves as a Director of Singer (Sri Lanka) PLC. Mr. O'Donnell is an alumnus of both Harvard College and Harvard Business School.



Director
Gelmart M. Gellecanao

Joined the Board of Singer Bangladesh Limited on October 21, 2010.

Mr. Gellecanao joined Singer's Corporate office in May 1994 as an International Auditor and was appointed as the Head of Credit of Singer Asia Limited in January 2009 and as VP-Risk Management in July 2009. He is also a member of the Board of Directors of Singer Lanka PLC and International Appliances Limited.

Mr. Gellecanao has worked as Controller in a number of Singer locations and was the acting CFO of Singer Asia from July to August 2010. Prior to joining Singer, he spent 10 years at SGV & Company, a member firm of Ernst & Young in the Philippines. He holds a B.S. in Business Administration degree from the University of the Philippines, and is a Certified Public Accountant (Philippines) and a Certified Internal Auditor (USA).

BOARD OF DIRECTORS



Director
Nayana Jagath Kumar Dissanayake

Joined the Board of Singer Bangladesh Limited on July 26, 2016.

Mr. Jagath Dissanayake is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. He carries over 30 years of Managerial Experience in the fields of Accounting, Auditing, Marketing and Operations. Most of the experience and exposure, consociated with him are overseas. He speaks of a broadened intellectual knowledge and capacity of multi-tasking due to the exposure he acquired while working in many of the prominent multi-national companies in the world. He has held several key Managerial Positions in several Listed and Group Companies in Sri Lanka as well as overseas relating to different industries such as Manufacturing, Trading and Services etc.

He is currently the Vice President of Sewko Holdings Limited & Singer Asia Limited. He also serves in the capacity as Director Singer Finance (Lanka) PLC and Singer Corporation Limited, Hong Kong.



Secretary to the Board
(Since March 4, 1997)
Mohammad Sanaullah

Mr. Sanaullah is the Corporate Affairs Director and Company Secretary of Singer Bangladesh Limited, with over 31 years' exposures in business, corporate management and governance.

President, Institute of Chartered Secretaries of Bangladesh (ICSB). Director, Bangladesh Institute of Capital Market (BICM). Former Director, Singer Bangladesh Limited.

The Fellow Member of the Institute of Chartered Secretaries of Bangladesh (ICSB), Fellow of the Institute of Personnel Management Bangladesh and Member of the Institute of Internal Auditors, USA.

Mr. Sanaullah holds B. Com (Hon's), M. Com in Accounting from University of Dhaka. MBA in Marketing and Post Graduate Diploma in Personnel Management.

LEADERS BEHIND OUR SUCCESS



Mokbul Ahmed
Manufacturing Director



Akram Uddin Ahmed
Director & Chief Financial Officer



Mokbulla Huda Chowdhury
Sales Director



Tennakoon Mudiyanselage Vajira Tennakoon
Marketing Director



Kazi Rafiqul Islam
Director - Wholesale Operations



Md. Anisur Rahman
Head of IT



M. M. Ferdous
Head of Human Resources

MANAGEMENT TEAM



Abu Zafor Md. Kibria
Head of Internal Audit



Md. Ashgar Hossain
General Manager - Credit



Md. Monzur Murshed
General Manager - Finance



Abrarur Rahman
Merchandising Manager



Md. Raziur Rahman
Marketing Communication Manager



Md. Nurul Kabir
Manager - Personnel Services



G. N. B. Chowdhury
Techno Services Manager



Gour Chandra Ghosh
Factory Manager - A/V

MANAGEMENT TEAM



Joyanto Kumar Roy
Commercial & Logistics Manager



Md. Rafiqul Hasan
Sales Manager



Mahmudur Rahman Khan
Sales Manager



Monzur Murshed Chowdury
Manager - IT



M. Shihabuddin Bhuiyan
Territory Manager



M. Ismail Hossain
Territory Manager



Kazi Ashiqur Rahman
Corporate Affairs Manager



Md. Masud Habib
Manager - Logistic Operatons

MANAGEMENT TEAM



Md. Syduzzaman
Area Manager



Md. Obaydul Hoque
Territory Manager



Shabbir Mahmud Rizwan
Manager - Q. C. & Maintenance



Mahmud Hasan
Manager - Law & Admin



Shahed Al Mahmud Chowdhury
Manager - Internal Audit



Farhad Habib
Territory Manager



Md. Rashedul Islam
Production Manager-Furniture



Farhan Azhar
Product Manager

SINGER® AC
TROUBLE FREE AC



ব্লু ফিন টেকনোলজি ঘরকে
রাখে দারুণ কুল এন্ড ফ্রেস

*শর্ত প্রযোজ্য

SINGER® LED TVs

টিভির চাইতেও বেশি কিছু



বাসায় এসেছে মুভি থিয়েটার



* শর্ত প্রযোজ্য

media.com

DIRECTORS' REPORT

Successfully able to drive meaningful volume growth in both our retail and wholesale channels. This gives us confidence that this trend will continue in the year 2017 as well.

The Directors have the pleasure in presenting to the members their report together with the audited financial statements of the Company for the year ended December 31, 2016. This report has been prepared in compliance with section 184 of the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012,

Principal Activities

The principal activities of the Company continued to be manufacturing and marketing of home appliances, consumer electronics and furniture with credit and other financial services available to qualified customers.

Review of Business

The Chairman's Statement on page 11 and the Cheif Executive Officer's review on page 39 state the Company's affairs and highlight important events that occurred during the year. The Financial Review on pages 41 to 43 elaborates on the financial results of the Company. These reports form an integral part of the Directors' Report.

Property, Plant and Equipment

During the year under review, the Company invested a sum of Tk 65.86 million in property, plant and equipment. Movement in property, plant and equipment during the year is disclosed under note 3 and annexure -I of the financial statements.

Market Value of Freehold Properties

All freehold land of the company was revaluated by an Independent Valuer which has been reflected in the accounts. Total appreciation in value was credited to Revaluation Reserve after providing for withholding tax as required by BFRS.

The recent valuation was carried out as on December 31, 2016. The details of the valuation are given in the Auditors' Report on page 64 and in Note 11.1 to the Financial Statements and on page 85 to 87 in this report.

Investment in International Appliances Limited (IAL)

Initially Singer Bangladesh Limited acquired a 40% equity participation in International Appliances Limited (IAL), a joint venture refrigerator manufacturing company for manufacturing Singer branded refrigerators, deep freezers and other appliances. Subsequently, an additional 33.85% invested in the equity of IAL under an option agreement between Singer Bangladesh Limited and one of the IAL's shareholders.

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for financial statements is given on page 49 of this report.

Corporate and Financial Reporting Framework

In accordance with the Bangladesh Securities and Exchange Commission's Notification SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012, the Directors are pleased to confirm the following:

Industry Outlook

Following unstable and disrupted trading conditions in the prior year, 2016 started on a much better note with a significantly improved operating environment from the beginning. We were successfully able to drive meaningful volume growth in both our retail and wholesale channels. This gives us confidence that this trend will continue in the year 2017 as well.

During the year revenue reached Tk 9,007 million which was higher by 30.3% over the previous year's revenue of Tk 6,911 million. Operating profit (profit before taxes excluding other income) at Tk 894 million was higher by 50.2% over the previous year's operating profit of Tk 595 million. Net profit for the year at Tk 546 million was higher by 48.2% over the previous year's net profit of Tk 368.58 million.

We remained Bangladesh's largest retail company selling home appliances, consumer electronic and furniture. We believe we are well positioned to benefit from our wide presence in almost every corner of the country and will continue to flourish the business in 2017.

Segment Information

The segment information is presented in the notes 18 and 27 to the financial statements in this report which is consistent with the total sales value for the purposes of evaluating performance. Products were sold through our own sales centers, such as, Singer Mega and Singer Plus and also through our wholesale dealers which are called Singer Pro.

Risk and Concern

Our business may also be affected by risks and uncertainties presently not known to us or that we currently believe to be immaterial. Detail of risk factors and determining how to best handle such event is given on Risk Management report on pages 46 & 47 of this report.

Margin Analysis

Cost of goods sold for the year 2016 was Tk 6,414 million and it was higher by 26.6% over the previous year's cost of goods though revenue was higher by 30.3%. Gross profit margin was 28.8% for the year 2016 and previous year's gross margin was 26.7%. Net profit margin for the year 2016 was 6.1%.

Extra-Ordinary Events

No events of extra ordinary gain or loss which would require adjustment or disclosure in the financial statements occurred during the reporting period.

DIRECTORS' REPORT

Related Party Transaction

Related Party Transactions are disclosed in the notes 34 of the notes to the financial statements on page 77.

Variance within the Financial Year

There was no event of significant variance between quarterly financial performances during the year under review.

Remuneration to Directors

This information is incorporated in the Notes 20.2 of the notes to the financial statements on page 70 with reference to the "Directors fees and remuneration" figures concerning the Board of Directors including Independent Directors.

Fairness of Financial Statements

The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and Securities and Exchange Rules 1987. These statements fairly present the Company's state of affairs, the results of its operations, cash flow and changes in equity.

In compliance with the requirement of the Bangladesh Securities and Exchange Commission (BSEC) notification dated August 7, 2012, Chief Executive Officer and Chief Financial Officer have given the declaration about the fairness of the financial statements which is shown on page 50 of the report

Books of Accounts

Proper books of accounts of the Company were maintained.

Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

Application of BAS and BFRS

Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) have been followed in preparation of the financial statements and any deviation there-from has been adequately disclosed.

Internal Control

The systems of internal controls were sound and were implemented and monitored effectively.

Going Concern/Forward Looking Statement

There are no significant doubts about the Company's ability to continue as a going concern.

Significant Variance over the Last Year's Operating Result

The significant deviations from last year in the operating results of the Company have been highlighted in the report and reasons thereof have been explained.

Five Year's Financial Highlights

The key operating and financial data for the last five years are annexed on page 9.

Dividend

Based on the performance of the Company, the Board of Directors recommends dividends @ 70% for the year 2016, which is 5% higher than last year.

Board and Committee Meetings and Attendance

During the year, the Board of Directors met five times. Audit Committee met four times and Remuneration Committee met three times.

The attendance record of the Directors is shown in annexure III of this report. The Directors who could not attend the meetings were granted leave of absence.

Pattern of Shareholding

The pattern of shareholding is provided on page 34.

Corporate Governance Compliance Report

Singer Bangladesh Limited adheres to appropriate good Corporate Governance principles, as described on pages 27 to 29.

The Company also complied with all the requirements of Corporate Governance as required by the Bangladesh Securities and Exchange Commission. Accordingly, Corporate Governance Compliance Report is shown in annexure I of this report.

Further in compliance with the requirement of the Bangladesh Securities and Exchange Commission (BSEC) notification dated August 7, 2012, Messrs S. F. Ahmed & Co., Chartered Accountants in Practice issued the Corporate Governance Compliance Certificate which is shown on page 30 of the report.

Financial Results and Appropriations:

The Directors are pleased to report the financial results for the year 2016 and recommend the following appropriations:

	Taka in '000	
	2016	2015
Profit before taxation	779,576	517,013
Less: Provision for tax	233,253	148,429
Profit after tax	546,322	368,584
Add: Un-appropriated profit brought forward	36,754	150,101
Prior year's adjustment	12,031	16,583
Other Comprehensive Income	(401)	-
Profit available for distribution	**594,706**	**535,268**
Less: Appropriations		
Interim Dividend	-	306,778
Final Dividend	536,861	191,735
Total Appropriation	536,861	498,514
Un-appropriated profit C/F	**57,845**	**36,754**

DIRECTORS' REPORT

Contribution to the National Exchequer

During the year under review, your Company paid Taka 3,669.9 million to the national exchequer in the form of corporate income tax, customs duties and value added tax.

Credit Rating

The Company achieved AAA+ rating in long term and ECRL-1 for short term with a strong and stable outlook from Emerging Credit Rating Limited.

Reserves

The total Reserves of the Company stood at Tk. 585 million, details of which are given in Notes 11 and in the Statement of Changes in Equity in the Financial Statements.

Events subsequent to Balance Sheet

The Board of Directors in their meeting held on February 26, 2017 has recommended a dividend of Tk. 7 (70% per share of Tk. 10 each) amounting to Tk. 536.9 in its 224th board meeting .

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to employees and the Government have been made up to date.

Share Information

The distribution of shareholding and market value of shares are given on page 88 of this report.

Earnings per share, dividend per share and net assets per share are shown in the financial highlights section on page 9 of the annual report.

Directors

Name of the Directors of the company and their biographical details are shown on pages 14 to 17.

Appointment of Directors

In accordance with Article 68 of the Articles of Association of the Company, the Board of Directors appointed Mr. Nayana Jagath Kumar Dissanayake as Director of the Company on July 26, 2016, He will retire and being eligible will offer himself for re-election.

Mr. Masud Khan, Independent Director of the Company, submitted his resignation as Independent Director which was accepted by the Board on January 25, 2017.

Members of the Board gratefully acknowledged the valuable contributions of Mr. Masud Khan during his tenure at office.

Recommendations for Re-election

Mr. Gavin J Walker retires under Article 81 of the Articles of Association of the Company. Being eligible Mr. Gavin J. Walker has offered himself for re-election. The Board recommends his re-appointment.

Shareholdings of Directors at the beginning of the year and at the end of the year 2016 are shown in annexure II of this report.

Appointment of Managing Director

Mr. A. M. Hamim Rahmatullah, Managing Director of the Company expressed his intention to take early retirement from service and submitted resignation letter dated September 6, 2016 and the resignation was accepted by the Board.

The Board is pleased to appoint Mr. Mohamed Haniffa Mohamed Fairoz as the Managing Director of the Company for a period of 5 years with effect from September 6, 2016 subject to consent from the Shareholders in the Annual General Meeting. Prior to this appointment Mr. Fairoz served as the Marketing Director of the Company. He has worked in various senior positions in the Singer group in Sri Lanka for 18 years. Let us congratulate Mr. Fairoz for his new position in the Company.

Appointment of Auditors

As per section 210 of the Companies Act 1994, the Company's statutory Auditors Messrs Rahman Rahman Huq, Chartered Accountants retires at the 37th Annual General Meeting as auditors of the Company.

As per the Bangladesh Securities and Exchange Commission (BSEC) order no. SEC/CMRRCD/2009-193/104/Admin dated July 27, 2011 the retiring Auditors Messrs Rahman Rahman Huq Chartered Accountants are eligible for reappointment as Statutory Auditors for 2017.

The Audit Committee recommended to appoint Messers Rahman Rahman Huq, Chartered Accountants as the auditors of the Company for the year 2017 at a fee of Tk. 4,80,000 plus VAT.

The Directors endorsed the recommendation of the Audit Committee for re-appointment of Messers Rahman Rahman Huq, Chartered Accountants as the auditors for the year 2017 at a fee of Taka 4,80,000 plus VAT.

Human Resources

A dynamic business environment requires having a well trained work force, therefore, the Company develops the appropriate management skills to suit the business environment. Various training programs and workshops were carried out during the year.

The management and employee relationship in the company was excellent throughout the year.

Going Concern

The Board of Directors has reviewed the Company's business plan and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly the Financial Statements are prepared on the going concern basis.

Compliance with Laws and Regulations

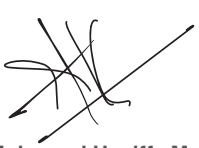
The Company was not engaged in any activities contravening the laws and regulations. All those responsible for ensuring compliance with the provisions in various laws and regulations were able to do so within the stipulated time.

Environmental Protection

To the best of the Board's knowledge, the Company was not engaged in any activity which might be harmful to environment.

Conclusion

The Company wishes to express its sincere appreciation to all employees of Singer Bangladesh Limited for their contribution and at the same time, thank all the stakeholders for their continued support and confidence.



Mohamed Haniffa Mohamed Fairoz
Managing Director & CEO



Mohammad Sanaullah
Company Secretary

Dhaka, February 26, 2017

CORPORATE GOVERNANCE

The Board considers itself a trustee of all shareholders and acknowledges its responsibilities to the shareholders

The company believes in adopting the best practices in the area of Corporate Governance and follows the principles of transparency and accountability, thereby protecting the interests of its stakeholders. The Board considers itself a trustee of all shareholders and acknowledges its responsibilities to the shareholders for creating and safeguarding their assets.

During the year under review, the Board continued its pursuit of achieving these objectives through adopting and monitoring corporate strategies, prudent business plans, monitoring major risks of the Company's business and ensuring that the Company pursues policies and procedures to satisfy its legal and ethical responsibilities.

The Board also believes that a good corporate reputation is a valuable asset of a company. It is directly linked to uncompromising compliance with applicable laws, regulations and internal guidelines. Compliance is thus a central pillar of Singer management and corporate culture and, at the same time, an integral part of all of its business processes. The Board of Directors ensures that the activities of the Company are always conducted in accordance with the highest ethical standards to the best interest of all stakeholders and also to the preservation of the environment.

Board Composition

The Board comprises eight members including two Independent Directors having diverse and professional expertise and experiences. The Directors are from varied businesses and other backgrounds and their long and rich experiences enable them to execute independent judgments on the Board where their views carry substantial weight in the decision making. They contribute to the Company's strategy and policy formulation in addition to maintaining its performance as well as its executive management. The profiles of all members of the Board are given on pages 14 to 17.

Responsibilities of the Board

The Board is collectively accountable to the Company's shareholders as laid down in its Articles of Association and the relevant laws and Regulations. The Board directions are taken at its meetings held as per the Articles of Association.

The Company Secretary calls the meetings of the Board and Board Committees, prepares the agenda in consultation with the Chairman of the Board of Directors, the Chairman of various Committees and the Managing Director. The Agenda for the meetings of the Board and its Committees, together with the appropriate supporting documents, are circulated well in advance of the meetings. All Board members are entitled to raise other issues.

The Company Secretary is accountable to the Board for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

Chairman and Managing Director

The Chairman is responsible for leadership of the Board, for ensuring its effectiveness on all aspects of its role and also for facilitating the productive contribution of all Directors.

The Managing Director has overall responsibility for the performance of the Company's business. He provides leadership to the Company to ensure the successful planning and execution of the objectives and strategies.

In compliance with the requirement of the Bangladesh Securities and Exchange Commission (BSEC) guidelines, the roles of Chairman and Managing Director have been clearly defined by the Board of Directors.

Independent Director

The Company has complied with the notification of the Bangladesh Securities and Exchange Commission with regard to composition of the Board.

Mr. Masud Khan and Dr. Syed Ferhat Anwar are Independent Directors, they are free from any business or other relationships with the company that might materially interfere with or affect the exercise of their independent judgment. Mr. Masud Khan resigned from the Board in January 2017 due to official exigencies as well as for personal reasons. An experienced and knowledgeable Independent Director will join the Board shortly.

The Board believes their experience and knowledge will enable them to provide both effective and constructive contribution to the Company.

Board Meetings

The Board meets regularly to discharge its duties effectively. Five Board Meetings were held during the year 2016 and the gap between two meetings did not exceed three months. The annexure- III shows the attendance record for the Board meetings held during the year.

Board Committees

The Board has established three Board Committees to which it has delegated some of its responsibilities. They are the Audit Committee, the Remuneration Committee and the Nomination Committee.

Each Committee has its own terms of reference under which respective authority is delegated by the Board and is kept under review and updated regularly to ensure that they remain consistent with the best practice. The Company Secretary provides each of the Committees with secretarial services. Committee meeting agenda, papers and minutes are made available to all members.

Audit Committee

The company's control mechanism is overseen by the Board's Audit Committee which comprises four Members including two Independent Directors of the Company.

The Chairman of the Audit Committee is an Independent Director. Mr. Masud Khan was the Chairman for the last two years.

CORPORATE GOVERNANCE

His long career with different multinational companies as well as extensive experience has been of great benefit to the Company over the year. After his departure, Dr. Syed Ferhat Anwar has been appointed the Chairman of Audit committee.

The committee's role is to ensure and maintain a direct link between the Board and the internal and external audit functions of the Company

Remuneration Committee

The Remuneration Committee discharges the responsibilities of the Board of Directors relating to compensation of the Company's executive directors and senior management. Remuneration Committee consists of three members including two Independent Directors.

Mr. Gavin J. Walker, Chairman of the Board is the Chairman of the Remuneration Committee. The Remuneration Committee is responsible for ensuring motivation and retaining high caliber individuals.

Nomination Committee

To adhere to good corporate governance practice in the Company, the Nomination Committee works for identifying Directors to be inducted to the Board from time to time and to take steps to refresh the constitution of the Board with a view to enabling the Board of Directors to discharge the responsibilities of proposing candidates for appointment to the Board with regard to the balance and structure of the Board.

The Committee consists of three Directors including two independent Directors. Mr. Gavin J Walker, Chairman of the Board, is also the Chairman of the Nomination Committee. Other members of the Board who are not members of the Committee may be invited to attend the meeting.

The Nomination Committee is responsible for identifying individuals qualified to become Board members in conformity with the criteria as agreed by the Board and for making recommendations to the Board.

The Nomination Committee meets, as and when required, to consider candidates for appointment as Directors.

Reporting by the Committees to the Board

Each committee regularly reports on their work to the Board. As a minimum, the report includes a summary of the matters addressed and the measures undertaken by the committee.

Management Committee

The Management Committee is entrusted with the day-to-day management of the Company. The Management Committee is chaired by the Managing Director and comprises twelve key senior executives. The Management Committee, as the Company's management body, is committed to serving the interests of the Company and achieving sustainable growth in Company value.

Responsibilities to Customers

Our success depends, in part, on the quality of our products and also on our broad as well as strong after-sales service. Besides, the Company maintains a country-wide marketing network and provides a wide choice of products and brands to its customers at competitive prices. Easy payment options are also available to the customers.

The Company extends a warranty on its products and has made appropriate provisions to meet the warranty expenses. It maintains countrywide network of service centers and franchise agents to facilitate product repairs. Customer grievances, if any, are handled promptly and solutions thereof are provided.

Financial Reporting and Transparency

Financial statements have been prepared in line with the Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). Financial data is circulated as appropriate within and outside the organization.

The timely publication of quarterly, half yearly and annual financial statements with comprehensive details beyond the statutory requirements has been a salient feature of the financial reporting system. The financial statements included in this annual report have been audited by Messrs Rahman Rahman Huq, Chartered Accountants.

Internal Controls

Directors are responsible for instituting a system of internal controls to ensure the effective implementation of all policies and decisions of the Board.

The Board ensures that the Directors maintain full and effective control of all significant strategic, financial, organizational and compliance issues. The Directors have delegated to Management Committee the responsibility of establishing and implementing a system of internal control appropriate to the business environment in which it operates.

The Company has an Internal Audit Department headed by the Head of Internal Audit. The internal control system is maintained and reviewed by an internal audit function that operates throughout the company and reports to the Management and the Audit Committee. The work of the internal auditors is focused on the areas of risk to the Company which is determined on the basis of a risk management approach to audit.

Company operations are also subject to be reviewed by the Corporate Internal Audit Division of the parent Company of Singer Bangladesh Limited.

Compliance with the Law

Ethical business conduct and compliance with applicable laws and regulations are fundamental aspects of Singer Bangladesh Limited. To this end, the Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements. Relevant officials are responsible for ensuring proper compliance with applicable laws and regulations and this is being followed by the Company.

Independent Corporate Compliance Auditor Messrs S. F. Ahmed & Co., Chartered Accountants was appointed by the Board to conduct Corporate Compliance Certification as per requirement of Bangladesh Securities & Exchange Commission (BSEC). Accordingly, Messrs S. F. Ahmed & Co., upon examination, issued a Compliance certificate which has been shown in page 30 of the Annual Report.

Code of Ethics

The Board of Singer Bangladesh Limited also established a separate 'Code of Conduct' for its Directors in compliance with the requirement of Bangladesh Securities and Exchange Commission (BSEC) notification.

Risk Management

A properly functioning risk management system is necessary for responsible governance. The risk management system at Singer Bangladesh Limited is

CORPORATE GOVERNANCE

geared towards meeting the practical requirements of our business. It is designed to highlight risks at an early stage and to help avoid or limit them, as or where they occur. Details are provided in the section entitled “Risk Management” on pages 46 & 47.

Communication with Shareholders

The Company encourages communications with shareholders throughout the year and welcomes their participation at the shareholders' meeting. Four times each year, Singer Bangladesh Limited reports to its shareholders regarding its business, financial position and earnings.

An Annual General Meeting normally takes place within the first five months of each fiscal year. Among other things, the Annual General Meeting decides on the appropriation of net income, election of the Board members and the appointment of the Auditors. Amendments to the Memorandum and Articles of Association and any change in the Company's paid up capital structure are approved exclusively at the Annual General Meeting and are implemented by the Board.

Quarterly/Half Yearly/Yearly Results

Shareholders are provided with Quarterly Financial Statements, Half Yearly Financial Statements and the Annual Report, which the Company considers as its principal communication with them and other stakeholders.

The quarterly and half yearly results of the Company are published in the newspapers. Yearly results are generally published and sent to the shareholders' registered addresses through registered posts.

These reports are also available on the Company's website - www.singerbd.com.

Company’s Corporate Website

The Company's website is a comprehensive reference on Singer Bangladesh's management, vision, mission, value statement, investor relations, sales network, products, promotions and events. The section on 'Shareholders' Information' serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits and by providing answers to frequently asked questions.

In addition to information, which any company is under a legal or regulatory requirement to publish, the company regularly publishes through newspapers and its website at www.singerbd.com additional company information that includes information regarding company's management, investor relations, marketing network, product range and other information which is uploaded on a regular basis.

Dematerialization of Shares as on December 31, 2016

The Company's shares are compulsorily traded in dematerialized form and are available for trading on Central Depository Bangladesh Limited (CDBL). 64,274,957 Ordinary Shares of the Company representing 83.81 % of the Company's share capital were in dematerialized form as on December 31, 2016.

Going Concern

The Directors report that after making enquiries, they have a reasonable expectation that the Company has adequate resources to continue its operational existence in the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.



ICSB Corporate Governance Excellence 2015 Award
Second Prize (Silver Award) for Corporate Governance Excellence in Engineering Sector

S. F. AHMED & CO
Chartered Accountants
——— Established : 1958

House 51 (2nd and 3rd Floors)
Road 9, Block F, Banani
Dhaka 1213, Bangladesh

Corporate Governance Compliance Certificate

We have examined the compliance with Corporate Governance of Singer Bangladesh Limited (the company) for the year ended 31 December 2016 as stipulated in notifications no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, as amended vide notifications dated 21 July 2013 and August 2013 of Bangladesh Securities and Exchange Commission

The Compliance with Corporate Governance is the responsibility of the management of the company. Our examination was limited to the procedures and implementation thereof as adopted by the company for ensuring the compliance with corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned notification.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of company.

Dhaka, Bangladesh
Dated, 23 February 2017

S. F. AHMED & CO
Chartered Accountants

Phone: (880-2): 9894258, 9871018, 9870619, 9885101 & 55042201, Fax: 55042314 E-mails: (i) sfaco@citecho.net (ii) sfaco@sfahmedco.org

ANNEXURE - I

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August, 2012 issued under section 2CC of Securities and Exchange Ordinance 1969 (Report under Condition No. 7.00)

Condition No.	Title	Compliance Status	Remarks (if any)
1.1	Board Size (number of Directors - minimum 5 and maximum 20)	Complied	
1.2	Independent Directors:		
1.2 (i)	At least one fifth of Directors should be Independent Directors;	Complied	
1.2 (ii) a	Independent Director does not hold any share or holds less than 1% share of the total paid-up capital;	Complied	
1.2 (ii) b	Non connectivity with the company's sponsor or director or shareholder who holds 1% or more shares on the basis of family relationship.;	Complied	
1.2 (ii) c	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	Complied	
1.2 (ii) d	Not a member, director or officer of any member of stock exchange;	Complied	
1.2 (ii) e	Not a shareholder, director or officer of any member of stock exchange or any intermediary of the capital market;	Complied	
1.2 (ii) f	Not is or was a partner or an executive during preceding 3 years of the company's statutory audit firm.;	Complied	
1.2 (ii) g	Shall not be an Independent Director in more than 3 listed companies;	Complied	
1.2 (ii) h	Non convicted by court of competent jurisdiction for defaulting any loan payment to a bank/ non bank financial institution.;	Complied	
1.2 (ii) i	Non convicted for a criminal offence involving moral turpitude;	Complied	
1.2 (iii)	Appointment of Independent Director shall be by board of directors and subsequently approved by shareholders in the AGM;	Complied	
1.2 (iv)	The post of Independent Director(s) can not remain vacant for more than 90 (ninety) days.	Not Applicable	
1.2 (v)	Code of conduct for all Board members and compliance matter;	Complied	
1.2 (vi)	Tenure of office of an Independent Director (for a period of 3 years, may be extended for 1 term only);	Complied	
1.3	Qualification of Independent Director:		
1.3 (i)	Shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business;	Complied	
1.3 (ii)	Should be a Business/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. Must have at least 12 (twelve) years of corporate management/ professional experiences;	Complied	
1.3 (iii)	Relaxation of qualifications of Independent Directors subject to prior approval of the Commission.	Not Applicable	
1.4	Chairman to the Board and Chief Executive Office shall be different individual with clearly defined respective roles and responsibilities.	Complied	
1.5	The Directors' Report to shareholders:		
1.5 (i)	Industry outlook and possible future developments in the industry;	Complied	
1.5 (ii)	Segment-wise or product-wise performance;	Complied	
1.5 (iii)	Risks and concerns;	Complied	
1.5 (vi)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin;	Complied	
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss;	Not Applicable	
1.5 (vi)	Disclosure on related party transactions;	Complied	
1.5 (vii)	Utilization from public issues, rights issues and/or through any others instruments;	Not Applicable	
1.5 (viii)	Explanation if the financial results deteriorate after going for IPO, RPO, Rights Offer, Direct Listing, etc.;	Not Applicable	
1.5 (ix)	Significant variance between Quarterly Financial performance and Annual Financial Statements and explanation thereon;	Not Applicable	
1.5 (x)	Remuneration to directors including independent directors;	Complied	

ANNEXURE - I

Condition No.	Title	Compliance Status	Remarks (if any)
1.5 (xi)	Fairness of financial statements;	Complied	
1.5 (xii)	Maintenance of proper books of account;	Complied	
1.5 (xiii)	Application of appropriate accounting policies and estimates;	Complied	
1.5 (xiv)	Application of International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS);	Complied	
1.5 (xv)	Efficiency of Internal control system;	Complied	
1.5 (xvi)	Going concerns (ability to continue as going concern);	Complied	
1.5 (xvii)	Deviations in Operating Results ((highlighting significant deviations from last year in operating result);	Complied	
1.5 (xviii)	Key operating and financial data (summarized financial data of at least preceding three years);	Complied	
1.5 (xix)	Reason for non declaration of dividend;	Not Applicable	
1.5 (xx)	Number of Board Meetings (no. of Board Meetings held and attendance by each director);	Complied	
1.5 (xxi)	The pattern of shareholding:		
1.5 (xxi) a	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	Complied	
1.5 (xxi) b	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	Complied	
1.5 (xxi) c	Executives;	Complied	
1.5 (xxi) d	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	Complied	
1.5 (xxii)	Brief resume of Director in case of the appointment/re-appointment:		
1.5 (xxii) a	Brief resume of the director;	Complied	
1.5 (xxii) b	Nature of his/her expertise in specific functional areas;	Complied	
1.5 (xxii) c	Names of companies in which the person also holds the directorship and the membership of committees of the board.	Complied	
2	Chief Financial Officer (CFO), Head of Internal Audit (HIA) and Company Secretary (CS)		
2.1	Appointment of CFO, HIA & CS and define respective roles, responsibilities and duties of CFO, HIA & CS;	Complied	
2.2	Presence of the CFO and CS in the Board meeting;	Complied	
3	Audit Committee		
3. (i)	Should have an audit committee as a sub-committee of the Board of Directors;	Complied	
3. (ii)	Assisting Board of Directors in ensuring true and fair presentation of financial statements and also to monitor system;	Complied	
3. (iii)	Reporting and duties of the Audit Committee	Complied	
3.1	Constitution of the Audit Committee;		
3.1 (i)	Composition of Audit Committee (should be composed of at least 3 (three) members;	Complied	
3.1 (ii)	Audit Committee Members Appointment (members should appointed by the Board with at least one independent Director);	Complied	
3.1 (iii)	Financially literacy of committee members (members should be financially literate);	Complied	
3.1 (iv)	Terms of Service of Audit Committee (Board to ensure continuity of minimum prescribed number of members);	Complied	
3.1 (v)	Secretary of the committee.	Complied	
3.1 (vi)	Quorum of the Audit Committee meeting (at least 1 Independent Director must present).	Complied	
3.2	Chairman of the Audit Committee:		
3.2 (i)	Chairman of Audit Committee (Board to select Chairman from audit committee who shall be an Independent Director);	Complied	
3.2 (ii)	Presence of Chairman of the audit committee in the Annual General Meeting.	Complied	
3.3	Role of the Audit Committee:		
3.3 (i)	Oversee the financial reporting process;	Complied	

ANNEXURE - I

Condition No.	Title	Compliance Status	Remarks (if any)
3.3 (ii)	Monitor choice of accounting policies and principles;	Complied	
3.3 (iii)	Monitor internal control risk management process;	Complied	
3.3 (iv)	Oversee hiring and performance of external auditors;	Complied	
3.3 (v)	Review of annual financial statements before submission to the board;	Complied	
3.3 (vi)	Review of quarterly and half yearly financial statement before submission to the board;	Complied	
3.3 (vii)	Review the adequacy of internal audit function;	Complied	
3.3 (viii)	Review statement of significant related party transactions submitted by the management;	Complied	
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	Complied	
3.3 (x)	Reporting utilization of money raised through Initial Public Offering, Repeat Public Offering/Rights Issue in the quarterly financial statements and also to disclose statement of fund utilization for the purpose other than those stated in the offer documents/prospectus.	Not Applicable	
3.4	Reporting of the Audit Committee:		
3.4.1 (i)	Reporting to the Board of Directors;		
3.4.1 (ii) a	Report on Conflict of Interest;	Not Applicable	
3.4.1 (ii) b	Report on defect in the Internal Control System to the Board of Directors;	Complied	
3.4.1 (ii) c	Suspected Infringement of Laws to the Board of Directors;	Not Applicable	
3.4.1 (ii) d	Any Other Matter (out of the above, a-c).	Not Applicable	
3.4.2	Reporting to the Authorities-BSEC (if any material impact on the financial condition & results of operation, unreasonably ignored by the management).	Not Applicable	
3.5	Reporting to the Shareholders (disclosure of activities of the audit committee in the annual report).	Complied	
4	External/Statutory Auditors:		
4 (i)	Appraisal or Valuation Services (none by the external/statutory auditor);	Complied	
4 (ii)	Financial Information System (none by the external/statutory auditor);	Complied	
4 (iii)	Book Keeping or Other Services (none by the external/statutory auditor);	Complied	
4 (iv)	Broker-dealer Services (none by the external/statutory auditor);	Complied	
4 (v)	Actuarial Services (none by the external/statutory auditor);	Complied	
4 (vi)	Internal Audit Services (none by the external/statutory auditor);	Complied	
4 (vii)	Any other Services (none by the external/statutory auditor);	Complied	
4 (viii)	Not to possess any share of the company (none by the external/statutory auditor).	Complied	
5	Subsidiary Company:		
5 (i)	Composition of the Board of Directors of the subsidiary company;	Not Applicable	
5 (ii)	Presence of Independent Director of holding company in the Board of subsidiary company;	Not Applicable	
5 (iii)	Review the Board meeting minutes of subsidiary company in the Board meeting of the holding company;	Not Applicable	
5 (iv)	Reflection in the holding company's Board meeting minutes about review of the affairs of subsidiary company;	Not Applicable	
5 (v)	Review the financial statements of subsidiary company, in particular the investments made by the subsidiary company.	Not Applicable	
6	Certification of CEO and CFO to the Board:		
6 (i) a	Financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	Complied	
6 (i) b	Financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	Complied	
6 (ii)	No transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	Complied	
7	Reporting and Compliance of Corporate Governance:		
7 (i)	Certification on compliance of condition of Corporate Governance Guideline of BSEC and reporting to the shareholders;	Complied	
7 (ii)	Directors' report should state about the compliance with the conditions of the Corporate Governance Guideline of the Commission.	Complied	

ANNEXURE -II

The pattern of Shareholding

Name of Shareholders	Status	Shares Held at 31 Dec'16	Shares Held at 01 Jan' 16
i) Parent / Subsidiary/Associate Companies			
Retail Holdings Bhold B.V.- (Including 20% Non-remittable shares)	70.1%	53,757,182	55,805,293
ii) Directors, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children			
Mr. Gavin J. Walker	Chairman	-	-
Mr. M. H. M. Fairoz	Managing Director	-	-
Mr. Masud Khan	Independent Director	-	-
Dr. Syed Ferhat Anwar	Independent Director	-	-
Mr. Stephen H. Goodman	Director	195	195
Mr. Peter James O'Donnell	Director	-	-
Mr. Gelmart M. Gellecanao	Director	-	-
Mr. Nayana Jagath Kumar Dissanayake	Director	-	N/A
Mr. Mohammad Sanaullah	Company Secretary	565	565
Mr. Akram Uddin Ahmed	CFO	195	195
Mr. Abu Zafor Md. Kibria	Head of Internal Audit	-	-
Ms. Salma Akhtar	W/o. Mr. Mohammad Sanaullah	468	468
Ms. Arifa Salzana Hemon	W/o. Mr. Akram Uddin Ahmed	4,101	4,101
iii) Executives			
Mr. Mokbul Ahmed	Manufacturing Director	156	156
iv) Shareholders Holding Ten Percent or More Voting Interest			
Retail Holdings Bhold B.V.- (Including 20% Non-remittable shares)	70.1%	53,757,182	55,805,293

ANNEXURE - III

Board Meeting and attendance during the year 2016

Name of Directors	Meeting held while a member	No. of meetings attended in person/alternates
Mr. Gavin J. Walker	5	5
Mr. Mohamed Haniffa Mahamed Fairoz	1	1
Mr. Masud Khan	5	4
Dr. Syed Ferhat Anwar	5	5
Mr. Gelmart M. Gellecanao	5	4
Mr. Stephen H Goodman	5	3
Mr. Peter James O'Donnell	5	0
Mr. Nayana Jagath Kumar Dissanayake	2	2
Mr. Kan Yat Cho Joe	2	1
Mr. A. M. Hamim Rahmatullah	3	3

Audit Committee Meeting and attendance during the year 2016

Name of Members	Meeting held while a member	No. of meetings attended
Mr. Masud Khan	4	4
Dr. Syed Ferhat Anwar	4	3
Mr. Mohamed Haniffa Mahamed Fairoz	1	1
Mr. Gelmart M. Gellecanao	4	2
Mr. A. M. Hamim Rahmatullah	3	3

Remuneration Committee Meeting and attendance during the year 2016

Name of Members	Meeting held while a member	No. of meetings attended
Mr. Gavin J. Walker	3	3
Mr. Masud Khan	3	2
Dr. Syed Ferhat Anwar	3	3

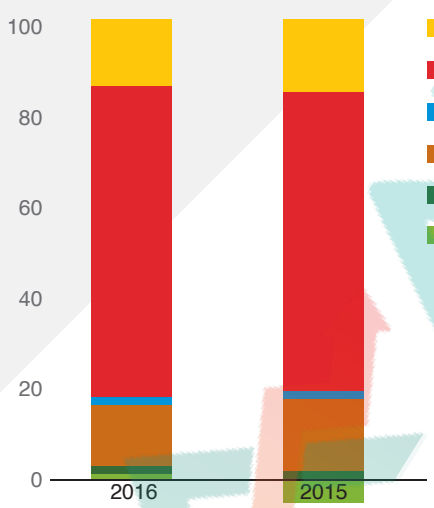
Nomination Committee Meeting and attendance during the year 2016

Name of Members	Meeting held while a member	No. of meetings attended
Mr. Gavin J. Walker	1	1
Mr. Masud Khan	1	0
Dr. Syed Ferhat Anwar	1	1

STATEMENT OF VALUE ADDED

	2016 Taka		2015 Taka	
Turnover - Gross	9,007,469,210		6,910,736,918	
Other Income	1,536,354		65,682,651	
	9,009,005,564		6,976,419,569	
Less: Cost of Materials & Services	3,934,468,482		3,559,821,450	
Value Added	**5,074,537,082**		**3,416,598,119**	
Distribution of Value Added		%		%
To Employees and Dealers				
Salaries, Commission and other Benefits	694,287,117	**14%**	562,572,779	**16%**
To Government				
Income Taxes, Duties and Value Added Tax	3,669,927,742	**72%**	2,342,156,498	**69%**
To Banks and other Lenders				
Interest & Bank Charges on Borrowing	87,457,953	**2%**	64,248,955	**2%**
To Suppliers of Capital				
Dividends to Shareholders	536,861,437	**11%**	498,514,193	**15%**
Retained for Reinvestment and Future Growth				
Depreciation	76,542,071	**2%**	79,035,930	**2%**
Retained Profits	9,460,762	**0%**	(129,930,236)	**-4%**
	5,074,537,082	**100%**	**3,416,598,119**	**100%**

Statement of Value Added (%)





AMARSTOCK

Singer has been built on a
strong foundation of brand development.



SINGER®

SINGER®
LifeStraw®

SINGER®
Furniture

SINGTECH®

SAMSUNG

SIEMENS

HUAWEI

Godrej®

beko

Therefore we continually strive to
deliver excellence in brand quality.



Prestige
Galanz
Preethi
GRUNDIG
DELL™
TOSHIBA
SYMPHONY new experience
Dawlance
> BillPay
> Flexiload
WESTERN UNION WU
moving money for better



INTERNATIONAL APPLIANCES LIMITED STARTED COMMERCIAL PRODUCTION OF "SINGER" BRANDED REFRIGERATOR IN 2016

CHIEF EXECUTIVE OFFICER'S REVIEW

It is with pleasure that I make my first formal communication to the shareholders of Singer Bangladesh Limited reflecting on our 2016 results

2016 Overview

The previous year 2015 witnessed political unrest which disrupted our business operations throughout that year. Partial effects of this were still evident in early 2016 but trading conditions started improving progressively during this year. Taking advantage of this positive environment, we reviewed our strategic options and chartered a path which included bold steps necessary to ensure business growth and drive greater shareholder value as set out below.

Invest in growth

We invested heavily in promoting our brand through increased media coverage. Shifting media mix to a greater focus on digital has delivered very positive results. 48 stores were renovated with increasing floor space to provide a comfortable shopping experience to our valued customers.

Singer refrigerators manufactured at IAL

International Appliances Limited (IAL), a joint venture company where Singer Bangladesh Limited is the major shareholder, started commercial production of "SINGER" branded refrigerator in mid 2016 with an initial capacity of 250,000 units. "Singer International", "Singer Reflection" and "Singer Festival" models were commercially launched in July 2016 through Singer Mega, Singer Plus and Singer Pro outlets. Initial response has been very encouraging. Once capacity is ramped up, this move will allow Singer to strengthen its position in the refrigerator market and improve yields further.

Manufacturing

Panel television, air conditioners and furniture manufacturing units all had impressive growth with increasing volumes by 69%, 95% and 79% respectively.

The company has also expanded its facilities to manufacture the panel for television at its factory which will exert positive impact on margins. Earlier the company limited its operations to mere assembling products.

Improve financial flexibility

Renegotiation of our working capital facilities brought in a positive impact on our financial cost. We will continue to focus on this area to reduce the cost further.

Expanding our brand and channel to reach new customers

Allowing customers to utilize financial service products at our retail stores is an effective way to bring new consumers into Singer outlets. These services like Western Union, bKash, Grameen airtime reloads and utility bill payments more than doubled in value during 2016, attracting on an average 55,000 customers to the stores per month.

Recently commenced E-commerce, an exciting channel, offers tremendous potential for growth.

The Company continued to offer a wide range of easy-payment plans on its own, through banks and finance companies as well as credit cards. Promotions to increase consumer credit provided in-house by the Company yielded positive results with the number of accounts increasing by 50% during the year.

Drive down cost

Your Company continued to improve the cost structure thereby better handling both gross margins and operating expenses in relation to turnover. We will continue identifying areas for further improvement.

Business performance

Strategies and initiatives dexterously adopted as complemented by strong management teams allowed the company to deliver exceptional results in 2016 with improvement all round.

Since the details are given in the Financial Review, I would like to highlight only the significant matters in this section.

Revenue for 2016 was Tk. 9 Billion which is 30 % higher compared to the previous year.

Gross profit margin improved to 28.8% from 26.7% in 2015.

Net Income increased to Tk. 546.3 million from Tk. 368.6 million in 2015.

Earnings per share increased to Tk. 7.1 from Tk. 4.8.

An important priority for 2016 was to improve growth in washing machine, furniture and kitchen appliances .Significant progress was made in this regard with growth of 119%, 116% and 133% respectively. Category performance improved as well. Refrigerator grew 32%, panel television by 76% and air conditioners by 36%

Conclusion

I would like to thank the members of the Board for their valuable support and guidance which helped us to achieve these results.

The shareholders also deserve thanks for their continued trust and confidence in the Board of Directors and Management.

Finally I also wish to place on record my appreciation to all our staff and employees for their dedication and commitment which contributed immensely towards the company's exceptional growth



M. H. M. Fairoz
Chief Executive Officer

March 21, 2017

SINGER® Furniture

STOCK



Bedroom Solution

Dining Room Solution

Lifestyle Solution

Living Room Solution

SINGER®
TRUSTED INTERNATIONAL BRAND

2016 RESULTS IN PERSPECTIVE

The Company recorded attributable profit of Tk. 546.3 million after tax for the year 2016 compared to Tk. 368.6 million in 2015

The following discussion and analysis should be read in conjunction with the Audited Financial Statements of the Company for the year ended 31st December 2016.

Preamble

2016 was a phenomenal year for the company, with record sales in all key product categories. In the year 2016, Singer Bangladesh achieved its highest ever turnover of Tk. 9.0 billion, an impressive increase of 30.3% over 2015 with the backdrop of macroeconomic and political stability.

The gross profit for the year increased 40.7%, with gross profit margins rising to 28.8% from 26.7% in the prior year. The 2016 profit after tax was achieved at Tk. 546.3 million, an increase of 48.2% over prior year resulting with a corresponding increase in earnings per share to Tk. 7.1 as opposed to Tk. 4.8 in 2015. The company announced a 70% cash dividend, maintaining its long history of robust dividend payments.

Singer Bangladesh's large distribution network, backed by aggressive above-the-line (ATL) and below-the-line (BTL) advertising and promotional campaigns throughout the year helped the Company to realize this commendable growth. The wide product portfolio of well-known and accepted "Singer" products was supported by other world renowned brand names. As a result, the Company recorded its highest ever turnover of Tk. 9.0 billion with an incredible growth of 30.3% over prior year. In addition, high turnover helped to post an outstanding growth at the bottom line of 48.2% over prior year, and to arrive at Tk. 546.3 million supported by commendable contributions of higher gross margin percentage and almost flat interest expenses compared to 2015.

Basis of Preparation and Comparative Figures

The Company's Financial Statements represent the Financial Statements of Singer Bangladesh Limited only for 2016.

The financial statements have been prepared in compliance with the requirement of the Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), the Companies Act 1994, Bangladesh Securities and Exchange Ordinance 1969, Bangladesh Securities and Exchange Rules 1987, Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable. Comparative figures were not restated and presented in line with the presentation made in the Financial Statements for the year ended 31st December 2015 which was presented in year 2015 Annual Report. Details of the basis of preparation and comparative figures are disclosed in Note 2 of the Financial Statements on page 58.

Performance in context

Turnover

Turnover for the Company increased by 30.3% compared to prior year and reached Tk. 9.0 billion. The company realized significantly higher sales in the products categories of refrigerator, panel television, air conditioner, washing machine, micro-ovens and furniture. The business environment continued to be competitive throughout the year considering the local competitors. Singer continued to build upon the success of its factory operations for refrigerators, panel televisions, air conditioners and furniture, with further substantial increases in output and capacity being planned in 2017 and beyond.

Turnover growth in retail channel recorded growth of 31.3% over prior year while the wholesale channel also posted a commendable growth of 27.5%. All geographic areas demonstrated reported higher growth compared to prior year.

Gross Profit

Gross profit of the Company for the year under review reached Tk. 2,593.7 million compared with Tk. 1,843.0 million in the previous year, an impressive increase of 40.7% over the last year. Gross margin percentage of the Company was 28.8% (2016) versus 26.7% (2015), an increase of 2.1% mainly owing to increase in sales of higher margin products coupled with higher ECC (Earned Carrying Charges) income. The gross margin of the Company increased by Tk. 750.1 million in absolute terms over prior year.

Gross margin percentage of the Company was impacted favorably by a greater mix of higher margin product lines despite discounts and promotions to flush out slow moving products.

Operating Expenses

Operating expenses of the Company slightly decreased over prior year in terms of percentage (18.4% in 2016 vs. 18.6 in 2015). However, in terms of absolute amount the operating expenses rose from Tk. 1,286.3 million in 2015 to Tk. 2,593.7 million in 2016.

Managing costs in a dynamic business environment is a challenge since the company needs to maintain a balanced approach on operational efficiency as well as catering to the growth of business. The Company carefully managed costs without sacrificing expansion of the business for future prospects. At the Company level, operating expenses grew over prior year mainly due to growth of advertisement and sales promotion, shop operating expenses and rent and occupancy expenses. Except for advertisement and sales promotion, these expenses are related to

sales and grew in line with the sales. Advertisement and sales promotion expenses growth exceeded the growth of sales due to aggressive marketing plans for above-the-line (ATL) and below-the-line (BTL) advertising and promotional campaigns in the whole year to sustain and expand market share. However, in spite of the growth of production / assembling of air conditioner and furniture locally at the factory the royalty expenses decreased compared to prior year owing to reduction in royalty rates. Period expenses such as rent, renovation costs and some components of staff cost increased due to expansion of operations. Impairment on hire and other receivables at Company level only moderately increased year-on-year despite the increase in receivables. As a percentage of turnover Company operating expenses decreased from 18.6% to 18.4%.

Operating Profit

The operating profit has increased to Tk. 894.1 million in 2016 from Tk. 595.2 million in 2015. The operating profit increased to 9.1% of turnover against 8.6% last year. The operating profit was favorably impacted by the significant increase in selling of higher margin products and decrease in royalty expenses. However, increase in expenses for advertisement and sales promotion eroded the operating profit margin somewhat.

Interest Expenses

Net interest expenses of the Company increased to Tk. 87.5 million from Tk. 64.2 million in the previous year, an increase of 36.1%. Company borrowings increased by Tk. 1,112.1 million compared to prior year as a result of financing business growth, working capital requirements and the increase in equity investment in International Appliances Limited (IAL). The Company always endeavors to utilize borrowings judiciously to strengthen the balance sheet position as well as funding the business operations and inventories to support and realize better sales.

Share of Loss of Equity-Accounted Investee (Net of Income tax)

The share of loss of the Equity-accounted Investee (IAL) after tax applicable to the Singer Bangladesh results and share of loss for the period is Tk. 27.1 million in 2016 as opposed to loss of Tk. 13.9 million in prior year.

Income Tax Expense

Income tax expense for the Company increased from Tk. 148.4 million to Tk. 233.3 million. The Current year income tax expense on ordinary activities of Company has increased owing to higher profit before tax from ordinary business in the current year compared to last year. Currently, Singer Bangladesh is liable to income tax at 25%.

The Company's effective tax rate for the year was 29.9 % vs. 28.7% in 2015.The effective tax rate increased due to mainly higher disallowances on account of royalty expenses exceeding allowable limit coupled with perquisites in excess of allowable threshold.

Profit for the Year

The Company recorded attributable profit of Tk. 546.3 million after tax for the year 2016 compared to Tk. 368.6 million in 2015. This represents a favorable growth of Tk. 177.7 million or 48.2% over last year mainly due to better gross margin. This is a commendable improvement and recovery of operational performance compared to the previous year.

Other Comprehensive Income

Other comprehensive income for the year 2016 was limited to actuarial loss of retirement benefit obligation reported as loss at re-measurement of defined benefit liability and gain on revaluation of land reported under gain on revaluation of property, plant and equipment. Land was revalued by Asian Surveyors Ltd., an independent Valuer.

Comprehensive Income for the Year

The Company recorded a total comprehensive income of Tk. 713.9 million after tax for the year vs. Tk. 368.6 million which was higher than prior year by Tk. 345.3 million. In the Company, total comprehensive income attributable to equity holders was Tk. 713.9 million vs. Tk. 368.6 million in 2015.

Earnings per Share

Earnings per share (EPS) of the Company were for the period under review was Tk. 7.12 vs. Tk. 4.81 in 2015.

Price Earnings Ratio

The price-to-earnings ratio of the Company as at 31st December 2016 was 24.0 times against 37.5 times as at 31st December 2015. During the year under review, the Company's share price ranged between Tk. 137 and Tk. 205 closing the year at Tk. 193 respective figures for 2015 were Tk. 140 Tk. 232 and Tk. 180.

Dividend

Company paid a final dividend of Tk. 2.5 per share amounting to Tk. 191.7 million during the year in respect of the year ended 31st December 2015.

The Directors have approved a final dividend of Tk. 7.0 per share (70%) continuing company's robust dividend policy amounting to Tk. 536.9 million for the year ended 31st December 2016.

Events after the Reporting Period

The proposed final dividend subsequent to the reporting date is not recognized as a liability in the Financial Statements as at 31st December 2016. The Company has access to necessary funds to finance the payment of the final dividend.

Return on Equity

Return on equity of the Company was 32.5% compared to 26.0% in the previous year. Return on equity has been computed by dividing the profit after tax for the year by the average total equity as at the beginning and end of each financial year.

Non-Current Assets

Non-current assets of the Company increased from Tk. 1,269.3 million to Tk. 1,610.7 million, an increase of Tk. 341.4 million. Increase in investment in Associate Company, International Appliances Limited (IAL) and increased investment in property, plant and equipment mainly

2016 RESULTS IN PERSPECTIVE

Total Company equity increased by Tk 529.7 million over 2015 to stand at Tk 1,947 million as at 31st December 2016.

contributed growth in non-current assets.

Current Assets

Current assets of the Company increased by Tk. 1,705.8 million from Tk. 2,383.6 million in 2015 to Tk. 4,089.4 million in 2016. The Company's year end inventories were comparatively higher as the company stocked up for strong expected sales in 2017 and to avoid delays often experienced on account of Chinese New Year. The overall increase of current assets is mainly attributable to higher level of inventories, advances, deposits & prepayments and higher trade and other receivables. Increase of trade receivables at the yearend 2016 compared to the year 2015 is mainly due to extended cash conversion period as part of continuing promotion and credit extended to various large institutions in order to boost sales and remain competitive in the competition.

Total Assets

Total assets of the Company increased by Tk. 2,047.2 million representing 56.0% increase over the prior year mainly due to increase of investment in IAL, PPE , higher level of inventories and increase in trade and other receivables.

Total Equity

Total Company equity increased by Tk. 529.7 million over 2015 to stand at Tk. 1,947.0 million as at 31st December 2016. The sharp increase was mainly due to increase in retained earnings and increase in reserves on account of revaluation of land.

Non-Current Liabilities

Non-current liabilities of the Company increased from Tk. 1,412.5 million to Tk. 1,444.9 million. The increase was largely due to increase in non-remittable dividend account reported under other liabilities owing to addition of non-remittable portion of final dividend.

Current Liabilities

At Company level, current liabilities increased by Tk. 1,485.1 million compared to 31st December 2015. Current liabilities of the Company increased mainly due to increase in short-term borrowings and an increase in trade and other payables. Trade and other payables of the Company increased by Tk. 353.4 million to reach Tk. 1,157.7 million in 2016 from Tk. 804.3 million in 2015 mainly due to increase in payable for supplies, payable for expenses and payable for other finance (notably, security deposits from agents and dealers, unclaimed dividend etc).

Operating Cash Flow

Company gross operating cash flow before working capital changes, finance costs and tax was Tk. 8,655.2 million compared to Tk. 6,838.2 million in 2015. However, net operating cash inflow decreased by Tk. 1,444.4 million to reach negative Tk. 673.8 million in 2015 from Tk. 770.6 million in 2015 mainly due to higher cash outflow on account of payment for costs and expenses.

Investing Cash Flow

During the year under review, the Company made investments amounting to Tk. 239.8 million. This figure includes the increased investment in the associate company, namely International Appliances Limited (IAL). This cash out-flow was off-set by cash inflow from dividend received from CDBL of Tk. 1.4 million. During the year, the Company's net cash outflow from investment activities was Tk. 232.7 million as opposed to cash inflow of Tk. 203.8 million.

Financing Cash Flow

Gross Cash inflow from financing activities at Company level was Tk. 1,112 million from short-term borrowing and gross outflow was Tk. 157.1 million on account of payment for dividend as opposed to Tk. 415.9 million during the same period in prior year under review.

Cash and Cash Equivalents

As at 31st December 2016, cash and cash equivalents of the Company increased by Tk. 48.5 million from Tk. 103.9 million to Tk. 152.4 million.

PEOPLE IN SINGER

In Singer, employees are recognized as the primary source of its competitiveness. They bring values, skills, diversity and expertise to SINGER that make us the market leader in the consumer durables industries in the country. It is also the dedication, knowledge and performance of the employees and excellence of the senior management team that consolidate its position as the market leader in the aforesaid field. Accordingly, human resources development remains the center piece of its corporate policy.

HR Strategy

The strategic initiatives include developing competencies, identifying and nurturing a strong pipeline of competent employees, continually engaging talent and helping employees in their career aspirations.

Singer continues to invest in developing its human resources, building strong relationships with the people and establishing its brand in the market to attract and retain the talent. Singer hires most competent resources from the open job market. Excellent blend of young and experienced people ensure their best efforts towards development of business. Singer Bangladesh Limited has been practising this blend for a long time.

Equal Employment Opportunity

Your Company believes in equal opportunity in workplace irrespective of race, religion, sex and age. Singer believes in quality/ competency while hiring the best workforce. As far as working environment and employee facilities are concerned, Singer is one of the leading companies in the country. Singer takes good care of a comfortable environment for the females.

Employee Compliance

All statutory requirements with regards to the employee benefits are complied with and compensations and rewards are linked closely to performance and longevity.

The Company has a strict zero tolerance policy on child labor & compulsory labor. All appointments and contracts are in compliance with the Labor Law of Bangladesh. In case of any disciplinary action, the Company follows all legal procedures properly to ensure the right of the employees.

Occupational Safety & Health

Nothing is more important to us than the safety, health and well being of our employees. Singer is committed to ensuring zero harm to its employees as they are our precious assets. We invest time, effort and resources to protect all of our employees from harm that might be associated with their work.

As safety has the highest priority, all protective measures have been taken to avoid accidents in the workplace. Though accidents are unwanted, we have preparations for immediate response to any emergency. Fire drills and trainings for firefighting are organized under supervision of HRD Training Unit periodically at Offices and Factory premises.

We have a corporate attachment with some renowned hospitals for giving instant Medical Treatment upon request for our employees in case of emergency.

Working Environment & Industrial Relations

Historically Singer Bangladesh Limited has been offering and maintaining a very good working environment in workplace. Human Resources Department is playing an advisory role for the employees and thereby putting efforts to manage their grievances.

Singer believes in long term bonding with the employees and its employees have been working for decades. Transparent relation between management & employees makes Singer a comfortable workplace. Now Singer Bangladesh Limited is an example of industrial harmony and peace. During the year under review industrial relations remained normal at all locations.

Recruitment

Singer recruit best competent resources from the open job market that help strengthen our core capabilities. We ensure smooth succession plans are in place for every senior position. We also have transparent succession plans at all levels.

Learning and Development

As Singer is in its growth path, it has been continually focusing on the means to achieve the company's goals and growth targets through external recruitment and by improving the capabilities of existing employees through people development initiatives.

Initially new employees have to go through an orientation programme for 2 weeks before engaging themselves in their responsibilities. Regular classroom based internal and external trainings, technology enabled learning, internal certifications, on-the-job and off-the-job trainings both local and overseas were arranged to build employees' strength, improve their skills and to help them overcome their own challenges.



Residential Program on Sales Training for Sewing & Appliances Teachers



Long Service Award Winners – Management



Training Programme

PEOPLE IN SINGER

Singer believes in long term bonding with the employees and its employees have been working for decades

During the year under review 1,587 trainees completed trainings which mainly addressed the business need of building competencies and fulfilling the demand of the Company. On skill development front, focus shifted towards more hands on training. Many of the programmes were structured keeping in view the needs of the days to come.

Singer Retail Academy (SRA)

Singer Bangladesh Limited, a multinational company with a 165-year history, established the Singer Retail Academy in 2009, an HR initiative that seeks to significantly enhance the training and career development of staff employed at the company's retail shops as well as field supervisory personnel and staff in other related areas. It has developed consistent human resource standards such as hiring, orientation, career planning and remuneration applicable to our people ranging from the management staff to shop assistants. Graduates from the Academy will receive a Singer Retail Diploma, a Diploma for Call Centre Staff or Diplomas in Shop Management, Service Centre Administration, Account Verification, Internal Audit, Retail District Management or Retail Area Management, depending on their areas of training.

Through Singer Retail Academy guidance we formulate Balance scorecard (BSC) and Retail Ladder to rate the performance of the Shop Managers which reflect the performance of their Supervisors - whom we call Retail Management.

The balance score card is the tool under the concept of the Singer Retail Academy and this tool is used to monitor the performance of the singer retail shops. It provides a balance performance measurement platform taking into consideration various aspects such as sales, collection, merchandising etc. Performance reports are generated based on data captured for each month and communicated to each location. This gives them the opportunity to know where they stand in their respective area of performance and also gives them the opportunity along with the help of field supervision to take necessary corrective action.

Performance Management & Employee Benefit

Our performance evaluation depends on prefixed objectives. Individual performance and business success are the key factors that determine the Singer employees' compensation policy. Based on the MBO i.e., business targets as well as job tasks and competencies, each employee is evaluated once a year. Building on defined development goals, we offer and support our employees with the target development activities, both on and off the job.

Recognition and Motivation

Singer is committed to rewarding employees with compensation and benefit programmes. Besides, monetary compensation, non-monetary rewards and other intangible benefits wait for the deserving employees with an objective to increase motivation level. This is a continuous process. Group Championship, President Club and Diamond Club status are awarded to the best performers at the colourful events of Annual Sales Conference. Besides, based on the length of service, long service awards await those employees who have worked for at least a decade.

Singer Bangladesh organized 'Management Meet' in a Residential Programme to share the ideas from the promising young Managers of a Cross Functional Team for the development of company's operation and management system with an objective to find 'out of the box' thinking of the future leaders.

Singer Bangladesh recognizes the Veteran at huge gathering of Singer Family like Annual Picnic or Annual Conference formally honouring their contribution to the Company. Family members of all employees participate in the annual picnic. It is indeed a wonderful event for the Awardees and the others.

Long Service Award

Singer belongs to a history of 165 years and enjoys a legacy of good name and fame. There is nothing to wonder that people who work in Singer possess strong bondage. Singer honours its employees recognizing their long service. The Long Service Award winners receive the much coveted awards in the Annual Picnic and also in the Annual Sales Conference. Long Service Award winners list for 2015 indicates sound employer-employee bondage.

Length of Service	Number of Award Winner
30	5
25	4
20	8
15	25
10	56



'As you Like Best': Children's Participation



Tug of War : Fun day



Annual Management Meeting

MANAGING RISK

Risk is defined as "the chance of exposure to the adverse consequences of uncertain future events". This is an integral part of any business. Over our long existence in Bangladesh we have managed to significantly enhance and achieve a very robust and matured stage in relation to our risk management process. The SBL's risk management process is featured to estimate the likelihood of any uncertain events and provide adequate responses to eliminate the consequence associated with that event. The overall risk management process is summarized as below:

IDENTIFICATION OF RISK -
To prepare a list of potential risks by referring to the relevant business critical information which is derived from various reporting lines and also by taking into consideration various non-financial factors relating to current political and economic situations.

ANALYSIS OF THE OUTCOME -
To prioritize the potential risks by considering the possible likelihood and impact on the Company's current and future prospects.

DESIGN POSSIBLE SOLUTIONS -
To prepare avoidance and contingency plans by establishing controls at different levels of business and also by deciding on various strategies to embed the culture at all levels of employee

RECOMMEND -
To delegate the responsibility to implement the designed system to the different department heads.



IMPLEMENT -
To ensure that the department heads take all necessary initiatives for the implementation of the designed system.

EVALUATE -
The management always monitors the effectiveness of the designed systems through receiving various reports from different departments and if necessary, reanalyze the system. The Board's choice of strategies in risk management is influenced by the following factors:

Risk attitude of Directors - Board of Directors continually evaluate their risk attitude based on varying circumstances. They essentially make efforts to strike a right balance between being risk averse and risk takers demanded by the circumstances.

Risk attitude of other stakeholders - The Board also considers the views of major shareholders and investors before establishing an effective risk strategy.

Risk capacity - The Company's risk capacity is determined by considering the sustainability in worst case scenario and its available resources towards the achievement of desired business objectives.

Risk appetite - All the above factors are contributing towards the establishment of proper risk appetite for the current business environment.

Upside risk - Risk applies equally to good news. The upside risks are managed just as much as the downside risks. For example, the company accepts some uncertainty in order to gain better benefits and higher rewards associated with higher risks. Risk management is used to identify risks associated with new opportunities leading to an increase in profitability and maximized returns.

Operational Risk -
Operational risk addresses the risks associated with fraud, forgery, unauthorized activities, error omission, system failure and external events among others. Field Supervisor's Checklist, Credit Inspection Report, Hire Financing Documentation Checklist etc. are in place covering all probable risks associated with company's business and operations. Surprise audits and frequent inspections are also made on a regular basis to make sure that all control tools are functioning properly.

Business Risk - It results from change of market condition, customer behavior, or technological development from budgeted situation. Singer recognizes that good information is the key to forecast, assess and manage the risk.

MANAGING RISK

Risk management process is featured to estimate the likelihood of any uncertain events

Technological Risk - Technology is a key business enabler and requires an appropriate level of control to ensure that the most significant technology risks are effectively managed. The company has implemented ERP system. Most of the business units are being operated under ERP. All transactions including inventory management are available in Singer Information. In this era of highly changing environment of IT, the company has implemented numerous types of information security controls to ensure physical and virtual security to the critical information and information systems. In addition, the company has established IT Audit function to minimize the technological risks.

Foreign Exchange Risk- The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from the future commercial transaction, recognized assets and liabilities. To get the competitive exchange rate towards management of foreign exchange risk against functional currency, the commercial department deals with several banks for each transaction.

Price Risk - Price risk represents the risk that the fair value of future cash flows of a financial statement will fluctuate because of a change in market prices. Finance department estimates the product cost and the marketing department, on comparing other similar industries, determines the market price of a product after adding reasonable profit to make it competitive.

Cash Flow and Fair Value Interest Rate Risk - As the Company has no long term interest bearing assets or liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rate. However, operating cash flow is affected to some extent by the interest rate of short term overdraft facility. In order to secure low cost interest rates, overdraft facility management has entrusted separate department to negotiate with treasury function while execution lies with other departments in terms of investment and utilization.

Credit Risk - Credit risk represents the risk that one counter party to a financial instrument will cause a financial loss to the other party by failing to discharge a contractual obligation. Credit risk mainly arises from trade debtors, advances and prepayments. Credit risk is managed in combination of supervision by field management and supervisory team consisting of credit and finance department. Credit management reports are prepared based on various aspects of credit operation in order to monitor and follow up credit performance. The report facilitates early identification of risks and thus, it allows the management to step in timely with necessary action.

Liquidity Risk- Liquidity risk is the risk that an entity will not be able to honor its financial obligations as they fall due. In order to meet financial obligation timely, access to sufficient short term credit is kept ensured round the year. Lower borrowing is utilized as opposed to available higher credit limit. Considering the forego and the fact that the company was in a positive working capital position as at the year end, management considers the liquidity risk to be low.

Caveat - With general risks and all other categories of risks discussed above, it may be deemed that the company is in almost safe and risk free position. In addition, the best that can be achieved is reasonable management of the risk to which the company is exposed through a sound management process based on most accurate, timely and comprehensive management information available.

AUDIT COMMITTEE REPORT

Composition of the Audit Committee

The Audit Committee is a sub-committee of the Board. The Committee comprises four Directors including two independent directors. The Chairman of the Committee is an Independent Director. The Chief Financial Officer (CFO) and Head of Internal Audit (HIA) attend the meetings through invitation. The Company Secretary functions as the Secretary of the Committee.

Role and responsibilities of the Committee

The Audit Committee is empowered to consider any matter relating to the financial affairs of the Company and to review all internal and external audits, internal control systems and procedures, accounting policies, etc., so as to ensure that a sound financial reporting system is in place in order to provide accurate, appropriate and timely information to the management, regulatory authorities and to the shareholders.

Meetings and Attendance

During the financial year ended on December 31, 2016, four meetings of the Audit Committee were held. The details of attendance of the members have been shown in the Annexure-III of page 34 of the annual report.

The Company's external auditors were present at one meeting during the financial year where matters relating to the audit of the statutory accounts were discussed.

Summary of Activities

The following activities were carried out by the Audit Committee during the financial year ended on December 31, 2016.

Financial Reporting

- The Board of Directors reviewed the quarterly, half yearly and interim financial results of the Company and the relevant announcements to the Stock Exchanges;
- The annual financial statements of the Company were reviewed prior to submission to the Board of Directors for approval. The review was to ensure that the financial reporting and disclosures were in compliance with the Securities Laws, provisions of the Companies Act 1994, International Financial Reporting Standards (IFRS) as applicable in Bangladesh, any conflict of interest and other relevant legal and regulatory requirements.

Internal Audit

- The annual audit plans including the audit methodology in assessing and rating risks of auditable areas was reviewed to ensure adequate scope and comprehensive coverage on the audit activities of the Company.
- The Internal Audit reports which encompassed the audit issues, audit recommendations and Management's responses to these recommendations were reviewed. Improvement actions in the areas of internal controls, systems and efficiency enhancements suggested by the internal auditors were discussed together with Management.
- The implementation of these recommendations through follow-up audit reports were reviewed to ensure all key areas were addressed.
- Additional improvement opportunities in the areas of internal control, systems and efficiency improvement were also suggested.

External Audit

- The Committee met with external auditors at the conclusion of the annual audit in the absence of Management and also reviewed their findings, observations and the Management's response thereto.
- The committee also reviewed with the external auditors their audit scopes, audit strategies and audit plans for the year and their proposed fees for the statutory audit and the Statement of Internal Control.
- The external audit reports and areas of concern highlighted in the Management letter including the Management's responses to the findings of the external auditors were reviewed.
- The performance of the external auditors was reviewed and a recommendation to the Board on their appointment and fees was made accordingly.

Internal Control and Risk Management System

Based on review of the effectiveness of the internal controls and the procedures established for identifying, assessing and managing risks, the Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the company's assets are safeguarded and that the financial position of the Company is adequately managed.

Recommendation

The Audit Committee recommended to the Board of Directors that Messrs Rahman Rahman Huq, Chartered Accountants be appointed as auditors for the financial year ending on December 31, 2017 subject to the approval of the members at the 37th Annual General Meeting of the Company.

On behalf of the Audit Committee



Dr. Syed Ferhat Anwar
Chairman, Audit Committee

February 26, 2017

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors are responsible for preparing the annual report and financial statements in accordance with the Companies Act 1994, Securities and Exchange Commission Rules 1987, Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations.

The Companies Act 1994 requires Directors to ensure that the Company keeps proper books of accounts of all transactions and prepares financial statements that give a true and fair view of the state of the company's affairs and of the profit for the year.

The Directors are also required to ensure that the financial statements have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS) and BFRS as applicable in Bangladesh and provided as required by the Companies Act 1994, Securities and Exchange Ordinance 1969, Securities and Exchange Commission Rules 1987 and the Listing Regulations of the Dhaka/ Chittagong Stock Exchanges. They are also responsible for taking reasonable measures to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to preventing and detecting fraudulent activities and other irregularities.

The Directors are of the view that these financial statements have been prepared under the generally accepted accounting principles and in accordance with the International Financial Reporting Standards (IFRS) as applicable in Bangladesh.

The Directors endeavor to ensure that the Company maintains sufficient records to be able to disclose, with reasonable accuracy, the financial position of the Company and to be able to ensure that the financial statements of the Company meet the requirements of the Companies Act, International Financial Reporting Standards (IFRS) as applicable in Bangladesh and the regulations of the Dhaka/Chittagong Stock Exchanges.

The Directors have a reasonable expectation, after making enquiries and following a review of the Company's plan for the ensuing year including cash inflows and borrowing facilities, that the Company has adequate resources to continue in operational existence in the foreseeable future, and therefore continues to adopt the going concern basis in preparing the accounts.

Messrs. Rahman Rahman Huq, Auditors of the Company, have examined the financial statements made available by the Board of Directors together with all relevant financial records, related data, minutes of shareholders and Directors meetings and expressed their opinion in their report in page 53 of the Annual Report.

By order of the Board

Singer Bangladesh Limited



M. H. M. Fairoz
Chief Executive Officer



Mohammad Sanaullah
Company Secretary

Dhaka, February 26, 2017

CEO & CFO'S CERTIFICATION

Board of Directors
Singer Bangladesh Limited

Dear Sirs,

Pursuant to Condition No 6 of the Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012, we do hereby certify that:

(i) We have reviewed financial statements for the year ended December 31, 2016 and that to the best of our knowledge and belief:

a) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;

b) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.

(ii) To the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code conduct.

M. H. M. Fairoz
Chief Executive Officer

Akram Uddin Ahmed
Chief Financial Officer

Dhaka, February 23, 2017

AUDITORS' REPORT AND FINANCIAL STATEMENTS

as at and for the year ended 31 December 2016

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Annual Report 2015
20 April 2016

Thirty Sixth Annual General Meeting
5 May 2016
Dividend Paid
25 May 2016

Interim Financial Statements to
BSEC, Dhaka & Chittagong Stock Exchange
For the Three Months Ended
31 March 2016 (unaudited)
May 2016
For the Half Year Ended
30 June 2016 (unaudited)
July 2016
For the Nine Months Ended
30 September 2016 (unaudited)
October 2016

Annual Report & Annual General Meeting
Annual Report 2016 Approved
26 February 2017
Thirty Seventh Annual General Meeting
11 May 2017
Dividend Payable
May 2017

Proposed Financial Calendar - 2017/18
For the Three Months Ending
31 March 2017 (unaudited)
May 2017
For the Half Year Ended
30 June 2017 (unaudited)
July 2017
For the Nine Months Ending
30 September 2017 (unaudited)
October 2017
Thirty Eighth Annual General Meeting
May 2018



36th Annual General Meeting



Rahman Rahman Huq
Chartered Accountants
9 Mohakhali C/A (11th & 12th Floors)
Dhaka 1212
Bangladesh

Telephone +880 (2) 988 6450-2
Fax +880 (2) 988 6449
E-mail dhaka@kpmg.com
Internet www.kpmg.com/bd

INDEPENDENT AUDITORS' REPORT

to the shareholders of Singer Bangladesh Limited

Report on the financial statements

We have audited the accompanying financial statements of Singer Bangladesh Limited (the 'Company') which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Singer Bangladesh Limited as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987 and related notifications, we also report the following:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;

c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and

d) the expenditure incurred and payments made were for the purpose of the business of the company.

e) based on our review of documents regarding revaluation of assets, to the best of our knowledge and belief, the valuation report has been prepared and treated in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and other applicable laws, rules, regulations and guidelines; and proper accounting treatments, including provisions, tax and other liabilities, have been made in the financial statements in this regard.

Rahman Rahman Huq
Dhaka, 26 February 2017
RRH

Rahman Rahman Huq

Singer Bangladesh Limited

STATEMENT OF FINANCIAL POSITION

In BDT	*Note*	31 December 2016	31 December 2015
Assets			
Property, plant and equipment	*3*	**1,034,080,145**	828,954,308
Intangible assets	*4*	**36,032,923**	45,041,154
Investments	*5*	**288,278,188**	183,882,558
Deferred tax assets	*12*	**37,391,385**	29,056,261
Deposits and prepayments	*6*	**214,922,550**	182,373,130
Non-current assets		**1,610,705,191**	1,269,307,411
Inventories	*7*	**2,159,740,405**	1,127,463,294
Trade and other receivables	*8*	**1,538,442,838**	1,042,142,492
Advances, deposits and prepayments	*6*	**238,801,245**	107,900,404
Current tax assets	*17*	**-**	2,210,492
Cash and cash equivalents	*9*	**152,429,314**	103,885,107
Current assets		**4,089,413,802**	2,383,601,789
Total assets		**5,700,118,993**	3,652,909,200
Equity			
Share capital	*10*	**766,944,910**	766,944,910
Reserves	*11*	**585,380,060**	421,897,695
Retained earnings		**594,705,557**	228,490,099
Total equity		**1,947,030,527**	1,417,332,704
Liabilities			
Retirement benefit obligations (gratuity)	*13*	**109,618,000**	129,507,000
Other liabilities	*14*	**1,335,297,010**	1,283,006,853
Non-current liabilities		**1,444,915,010**	1,412,513,853
Trade and other payables	*15*	**1,157,720,304**	804,293,657
Short-term borrowings - secured	*16*	**1,130,878,507**	18,768,986
Current tax liabilities	*17*	**19,574,645**	-
Current liabilities		**2,308,173,456**	823,062,643
Total equity and liabilities		**5,700,118,993**	3,652,909,200

The notes on pages 7 to 40 are an integral part of these financial statements.

Mohamed Haniffa Mohamed Fairoz
Managing Director

Dr. Syed Ferhat Anwar
Director

Mohammad Sanaullah
Company Secretary

Dhaka, 26 February 2017

RRH

Auditor

Rahman Rahman Huq
Chartered Accountants

AMAR STOCK

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In BDT	Note	For the year ended 31 December 2016	2015
Sales		**8,844,133,053**	6,753,779,686
Earned carrying charges		**163,336,157**	156,957,232
Turnover	*18*	**9,007,469,210**	6,910,736,918
Cost of sales	*19*	**(6,413,780,897)**	(5,067,717,595)
Gross profit		**2,593,688,313**	1,843,019,323
Operating expenses	*20*	**(1,660,079,486)**	(1,286,312,149)
Other income/ (loss)	*22*	**1,536,354**	65,682,651
Contribution to workers' profit participation fund	*23*	**(41,030,308)**	(27,211,220)
Operating profit		**894,114,873**	595,178,605
Finance income		**9,840,369**	1,902,163
Finance costs		**(97,298,322)**	(66,151,118)
Net finance costs	*21*	**(87,457,953)**	(64,248,955)
Share of loss of equity-accounted investees, net of tax	*24*	**(27,081,070)**	(13,916,492)
Profit before taxation		**779,575,850**	517,013,158
Income tax expense	*25*	**(233,253,651)**	(148,429,201)
Profit after taxation		**546,322,199**	368,583,957
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain on revaluation of property, plant and equipment	*3*	**171,922,000**	-
Remeasurement of defined benefit liability	*13.1*	**(535,000)**	-
Related tax	*25.1*	**(3,761,660)**	-
		167,625,340	**-**
Total comprehensive income		**713,947,539**	368,583,957
Earnings per share (EPS)	*30*	**7.12**	4.81

The notes on pages 7 to 40 are an integral part of these financial statements.

Mohamed Haniffa Mohamed Fairoz
Managing Director

Dr. Syed Ferhat Anwar
Director

Mohammad Sanaullah
Company Secretary

Dhaka, 26 February 2017

RRH

Auditor

Rahman Rahman Huq
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

In BDT	Share Capital	Revaluation Reserve	Capital Reserve	Non-remittable special capital Reserves	Non-distributable special Reserves	Retained Earnings	Total Equity
Balance at 1 January 2015	613,555,930	376,568,286	18,190,942	370,178	232,847	518,234,357	1,527,152,540
Total comprehensive income							
Profit	-	-	-	-	-	368,583,957	368,583,957
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	368,583,957	368,583,957
Transaction with owners of the Company							
Contributions and distributions							
Dividends:							
Cash dividend - 2014	-	-	-	-	-	(214,744,576)	(214,744,576)
Cash dividend (interim) - 2015	-	-	-	-	-	(306,777,965)	(306,777,965)
Stock dividend - 2014	153,388,980	-	-	-	-	(153,388,980)	-
Total contributions and distributions	153,388,980	-	-	-	-	(674,911,521)	(521,522,541)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	37,815,926	-	-	-	5,302,822	43,118,748
Transfer of depreciation on revaluation surplus	-	(11,280,484)	-	-	-	11,280,484	-
	-	26,535,442	-	-	-	16,583,306	43,118,748
Balance at 31 December 2015	766,944,910	403,103,728	18,190,942	370,178	232,847	228,490,099	1,417,332,704

For the year ended 31 December 2016

In BDT	Share Capital	Revaluation Reserve	Capital Reserve	Non-remittable special capital Reserves	Non-distributable special Reserves	Retained Earnings	Total Equity
Balance at 1 January 2016	**766,944,910**	**403,103,728**	**18,190,942**	**370,178**	**232,847**	**228,490,099**	**1,417,332,704**
Total comprehensive income							
Profit	**-**	**-**	**-**	**-**	**-**	**546,322,199**	**546,322,199**
Other comprehensive income	**-**	**168,026,590**	**-**	**-**	**-**	**(401,250)**	**167,625,340**
Total comprehensive income for the year	**-**	**168,026,590**	**-**	**-**	**-**	**545,920,949**	**713,947,539**
Transaction with owners of the Company							
Contributions and distributions							
Dividends:							
Cash dividend - 2015	**-**	**-**	**-**	**-**	**-**	**(191,736,228)**	**(191,736,228)**
Total contributions and distributions	**-**	**-**	**-**	**-**	**-**	**(191,736,228)**	**(191,736,228)**
Adjustment for deferred tax arising from revaluation of property, plant and equipment	**-**	**4,669,394**	**-**	**-**	**-**	**2,817,118**	**7,486,512**
Transfer of depreciation on revaluation surplus	**-**	**(9,213,619)**	**-**	**-**	**-**	**9,213,619**	**-**
	-	**(4,544,225)**	**-**	**-**	**-**	**12,030,737**	**7,486,512**
Balance at 31 December 2016	**766,944,910**	**566,586,093**	**18,190,942**	**370,178**	**232,847**	**594,705,557**	**1,947,030,527**

The notes on pages 7 to 40 are an integral part of these financial statements.

Singer Bangladesh Limited

STATEMENT OF CASH FLOWS

In BDT	Note	For the year ended 31 December 2016	2015
Cash flows from operating activities			
Collections from turnover and other income		**8,655,259,850**	6,838,469,275
Payments for costs and expenses		**(9,001,520,854)**	(5,746,635,124)
Interest paid on borrowings		**(84,247,953)**	(159,438,908)
Payments to workers' profit participation fund		**(27,211,220)**	(26,384,524)
Income tax paid		**(216,078,786)**	(135,422,876)
Net cash from operating activities		**(673,798,963)**	770,587,843
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(108,292,864)**	(40,863,852)
Encash in short term/term deposits		**-**	-
Investment in associate		**(131,476,700)**	(168,683,108)
Dividend received from CDBL		**1,427,952**	1,427,953
Proceeds from sale of property, plant and equipment		**5,653,945**	4,318,598
Net cash from/(used in) investing activities		**(232,687,667)**	(203,800,409)
Cash flows from financing activities			
Dividends paid		**(157,078,684)**	(415,914,327)
Net cash used in financing activities		**(157,078,684)**	(415,914,327)
Net increase/(decrease) in cash		**(1,063,565,314)**	150,873,107
Cash and cash equivalents at 1 January		**85,116,121**	(65,756,986)
Cash and cash equivalents at 31 December		**(978,449,193)**	85,116,121
Closing cash and cash equivalents have been arrived at as follows:			
Cash and cash equivalents	*9*	**152,429,314**	103,885,107
Short-term borrowings - secured (bank overdrafts)	*16*	**(1,130,878,507)**	(18,768,986)
		(978,449,193)	85,116,121

The notes on pages 7 to 40 are an integral part of these financial statements.

AMARSTOCK

1. Reporting entity

1.1 Company profile

Singer Bangladesh Limited (the Company) was incorporated in Bangladesh as a privatelimited Company on 4 September 1979 under Companies Act 1913. It was converted into a public limited Company in 1983 when it offered its shares to the public with the requisite permission from the Government. It has been a direct subsidiary of Retail Holdings Bhold B.V., The Netherlands (formerly Singer Bhold B.V., The Netherlands) since 2003. The shares of the Company are publicly-traded on the floors of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The address of the registered office of the Company is 39 Dilkusha Commercial Area, Dhaka 1000, Bangladesh.

1.2 Nature of business

Principal activities of the Company throughout the year were manufacturing of colour televisions, air conditioners and furniture and marketing of refrigerators, televisions, air conditioners, furniture, sewing machines and other consumer electronics and household appliances. The manufacturing plant of the Company is situated at Rajfulbaria, Jhamur, Savar, Dhaka 1340.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in compliance with the requirements of the Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), the Companies Act 1994, Bangladesh Securities and Exchange Ordinance 1969, Bangladesh Securities and Exchange Rules 1987, Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable.

Date of authorisation

The board of directors has authorised these financial statements on 26 February 2017.

2.2 Going concern

The Company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

2.3 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (BDT/Taka/Tk.), which is both functional and presentational currency of the Company.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 3	Depreciation on property, plant and equipment
Note 7	Inventories
Note 8.3	Provision for doubtful debts
Note 12	Deferred tax assets
Note 15	Trade and other payables
Note 25	Income tax expense

3. Property, plant and equipment

See accounting policy in Note 39 (F)

In BDT	Land	Building Office	Building Factory	Leasehold improvements Office	Leasehold improvements Shops	Plant and machinery	Vehicles	Furniture and fixtures	Equipment and tools	CWIP (Note 3.1)	Total
Cost											
Balance at 1 January 2015	390,664,000	75,429,653	219,012,184	15,170,208	368,806,316	54,428,446	100,428,945	20,916,505	137,591,991	7,509,141	1,389,957,389
Additions	-	-	319,395	1,173,000	29,700,851	229,598	3,518,653	150,340	19,304,911	11,461,756	65,858,504
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	(1,406,000)	(1,057,900)	-	-	(13,768,503)	-	(1,408,005)	(361,995)	(3,240,500)	(18,650,379)	(39,893,282)
Balance at 31 December 2015	389,258,000	74,371,753	219,331,579	16,343,208	384,738,664	54,658,044	102,539,593	20,704,850	153,656,402	320,518	1,415,922,611
Balance at 1 January 2016	**389,258,000**	**74,371,753**	**219,331,579**	**16,343,208**	**384,738,664**	**54,658,044**	**102,539,593**	**20,704,850**	**153,656,402**	**320,518**	**1,415,922,611**
Additions	**-**	**-**	**-**	**-**	**33,801,010**	**23,422,570**	**17,872,844**	**88,734**	**24,434,626**	**14,245,214**	**113,864,998**
Revaluation	**171,922,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**171,922,000**
Disposals/transfers	**-**	**-**	**-**	**-**	**(9,272,377)**	**(10,558,719)**	**(13,271,902)**	**(772,404)**	**(4,046,545)**	**(5,572,134)**	**(43,494,081)**
Balance at 31 December 2016	**561,180,000**	**74,371,753**	**219,331,579**	**16,343,208**	**409,267,297**	**67,521,895**	**107,140,535**	**20,021,180**	**174,044,483**	**8,993,598**	**1,658,215,528**
Accumulated depreciation											
Balance at 1 January 2015	-	34,322,839	144,737,679	9,536,351	148,933,714	33,291,844	49,351,190	12,555,115	94,694,560	-	527,423,292
Depreciation for the year	-	4,079,022	14,865,547	651,360	22,946,153	4,252,323	10,720,032	844,608	9,645,298	-	68,004,343
Adjustment for disposal/transfers	-	(598,847)	-	-	(3,703,134)	-	(1,216,918)	(303,017)	(2,637,416)	-	(8,459,332)
Balance at 31 December 2015	-	37,803,014	159,603,226	10,187,711	168,176,733	37,544,167	58,854,304	13,096,706	101,702,442	-	586,968,303
Balance at 1 January 2016	**-**	**37,803,014**	**159,603,226**	**10,187,711**	**168,176,733**	**37,544,167**	**58,854,304**	**13,096,706**	**101,702,442**	**-**	**586,968,303**
Depreciation for the year	**-**	**3,656,874**	**11,945,671**	**615,550**	**22,545,121**	**5,796,390**	**9,941,808**	**760,316**	**12,272,111**	**-**	**67,533,841**
Adjustment for disposal/transfers	**-**	**-**	**-**		**(5,701,614)**	**(10,273,790)**	**(10,457,468)**	**(673,131)**	**(3,260,758)**	**-**	**(30,366,761)**
Balance at 31 December 2016	**-**	**41,459,888**	**171,548,897**	**10,803,261**	**185,020,240**	**33,066,767**	**58,338,644**	**13,183,891**	**110,713,795**	**-**	**624,135,383**
Carrying amounts											
At 1 January 2015	390,664,000	41,106,814	74,274,505	5,633,857	219,872,602	21,136,602	51,077,755	8,361,390	42,897,431	7,509,141	862,534,097
At 31 December 2015	389,258,000	36,568,739	59,728,353	6,155,497	216,561,931	17,113,877	43,685,289	7,608,144	51,953,960	320,518	828,954,308
At 31 December 2016	**561,180,000**	**32,911,865**	**47,782,682**	**5,539,947**	**224,247,057**	**34,455,128**	**48,801,891**	**6,837,289**	**63,330,688**	**8,993,598**	**1,034,080,145**

Land and building have been revalued, detailed are provided in note 11.1.

3.1 Capital work in progress (CWIP)

In BDT	Leasehold improvements	Air conditioner	Building	ERP (hardware portion)	Total
Cost					
Balance at 1 January 2015	7,211,652	-	-	297,489	7,509,141
Additions	10,761,273	-	-	700,483	11,461,756
Disposals/transfers	(17,652,407)	-	-	(997,972)	(18,650,379)
Balance at 31 December 2015	320,518	-	-	-	320,518

In BDT	Leasehold improvements	Air conditioner	Building	ERP (hardware portion)	Total
Cost					
Balance at 1 January 2016	**320,518**	**-**	**-**	**-**	**320,518**
Additions	**11,148,214**	**-**	**3,097,000**	**-**	**14,245,214**
Disposals/transfers	**(5,572,134)**	**-**	**-**	**-**	**(5,572,134)**
Balance at 31 December 2016	**5,896,598**	**-**	**3,097,000**	**-**	**8,993,598**

Allocation of depreciation

In BDT	*Note*	2016	2015
Cost of sales	*19*	**19,500,734**	21,078,256
Operating expenses	*20*	**48,033,107**	46,926,087
		67,533,841	68,004,343

4. Intangible assets

	Software	
In BDT	2016	2015
Cost		
Balance at 1 January	**58,944,432**	57,946,457
Additions	**-**	997,975
Disposals/transfers	**-**	-
Balance at 31 December	**58,944,432**	58,944,432
Accumulated amortisation		
Balance at 1 January	**13,903,278**	2,871,692
Amortisation for the year	**9,008,231**	11,031,586
Adjustment for disposal/transfers	**-**	-
Balance at 31 December	**22,911,509**	13,903,278

Carrying amounts

In BDT	2016	2015
At 31 December	**36,032,923**	45,041,154

5. Investments

See accounting policy in Note 39 (M)

In BDT	*Note*	2016	2015
Equity-accounted investee	*5.1*	**285,078,738**	172,683,108
Investment in term deposit		**1,630,000**	9,630,000
Investment in Central Depository Bangladesh Limited (CDBL)		**1,569,450**	1,569,450
		288,278,188	183,882,558

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5.1 Equity-accounted investee

In BDT	2016	2015
Investment in IAL	**312,159,808**	186,599,600
Share of loss of IAL	**(27,081,070)**	(13,916,492)
	285,078,738	172,683,108

Singer Bangladesh Limited (SBL) has invested 73.85% (2014: 40%) in the equity of International Appliances Limited (IAL); SBL treated the investment as investment in associate instead of subsidiary. For the reasons stated below.

As per shareholders agreement (dated 7 December 2014) relating to IAL, SBL will hold 40%, Sunman Corporation Limited (Sunman) will hold 40% and Shanghai Sonlu Shangling Enterprise Group Co. Limited (Sonlu) will hold the remaining 20% of the shares of IAL.

The amended agreement (dated 27 October 2015) changed the shareholding as follows: SBL will hold 73.85% (40% plus 33.85% of the shares previously held by Sunman), Sunman will hold 6.15% and Sonlu will hold 20% of the shares of IAL. SBL granted Sunman an irrevocable and continuing call option to acquire 33.85% of IAL's share, exercisable in one tranche only for the full amount of 33.85%, from SBL, effective and enforceable up to 1 March 2023, with 60 days written notice. The exercise price for the call option will be equal to face value of the 33.85% shares plus 12% compounded annually less any dividend or distribution received in respect to the shares.

As per BFRS 10 (B50) "Substantive potential voting rights alone, or in combination with other rights, can give an investor the current ability to direct the relevant activities." So in light with BFRS, by exercising the call option any time, will give Sunman increased voting rights by reducing the voting rights of SBL. Thus SBL will no longer have the current ability to direct the relevant activities of IAL.

In light of BFRS 10, SBL has not prepared consolidated financial statements for IAL the year ended 31 December 2016 and going forward, SBL will not prepare andpresent any consolidated financial statements up to 1 March 2023.

In view of above, SBL has accounted for IAL by following BAS 28 "*Investment in Associates and Joint Ventures*" in the financial statements and treated IAL as an equity-accounted investee.

6. Advances, deposits and prepayments

See accounting policy in Note 39 (H)

In BDT	*Note*	2016	2015
Employees against expenses		**2,985,492**	4,271,936
Advances to others	*6.1*	**6,373,779**	10,303,097
Advances		**9,359,271**	14,575,033
Security deposits		**14,533,386**	12,068,594
Deposits		**14,533,386**	12,068,594
Prepayments		**429,831,138**	263,629,907
Prepayments		**429,831,138**	263,629,907
	6.2	**453,723,795**	290,273,534

6.1 Advances to others

In BDT	2016	2015
L/C margins, charges and insurance against traded goods	**6,348,843**	10,250,034
Postage franking machine	**24,936**	53,063
	6,373,779	10,303,097

6.2	Non-current portion of deposits and prepayments	**214,922,550**	182,373,130
	Current portion of advances, deposits and prepayments	**238,801,245**	107,900,404
		453,723,795	290,273,534

7. Inventories

See accounting policy in Note 39 (E)

In BDT	2016	2015
Finished goods	**1,702,110,048**	900,432,874
Goods in transit	**372,893,064**	204,925,379
Raw materials	**176,985,997**	92,427,908
	2,251,989,109	1,197,786,161
Provision for inventory obsolescence	**(92,248,704)**	(70,322,867)
	2,159,740,405	1,127,463,294

In view of numerous items of inventories and diversified units of measurement, it is not feasible to disclose quantities against each item.

8. Trade and other receivables

See accounting policy in Note 39 (H)

In BDT	*Note*	2016	2015
Trade receivables	*8.1*	**1,495,345,494**	983,202,279
Other receivables	*8.2*	**43,097,344**	58,940,213
		1,538,442,838	1,042,142,492

8.1 Trade receivables

In BDT	*Note*	2016	2015
Hire customer receivable	*8.1.1*	**1,422,550,286**	949,764,502
Trade and dealer receivable	*8.1.2*	**72,795,208**	33,437,777
		1,495,345,494	983,202,279

8.1.1 Hire customer receivables

In BDT	*Note*	2016	2015
Hire receivable from customers		**1,664,665,480**	1,132,830,621
Unearned carrying charges		**(220,750,743)**	(163,031,119)
		1,443,914,737	969,799,502
Provision for doubtful debts	*8.3.1*	**(21,364,451)**	(20,035,000)
		1,422,550,286	949,764,502

8.1.2 Trade and dealer receivable

In BDT	*Note*	2016	2015
Trade receivable		**67,906,191**	21,514,653
Receivable from dealers		**9,375,928**	14,981,031
		77,282,119	36,495,684
Provision for doubtful debts	*8.3.1*	**(4,486,911)**	(3,057,907)
		72,795,208	33,437,777

8.2 Other receivables

In BDT	*Note*	2016	2015
Receivable from Shop Managers		**24,472,515**	26,549,973
Receivable from Singer Asia Limited		**26,178,909**	26,178,909
Receivable from employees		**6,555,048**	9,038,547
Receivable from others		**8,766,619**	15,708,531
		65,973,091	77,475,960
Provision for doubtful debts	*8.3.1*	**(22,875,747)**	(18,535,747)
		43,097,344	58,940,213

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8.3 Provision for doubtful debts

In BDT	*Note*	2016	2015
Opening balance		**41,628,654**	57,736,130
Provision for the year		**47,037,453**	43,378,458
		88,666,107	101,114,588
Written-off during the year		**(39,938,998)**	(59,485,934)
Closing balance	*8.3.1*	**48,727,109**	41,628,654

8.3.1

In BDT	*Note*	2016	2015
Hire customer receivable	*8.1.1*	**21,364,451**	20,035,000
Trade and dealer receivable	*8.1.2*	**4,486,911**	3,057,907
Other receivable	*8.2*	**22,875,747**	18,535,747
		48,727,109	41,628,654

8.4 Ageing of hire receivable from customers

In BDT	2016	2015
Due within 3 months	**722,784,063**	493,772,156
Due over 3 months but within 6 months	**586,864,732**	369,879,940
Due over 6 months but within 9 months	**278,703,401**	200,668,021
Due over 9 months but within 12 months	**71,836,872**	65,976,657
Over 12 months	**4,476,412**	2,533,847
	1,664,665,480	1,132,830,621

8.5 Particulars of hire receivable from customers

In BDT	2016	2015
Secured - considered good:		
Debts due within 6 months	**1,309,648,795**	747,440,033
Debts due over 6 months	**333,652,234**	365,355,588
	1,643,301,029	1,112,795,621
Secured - considered doubtful:	**21,364,451**	20,035,000
i) Aggregate amount due by Managing Director and other Directors of the Company	**-**	-
ii) Aggregate amount due by managers and other staffs of the Company	**-**	-
iii) Aggregate amount due by associate undertakings	**-**	-
iv) Maximum amount of debts due by managers and other staff of the Company	**-**	-
	1,664,665,480	1,132,830,621

9. Cash and cash equivalents

See accounting policy in Note 39 (H)

In BDT	2016	2015
Cash in hand	**30,697**	33,803
Cash at bank	**89,757,854**	72,321,177
Cash in transit	**62,640,763**	31,530,127
	152,429,314	103,885,107

10. Share capital

See accounting policy in Note 39 (H)

Singer Bhold B.V., a majority and non-resident shareholders of Singer Bangladesh Limited has changed their name as Retail Holdings Bhold B.V.

In BDT	2016	2015
Authorised:		
100,000,000 ordinary shares of Taka 10 each	**1,000,000,000**	1,000,000,000
Issued, subscribed and paid up:		
25,670 ordinary shares of Taka 10 each issued for cash	**256,700**	256,700
102,580 ordinary shares of Taka 10 each issued for consideration other than cash	**1,025,800**	1,025,800
76,566,241 ordinary shares of Taka 10 each issued as fully paid-up bonus shares	**765,662,410**	765,662,410
	766,944,910	766,944,910

Shareholding position:	2016		2015	
	No. of share	Value (Tk.)	No. of share	Value (Tk.)
Name of shareholder				
Retail Holdings Bhold B.V., The Netherlands	**38,423,941**	**384,239,410**	40,472,051	404,720,510
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	**15,333,242**	**153,332,420**	15,333,242	153,332,420
Local shareholders	**22,937,308**	**229,373,080**	20,889,198	208,891,980
	76,694,491	**766,944,910**	76,694,491	766,944,910

Beneficial percentage of holdings	2016	2015
Name of shareholder		
Retail Holdings Bhold B.V., The Netherlands	**50.10%**	52.77%
Retail Holdings Bhold B.V., The Netherlands-non-remittable shares	**20.00%**	20.00%
Local shareholders	**29.90%**	27.23%
	100.00%	100.00%

Classification of shareholders by holding:

	Number of share holders		Total holding (%)	
Shareholding range	2016	2015	2016	2015
Less than 500 shares	**7,803**	10,973	**1.65**	2.40
500 to 5,000 shares	**3,249**	4,836	**6.53**	9.65
5,001 to 10,000 shares	**251**	331	**2.42**	3.05
10,001 to 20,000 shares	**125**	171	**2.18**	3.08
20,001 to 30,000 shares	**51**	64	**1.68**	2.09
30,001 to 40,000 shares	**10**	18	**0.44**	0.82
40,001 to 50,000 shares	**14**	9	**0.82**	0.53
50,001 to 100,000 shares	**22**	23	**1.94**	2.22
100,001 to 1,000,000 shares	**20**	11	**7.25**	3.39
Over 1,000,000 shares	**4**	2	**75.09**	72.77
	11,549	16,438	**100.00**	**100.00**

11. Reserves

In BDT	*Note*	2016	2015
Revaluation reserve	*11.1*	**566,586,093**	403,103,728
Capital reserve	*11.2*	**18,190,942**	18,190,942
Non-remittable special capital reserve	*11.3*	**370,178**	370,178
Non-distributable special reserve	*11.4*	**232,847**	232,847
		585,380,060	421,897,695

11.1 Revaluation reserve

The lands of the Company were revalued as of 14 December 2016 by independent professional valuers, Asian Surveyors Ltd, following "current cost method", which were also revalued previously in years 2005, 2008, 2010 and 2012. The revaluation of 2016 resulted in a revaluation surplus of Taka 171,922,000. As per BAS 16 "Property, Plant and Equipment", the difference between charge of depreciation on revalued amount and original cost is required to be transferred from revaluation reserve to retained earnings in order to pay dividend from operating profit since charge of depreciation on revalued amount does not effect the cash flow, etc.

The buildings of the Company were revalued along with the lands as of 14 December 2016. As per clause 9 (iii) under Section-A of BSEC notification dated 18 August 2013, upward revaluation of buildings are not allowed having remaining economic life of less than 50% of its total useful life as estimated at construction. Apropos this clause, no upward revaluation was accounted for in the books of Singer Bangladesh Limited for the year ended 31 December 2016.

11.2 Capital reserve

This represents capital gain on disposal of factory land and building at Chittagong in 2003.

11.3 Non-remittable special capital reserve

This represents profit after tax on sale of certain merchandise which, not being remittable as per directives of Bangladesh Bank, is required to be retained under this reserve.

11.4 Non-distributable special reserve

This special reserve, created vide Bangladesh Bank Circular No. FE 27 dated 3 May 1987, represents 90% of post tax profit on sale of moveable fixed assets up to 1992. The requirement of continuing to add to this reserve has subsequently been withdrawn.

12. Deferred tax assets

See accounting policy in Note 39 (D)

In BDT	*Note*	2016	2015
Opening balance		**29,056,261**	2,940,207
Released/(expense) during the year		**4,744,022**	(16,844,283)
Adjustment for changes of rate		**-**	39,011,712
Addition on revaluation of PPE	*25.1*	**(3,895,410)**	-
Adjustment on disposal of revalued PPE		**-**	238,432
Transferred to retained earnings		**7,486,512**	3,710,193
		8,335,124	26,116,054
Closing balance	*12.1*	**37,391,385**	29,056,261

12.1 Closing balance

In BDT	*Note*	2016	2015
Deferred tax assets	*12.1.1*	**76,253,703**	71,301,947
Deferred tax liabilities	*12.1.2*	**(38,862,318)**	(42,245,686)
		37,391,385	29,056,261

12.1.1 Deferred tax assets

In BDT	2016	2015
Provision for gratuity	**27,404,500**	32,376,750
Reserve against inventories	**23,062,176**	17,580,717
Reserve for warranty	**13,605,250**	10,937,317
Provision for bad debts	**12,181,777**	10,407,163
	76,253,703	71,301,947

12.1.2 Deferred tax liabilities

In BDT	2016	2015
Revaluation of land and building	**(30,026,267)**	(33,617,369)
Property, plant and equipment	**(8,836,051)**	(8,628,317)
	(38,862,318)	(42,245,686)

The amounts of deferred tax assets and liabilities have been netted off as permitted by BAS 12. "*Income taxes*".

13. Retirement benefit obligations (gratuity)

See accounting policy in Note 39 (O)

In BDT	*Note*	2016	2015
Opening balance		**129,507,000**	120,160,000
Provision for the year		**17,112,000**	13,056,893
		146,619,000	133,216,893
Payments during the year		**(37,001,000)**	(3,709,893)
Closing balance	*13.1*	**109,618,000**	129,507,000

13.1 Closing balance

	Defined benefit obligation	
	2016	2015
Balance at 1 January	**129,507,000**	120,159,000
Included in profit or loss		
Current service cost	**7,512,000**	8,509,000
Interest cost (income)	**9,065,000**	12,016,000
	16,577,000	20,525,000
Measurements loss (gain):	**535,000**	(7,467,000)
Other		
Contributions paid by the employer	**-**	-
Benefits paid	**(37,001,000)**	(3,710,000)
	(37,001,000)	(3,710,000)
Balance at 31 December	**109,618,000**	129,507,000

14. Other liabilities

In BDT	*Note*	2016	2015
Non-remittable accounts	*14.1*	**1,148,284,629**	1,109,951,524
Security deposits from branch managers, agents and dealers		**187,012,381**	173,055,329
		1,335,297,010	1,283,006,853

14.1 Non-remittable accounts

In BDT	*Note*	2016	2015
Current account		**(78)**	(78)
Dividend account:			
Opening balance		**1,109,471,612**	1,005,205,561
Dividend for the year		**38,333,105**	104,266,051
Closing balance		**1,147,804,717**	1,109,471,612
Interest on non-remittable account:			
Opening balance		**-**	55,323,064
Addition for the year		**-**	-
Reversal of interest	*22.1*	**-**	(55,323,064)
Closing balance		**-**	-
Capital gain on sale of land		**479,990**	479,990
		1,148,284,629	1,109,951,524

All the above balances are due to Retail Holdings Bhold B.V., The Netherlands (formerly Singer Bhold B.V., The Netherlands) and are non-remittable as per directive of Bangladesh Bank and will not be eligible for remittance either as dividend or as capital. As per letter dated 31 January 2016 from the Board of Retail Holdings Bhold B. V., it was decided not to charge interest on advances from Retail HoldingsBhold B.V. and accordingly the related interest accruals were reversed in 2015.

As per directive of Bangladesh Bank, the balance of Taka 479,990 against the capital gain on sale of land created in the year 1990, is required to be shown under non-remittable account.

15 Trade and other payables

See accounting policy in Note 39 (H)

In BDT	*Note*	2016	2015
Trade payables	*15.1*	**327,502,660**	130,331,469
Other payables	*15.2*	**830,217,644**	673,962,188
		1,157,720,304	804,293,657

15.1 Trade payables

In BDT	2016	2015
Trade payable	**294,650,766**	118,844,441
Freight and carriage and technicians bills payable	**32,851,894**	11,487,028
	327,502,660	130,331,469

15.2 Other payables

In BDT	*Note*	2016	2015
Payable for expenses	*15.2.1*	**622,728,589**	425,472,731
Royalty		**97,935,552**	163,277,284
Payable for other finance	*15.2.2*	**96,497,759**	83,238,202
Leasehold improvements against new shops		**13,055,744**	1,973,971
		830,217,644	673,962,188

15.2.1 Payable for expenses

In BDT	2016	2015
Advertisement and sales promotion	**186,410,665**	140,435,471
Reserve for early closing of hire sales	**196,494,764**	102,559,316
Shop rent	**48,392,394**	45,202,441
Warranty expenses	**54,421,000**	43,749,268
Reserve for allowable loss	**66,653,672**	34,410,630
Workers' profit participation and welfare fund allocation	**41,030,308**	27,211,220
Provision against duty	**9,958,156**	21,238,653
Utilities	**5,000,000**	3,000,000
Interest	**3,210,000**	-
Collecting expenses	**3,841,396**	2,838,883
Salary and benefits	**3,648,694**	1,989,932
Professional and technical fees	**2,393,150**	1,597,241
Selling expenses	**814,390**	839,676
Statutory audit fee	**460,000**	400,000
	622,728,589	425,472,731

15.2.2 Payable for other finance

In BDT	2016	2015
Unclaimed dividend	**54,006,073**	57,681,634
VAT payable - realised from customers	**8,447,343**	6,964,918
Withholding taxes	**14,602,579**	6,517,964
Advance from customers	**6,451,183**	2,865,106
Employees provident fund	**(10,633,761)**	(7,735,603)
Others	**23,624,342**	16,944,183
	96,497,759	83,238,202

16. Short-term borrowings-secured

See accounting policy in Note 39 (H)

In BDT	2016	2015
Bank overdrafts	**1,130,878,507**	18,768,986
	1,130,878,507	18,768,986

These overdrafts are secured by hypothecation of Company's inventories, plant and machinery and receivables.

17. Current tax liabilities/(assets)

See accounting policy in Note 39 (D)

In BDT	2016	2015
Opening balance	**(2,210,492)**	1,627,466
Provision for the year	**226,500,000**	140,584,918
	224,289,508	142,212,384
Payments during the year	**(216,078,786)**	(135,422,876)
Adjustment for previous years	**11,363,923**	(9,000,000)
	19,574,645	(2,210,492)

The closing balance represents income tax payable, net of advance income tax (AIT) paid during the year.

18. Turnover

See accounting policy in Note 39 (A)

In BDT	2016	2015
Home appliance	**6,214,654,534**	4,862,958,445
Consumer electronic	**2,065,091,556**	1,421,815,996
Sewing	**429,738,130**	353,731,269
Furniture	**158,645,759**	74,813,691
Other	**139,339,231**	197,417,517
	9,007,469,210	6,910,736,918

Turnover includes cash sales, wholesale sales, trade sales and earned carrying charges.

18.1 Turnover includes the following

In BDT	2016	2015
Television under consumer electronic	**1,895,211,369**	1,421,512,393
Air conditioner under home appliance	**1,087,110,940**	791,997,711
Furniture	**158,645,759**	74,813,691
	3,140,968,068	2,288,323,795

19. Cost of sales

In BDT	*Note*	2016	2015
Opening inventory of raw materials		**297,353,286**	212,197,548
Purchased during the year		**4,461,406,576**	2,436,929,096
Closing inventory of raw materials		**(549,879,061)**	(297,353,287)
Raw materials consumption	*19.1*	**4,208,880,801**	2,351,773,357
Factory salaries and wages		**50,836,150**	41,369,428
Freight and carriage		**15,290,862**	33,604,135
Depreciation	*3.1*	**19,500,734**	21,078,256
Repairs and maintenance		**6,693,806**	3,847,944
Utilities		**4,811,648**	3,410,392
Bonus		**3,337,927**	3,004,976
Consumable stores		**1,991,177**	2,594,433
Gratuity		**2,295,000**	2,340,275
Employee benefits and recreation		**3,310,442**	2,080,739
Contribution to provident fund		**1,798,235**	1,687,046
Fuel and car maintenance		**1,792,402**	1,131,017
Insurance		**778,956**	754,448
Stationery		**615,531**	246,434
Conveyance and travelling		**273,263**	143,367
		113,326,133	117,292,890
Works cost (materials + manufacturing expenses)		**4,322,206,934**	2,469,066,247
Opening work-in-process		**-**	-
Closing work-in-process		**-**	-
Cost of production		**4,322,206,934**	2,469,066,247
Opening inventory of finished goods		**900,432,874**	1,373,493,201
Purchase/production of finished goods		**2,893,251,137**	2,125,591,021
		3,793,684,011	3,499,084,222
Closing inventory of finished goods	*19.2*	**(1,702,110,048)**	(900,432,874)
Cost of sales		**6,413,780,897**	5,067,717,595

19.1 Raw materials consumption

In BDT	Balance at 01 Jan 2016	Purchases during the year	Balance at 31 Dec 2016	Consumption during the year
Imported				
Television	64,915,264	1,195,572,241	(106,468,603)	1,154,018,902
Air conditioner	23,331,086	574,424,555	(59,165,081)	538,590,560
Others	204,925,379	2,520,275,355	(372,893,064)	2,352,307,670
	293,171,729	4,290,272,151	(538,526,748)	4,044,917,132
Locally procured				
Furniture	3,505,896	167,834,425	(11,272,893)	160,067,428
Television, Refrigerator and Other	675,661	3,300,000	(79,420)	3,896,241
	4,181,557	171,134,425	(11,352,313)	163,963,669
	297,353,286	4,461,406,576	(549,879,061)	4,208,880,801

19.2 Closing stock of finished goods

In BDT	2016	2015
Home appliance	1,025,127,122	537,002,294
Consumer electronic	399,661,556	208,888,755
Furniture	55,696,148	38,543,542
Sewing	53,966,752	28,428,253
Other	167,658,470	87,570,030
	1,702,110,048	900,432,874

20. Operating expenses

In BDT	*Note*	2016	2015
Advertisement and sales promotion		462,574,384	246,229,990
Shop operating expenses		298,022,149	225,833,214
Salaries and allowances		225,290,191	176,730,298
Rent and occupancy		171,909,567	155,073,844
Royalty	*20.1*	97,935,552	101,736,944
Warranty		84,243,344	75,898,244
Utilities		53,472,527	46,934,805
Depreciation	*3.1*	48,033,107	46,926,087
Bad debts		52,309,232	43,378,458
Office administration		48,745,817	41,355,557
Repairs and maintenance		30,588,813	30,766,364
Directors' fee and remuneration	*20.2*	13,882,111	30,194,404
Travelling		30,458,897	26,796,691
Amortisation	*4*	9,008,231	11,031,586
Bank charge		11,436,850	8,456,473
Insurance		6,110,939	8,193,080
Fuel and car maintenance		6,176,693	3,976,008
Professional and technical fees	*20.3*	5,152,800	3,439,654
Entertainment		3,949,386	2,653,837
Statutory audit fee		520,000	460,000
Dues and subscription		258,896	246,611
		1,660,079,486	1,286,312,149

AMARSTOCK

20.1 Royalty

Manufactured products	Turnover from manufacturing units		Royalty charge for the year	
In BDT	**2016**	**2015**	**2016**	**2015**
Audio-video sets (television)	**1,577,521,224**	1,069,232,269	**63,100,849**	64,153,936
Air conditioner	**719,962,003**	556,324,882	**28,798,480**	33,379,493
Furniture	**150,905,568**	70,058,577	**6,036,223**	4,203,515
	2,448,388,795	1,695,615,728	**97,935,552**	101,736,944

Royalty was charged on the net annual invoice price of products manufactured by Singer Bangladesh Limited @ 4% on audio-video sets, air conditioner and furniture for the year 2016.

20.2 Directors' fee and remuneration

In BDT	**2016**	**2015**
Remuneration	**9,978,581**	20,975,006
Housing	**1,875,500**	5,486,000
Retirement benefit scheme	**1,465,878**	2,824,017
Medical and welfare	**331,652**	529,381
Fees	**230,500**	380,000
	13,882,111	30,194,404

20.3 Professional and technical fees

In BDT	**2016**	**2015**
Legal and technical services	**4,192,550**	2,594,404
IFRS audit fees	**920,000**	805,000
Audit fees for provident fund, workers' profit participation fund etc.	**40,250**	40,250
	5,152,800	3,439,654

21. Net finance costs

In BDT	**2016**	**2015**
Finance income	**9,840,369**	1,574,678
Foreign exchange gain	**-**	327,485
Finance income	**9,840,369**	1,902,163
Interest expenses	**(97,298,322)**	(66,151,118)
	(87,457,953)	(64,248,955)

22. Other income/(loss)

In BDT	*Note*	**2016**	**2015**
Other income/(loss)	*22.1*	**1,536,354**	65,682,651
		1,536,354	65,682,651

22.1 Other income/(loss)

This represents following items of income from other operations, not directly connected with prin al activities of the Company:

In BDT	*Note*	**2016**	**2015**
Reversal of interest accrued on non remittable dividend	*14.1*	**-**	55,323,064
Sale of scrapped inventories and others		**1,690,132**	10,054,360
Dividend income from CDBL		**1,427,952**	1,427,952
Gain/(loss) on sale of discarded fixed assets (Annexure - 1)		**(1,581,730)**	(1,122,725)
		1,536,354	65,682,651

23. Contribution to workers' profit participation fund

This is made in terms of section 234(1)(b) of Bangladesh Labour Act 2006 (as amended in 2013) 5% of the net profit of each year, not later than nine (9) months from the close of that period, is required to be transferred to the Fund, the proportion of the payment to the Participation Fund and the Welfare Fund being 80:10. The remaining 10% of the amount of net profit shall be paid by the Company to the Workers' Welfare Foundation Fund, as formed under the provision of the Bangladesh Worker's Welfare Foundation Act, 2006. Of the 80% being transferred to the participation fund, two-third has to be distributed in equal proportions to all the members (beneficiary) of the fund in cash and one-third has to be invested in accordance with the manner as stated in section 242 of that Act.

24. Share of loss of equity-accounted investees, net of tax

In BDT	*Note*	2016	2015
Loss from International Appliances Limited	*5.1*	**(27,081,070)**	(13,916,492)
		(27,081,070)	(13,916,492)

25. Income tax expense

In BDT	*Note*	2016	2015
Current tax expense	*17*	**226,500,000**	140,584,918
Prior year's adjustments		**11,363,923**	(9,000,000)
Deferred tax (income)/expense	*12 & 25.1*	**(4,610,272)**	16,844,283
		233,253,651	148,429,201

25.1 Related tax

				2016
In BDT	*Note*	Before tax	Tax (expense) / benefit	Net of tax
Gain on revaluation of property, plant and equipment	*3*	**171,922,000**	**(3,895,410)**	**168,026,590**
Remeasurement of defined benefit liability	*13.1*	**(535,000)**	**133,750**	**(401,250)**
		171,387,000	**(3,761,660)**	**167,625,340**

26. Contingent liabilities

In BDT		2016	2015
(i)	Letters of credit	**1,009,900,885**	810,305,686
(ii)	Claims against the Company not acknowledged as debts	**5,696,542**	5,696,542
(iii)	Uncalled liability on partly paid shares/arrears of fixed cumulative dividends on preference shares	**-**	-
(iv)	Aggregate amount of contracts for capital expenditure remaining to be executed and not provided for	**-**	-
(v)	Aggregate amount of any guarantees given by the company on behalf of directors, managing directors, or other officers of the company	**-**	-
(vi)	Money for which the Company is contingently liable for any guarantees given by banks	**17,565,526**	28,846,014
		1,033,162,953	844,848,242

No credit facilities of general nature (other than trade credit in ordinary course of business) under any contract were obtained or made available to the Company.

27. Capacity utilisation

		Units			
Production	**Measurement unit**	**Annual installed capacity**	**Utilisation during the year**	**Over/(Under) utilisation**	**% of utilisation**
Panel television	Number	80,000	89,829	9,829	112
CRT television	Number	20,000	17,774	(2,226)	89
Air conditioner	Sets	20,000	19,837	(163)	99
Furniture	Sets	5,300	4,957	(343)	94

28. Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of BDT 36,000 and above were 1,084 (2015: 1,064).

29. Remittance in foreign currency

The Company remitted the following amounts in foreign exchange during the year to Retail Holdings Bhold B.V. (formerly Singer Bhold B.V.), a non-resident shareholder of the Company and Singer Asia Limited, subsidiary of the ultimate parent.

	Name of party	Amount (BDT)	Equivalent (USD)
Dividend, net for the year 2015 (final)	Retail Holdings Bhold B.V.	91,062,115	1,161,062
Royalty for the year 2015	Singer Asia Limited	81,389,556	1,021,327
Royalty for the year 2014	Singer Asia Limited	49,232,272	627,562

30. Earnings per share (EPS)

30.1 Basic earnings per share

	2016	2015
Earnings attributable to the ordinary shareholders	**546,322,199**	368,583,957
Weighted average number of ordinary shares outstanding	**76,694,491**	76,694,491
Basic earnings per share	**7.12**	4.81

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2016 in terms of Bangladesh Accounting Standard (BAS-33).

30.2 Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no potentially dilutive potential ordinary shares during the year.

31. Financial risk management

The Company management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments.

- Credit risk (note 31.1)
- Liquidity risk (note 31.2)
- Market risk (note 31.3)

31.1 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from direct customers, dealers and other parties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers requiring credit over a certain amount. The home appliance products are sold under hire purchase agreements and the sale of cables is under the ordinary credit terms.

The maximum exposure to credit risk (note 31.1.1) is represented by the carrying amount of each financial asset in the statement of financial position.

31.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In BDT	2016	2015
Loans and receivables	**1,538,442,838**	1,042,142,492
Cash and cash equivalents	**152,429,314**	103,885,107
	1,690,872,152	1,146,027,599

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region was:

In BDT	2016	2015
Domestic	**1,538,442,838**	1,042,142,492
	1,538,442,838	1,042,142,492

The maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:

In BDT	2016	2015
Retail customers	**1,422,550,286**	949,764,502
Wholesale customers	**72,795,208**	33,437,777
Other	**43,097,344**	58,940,213
	1,538,442,838	1,042,142,492

31.1.2 Impairment loss

Trade receivable is assessed at each Reporting date of statement of financial position to determine whether there is any objective evidence that it is impaired. Trade receivable is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, etc. Accordingly, provision for doubtful debts is made over the amount outstanding from customers, dealers and other debtors. For receivables from customers, dealers and other debtors, provision for doubtful debts is made after analysing the recoverability of the amount from the concerned parties based on analysis of delinquency, arrearage and past due. The provision for doubtful debts is written off when it is proved that the debts is not recoverable at all.

The aging of receivables at the reporting date was:

In BDT	Gross 2016	Impairment 2016	Gross 2015	Impairment 2015
Not past due	**1,671,956,557**	**1,621,391**	1,123,486,745	6,397,167
Past due 1-30 days	**46,785,065**	**1,099,114**	44,576,861	595,641
Past due 31-120 days	**39,869,615**	**7,860,561**	51,413,384	10,185,620
Past due 121-365 days	**49,309,453**	**38,146,043**	27,325,275	24,450,226
More than one year	**-**	**-**	-	-
	1,807,920,690	**48,727,109**	1,246,802,265	41,628,654

The movement in the allowance for impairment in respect of receivables during the year was as follows:

In BDT	2016	2015
Opening balance	**41,628,654**	57,736,130
Allowance recognised for the year	**47,037,453**	43,378,458
	88,666,107	101,114,588
Allowance written off for the year	**(39,938,998)**	(59,485,934)
Closing balance	**48,727,109**	41,628,654

31.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast prepared based on the basis of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The followings are the contractual maturities of financial liabilities, including estimated interest payments:

In BDT	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31 December 2016							
Non-derivative financial liabilities:							
Bank overdraft	**1,130,878,507**	**1,178,689,998**	**982,169,212**	**196,520,786**	**-**	**-**	**-**
Secured bank loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**1,157,720,304**	**1,157,720,304**	**1,059,784,752**	**97,935,552**	**-**	**-**	**-**
Derivative financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2,288,598,811	**2,336,410,302**	**2,041,953,964**	**294,456,338**	**-**	**-**	**-**
As at 31 December 2015							
Non-derivative financial liabilities:							
Bank overdraft	18,768,986	239,306,500	21,748,050	217,558,450	-	-	-
Secured bank loans	-	-	-	-	-	-	-
Trade and other payables	804,293,658	804,293,658	702,556,714	101,736,944	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	823,062,644	1,043,600,158	724,304,764	319,295,394	-	-	-

31.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Company is exposed to normal business risks from changes in market interest rates and currency rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative business.

31.3.1 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flow because of some floating/variable loan interest rates. The Company is primarily exposed to interest rate risk from its borrowings.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

In BDT	2016	2015
Fixed rate instruments		
Fixed rate deposits at financial institution	-	-
Fixed rate loans and receivable (net hire receivable)	**1,443,914,737**	969,799,502
Other fixed rate instruments (assets)	-	-
Financial assets	**1,443,914,737**	969,799,502
Fixed rate bank overdraft	-	-
Fixed rate loans	-	-
Fixed rate debentures	-	-
Fixed rate promissory notes	-	-
Lease liabilities	-	-
Other fixed rate liabilities	-	-
Financial liabilities	-	-
Variable rate instruments	-	-
Variable rate deposits at financial institution	-	-
Variable rate loans and receivable	-	-
Other variable rate instruments (assets)	-	-
Financial assets	-	-
Variable rate bank overdraft	**1,130,878,507**	18,768,986
Variable rate loans	-	-
Variable rate debentures	-	-
Variable rate promissory notes	-	-
Other variable rate liabilities	**182,985,381**	169,663,329
Financial liabilities	**1,313,863,888**	188,432,315

31.3.1.1 Cash flow sensitivity analysis for variable rate instruments 2016

A change of 200 basis points in interest rates for other variable rate liabilities which comprise the security deposit from employees and shop managers, in 2016 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

In BDT	Profit or loss		Equity	
	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
31 December 2016				
Other variable rate liabilities	(3,659,708)	3,659,708	(3,659,708)	3,659,708
Cash flow sensitivity	**(3,659,708)**	**3,659,708**	**(3,659,708)**	**3,659,708**

31.3.1.2 Cash flow sensitivity analysis for variable rate instruments 2015

A change of 200 basis points in interest rates for other variable rate liabilities which comprise the security deposit from employees and shop managers, in 2015 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

In BDT	Profit or loss		Equity	
	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
31 December 2015				
Other variable rate liabilities	(3,393,267)	3,393,267	(3,393,267)	3,393,267
Cash flow sensitivity	**(3,393,267)**	**3,393,267**	**(3,393,267)**	**3,393,267**

31.3.2 Foreign Currency risk

The Company is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. Other non recurring exposures consist of payable to IFS authority due to developing the ERP system of the company.

As at 31 December, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

In USD	2016	2015
Accounts payable trade	**2,624,813**	1,187,195

The following significant exchange rates are applied during the period:

In BDT	2016	2015
US Dollar	**78.70**	78.50

31.3.2.1 Foreign exchange rate sensitivity analysis for foreign currency expenditures

Foreign exchange rate sensitivity is calculated on the basis of impact of change of 500 basis points in foreign exchange rates. This analysis presents the probable weakening of BDT against US Dollar and the possibility that the profit or loss and the equity would have increased/(decreased) assuming all other variables, in particular interest rates remain constant. As per current practice, foreign exchange rate sensitivity analysis is done once at the end of the year. Result of the assessment is summarised below.

	Profit or loss		Equity	
In BDT	**500 bp increase**	**500 bp decrease**	**500 bp increase**	**500 bp decrease**
31 December 2016				
Expenditures denominated in USD	(10,328,639)	10,328,639	(10,328,639)	10,328,639
Exchange rate sensitivity	**(10,328,639)**	**10,328,639**	**(10,328,639)**	**10,328,639**

	Profit or loss		Equity	
In BDT	**500 bp increase**	**500 bp decrease**	**500 bp increase**	**500 bp decrease**
31 December 2015				
Expenditures denominated in USD	(4,659,739)	4,659,739	(4,659,739)	4,659,739
Exchange rate sensitivity	**(4,659,739)**	**4,659,739**	**(4,659,739)**	**4,659,739**

32. Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of all financial assets and liabilities is taken to approximate the carrying value.

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

In BDT	**Carrying amount 2016**	**Fair value 2016**	**Carrying amount 2015**	**Fair value 2015**
Assets carried at fair value				
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial assets held for trading	-	-	-	-
Assets carried at amortised cost				
Loans and receivables	**1,538,442,838**	**1,422,050,221**	1,042,142,492	965,594,660
Cash and cash equivalents	**152,429,314**	**152,429,314**	103,885,107	103,885,107
	1,690,872,152	**1,574,479,535**	1,146,027,599	1,069,479,767
Liabilities carried at fair value				
Interest rate swaps used for hedges	-	-	-	-
Forward exchange contracts used for hedging	-	-	-	-
Liabilities carried at amortised cost				
Secured bank loans	-	-	-	-
Trade and other payables	**1,157,720,304**	**N/A***	804,293,657	N/A*
Bank overdraft	**1,130,878,507**	**1,130,878,507**	18,768,986	18,768,986
	2,288,598,811	**1,130,878,507**	823,062,643	18,768,986

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2016		2015	
	From %	To %	From %	To %
Derivatives	-	-	-	-
Receivable under hire purchase	-	-	-	-
Loans and borrowings	-	-	-	-
Finance lease liabilities	-	-	-	-

*Determination of fair value is not required as per the requirements of BFRS 7: *Financial Instruments: Disclosures* (ref: Para 29). However, fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

33. Capital management

Capital management refers to implementing policies and measures to maintain sufficient capital, assessing the company's internal capital adequacy to ensure the company's operation as a going concern. The Board of directors is charged with the ultimate responsibility for maintaining a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. All major investment and operational decisions with exposure above certain amount are evaluated and approved by the board. The Board of directors also monitors the return on capital, which the company defines as result from operating activities divided by total shareholders' equity. The Board of directors also determines the level of dividends to ordinary shareholders.

34. Related party disclosures under BAS-24

Related party transactions are disclosed in compliance with BAS24 "*Related Party Disclosures*". The name of the related parties, the nature of the transactions and their balance at year end have been set out below:

34.1 Related party transactions

Read this note in conjunction with note no. 20.2.

Name of related parties	Relationship	Nature of transaction	2016 BDT	2015 BDT
Retail Holdings Bhold B.V., The Netherlands (formerly Singer Bhold B.V., The Netherlands)	Parent company	Dividend payment	**101,180,128**	251,997,952
Retail Holdings Asia B.V.	Subsidiary of ultimate parent	Royalty payment	**97,935,552**	-
Singer India Ltd.	Subsidiary of ultimate parent	Procurement of products	**22,949,951**	26,140,800
International Appliances Limited	Associates	Procurement of products	**163,994,751**	-
International Appliances Limited	Associates	Current account	**193,757,288**	1,460,386

34.2 Related party receivable/(payable)

Name of related parties	Relationship	Nature of transaction	2016 BDT	2015 BDT
Singer Asia Ltd.	Subsidiary of ultimate parent	Royalty payable Current account	**-**	(163,277,284)
Retail Holdings Asia B.V.	Subsidiary of ultimate parent	Royalty payable Current account	**(97,935,552)**	-
Singer Asia Ltd.	Subsidiary of ultimate parent	Current account	**26,178,908**	26,178,908
Singer India Ltd.	Subsidiary of ultimate parent	Procurement of products	**(5,038,818)**	-
International Appliances Limited	Associates	Procurement of products	**(50,905,437)**	-
International Appliances Limited	Associates	Current account	**2,634,937**	1,460,386

35. Events after the reporting period

The Board of Directors of the company has recommended a cash dividend of BDT 7.00 (70% per share of BDT 10 each) amounting to BDT 536,861,437 in its 224th board meeting dated 26 February 2017.

36. Others

a. These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

b. Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.

c. Previous year's figures have been regrouped and/or rearranged wherever considered necessary for the purpose of current year's presentation.

37. Standards adopted but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards during the year 2015. All previously adopted reporting standards are consistently applied by the Company to the extent relevant for the Company.

New standards	Summary of the requirements	Possible impact on financial statements
BFRS 9 Financial Instruments	BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 "*Financial Instruments*". Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model forcalculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 9.
BFRS 14 Regulatory Deferral Accounts	BFRS 14 specify the financial reporting requirements for regulatory deferral account balance that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. BFRS 14 is effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.	None. The Company does not perform any activity that is subject to rate regulation.
BFRS 15 Revenue from Contracts with Customers	BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including BAS 18 "*Revenue*", BAS 11 "*Construction Contracts*" and BFRIC 13 " *Customer Loyalty Programmes."* BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 15.
Agriculture: Bearer Plants (Amendments to BAS 16 and BAS 41)	These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of BAS 16 "*Property, Plant and Equipment"*, instead of BAS 41 Agriculture. The amendments are effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.	None. The Company does not have any bearer plants.

38. Basis of measurement

These financial statements have been prepared on accrual basis following going concern concept under historical cost convention as modified to include the revaluation of land and building under property, plant and equipment, initial recognition of financial instruments at fair value and the gratuity scheme which was measured based on actuarial valuation.

39. Significant accounting policies

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

A.	Revenue	33
B.	Finance income and finance costs	34
C.	Foreign currency transactions	34
D.	Income tax	34
E.	Inventories	34
F.	Property, plant and equipment	35
G.	Intangibles	36
H.	Financial instruments	36
I.	Impairment	37
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A. Revenue

Revenue from sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. This usually occurs at the time of delivery of goods along with invoice.

Accordingly, revenue ordinarily is recognised at the time a transaction is completed. The charge to cover interest on unrealised instalments are taken to income as earned carrying charges after the instalments are received/collected.

Extended warranty

Revenue from the sale of separately priced extended warranty and product maintenance contracts is deferred and generally recognised in income on a straight-line basis. Costs that are directly related to the acquisition of those contracts are deferred and charged to expense in proportion to the revenue recognised.

B. Finance income and finance costs

Finance expenses comprise interest expenseon term loan, overdraft, and bank charges. Interest income from fixed deposit and from saving or current account is net off with finance expenses. All finance expenses are recognised in the profit and loss statement.

C. Foreign currency transactions

Foreign currency transactions are recorded in BDT at applicable rates of exchange ruling at the dates of transactions in accordance with BAS-21 "*The Effects of Changes in Foreign Exchange Rates*." Exchange rate difference at the statement of financial position date are charged/credited to statement of profit or loss and other comprehensive income, to the extent that this treatment does not contradict with the Schedule XI of Companies Act 1994. This Schedule requires all exchangegains and losses arising from foreign currency borrowings, taken to finance acquisition of construction of fixed assets, to be credited/ charged to the cost/value of such assets.

D. Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income (profit and loss statement).

Current tax

The Company qualifies as a "Publicly Traded Company", as defined in income tax law. The applicable tax rate for the Company is 25%. Provision for taxation has been made on this basis which is compliant with the Finance Act 2016.

Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. The deferred tax asset/income or liability/expense does not create a legal obligation to, or recoverability from, the income tax authority.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

E. Inventories

Inventories are measured at lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The company assess the NRV by giving consideration to future demand and condition of the inventory and make adjustments to the value by making required provisions. Inventories consist of raw materials, work-in-process, goods in transit and finished goods.

F. Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated in attached statement of financial position are measured at cost/fair value less accumulated depreciation and any accumulated impairment losses in accordance with BAS-16 "***Property Plant and Equipment***". Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment.

If significant parts of an item of property, plant & equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant & equipment. Any gain or loss on disposal of an item of property, plant & equipment is recognised in profit or loss.

Cost model

The company applies cost model to property, plant & equipment except for land and buildings.

Revaluation model

The company applies revaluation model to entire class of freehold land and buildings. A revaluation is carried out when there is a substantial difference between the fair value and the carrying amount of the property and is undertaken by professionally qualified valuers. The company reviews its assets when deemed appropriate considering reasonable interval of years/time.

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

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

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day maintenance of property, plant and equipment are recognised in the profit and loss account as incurred.

Depreciation

Depreciation is calculated over the depreciable amount. Depreciation is recognised in profit and loss on a reducing balance method over each part of an item of property, plant & equipment, since this most closely reflected the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated. The method is consistent with the Company's depreciation policy. Depreciation is charged on property plant and equipment from the month of acquisition and no depreciation is charged in the month of disposal.

The rates of depreciation, applied on reducing balance method, for the current and comparative years are as follows:

Building - Office	10%
Building - Factory	20%
Leasehold improvements	10%
Plant and machinery	20%
Vehicles	20%
Furniture and fixtures	10%
Equipment and tools	20%

G. Intangibles

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

The useful lives of intangible assets are assessed to be either finite or indefinite.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally-generated goodwill and brands are recognised in profit or loss as incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Amortisation expense on intangible assets with finite lives is recognised in profit and loss on a straight-line basis over the estimated useful lives, from the date they are available-for-use.

The estimated useful lives of intangible assets with finite lives are as follows:

The Class of Intangible Assets	Useful Life
Computer Software	10 years

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

H. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the transaction.

The Company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include cash and cash equivalents, accounts receivable, and long term receivables and deposits.

Accounts receivables

Accounts receivable is initially recognised at nominal value which is the fair value of the consideration given in return. Accounts receivable represents the amounts due from customers of hire sale, credit sale and also includes receivable from employees and others, net of provision for doubtful debts and unearned carrying charges.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and cash in transit. It also includes fixed deposit with bank maturity of which is not more than three months. There is no significant risk of change in value of the same.

Financial liability

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

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

Financial liabilities include finance lease obligations, loans and borrowings, accounts payable and other payables.

Accounts payables

The Company recognises a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits.

I. Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each date of Statement of Financial Position. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

J. Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with BAS 37-"*Provisions, Contingent Liabilities and Contingent Assets*". The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at the date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

K. Royalty

Royalty is payable to Retail Holdings Asia B.V. @ 4% (2015: 6% to Singer Aisa Ltd.) of net annual invoice price of sale of audio-video sets (radio cassette, recorders and televisions), air conditioner and furniture assembled and manufactured in Bangladesh (note 20.1). The company is authorised to use the name "SINGER" as part of its corporate name.

L. Warranty costs

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

M. Investments

Investment in Central Depository Bangladesh Limited (CDBL)

Investment in Central Depository Bangladesh Ltd (CDBL) is recorded at cost and represents insignificant holding.

Investment in associate

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the investor's share of net assets of the associate since the acquisition date. The statement of profit or loss and other comprehensive income reflects the investor's share of the results of operations of the associate. Any change in other comprehensive income of the investee is presented as part of the investor's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the investor recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the investor and the associate are eliminated to the extent of the interest in the associate.

Investment in term deposit

This represents investment in termdeposit with Commercial Bank of Ceylon which is renewable.

Investment in short term deposit

Investment in short term deposit comprises fixed deposit with bank maturity of six months and over.

N. Workers' profit participation fund

The Company provides 5% of its net profit as a contribution to workers' profit participation fund before tax and charging such expense in accordance with The Bangladesh Labour Act 2006 (as amended in 2013)

O. Employee benefit

The Company maintains both defined contribution plan (provident fund) and a retirement benefit obligation (gratuity fund) for its eligible permanent employees.

Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits for all of its permanent employees. The recognised Employees' Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 12.5% of their basic salary to the provident fund and the Company also makes equal contribution. This fund is recognised by the National Board of Revenue (NBR), under the First Schedule, Part B of Income Tax Ordinance 1984.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered required services. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Obligations are created when they are due.

Retirement benefit obligation (gratuity)

The Company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to the benefits depending on the length of services and last drawn basic salary.

Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost and mutually compatible actuarial assumptions about demographic and financial variables are used.

Short-term employee benefits

This relates to leave encashment and is measured on an undiscounted basis and expensed as the related service is provided. Provision is made for the amount of annual leave encashment based on the latest basic salary. This benefit is applicable for employees as per service rules.

P. Reporting period

The financial period of the Company covers one year from 1 January to 31 December.

Q. Earnings per share

The Company presents basic and diluted (when dilution is applicable) earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reserve split.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

R. Segment reporting

Segment reporting is not applicable for the Company this year as the Company does not meet the criteria required for segment reporting specified in BAS-14: "*Segment Reporting*". A segment is a distinguishable component of the entity that is engaged in providing products within a particular economic environment which is subject to risks and rewards that are different from those of other segments. The entity's primary format for segment reporting is based on business segments. The business segments i.e., Home appliance, Consumer electronic, Sewing, Other and Furniture are determined based on entity's management and internal reporting structure. The Cable division's operation has been discontinued from previous year and its assets which were classified as held for sale have been sold during the year.

S. Statement of cash flows

Statement of Cash Flows (Cash Flow Statement) is prepared under direct method in accordance with BAS-7 "*Statement of Cash Flows*" as required by the Bangladesh Securities and Exchange Rules 1987.

T. Events after the reporting period

Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Material events after the balance sheet date that are not adjusting events are disclosed in the note 35.

Singer Bangladesh Limited

DETAILS OF DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT (ANNEXURE-1)

For the year ended 31 December 2016

Particulars	Original cost	Accumulated depreciation	Net book value	Sales proceed	Gain/(Loss)	Mode of disposal
Plan & machinery	10,558,719	10,273,790	284,929	-	(284,929)	Adjustment/sold
Equipment	3,851,556	3,260,758	590,798	157,641	(433,157)	Adjustment/sold
Furniture	772,404	673,131	99,273	-	(99,273)	Adjustment/sold
Lease hold improvements	9,145,884	5,699,643	3,446,241	2,473,900	(972,341)	Adjustment/sold
Vehicles	13,271,902	10,457,468	2,814,434	3,022,404	207,970	Auction
	37,600,465	**30,364,790**	**7,235,675**	**5,653,945**	**(1,581,730)**	

AMAR STOCK

এশিয়ান সার্ভেয়ার্স লিঃ
ASIAN SURVEYORS LTD.

OUR REPORT NO. VR/378/12/2016 **Date: 14.12.2016**

Valuation Report of the Land and Buildings of Singer Bangladesh Limited

At the request of Singer Bangladesh Limited vide their letter dated 07.11.2016 we carried out inspection and examination of specified land and buildings on 14.11.2016 and subsequent days at different locations to work out the present value of the properties owned by Singer Bangladesh Limited.

Purpose of Valuation

Our assignment in this case was to determine the present value of specified areas of land and buildings for accounting purpose.

Inspection of the Property

We undertook physical inspection of the property and surroundings to the extent which are required for determination of a reasonable present value of the property for our client. Our inspection included the detail measurement of sites considering prevailing norms.

The Property

Our report contains a brief summary of the property details on which our valuation has been conducted.

Valuation of Property

Taking into account the current market conditions together with the situation, nature and condition of the property, we are of the opinion that the current "market value" is reasonably reflected in this report.

Land: We physically examined the land and surroundings. In working out the present value of land we have taken into consideration the location of the land, importance and convenience of the locality in terms of residential, industrial, commercial and other related factors.

The presence of the building and other structures on land was also considered in determining the value.

We have also studied in detail the present price structure of land in the respective area and have applied our professional judgment in arriving at the present value.

Building: We have taken into consideration the nature and quality of construction of the building and examined the present condition of the building as well as nature of maintenance.

We have applied depreciation, as we considered appropriate, and worked out present value of the building taking into account various related factors such as prospective longevity of the building in relation to year of construction, quality of building materials used, present condition of the building, specially of design and nature of maintenance etc.

Cont'd.... P/2

Market Value

We would define 'Market Value' as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction". In arriving at the opinion of Market Value, the Surveyor also makes various standard assumptions covering, for example, location of the property, importance of the locality in terms of residential, industrial, commercial and other related factors.

Our Opinion

We hereby confirm that this report is subject to the attached annexure (Annexure: Page-1 to 31) which are integral part of this report.

We also confirm the following:

i. Valuation process was carried out fully in accordance with International Valuation Standards (IVS). We have carried out our work based upon information supplied to us by which we have assumed to be correct and comprehensive.

ii. We have sufficient current, local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

iii. The property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, town planning, and the condition and repair of buildings; and

iv. All the information furnished here are true and correct to the best of our knowledge and belief; which are based on our physical inspection and the documents provided by the owner which we have assumed to be correct and comprehensive.

We ASIAN SURVEYORS LTD. do hereby declare that apart from working as professional valuers we have no interest whatsoever directly or indirectly in the subject matter of this report.

For and on behalf of
ASIAN SURVEYORS LTD.



(K.C. AICH)
Executive Director

Cont'd.... P/3

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ASIAN SURVEYORS LTD.

OUR REPORT NO. VR/378/12/2016

SUMMARY

Sl No.	Description		Total Taka	
A	LAND AND BUILDINGS AT JHAMUR, RAJFULBARIA, HEMAYETPUR, SAVAR, **DHAKA** (AREA OF LAND 280.50 DECIMALS)			
1	LAND	Tk.	462,825,000	
2	BUILDINGS	Tk.	119,212,740	
			Tk.	582,037,740
B	LAND AND BUILDING AT 20/20, MOGULTULI, **COMILLA** (AREA OF LAND 2.87 DECIMALS)			
1	LAND	Tk.	18,655,000	
2	BUILDING	Tk.	1,865,430	
			Tk.	20,520,430
C	LAND AND BUILDING AT 23, UPPER JESSORE ROAD, **KHULNA** (AREA OF LAND 5.84 DECIMALS)			
1	LAND	Tk.	29,200,000	
2	BUILDING	Tk.	2,028,000	
			Tk.	31,228,000
D	LAND AND BUILDING AT 77, STATION ROAD, JAHAJ COMPANIES MOOR, **RANGPUR** (AREA OF LAND 2.80 DECIMALS)			
1	LAND	Tk.	9,800,000	
2	BUILDING	Tk.	6,292,800	
			Tk.	16,092,800
E	LAND AND BUILDING AT JOYPUR PARA, RANGPUR ROAD, **BOGRA** (AREA OF LAND 13 .00 DECIMALS)			
1	LAND	Tk.	19,500,000	
2	BUILDING	Tk.	23,697,360	
			Tk.	43,197,360
F	LAND AND BUILDING AT 164/143, ABDUL HAMID ROAD, INDRAR MORE, DILALPUR, **PABNA** (AREA OF LAND 2.40 DECIMALS)			
1	LAND	Tk.	16,800,000	
2	BUILDING	Tk.	7,296,000	
			Tk.	24,096,000
G	LAND & BUILDING AT 32, SAZZAN KANDA, THANA ROAD, **RAJBARI** (AREA OF LAND 2.00 DECIMALS)			
1	LAND	Tk.	4,400,000	
2	BUILDING	Tk.	1,083,600	
			Tk.	5,483,600
			Total Tk.	**722,655,930**

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SHARE INFORMATION

1. General

Authorised Share Capital	:	Tk. 1,000,000,000
Issued and Fully Paid Capital	:	Tk. 766,944,910
Class of Shares	:	Ordinary Share of Tk. 10 each
Voting Rights	:	One vote per Ordenary Share

2. Stock Exchange Listing

The issued Ordinary Shares of Singer Bangladesh Limited are listed with the Dhaka and Chittagong Stock Exchanges Limited.

3. Distribution of Shareholdings - 31st December 2016

No. of Shareholders : **31st December 2016 - 11,549 nos.** (31st December 2015 - 16,438 nos.)

No. of Shares held	31 December 2016			31 December 2015		
	No. of Share-holders	No. of Shares	%	No. of Share-holders	No. of Shares	%
1 - 500	**7,803**	**1,267,471**	**1.65**	10,973	1,839,581	2.40
501 - 5000	**3,249**	**5,006,055**	**6.53**	4,836	7,397,732	9.65
5001 - 10000	**251**	**1,858,085**	**2.42**	331	2,338,624	3.05
10001 - 20000	**125**	**1,672,668**	**2.18**	171	2,364,043	3.08
20001 - 30000	**51**	**1,288,499**	**1.68**	64	1,602,649	2.09
30001 - 40000	**10**	**333,726**	**0.44**	18	627,939	0.82
40001 - 50000	**14**	**630,794**	**0.82**	9	409,296	0.53
50001 - 100000	**22**	**1,490,714**	**1.94**	23	1,699,955	2.22
100001 - 1000000	**19**	**5,070,243**	**6.61**	11	2,609,379	3.39
Over 1000000	**5**	**58,076,236**	**75.73**	2	55,805,293	72.77
Total	**11,549**	**76,694,491**	**100.00**	**16,438**	**76,694,491**	**100.00**

Categories of Shares	31 December 2015		31 December 2014	
	No. of Shares	No. of Shareholders	No. of Shares	No. of Shareholders
Individuals	14,636,363	11,067	17,171,953	16,062
Institutions	62,058,128	482	59,522,538	376
	76,694,491	**11,549**	**76,694,491**	**16,438**

4. Dividends

Dividend 70 % Cash

5. Market Value per Share

	2016		2015
	Taka	Date	Taka
Highest during the year	**205.00**	22nd September	232.00
Lowest during the year	**137.00**	29th March	140.00
Closing of the year	**193.00**	31st December	180.00

Singer Bangladesh Limited

GLOSSARY OF FINANCIAL TERMS

Accounting Policies

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

Borrowings

All interests bearing liabilities.

Capital/Revaluation Reserves

Reserves identified for specific purposes and considered not available for distribution.

Contingents Liabilities

Conditions or situations at the Balance Sheet date the financial effect of which are to be determined by future events which may or may not occur.

Current Ratio

Current Assets divided by Current Liabilities. A measure of liquidity.

Deferred Taxation

The net tax effect on items which have been included in the Statement of Income, which would only qualify for inclusion on a tax return at a future date.

Debt Equity Ratio

Current plus long term liabilities divided by average shareholders fund.

Effective Dividend Rate/Dividend Cover

Profit attributable to ordinary Shareholders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

Earnings Per Share

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

Equity

Shareholders' fund.

Gearing

Proportion of borrowings to capital employed.

Gross Dividend

Portion of profits inclusive of tax withheld, distributed to shareholders.

Interest Cover

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

Market Capitalization

Number of Shares in issue multiplied by the market value of a share at the reported date.

Net Assets per Share

Shareholders' equity divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

Price Earnings Ratio

Market price of a share divided by earnings per share as reported at the date.

Return on Average Net Assets

Attributable profits divided by average assets.

Revenue Reserves

Reserves considered as being available for distributions and investments.

Value Addition

The quantum of wealth generated by the activities of the Company measured as the difference between turnover and the cost of materials and services bought in.

Working Capital

Capital required to finance the day-to-day operations computed as the excess of current assets over current liabilities.

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Singer Bangladesh Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **37th Annual General Meeting** of **Singer Bangladesh Limited** will be held on Thursday**, May 11, 2017** at **10:00 a.m.** at the Spectra Convention Centre, House-19, Road-7, Gulshan-1, Dhaka-1212 to transact the following business.

AGENDA

1. To receive and adopt the Directors and Auditors Reports and the Audited Accounts of the Company for the year ended December 31, 2016.
2. To declare Dividend for the year ended December 31, 2016.
3. To elect Directors.
4. To appoint Auditors and to fix their remuneration.
5. To confirm the appointment of the Managing Director for a period of five years.

By order of the Board

Mohammad Sanaullah
Company Secretary
March 14, 2017

Registered Office
39, Dilkusha C/A
Dhaka-1000.

Notes:

i) **March 20, 2017** is the record date. Shareholders whose names will appear in the Members Register of the Company or in the Depository Register on that date will be eligible to attend the Annual General Meeting and receive dividend.

ii) A member entitled to attend and vote at the Annual General Meeting may appoint a proxy in his stead. The proxy form, duly stamped with a revenue stamp of Tk. 20 must be deposited at the Registered Office of the Company not later than 48 hours before the meeting.

iii) Admission to the hall will be only on production of the attendance slip

iv)

- Shareholders bearing BO ID are requested to update their respective BO ID with 12 Digits Taxpayer's Identification Number (e-TIN) and address through their Depository Participant (DP); and
- Shareholders bearing Folio Numbers are requested to submit their 12 digits eTIN certificate to the Share Department of the Company latest by March 31 2017; failing which Income Tax at Source will be deducted from cash dividend @15% instead of 10%.
- As per directive of Bangladesh Securities and Exchange Commission (BSEC), no food or gift will be arranged at the AGM.

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PROXY FORM

Revenue Stamp of Tk. 20.00

I/We .....

of .....

being a Member of Singer Bangladesh Limited, hereby appoint

Mr./Ms. .....

of .....

as my proxy in my/our absence to attend and vote for me/us and on my/our behalf at the **37th Annual General Meeting** of the Company to be held on May 11, 2017 and at any adjournment thereof.

As witness my hand this ..... Day of May 11, 2017

Signature of Proxy .....

Signature of Member .....

Register Folio no./BO ID of Member ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

ATTENDANCE SLIP

Name of Member .....

Name of Proxy .....

Register Folio No. /BO ID of Member ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

I/we hereby record my/our presence at the **37th Annual General Meeting** of **Singer Bangladesh Limited** on Thursday, May 11, 2017 at 10.00 a.m. at Spectra Convention Centre, House-19, Road- 7, Gulshan-1, Dhaka-1212.

Signature of Member .....

Signature of Proxy .....

N. B.

- The Member attending the meeting is requested to mention the registered name and Folio no./BO ID on this slip and present the same at the registration counter on or before 10.00 a.m.
- As per directive of Bangladesh Securities and Exchange Commission (BSEC), no food or gift will be arranged at the AGM.

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