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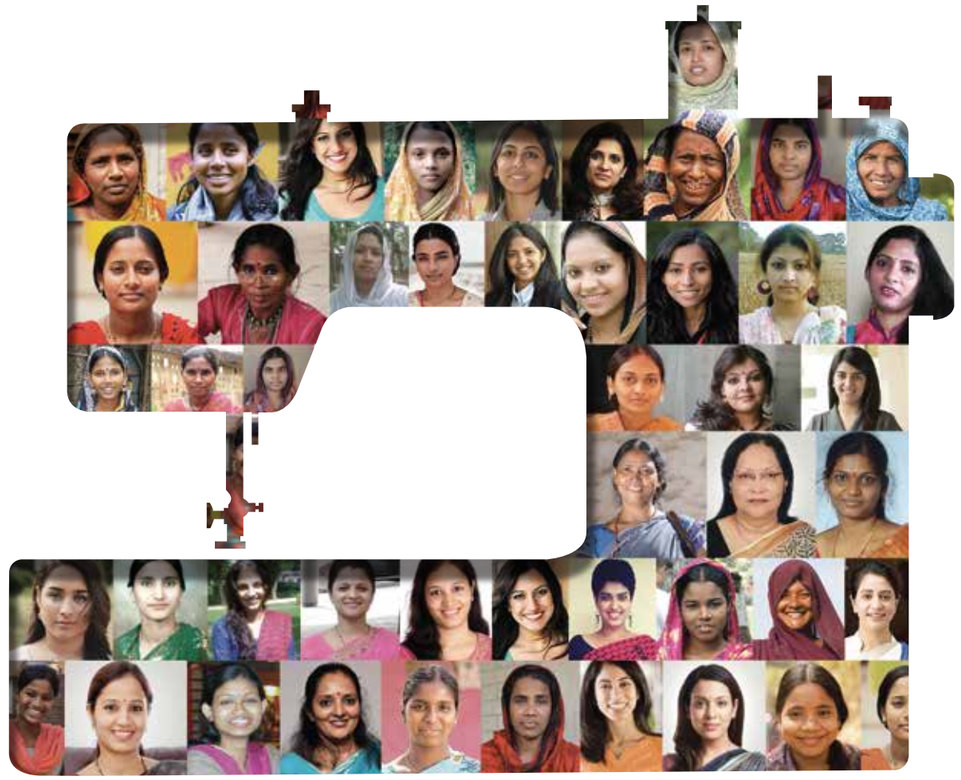
SINGER®
TRUSTED INTERNATIONAL BRAND

SINGER BANGLADESH LIMITED ■ ANNUAL REPORT 2017

SINGER®
TRUSTED INTERNATIONAL BRAND

STRENGTHENING WOMEN & EMPOWERING BANGLADESH



SINGER BANGLADESH LIMITED
ANNUAL REPORT 2017

AMARSTOCK

2017

STRENGTHENING THE BRAND PRESENCE

In 2017 SINGER very successfully established its strength as the 'Trusted International Brand' with more than 100 years of presence in Bangladesh. In terms of media presence, 2017 was the year to grab more mindshare of the consumers if 2016 was the year of revival of the brand. Eventually it led to encouraging growth of the business.

During this period, SINGER launched a campaign promoting power saving and environment friendly R600a refrigerant. It was a huge success and it literally changed the dynamics of the Refrigerator Industry of the country. It helped SINGER in achieving substantial growth of SINGER's refrigerator business in 2017. Its mention-worthy SINGER's refrigerator manufacturing unit – International Appliances Limited (IAL) has been producing all refrigerators using R600a Gas.

Apart from print and outdoor media, the presence of the brand in electronic and digital media was never been stronger than in 2017. Innovative campaigns and activities helped the brand to reach closer to consumers during the year. SINGER Fun Fairs were held in Chittagong and Sylhet very successfully and were highly appreciated by the citizens.

Product centric field activations, exclusive furniture fairs, shop centric fairs, product demonstrations, free service campaigns resulted significant level of engagement with consumers throughout the year.

ANNUAL REPORT 2017

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 and Panasonic ACs; Dell Laptops; Symphony and Videocon Air Coolers; Preethi, Prestige and Galanz Kitchen Appliances; Lifestraw; PureIt water purifiers and so on.

SINGER®

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PEOPLE IN SINGER 44
Employees are the primary source of our competitiveness. They bring values, skills, diversity and expertise to singer that make us the market leader in the consumer durables industries in the country

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Over our long existence in Bangladesh, we have managed to significantly enhance and achieve a very robust and matured stage for our risk management process.

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Vision

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

VALUES

Shareholders

We provide reasonable return to shareholders while safeguarding their investment.

Community

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





Suppliers

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



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.





Environment

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

Employees

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

Competitors

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





STOCK

Mission

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

OBJECTIVES

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





Develop our employees to achieve their real potential.

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



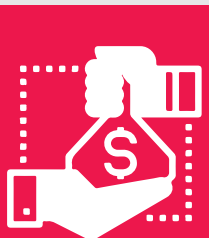


Grow our revenue and profits at a rate above the industry norm.

Provide our consumers with products of latest technology.

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





Corporate Directory

Board of Directors

Chairman
Gavin J. Walker

Managing Director & CEO
M. H. M. Fairoz

Independent Directors
Dr. Syed Ferhat Anwar
A. F. Nesaruddin

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

Company Secretary
Mohammad Sanaullah

Audit Committee
A. F. Nesaruddin (Chairman)
Dr. Syed Ferhat Anwar
Gelmart M. Gellecanao
M. H. M. Fairoz
Mohammad Sanaullah (Secretary)

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

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

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

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

Subsidiary Company
International Appliances Limited
Koulashur, Hemayetpur, Savar, Dhaka-1348

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Company Profile



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.

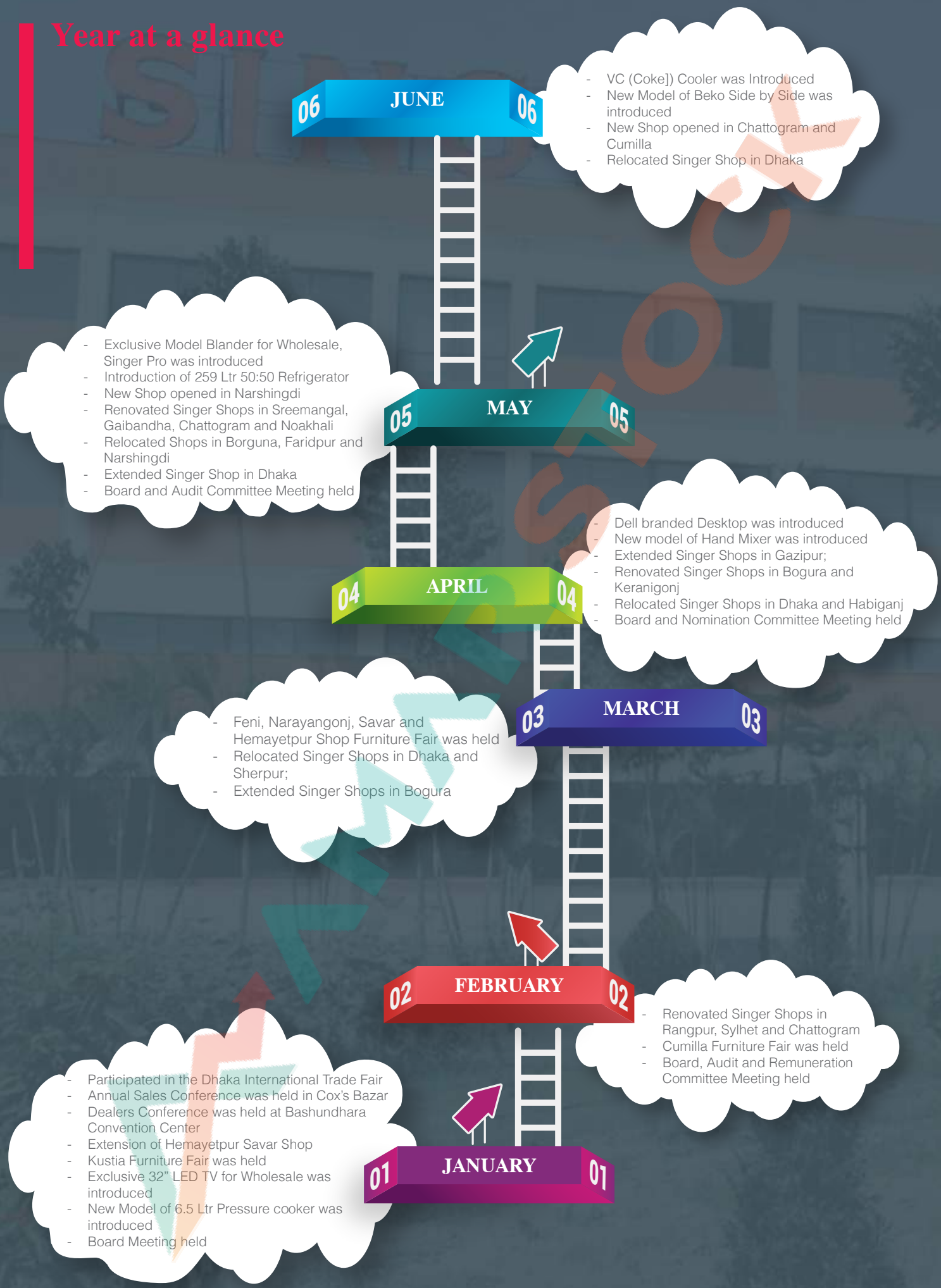
Today, Singer Bangladesh Limited is a large, diversified company with unmatched presence throughout Bangladesh.

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 57%. The public shareholding accounts for 43%. Singer Bangladesh Limited was listed with the Dhaka Stock exchange in 1983 and Chittagong Stock Exchange in 2001.

Year at a glance



DECEMBER 12

- Khulna, Chowmuhony, Rangpur, Naogaon, Chadpur, Jessore and Potuakhali Furniture Fair was held
- Renovated Singer Shops in Dhaka, Chattogram, Narayanganj, Rajshahi and Pabna
- Relocated Singer Shops in Shariatpur and Bogura
- Extended Singer Shop in Chattogram, Narayanganj, Tangail, Gazipur, Shariatpur.

NOVEMBER 11

- Sylhet, Rajshahi, Mohammadpur, Nagoan Shaitani Bari and Laxam Shop Furniture Fair was held
- Singer Branded Four Burner Gas oven was introduced
- Renovated Singer Shops in Satkhira, Naogaon, Dinajpur, Comilla and Khulna

OCTOBER 10

- Dinajpur, Chattagram and Wari, Dhaka Furniture Fair was held
- 30 Ltr New Convection and 20 Ltr Solo Singer branded Microwave Oven was Introduced
- Renovated Singer Shops in Moulvibazar and Tangail.
- Relocated Singer Shops in Rajshahi, Chandpur and Mymensingh
- Extended Singer Shops in Cox's Bazar and Gazipur
- Board and Audit Committee Meeting held

SEPTEMBER 09

- HP brand was included to the Brand List of Singer Bangladesh Limited
- Four new Floral Model Rice Cooker was Introduced

AUGUST 08

- Singer Branded 55" Smart TV was introduced
- Exclusive 24" LED TV for Wholesale was introduced
- New Shop opend at Savar
- Renovated Singer Shops in Dinajpur, Narshingdi and Netrokona
- Relocated Singer Shops in Chattogram and Panchagar
- Extended Singer Shops in Feni and Kishoregonj

JULY 07

- Board, Audit and Remuneration Committee Meeting held

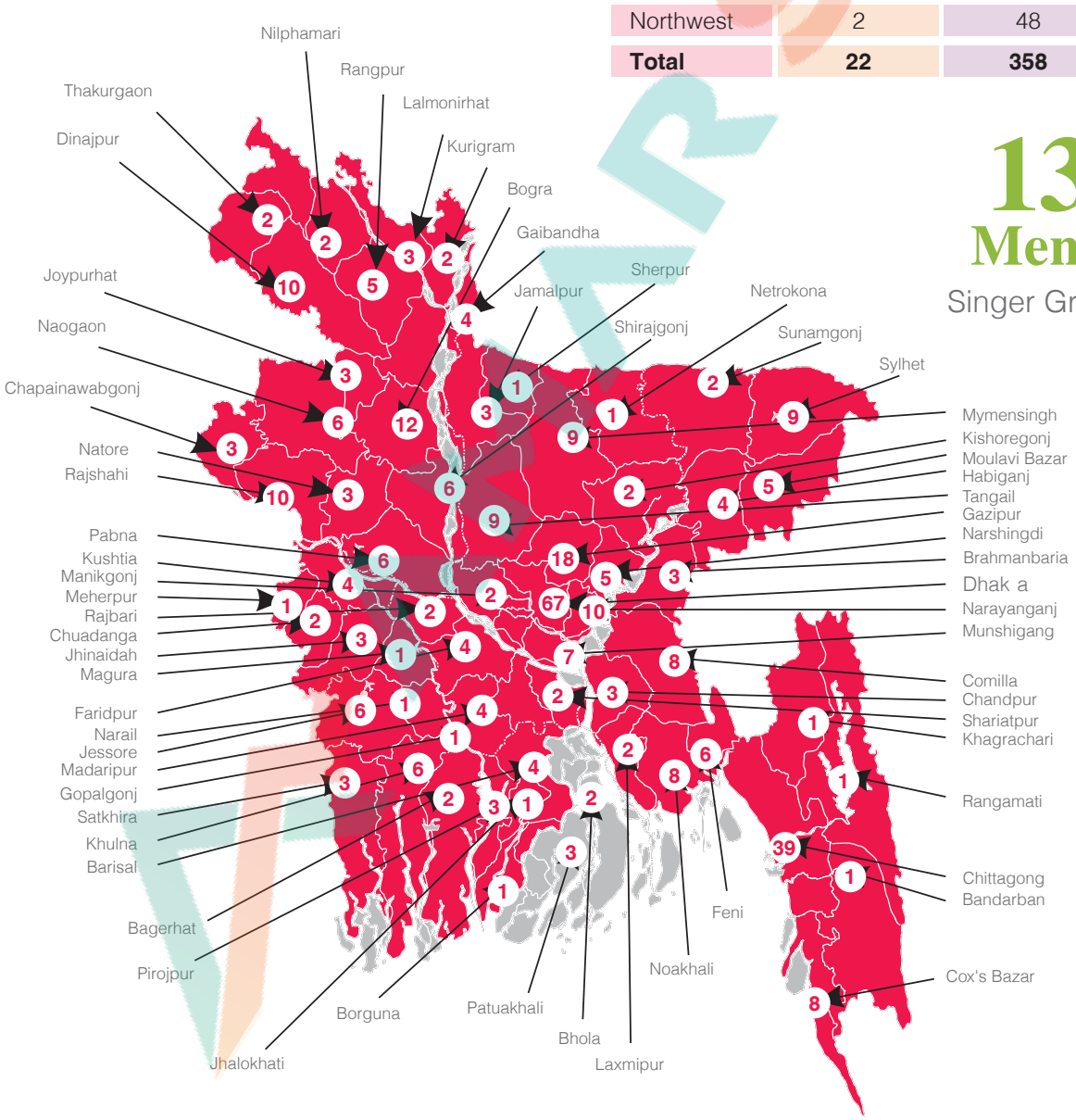
Company at a Glance

380
Retail Outlets
Singer Mega and
Singer Plus

486
DEALERS
Singer Pro

Our Retail Presence

Area	Singer MEGA	Singer Plus	Total
Central A	5	35	40
Central B	4	36	40
Central C	1	32	33
Eastern	2	39	41
Southeast	2	44	46
Northeast	2	38	40
Southwest	3	45	48
West	1	41	42
Northwest	2	48	50
Total	**22**	**358**	**380**



1384
Members
Singer Group Staff

STOCK

Financial Highlights

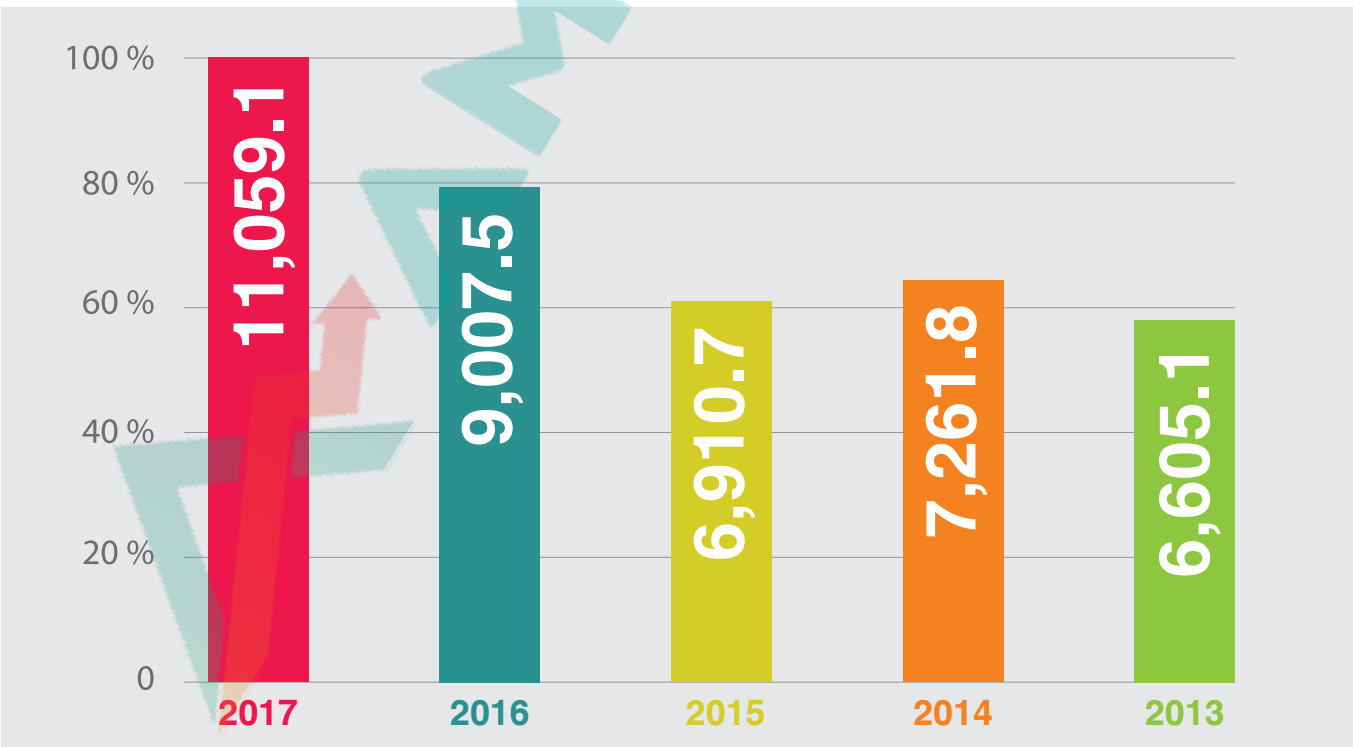
TURNOVER IN 2017

11,059

MILLIONS

Taka in Million

	2017 Consolidated	2017 Company	2016 Consolidated	2016 Company	2015 Company	2014 Company	2013 Company
Turnover	**11,059.1**	**11,059.1**	9,007.5	9,007.5	6,910.7	7,261.8	6,605.1
Operating profit before interest & tax	**1,185.3**	**1,190.2**	935.1	935.1	595.2	572.1	586.4
Profit before tax	**1,027.1**	**1,043.3**	779.6	779.6	517.0	501.3	527.6
Profit after tax	**746.1**	**775.1**	546.3	546.3	368.6	362.3	382.1
Paid up capital	**766.9**	**766.9**	766.9	766.9	766.9	613.6	490.8
Revenue reserve	**815.5**	**839.7**	594.7	594.7	228.5	518.2	1,732.8
Revaluation reserve	**559.1**	**559.1**	566.6	566.6	403.1	376.6	390.4
Capital reserve	**18.8**	**18.8**	18.8	18.8	18.8	18.8	18.8
Shareholders' equity	**2,223.4**	**2,184.5**	1,947.0	1,947.0	1,417.3	1,527.2	2,632.8
Property, plant & equipment	**1,424.4**	**1,046.5**	1,034.1	1,034.1	874.0	917.6	871.7
Investments	**4.2**	**356.0**	288.3	288.3	183.9	15.2	11.2
Net current assets	**1,926.9**	**1,918.4**	1,781.2	1,781.2	1,560.5	1,772.6	2,608.1
Gross dividends	**0.0**	**766.9**	536.9	536.9	498.5	1,349.8	613.6
Dividend per share (Taka)	**0.0**	**10.0**	7.0	7.0	6.5	22.0	12.5
Earnings per share (Taka)	**9.8**	**10.1**	7.1	7.1	4.8	4.7	5.0
Price earning ratio (Times)	**20.0**	**19.3**	27.0	27.0	37.5	46.4	24.0
Net asset per share including revluation reserve	**29.0**	**28.5**	25.4	25.4	18.5	24.9	53.6
Net asset per share excluding revluation reserve	**21.7**	**21.2**	18.0	18.0	13.2	18.8	45.7
Market value per share at year end (Taka)	**195.5**	**195.5**	192.5	192.5	180.2	219.0	186.8
Net income to net turnover (%)	**6.7**	**7.0**	6.1	6.1	5.3	5.0	5.8
Return on average net assets (%)	**22.2**	**23.3**	17.6	17.6	14.1	13.4	10.9
Debt equity ratio (%)	**139.2**	**136.4**	117.5	117.5	58.1	62.4	28.3
Interest cover	**7.5**	**8.0**	9.9	9.9	9.1	8.1	14.1
Current ratio	**1.6**	**1.6**	1.8	1.8	2.9	2.6	4.5
Acid ratio	**0.7**	**0.8**	0.8	0.8	1.5	1.2	2.8
Number of shareholders	**11,788**	**11,788**	11,549	11,549	16,438	14,582	14,185
Number of employees	**1,384**	**1,152**	1,084	1,084	1,064	1,020	947



Chairman's Statement



RECORD REVENUE FOR THE YEAR OF TK. 11 BILLION, AN INCREASE OF 23% OVER 2016

It is my pleasure to place the Annual Report of Singer Bangladesh Limited for the year ended December 31, 2017.

A year ago, I wrote to you about company's main focus for 2017, to continue to renovate and enlarge existing stores and to increase wholesale dealer network.

I am pleased to tell you that we have moved forward aggressively against every aspect of our plan. During 2017, we renovated 59 stores, opened 6 stores and added 60 wholesale dealers. The strong 2017 performance has resulted from these investments in growth, including a meaningful increase in advertising. The key highlights for the year were as follows:

- Record revenue for the year of Taka 11.1 billion, an increase by 23% over 2016;
- Operating profit for the year increased by 27% in 2017, with higher operating margins at 10.7%, versus the prior year of 10.4%;
- Profit after tax increased by 37% to Taka 746 million, with earnings per share increasing at the same rate to Tk 9.79 per share;
- Singer Bangladesh Limited revenue has increased an impressive 60% over the past two years, with net income more than doubling in that period;
- Singer's financial service offerings like Western Union, Bkash, Grameen airtime reloads and utility bill payments increased in value by 33% in 2017 to Tk 1.2 billion, bringing over 750,000 additional customers to the stores during the year;
- Singer continued to enjoy significant increases in unit sales, in particular computers by 129%, air conditioners by 34%, washing machines by 33%, panel televisions by 32% and refrigerators by 28%, boosted by lower prices to customers and increased advertising spend;
- Singer commenced full commercial production of refrigerators via our subsidiary company, International Appliances Limited;
- Singer signed an MOU with BRAC to set-up vocational sewing schools across Bangladesh. This will result in the training and development of thousands of women in the years ahead.

Singer Bangladesh has a very strong balance sheet and an excellent credit rating. The Company 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.

We also received multiple other awards during the year including; a National Award for Corporate Governance Excellence in 2016 from the Institute of Chartered Secretaries of Bangladesh (ICSB), a ICMAB Best Corporate Award 2016 and secured first position for presenting the best published accounts and annual report.

Singer has been a public company in Bangladesh since 1983 and is the only listed household consumer durable company available to investors on the Stock Exchanges. Singer is widely regarded as one of the blue-chip multinational companies in Bangladesh and is committed to the highest ethical and corporate governance standards.

The Board of Directors recommended a cash dividend of Tk. 10 per ordinary share of Tk. 10 each (100%). The total dividend, amounting to Tk. 767 million is 42.8% higher than the previous year. Singer's impressive positive cash flow and strong balance sheet have enabled it to maintain a long history of robust cash dividends.

The Board appointed Mr. A. F. Nesaruddin as Independent Director effective from April 25, 2017. Mr. A. F. Nesaruddin is one of the experienced professional accountants in Bangladesh. He is the senior partner of Hoda Vasi Chowdhury & Co., Chartered Accountants. He has 35 years long experience in statutory audits, taxation, corporate services, transaction services, due diligence and valuation exercise, business advisory services, group audit for MNC and listed companies. Mr, Nesaruddin was also appointed Chairman, Audit Committee.

We are optimistic for 2018, and plan to accelerate the growth of retail and wholesale footprint. We remain cautiously optimistic that the up-coming elections will pass peacefully, without undue disruptions to the businesses and hardworking industrious people of Bangladesh.

I would like to thank all our staff whose dedication drives the company forward and the Board Members for their invaluable guidance and counsel. I also express gratitude and appreciation to all our customers for their continued confidence in our products and services and also our shareholders.

And finally, I would like to acknowledge you, the Singer shareholder, for supporting and believing in our management team.



Gavin J. Walker
Chairman

March 15, 2018

Official partner of *the everyday*

Children always do what their heroes do.

Beko encourages children to eat healthier food.



beko.com/eatlikeapro
#EatLikeAPro

Now available at

EAT LIKE A PRO



SINGER®

beko

FCB

FC BARCELONA PREMIUM PARTNER

Board of Directors

GAVIN J. WALKER
CHAIRMAN



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.

M. H. M. FAIROZ
MANAGING DIRECTOR & CEO



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 26 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. Director, Sri Lanka Bangladesh Chamber of Commerce and Industry. Member - Executive Committee, Foreign Investors Chamber of Commerce and Industry (FICCI).

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.

DR. SYED FERHAT ANWAR
INDEPENDENT DIRECTOR



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 31 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 of 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 Institutional 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, 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 this Introduction Chapter in the book, Strategic Marketing Management is Asia published by Emerald UK in 2016.

Dr. Ferhat is also a Director of International Appliances Limited.

A. F. NESARUDDIN
INDEPENDENT DIRECTOR



Joined the Board of Singer Bangladesh Limited on 25 April 2017.

Mr. A. F. Nesaruddin is a chartered accountant and has to his credit more than 34 years of post-qualification professional experience. He is one of the senior partners of Hoda Vasi Chowdhury & Co., Chartered Accountants, a reputed firm in Bangladesh linked with top global professional services firms. He is also a fellow member of the Institute of Chartered Secretaries of Bangladesh. He has long experience in statutory and special audits, group audit for MNCs and listed companies, taxation, corporate services, transaction services including due diligence and valuation exercise and other business advisory services. He did his Master of Commerce in Finance with Honours from University of Dhaka.

Previously, he was the General Manager and Company Secretary of United Insurance Company Limited, a listed entity and associate company of Duncan Brothers, a British holdings in Bangladesh. He is also a nominated director of United Finance, a Non-Banking Financial Institution (NBFI) and a listed company. He is a former director of Sonali Bank Limited and a former Member on the board of Bangladesh Rural Electrification Board.

He has a number of publications in leading national dailies and professional journals on corporate governance, taxation and other professional interests.

Mr. Neseruddin is a council member of Institute of Chartered Accountants of Bangladesh (ICAB) since 2013. Besides, he was and is engaged in a number of social welfare and charitable organizations in various capacities.

STEPHEN H. GOODMAN
DIRECTOR



Joined the Board of Singer Bangladesh Limited on December 1, 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).

PETER JAMES O'DONNELL
DIRECTOR



Joined the Board of Singer Bangladesh Limited on December 1, 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. Mr. O'Donnell also serves as a Director of The Genomic Trust, Pte. and is Lead Trustee of Fulbright University Vietnam.

Mr. O'Donnell is an alumnus of both Harvard College and Harvard Business School.

Board of Directors

GELMART M. GELLECANAO
DIRECTOR



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 also 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).

Mr. Gellecanao is also a Director of International Appliance Limited.

NAYANA JAGATH KUMAR DISSANAYAKE
DIRECTOR



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 35 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 of Singer Corporation Limited, Hong Kong and BT India Limited (BVI), British Virgin Islands.

MOHAMMAD SANAULLAH
SECRETARY TO THE BOARD



Joined as Secretary to the Board of Singer Bangladesh Limited on March 4, 1997.

Mr. Mohammad Sanaullah is the Corporate Affairs Director and Company Secretary of Singer Bangladesh Limited, with over 32 years' exposures in business, corporate management and governance.

Mr. Sanaullah is also the Company Secretary of International Appliances Limited.

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

The Fellow and Founder 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.

Management Team



M. H. M. Fairoz
Managing Director & CEO



Mohammad Sanaullah
Corporate Affairs Directors &
Head of Human Resources



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



Abu Zafor Md. Kibria
Head of Internal Audit



Md. Ashgar Hossain
General Manager - Corporate Sales



Md. Monzur Murshed
General Manager - Finance & Credit

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Management Team



Abrarur Rahman
Senior Manager - Merchandising



Md. Raziur Rahman
Senior Manager - Marketing Communication



G. N. B. Chowdhury
Senior Manager - Services



Kazi Ashiqur Rahman
Senior Manager - Corporate Affairs



Gour Chandra Ghosh
Factory Manager - In-charge



Mahmudur Rahman Khan
Sales Manager



M. Shihabuddin Bhuiyan
Senior Territory Manager



M. Ismail Hossain
Senior Territory Manager



Joyanto Kumar Roy
Commercial & Logistics Manager

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Md. Masud Habib
Manager - Logistic Operatons



Md. Syduzzaman
Senior Area Manager



Mahmud Hasan
Manager - Law & Admin



Md. Obaydul Hoque
Territory Manager



Shabbir Mahmud Rizwan
Manager - Production & QC



Shahed Al Mahmud Chowdhury
Manager - Internal Audit



Farhad Habib
Manager - Corporate Sales



Farhan Azhar
Manager - Product



Md. Rashedul Islam
Production Manager - Furniture



Dewan Masood Bin Malique
Senior Area Manager

SINGER® AC

TROUBLE FREE AC





SMARTSTOCK

Directors' Report

"REVENUE REACHED TK 11 BILLION WHICH WAS HIGHER BY 23% OVER THE PREVIOUS YEAR'S REVENUE OF TK 9 BILLION"

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 on December 31, 2017.

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

During the year revenue reached Tk 11.1 billion which was higher by 22.8% over the previous year's revenue of Tk 9 billion. Operating profit (profit before taxes excluding other income) amounting Tk 1.2 billion was higher by 26.8% over the previous year's operating profit of Tk 935 million. Net profit before tax for the year stood Tk 1,027 million which was higher by 31.8% over the previous year's net profit of Tk 780 million.

The Chairman's Statement on page 12 and the Chief Executive Officer's review on page 26 state the company's affairs and highlight important events that occurred during the year. The Financial Review on pages 40 to 42 elaborates on the financial results of the company. These reports are integral part of the Directors' Report.

Our subsidiary company started producing results during the year. It went on commercial production in July 2016. In 2017 revenue reached Tk 1.4 billion which was higher by 779% over the previous year's revenue of Tk 164 million. Operating profit reached 206 million against loss of initial/previous year's operating loss of Tk 51 million. Net profit for the year stood Tk 102 million against net loss of Tk. 37 million.

Investment in International Appliances Limited (IAL)

Initially Singer Bangladesh Limited acquired 40% equity of International Appliances Limited (IAL), a joint venture refrigerator manufacturing company for manufacturing Singer branded refrigerators, deep freezers and other appliances. Later on, an additional 33.9% invested in the equity of IAL under an option agreement between Singer Bangladesh Limited and one of the IAL's shareholders. Further the company tookover 10% shares of IAL from another shareholder.

Thus during the year International Appliances Limited turned into a subsidiary of Singer Bangladesh Limited, further strengthening our refrigerator portfolio. Separate reports including auditors' report, audited financial statements and directors' report thereon for the subsidiary company are provided at the concerned sections of this report. The financial statements of the subsidiary company have duly been consolidated with Singer Bangladesh Limited as per requirements of the Companies Act 1994, Securities and Exchange Rules 1987 and related notifications and in line with the Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS).

Property, Plant and Equipment

During the year under review, the Company invested a sum of Tk 106 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 lands of the company revalued by an Independent Valuer are reflected in the financial statements. Total appreciation in value was credited to revaluation reserve after providing for 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 72 and in Note 11.1 to the Financial Statements.

Machinery of our subsidiary International Appliances Limited revalued by an Independent Valuer, has been reflected in the financial statements. The recent valuation was carried out as on December 31, 2017.

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for financial statements is given on page 50 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 and Possible Future Development

In a highly competitive business environment in household appliances market, competitors continuously pursue market shares with various activities including price reduction, quality improvement, new product line and other incentives. Singer has continued retaining its leading position by offering superior quality products at competitive prices and wide range of after sales service as well.

Besides, in 2017 economic growth of Bangladesh was good and most of the economic indicators were positive which contributed to increasing the buying capacity of people. We were successful in utilizing the opportunities towards a significant volume growth both in our retail and wholesale channels. We remained Bangladesh's largest retail company selling home appliances and consumer electronic. Our growth was above the industry rate.

Government of Bangladesh has devoted to ensuring access of affordable and reliable electricity for all by 2021. This will accelerate demand of consumer durables in the coming days.

Besides, most of the consumer durable product penetration levels in Bangladesh remain very low. Bangladesh elevating from Least Developed Country to Developing Country which will have demand for durables and this will have positive impact towards our sector.

In addition, the population of Bangladesh is young and expanding. Currently only 7 percent of Bangladesh's population of 160 million is classified as middle class and affluent customer (MAC). Bangladesh's MAC population is projected to triple by 2025, to about 34 million. These MAC consumers will have enough to afford durables that offer convenience and luxury.

Increasing population, electrification and urbanization will support the country growth and is expected to fuel income level of people which will enhance their buying capacity. We believe we are well positioned to benefit from our wide presence in almost every corner of the country. This gives us confidence that this trend will continue in the year 2018 as well.

Segment Information

The segment information is presented for the purposes of evaluating performance in the notes 2.5 and 40R to the financial statements in this report which is consistent with the total sales value. Products were sold through our own sales centers, such as, Singer Mega, Singer Plus and also through our wholesale dealers and through our corporate sales channel as well.

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. Details of risk factors and the determining ways of how to best handle such event are given on risk management report on pages 46 & 47 of this report.

Margin Analysis

Cost of goods sold for the year 2017 was Tk 7,941 million and it was higher by 23.8 % over that of the previous year's. Gross profit margin was 28.2 % for the year 2017 and the previous year's gross margin was 28.8 %. Net profit margin for the year 2017 was 6.8%.

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.

Related Party Transaction

Disclosure of all related party transactions, including basis for such transaction, has been provided in the note 35 of the notes to the financial statements on page no 95.

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 21.3 of the notes to the financial statements on page 80 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 51 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 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 Years' Financial Highlights

The key operating and financial data for the last five years are annexed on page 11.

Dividend

Based on the performance of the Company, the Board of Directors recommends dividends @100% for the year 2017, which is 42.8% higher than last year.

Board and Committee Meetings and Attendance

During the year, the Board of Directors met six times. Audit Committee met four times and Remuneration Committee met two 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 36.

Corporate Governance Compliance Report

Singer Bangladesh Limited adheres to appropriate good Corporate Governance principles, as described on pages 29 to 31.

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, S. F. Ahmed & Co., Chartered Accountants in Practice issued the Corporate Governance Compliance Certificate which is shown on page 32 of the report.

Financial Results and Appropriations:

The Directors are pleased to report the financial results for the year 2017 and recommend the following appropriations:

	Taka in '000	
	2017	2016
Profit before taxation	1,043,268	779,576
Less: Provision for tax	268,159	233,253
Profit after tax	775,109	546,322
Add: Un-appropriated profit brought forward	57,845	36,754
Other comprehensive income	(3,244)	(401)
Prior year's adjustment	10,034	12,031
Profit available for distribution	**839,744**	**594,706**
Less: Appropriations		
Final dividend	766,945	536,861
Un-appropriated profit C/F	**72,799**	**57,845**

Contribution to the National Exchequer

During the year under review, your Company paid Taka 3,178 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. 578 million, details of which are given in Note 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 March 15, 2018 recommended a dividend of Tk. 100% per share of Tk. 10 each) amounting to Tk. 767 million in its 230th 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 112 of this report.

Earnings per share, dividend per share and net assets per share are shown in the financial highlights section on page 11 of the annual report.

Directors

A brief profile of all Directors of the company are provided in the section of "Board of Directors" of this report in pages from 16 to 18.

Re-appointment of Independent Director

Pursuant to Bangladesh Securities and Exchange Commission (BSEC) notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012, tenure of office of Dr. Syed Ferhat Anwar, Independent Director of the company expired on February 29, 2018. Dr. Syed Ferhat Anwar being eligible for appointment as Independent Director for 2nd term as per the criteria set in the aforementioned notification, the Board re-appointed him as Independent Director of the company for a period of three years subject to confirmation of the shareholders at the upcoming annual general meeting.

Re-election of Directors

Mr. Stephen H. Goodman and Mr. Peter James O'Donnel will retire from the office under Article 81 of the Articles of Association of the company. Being eligible, Mr. Stephen H. Goodman and Mr. Peter James O'Donnel have offered themselves for re-election. The Board recommends their re-appointment.

Shareholdings of Directors at the beginning of the year and at the end of the year 2017 are shown in annexure II of this report.

Appointment of Auditors

As per section 210 of the Companies Act 1994, the company's statutory Auditors Rahaman Rahman Huq, Chartered Accountants retires at the 38th Annual General Meeting as auditors of the Company.

Pursuant to Bangladesh Securities and Exchange Commission (BSEC) order no SEC/CMRRCD/2009-193/104/Admin dated July 27, 2011 the retiring Auditors Rahaman Rahman Huq, Chartered Accountants are not eligible for reappointment as Statutory Auditors for 2018.

The Audit Committee recommended to appoint A. Qasem & Co., Chartered Accountants as the auditors of the company for the year 2018.

The Directors endorsed recommendation of the Audit Committee for appointment of A. Qasem & Co., Chartered Accountants as the auditors of the company for the year 2018.

CEO and CFO's Declaration to Financial Statements

The Chief Executive Officer and Chief Financial Officer are of the opinion that Financial Statements given on page 51 of this report present true and fair view of the company's affairs.

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 prove 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.

M. H. M. Fairoz
Managing Director & CEO

Mohammad Sanaullah
Company Secretary

Dhaka, March 15, 2018

Chief Executive Officer's Review



IN 2017 MOST OF THE ECONOMIC INDICATORS OF BANGLADESH WERE POSITIVE AND WE SUCCESSFULLY UTILIZED THE OPPORTUNITY TOWARDS A SIGNIFICANT GROWTH

As Chief Executive Officer, my initial focus was to transform the company to be strong competitively. Nearly one year and half years into my role, the firm has made the right moves towards this objective on our journey in achieving our vision and fulfilling our mission:

2017 Overview

In 2017, most of the Bangladeshi economic indicators were positive with visible economic growth across sectors. We were successful in tapping on to the increased purchasing capacity to drive significant volume growth in both our retail and wholesale channels. We remain Bangladesh's largest retailer in home appliances and consumer electronics with above average industry growth

Invest in Growth

We continued to invest heavily in brand promotion which included sustained media coverage. Shifting the mix to a greater focus on digital avenues has delivered very positive results.

59 of our stores were renovated and were also relocated to spacious premises to provide a comfortable shopping experience to our valued customers.

Maximizing Our Geographic Portfolio

We have the largest retail distribution network in Bangladesh with 380 company owned stores along with nearly 500 wholesale dealers. This enviable geographic footprint in an emerging market has tremendous growth potential.We have already started a corporate sales channel. The exciting potential of e-commerce, can only enlarge Singer's customer base quickly and exponentially.

Allowing customers to utilize financial service products at our retail stores continues to be a very effective way to bring in new consumers into Singer stores. Services like Western Union, bKash, Grameen airtime reloads and utility bill payments on average are bringing in approximate 65,000 customers to the stores monthly.

Our Subsidiary Company (IAL) Starts Delivering

During the year International Appliances Limited (IAL) became a subsidiary of Singer Bangladesh Limited. IAL revenue reached Tk 1,442 million in 2017 with Operating profit of Tk 206 million and a Net profit of Tk 102 million. The factory capacity provides Singer with flexibility to expand the product portfolio and streng then its position in the refrigerator market and improve yields even further.

Manufacturing

LED televisions, air conditioners and furniture manufacturing units all had growth with volumes increasing.

The company has also expanded its capacity to manufacture panels for television at its factory which will exert positive impact on margins.

Leading Multi Brand Retailer

Singer has been in Bangladesh for last 113 years. For 52 years it was truly in single product-single product business and then for the following 48 years it remained a multi product-single brand company. In 2005 Singer started new initiatives to promote other brands and products including financial services and products. The company continues to offer a wide range of easy-payment plans on its own, and many more through banks and finance companies as well as credit cards.

Business Performance

2017 revenue increased nearly 23% compared to the previous year with revenues crossing the TK. 11 billion milestone. Overall revenues has grown by 60% since I took over as the CEO in 2016. As details of the company's impressive performance are set out in the Financial Review, I would limit my comments only to the salient features

Our strategies and initiatives implemented over the last two years have paid off in several ways, Revenue growth has accelerated, operating fundamentals have strengthened and we are now setting out the initiatives and moves required to reposition Singer for long-term growth and sustainability.

An important priority for 2017 was to improve growth in the washing machine, furniture and kitchen appliance categories. Significant progress was made in these categories. Overall category performances improved as well. Refrigerator grew 28%, panel television by 32% and air conditioners by 34%.

Empowering Women of Bangladesh

Every day, around the world, women are building better lives for themselves and their families taking on new professions and income generation sources. This has a profound positive impact on them and the community as a whole. As corporate citizen of this country we have a responsibility towards the



Celebrating Ten Billion Milestone of Revenue in Presence of Singer Corporate Chairman

MAAR STOCK

society where we do business. We entered into an agreement with BRAC, largest NGO to provide tailoring skills to 5,000 underprivileged women so that they can use these new skills to enjoy a better quality of life. This gesture as part of our Corporate Social Responsibility initiative no doubt will make a huge difference to their lives and will remain a source of inspiration and empowerment for women of Bangladesh.

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

I am confident that we have the building blocks to succeed. We have a reliable brand image, a robust distribution channel and a wide range of products to sustain the growth momentum.

M. H. M. Fairoz
Chief Executive Officer

March 18, 2018



Participants of Sawing Instructress Conference



Celebrating 1 Lac TV Production in 2017



Opening of New Shop

Corporate Governance

COMPLIANCE IS THE CENTRAL PILLAR OF SINGER MANAGEMENT AND CORPORATE CULTURE, AT THE SAME TIME, AN INTEGRAL PART OF ALL OF ITS BUSINESS PROCESSES

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 16 to 18.



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 the leadership of the Board, for ensuring its effectiveness in all aspects of its role and also for facilitating the productive contribution of all Directors.

The Managing Director has overall responsibility for ensuring and enhancing 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.

Dr. Syed Ferhat Anwar and A. F. Nesaruddin being 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.

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. Six 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.

Independent Director Mr. A. F. Nesaruddin is the Chairman of the Audit Committee. His long career with multinational company as well as extensive experience as practicing Chartered Accountant has been a great benefit to the Company for the last year and the years to come.

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 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 is the Chairman of the Nomination Committee.

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 ten 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 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 process is being followed by the company.

Independent Corporate Compliance Auditor 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, S. F. Ahmed & Co., upon examination, issued a Compliance certificate which has been shown in page 32 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 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.

Annual General Meeting normally takes place within the first five months of each fiscal year. Among other things, the Annual General Meeting decides adoption of annual financial statements and directors’, declaration of directors’ report, election of the Board members and the appointment of the Auditors.

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 the 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, 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, 2017

The company's shares are compulsorily traded in dematerialized form and are available for trading on Central Depository Bangladesh Limited (CDBL). 64,276,227 Ordinary Shares of the company representing 83.81 % of the company's share capital were in dematerialized form as on December 31, 2017.

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 2017 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 a review of 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 by the management of the company, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned notifications.

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 the company.



Dhaka, Bangladesh
Dated, 15 March, 2018

S. F. AHMED & CO
Chartered Accountants

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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.	Complied	
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	

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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;	Complied	
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;	Complied	
5 (ii)	Presence of Independent Director of holding company in the Board of subsidiary company;	Complied	
5 (iii)	Review the Board meeting minutes of subsidiary company in the Board meeting of the holding company;	Complied	
5 (iv)	Reflection in the holding company's Board meeting minutes about review of the affairs of subsidiary company;	Complied	
5 (v)	Review the financial statements of subsidiary company, in particular the investments made by the subsidiary company.	Complied	
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	

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Annexure - II

The Pattern of Shareholding

Name of Shareholders	Status	Shares Held at 31 Dec'17	Shares Held at 31 Dec'16
i) Parent / Subsidiary/Associate Companies			
Retail Holdings Bhold B.V.- (Including 20% Non-remittable shares)	57%	43,707,183	53,757,182
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. A. F. Nesaruddin	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	-	-
Mr. Mohammad Sanaullah	Company Secretary	565	565
Mr. Akram Uddin Ahmed	CFO	-	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
iii) Executives			
None			
iv) Shareholders Holding Ten Percent or More Voting Interest			
Retail Holdings Bhold B.V.- (Including 20% Non-remittable shares)	57%	43,707,183	53,757,182

Annexure - III

Board Meeting and attendance during the year 2017

Name of Directors	Meeting held while a member	No. of meetings attended in person/alternates
Mr. Gavin J. Walker	6	6
Mr. M. H. M. Fairoz	6	6
Dr. Syed Ferhat Anwar	6	5
Mr. A. F. Nesaruddin (Appointed on April 25, 2017)	4	4
Mr. Gelmart M. Gellecanao	6	5
Mr. Stephen H. Goodman	6	1
Mr. Peter James O'Donnell	6	0
Mr. Nayana Jagath Kumar Dissanayake	6	5

Audit Committee Meeting and attendance during the year 2017

Name of Members	Meeting held while a member	No. of meetings attended
Mr. A. F. Nesaruddin	3	3
Dr. Syed Ferhat Anwar	4	4
Mr. M. H. M. Fairoz	4	4
Mr. Gelmart M. Gellecanao	4	3

Remuneration Committee Meeting and attendance during the year 2017

Name of Members	Meeting held while a member	No. of meetings attended
Mr. Gavin J. Walker	2	2
Dr. Syed Ferhat Anwar	2	2
Mr. A. F. Nesaruddin	1	1

Nomination Committee Meeting and attendance during the year 2017

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

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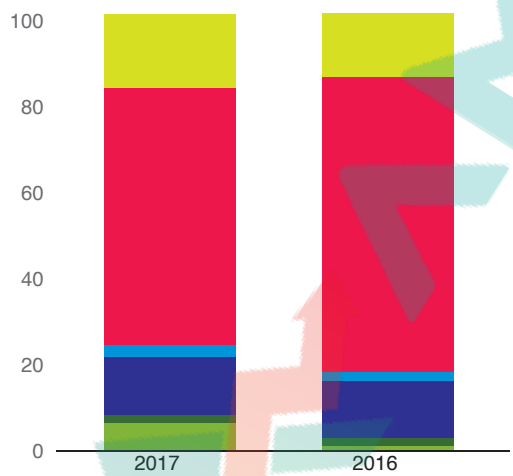
Statement of Value Added

	2017 Taka		2016 Taka	
Turnover - Gross	11,059,139,327		9,007,469,210	
Other Income	28,797,286		1,536,354	
	11,087,936,613		9,009,005,564	
Less: Cost of materials & services	6,070,777,529		3,934,468,482	
Value Added	**5,017,159,084**		**5,074,537,082**	
Distribution of Value Added				
To Employees and Dealers				
Salaries, commission and other benefits	819,478,494	16%	694,287,117	14%
To Government				
Income taxes, duties and Value Added Tax	3,178,331,879	63%	3,669,927,742	72%
To Banks and other Lenders				
Interest & bank charges on borrowing	162,967,000	3%	87,457,953	2%
To Suppliers of Capital				
Dividends to shareholders	766,944,910	11%	536,861,437	11%
Retained for Reinvestment and Future Growth				
Depreciation	77,725,716	2%	76,542,071	2%
Retained profits	11,711,085	5%	9,460,762	0%
	5,017,159,084	**100%**	**5,074,537,082**	**100%**

Value Addition (%)





- Salaries, commissions and other benefits
- Income taxes, duties and Value Added Tax
- Interest and bank charges on borrowing
- Dividends to shareholders
- Depreciation
- Retained profits

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SINGER®

রেফ্রিজারেটরের R600a গ্যাস বিদ্যুৎ বিল করে অর্ধেক।



৫০%
পর্যন্ত
বিদ্যুৎ সাশ্রয়ী

R600a GAS

বিদ্যুৎ সাশ্রয়ী

পরিবেশবান্ধব





ICMAB Best Corporate Award 2016 First Position as Best Corporate in Miscellaneous Sector



ICSB National Award 2016 for Corporate Governance Excellence Silver Award in Engineering Sector



Star Performer Award from Singer Asia Ltd. for outstanding performance in 2017

2017 Results in Perspective

GROUP EARNINGS WAS STRONG AND EARNINGS PER SHARE FOR THE YEAR UNDER REVIEW ROSE TO TAKA 9.79 VS. TAKA 7.12 IN 2016

The following discussion and analysis should be read in concurrence with the Audited Consolidated Financial Statements of the group and the company for the year ended 31st December 2017. In this report, "Group" refers to Singer Bangladesh Limited (SBL) and its subsidiary International Appliances Limited (IAL) and "Company" refers to Singer Bangladesh Limited.

Preamble

SBL's group as well as company level revenue has increased at an impressive growth rate of 22.8% over the last year 2016, with net income growth of 36.6% and 41.9% at group and company level respectively. These results demonstrate that Singer has continued to build on its position as the leading international appliance brand in Bangladesh. In 2018 and beyond, we plan to further increase our retail space and dealer numbers to capitalize on the opportunities available in this fast growing and exciting sector.

The company reported strong growth for 2017 with record sales in all key product categories. In the year 2017, The group as well as the company achieved its highest ever turnover of Taka 11.1 billion in the backdrop of macroeconomic stability and political quietness. Domestic political calm was seen to affect the confidence in consumers' outlooks positively which supported healthy growth in competition in 2017 and thus prevailing economic environment drove the growth momentum. With the positive growth momentum, the company remains among the leading corporate in Bangladesh and continue to uphold efforts to amplify its position and the brand image in business of retail, wholesale as well as corporate channels and in the consumer durable market. The group now looks forward to carrying this momentum into 2018.

Singer is an international brand, which consumers in Bangladesh aspire to own. With Singer's long history, considerable trust has built-up in Singer's reliable products and after sales service. These strengths, combined with competitive prices and extensive distribution network provide very solid foundations for continued future success.

The group net profit at the end of the year increased by Taka 200 million over the previous year resulting in corresponding increase in earnings per share to Taka 9.8 as opposed to 7.1 in 2016. The company announced a 100% cash dividend, maintaining its long history of robust dividend payments.

Extensive distribution network, backed by aggressive above-the-line (ATL) and below-the-line (BTL) advertising and promotional campaigns in the whole year helped the company to realize creditable growth. The wide range of product portfolio represented by widely known and well accepted "Singer" brand image supported by other world reputed brands help to capitalize the politically calm environment where economic indicators have shown improvement.

Bangladesh Economic Outlook

Growth in FY2017 was higher than expected as consumption picked up in response to rising income, and as public investment strengthened. Inflation was lower than projected, and the current account moved into deficit, as expected, with a wider trade deficit and lower remittances. Average inflation softened further to 5.4% in FY2017 from 5.9% in FY2016, coming in below the Asian Development Outlook (ADO) 2017 projection of 6.1% with lower global commodity prices and slower growth in money supply. Food inflation accelerated over most of FY2017, broadly in line with developments in global food prices, and spiked to 7.5% in June as floods and landslides in parts of the country caused crop losses, marketing problems, and consequent rice shortages.

Remittance inflows have been subdued recently due to fiscal consolidation and growth slowdowns in the Middle East, and it declined by 14.5% to $12.8 billion in FY2017, though the number of jobs held by Bangladeshi workers abroad rose by 32.2%. Persistently weak oil prices kept wages depressed in the Gulf, host to over 80% of Bangladeshi migrant workers. The rising cost of living in the Gulf left workers with less to remit, and weaker host country currencies further discouraged remittances.

Stimulating the private sector investment still remains a big challenge. Political uncertainties looming over upcoming national election which can further affect private investment, rising food inflation, being on track with respect to achieving Sustainable Development Goals (SDGs) by 2030, challenge of growth of exports and remittance, governance issues around the banking sector, the Rohingya refugee influx, rising energy prices in projecting the future growth rates are critical challenges for the Bangladesh economy in 2018. According to the World Bank's recent projection remittances to low and middle-income countries are on course to recover after two consecutive years of decline. This means that there is a brighter prospect for the Bangladesh economy in 2018 and the economy is expected to grow exceeding 7.0 per cent in 2018. The ongoing infrastructure development may help driving growth rates to a higher level in 2018 and beyond.

Basis of Preparation and Comparative Figures

The group financial statements for the year 2017 include the financial statements of Singer Bangladesh Limited and its subsidiary International Appliances Limited.

The financial statements have been prepared in compliance with the requirement of the Bangladesh Financial Reporting Standards

(BFRS)/Bangladesh Accounting Standards (BAS) issued by The Institute of Chartered Accountants of Bangladesh (ICAB), 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 presented in line with the presentation made on the financial statements for the year ended 31st December 2016. Details of the basis of preparation and comparative figures are disclosed in note 2 of the financial statements on page 61.

Performance in Context

Turnover

During the year under review, Singer Bangladesh group revenue grew by an impressive rate of 22.8% to Taka 11.9 billion over prior year, whilst revenue of the company also grew by 22.8% to reach Taka 11.1 billion. The strong growth was supported by the significant growth in the, home appliances and IT products segments. home appliance segment grew 24.1%, IT products 129%, consumer electronics 4.5%, furniture 5.7%. There was no impact on group revenue due to the acquisitions as revenue of acquired companies are inter group and therefore, eliminated on consolidation.

The Singer group managed to sustain its volume growth in traditional product lines such as refrigerators, washing machines, panel televisions oven etc. and there were major gains due to significant volume growth in products such as refrigerators, panel television, computers, furniture and air conditioning business categories. As a result, the company was able to realize an impressive growth of sales. The business environment continued to be competitive throughout the year considering increasingly strong local large competitors sustained by modern manufacturing facility. With politically calm environment and relatively positive economic stability and the market conditions in general was evident improved over the prior year. The company dealt with enthusiastic consumer buying patterns. During the year, Singer as a group continued to build upon the success of its factory operations for panel televisions, air conditioners and furniture, with further substantial increases in output and capacity being planned in 2018 and beyond.

Efforts would continue to identify opportunities to introduce new products, expand distribution channels further, renovate and upgrade existing showrooms and add up new showrooms and customer service centers. In addition, The company continued to exert efforts to yield market opportunities not only through the traditional sales promotions but also through digital and social media such as SMS promotions, Facebook (fan page) promotions etc.

Gross Profit

Gross profit of the group for the year under review reached Taka 3,119 million compared to Taka 2,594 million in the previous year, an increase of 20.2%. The group's gross margin percentage decreased from 28.8% to 28.2% over the prior year due to mainly decline in income of earned carrying charges. The gross profit of the company is Taka 3,122 million as against Taka 2,594 million in the previous year, an increase of 20.4%. Gross margin percentage of the company was 28.2% (2017) vs 28.8% (2016), a decrease of 0.6% due to mainly decline in income of earned carrying charges. In absolute terms gross margin of both group and company level increased over prior year which was supported by revenue growth.

Gross margin percentage of the company is impacted mainly due to decreased of ECC as early closing of HP accounts trend was significantly high considering extended cash conversion period as customers opted for the option to cash close.

Operating Expenses

Both the group and the company continued to focus on managing an operating expense, which was 17.7% of revenue 2017 and decreased from 18.4% of revenue in the prior year. However, in terms of absolute amount the operating expenses rose from Taka 1,660.1 million in 2016 to Taka 1,962 million in 2017 at the group level and from Taka 1,660.1 million in 2016 to Taka 1,957.3 million in 2017 at the company level.

Managing costs in a dynamic business environment is a challenge since the management needs to maintain a balanced approach on operational efficiency as well as catering to the growth of business prospects. The company carefully managed costs without sacrificing expansion of the business for future prospects. At the Company level, operating expenses grew at 17.9% over prior year mainly due to growth of advertisement and sales promotion, shop operating expenses, rent and occupancy expenses, royalty expense and warranty expenses. Except rent and occupancy expenses, royalty and warranty expenses these expenses grew in line with the sales growth. Exponential growth rate of rental expenses due to higher demand of rental space in economically feasible or prime locations has been the driving force behind higher escalation of rental expenses. But advertisement and sales promotion expenses grew below the growth of sales in spite of 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, with the growth of production/assembling of air conditioner locally at the factory the royalty expenses increased compared to prior year. 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 decreased from last year by a greater margin owing to improvement in overall management of receivable despite difficulties and challenges faced in the process of collections. Warranty expenses increased significantly both at group and company level as the warranty periods increased due to market competition and to attract and retain more customers. In spite of all the challenges, as a percentage of turnovers, company operating expenses decreased from 18.4% to 17.7% at both group and company level.

Operating Profit

Group's operating profit increased to Taka 1,185.3 million against Taka 935.1 million of 2016 and company's operating profit increased to Taka 1,190.2 million from Taka 935.1 million of 2016. In terms of percentage, the group and the company achieved 10.7% and 10.8% against 10.4% and 10.4% of last year respectively. Operating profit was favorably contributed by growth of revenue and improvement in respect of managing the operating expenses.

Net Finance Cost

Group net finance cost increased by Taka 70.1 million over the last year and reflected 1.4% of revenue as opposed to 1.0% of revenue in last year. Similarly, the company's net finance costs increased by Taka 61.0 million which was 1.3% of revenue as opposed to 1.0 of revenue in last year 2016. Despite lower interest rates mainly utilization of higher borrowings to support expansion and growth of business and managing working capital to finance specially increased trade and other receivable and inventory caused to incur high finance costs.

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

The share of profit of equity-accounted investee after tax is applicable to Singer Bangladesh prior to take over the associate as subsidiary effective 16 October 2017 resulted favorable contribution to both company as well as group level income and share of profit for the period was Taka 56.4 million in 2017 as opposed to loss of Taka 27.1 million in the last year. An equity-accounted investment in the company was limited to International Appliances Limited (IAL) until 16 October 2017.

Income Tax Expense

Income tax expense of the group was Taka 281 million as against Taka 233.3 million in 2016. Income tax expenses for the company increased from Taka 233.3 million to Taka 268.2 million. The current year income tax expenses on ordinary activities of both group and company have grown due to the increase in profit from ordinary business and also consolidation of subsidiary where profit was accounted for due to net of discount on acquisition and loss on de-recognition of associate. Net tax expenses includes current tax and deferred tax. Currently, the company is liable to income tax at 25% and the subsidiary IAL is liable to income tax at 35%. Consequently, overall tax expense was higher than the normal tax rates due to disallowances on account of perquisites and royalty expenses (exceeding allowable threshold).

The group's effective tax rate for the year was 27.4% vs. 29.9% in 2016 and the company's effective tax rate for the year was 25.7 % vs. 29.9% in 2016. The effective tax decreased at Group as well as the company level mainly due to share of profit of equity-accounted investees, as opposed to share of loss of equity-accounted investees in the last year, which is not liable to income tax at both group and company level as being taxed under associate.

Profit for the Year

The group recorded a profit after tax of Taka 746.1 million for the year 2017 which represented a growth of 36.6% over last year and by Taka 199.8 million over the last year.

The company recorded profit of Taka 775.1 million after tax in 2017 compare to Taka 546.3 million in 2016. This represented a favorable growth of 41.9% over last year and by Taka 228.8 million mainly due to growth of revenue and efficiently managed operating expenses resulted in lower percentage of revenue incurred for the purpose.

Other Comprehensive Income

Other comprehensive income for the year 2017 was limited to actuarial loss of retirement benefit obligation by Taka 3.2 million (net of related tax at cut off date) due to re-measurement of defined benefit liability.

Comprehensive Income for the Year

The group recorded a total comprehensive income of Taka 742.9 million after tax for the year against Taka 713.9 million in last year. The company's total comprehensive income for the year was Taka 771.9 million vs. Taka 713.9 million in the previous year, an increase of Taka 57.9 million. In the Group, total comprehensive income attributable to equity holders was Taka 747.6 million vs. 713.9 million in the last year. Total comprehensive income attributable to non controlling interest was negative (loss) of Taka 4.7 million vs. nil in 2016 when IAL was an associate in 2016.

Earnings per Share

Group earnings was strong and earnings per share (EPS) for the year under review rose to Taka 9.79 vs. Taka 7.12 in 2016. Earnings per share of the company was Taka 10.11 vs. Taka 7.12 in 2016.

Price Earnings Ratio

The price-to-earnings ratio of the company as at 31st December 2017 was 20 times against 37.46 times as at 31st December 2016. During the year under review, the company's share price ranged between Taka 175.5 and Taka 228.9 closing the year at Taka 195.9 respective figures for 2016 were Taka 137, Taka 205 and Taka 193.

Dividend

Company paid a final dividend of Taka 7.0 per share amounting to Taka 536.9 million during the year in respect of the year ended 31st December 2016.

The Directors have approved a final dividend of Taka 10.0 per share (100%) as continued part of company's robust dividend policy amounting to Taka 766.9 million for the year ended 31st December 2017.

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 2017. The company has access to necessary funds to finance the payment of the final dividend.

Return on Equity

Return on group equity for the year under review is 35.8% whilst in the previous year was 32.5%. Return on equity of the company was increased to 37.5% compared to 32.5% 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 group increased from Taka 1,610.7 million to Taka 1,771.0 million, an increase of Taka 160.3 million mainly due to acquisition of IAL as subsidiary business and continued growth in prepaid rent.

Current Assets

Current assets of the group increased by 29.6% over the last year and rose to Taka 5,300.6 million compared to Taka 4,089.4 million in 2016 while the company's current assets increased to Taka 4,940.2 million from Taka 4,089.4 million in 2016. The yearend group's as well as the company's inventories were comparatively higher which were held in excess of optimum level and could have been brought down further if more sales would have realized and thus, controlled it from being ended up high. In addition, higher level of trade and other receivables also caused overall increase of current assets compared to the last year. Increase of trade receivables at the yearend 2017 compared to the year 2016 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 group increased by 24.1% and rose to Taka 7,071.6 million compared to Taka 5,700 million in 2016 while company total assets increased by 17.2% and stood at Taka 6,679.3 million against Taka 5,700 in the last year. The increase of total assets was mainly due to acquisition of business, higher level of inventories and trade and other receivables.

Total Equity

The group equity including non-controlling interest increased by Taka 276.4 million compared to the last year and stood at Taka 2,223.4 million at the yearend 2017. The increase was mainly due to increase in retained earnings over the prior year and accounted for non-controlling interest resulted from acquisition of subsidiary. On the other hand, total company

equity increased by Taka 237.5 million over 2016 and stood at Taka 2,184.5 million at the end of the current year. The sharp increase was mainly due to strong growth in current year's retained earnings.

Non-Current Liabilities

Non-current liabilities of the group stood at Taka 1,474.4 million which compared to Taka 1,445 million in 2016. On the other hand, non-current liabilities of the company increased to Taka 1,472.9 million from Taka 1,444.9 million in the last year. Despite reduction of retirement benefit obligation due to transfer of fund to the trust of the same 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

Group's current liabilities increased by Taka 1,065.6 million compared to 2016. Current liabilities of the group increased mainly due to increase in short-term borrowings apart from increase in trade and other payables. Trade and other payables of the group increased by Taka 350.7 million and stood at Taka 1,508.4 million at the year end as opposed to Taka 1,157.7 million in 2016. Increase in payable for supplies, payable for expenses and payable for other finance (notably, security deposits from agents and dealers, unclaimed dividend etc) mainly caused growth upward compared to last year.

On the other hand, company's current liabilities increased by Taka 713.6 million compared to the last year 2016. Current liabilities of the company increased mainly due to increase in short-term borrowings apart from the increase in trade and other payables. Trade and other payables of the company increased by Taka 364.8 million and stood at Taka 1,522.5 million in 2017 against Taka 1,157.7 million in 2016. Increase in payable for supplies, payable for expenses and payable for other finance (notably, security deposits from agents and dealers, unclaimed dividend etc) mainly caused the growth upward compared to the last year.

Operating Cash Flow

Group operating cash flow before working capital changes, finance costs and tax was Taka 10,926.7 million compare to Taka 8,655.3 million in 2016. Net operating cash inflow after meeting costs and expenses, finance costs and tax payment in the group was Taka 239.1 million as opposed to negative of Taka 673.8 million in 2016. The positive inflow was mainly supported by increase in turnover and collections thereon and comparatively lower payment (than business growth of 22.8) for costs and expenses.

Company gross operating cash flow before working capital changes, finance costs and tax was Taka 10,873.5 million compared to Taka 8,655.3 million in 2016. Net operating cash inflow increased by Taka 930.1 million and contributed to positive inflow of Taka 256.3 million in 2017 from adverse inflow of Taka 673.8 million in 2016. This positive inflow was strongly supported by mainly increase in turnover and comparatively lower payment (than business growth of 22.8) for costs and expenses.

Investing Cash Flow

During the year under review, the group made investments amounting to Taka 147.4 million which was lower compared to the last year (there was a large investment in associate in 2016 which was acquired as subsidiary in 2017). This figure includes cash out flow to acquire property, plant and equipment which was nominally off-set by cash inflows from dividend of Taka 1.4 million received from CDBL and disposal of property, plant and equipment of Taka 3.4 million.

During the year under review, the company made investments amounting to Taka 96.6 million, mainly in property, plant & equipment. The cash outflow for the investment was nominally was off-set by cash inflows from dividend of Taka 1.4 million received from CDBL and disposal of property, plant and equipment to the extent of Taka 3.4 million.

Financing Cash Flow

Gross cash outflow from financing activities at both group and company level was Taka 436.1 million mainly on account of dividend payment.

Cash and Cash Equivalents

As at 31st December 2017, cash and cash equivalents of the group was negatively increased by Taka 405.7 million and stood at Taka 1384.1 million compared to Taka 978.4 million in 2016. On the other hand, the company's cash and cash equivalents was further pushed negatively by Taka 276.5 million and stood at Taka 1254.9 million compared to Taka 978.4 million in 2016.

THE COMPANY RECORDED PROFIT OF TAKA 775 MILLION AFTER TAX IN 2017 COMPARE TO TAKA 546 MILLION IN 2016. THIS REPRESENTED A FAVORABLE GROWTH OF 42% OVER LAST YEAR AND BY TAKA 229 MILLION

People in SINGER

EMPLOYEES ARE THE PRIMARY SOURCE OF OUR COMPETITIVENESS. THEY BRING VALUES, SKILLS, DIVERSITY AND EXPERTISE TO SINGER THAT MAKE US THE MARKET LEADER IN THE CONSUMER DURABLES INDUSTRIES IN THE COUNTRY

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 practicing 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 and 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 is of 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 to 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 and 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 recruits 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 two 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.



During the year under review a good number of 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 company with a 167-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 Limited organized a mega event - Singer Inter Department Cricket Tournament 2017 with the participation of all departments. It was not a big tournament; rather it was a big get-together which helped in team building and entertainment as well.





Singer Bangladesh recognizes the veteran at huge gathering of Singer Family like Annual Picnic or Annual Conference formally honoring 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 167 years and enjoys a legacy of good name and fame. There is nothing to wonder that people who work at Singer possess strong bondage. Singer honors its employees by 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
35	1
30	5
25	7
20	15
15	15
10	32





Managing Risk

OVER OUR LONG EXISTENCE IN BANGLADESH, WE HAVE MANAGED TO SIGNIFICANTLY ENHANCE AND ACHIEVE A VERY ROBUST AND MATURED STAGE FOR OUR RISK MANAGEMENT PROCESS

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 for our risk management process. The SBL's risk management process is featured to estimate the likelihood of any uncertain events and provide adequate responses for eliminating the consequence of that event. The overall risk management process is summarized as below:

IDENTIFICATION OF RISK -

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

ANALYSIS OF THE OUTCOME -

Prioritize the potential risks by considering the possible likelihood and impact on the company's current and future prospects.

DESIGN POSSIBLE SOLUTIONS -

Prepare avoidance and contingency plans by establishing controls at different levels of business and also deciding various strategies to embed the culture at all levels of employees.

RECOMMEND -

The responsibility to implement the designed system is delegated to the different department heads.

IMPLEMENT -

The department heads then take all the 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 re-analyzes these, if necessary. The Board's choice of strategies in risk management is affected by the following factors:

Risk Attitude of Directors - The Board of Directors continually evaluate their risk attitude based on varying circumstances.They essentially strike a right balance between being risk averse and risk takers, as 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.

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 an 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.

Political Risk- This is the year of election in Bangladesh. We remain cautiously optimistic that the up-coming elections will pass peacefully, without undue disruptions to the businesses and hardworking, industrious people of Bangladesh. However, our risk management process is robust and adequate measures are in place to manage such risks. Our experienced management staff is ensuring that the best utilization of the outlet operational hours is made during this crisis and proper marketing and promotional initiatives already in progress to cover up the short fall of revenue because of those risks.

Product - Products may prove inappropriate for the market in terms of functionality or perceived value. In addition, availability of variety of products and change of customer's choice also has an exposure to indirect product risks. A thorough market research and feedback from field supervision is obtained in case of placing an order for new product through the quality control checking & product assurance team of SBL. Risks associated with product obsolescence are mitigated by provisioning for obsolete products. Product provisioning also deals with risks arising from out-of-warranty claims and damages. A number of new featured models and designs have been added to each product line, which we hope to be successful in the market.

Interest Rate - Increase in interest rates impacts the company's earnings, cash flow and overall value and affects product pricing, customer credit arrangements and company's profits. The company's financial strength and brand equity give it access to funds at attractive rates, further reducing interest rate risk. The exposure of high interest expense from fluctuating interest rates is managed through ensuring a right balance between short and long-term borrowings.

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 pre payments. 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 a reasonable management of the risk to which the company is exposed through adopting a sound management process based on the most accurate, timely and comprehensive management information available.



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Audit Committee Report

Preamble

The Audit Committee is a committee of the Board. The Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities on ensuring the quality of financial reporting, overseeing internal & external audit functions and internal control structure as well as related communications to the shareholders and stakeholders.

Composition of the Audit Committee

The Committee comprises four Directors including two independent directors. The Chairman of the Committee is an Independent Director. The Chief Financial Officer (CFO), Head of Internal Audit (HIA) and Directors attend the meetings by invitation. The Company Secretary acts as the Secretary of the Committee.

Role and responsibilities of the Committee

The Audit Committee's jurisdiction, responsibilities and specific duties have been formalized through an "Audit Committee - Terms of Reference (ToR)". By this the Audit Committee is empowered to consider any matter related 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 and is well managed in order to provide accurate, appropriate and timely information to the Management, Regulatory Authorities and to the Shareholders as well.

Meetings and Attendance

During the financial year ended on December 31, 2017, four meetings of the Audit Committee were held. The details of attendance of the members have been shown in the ANNEXTURE-III of page 36 of the annual report.

The Company's external auditors were present at one meeting during the financial year where matters related 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, 2017.

Financial Reporting

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

Internal Audit

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

External Audit

- The Committee met with external auditors at the conclusion of the annual audit in the absence of the Management and also reviewed the findings following their observation, if any as well as and the Management's response thereto.
- Their audit scopes, audit strategies and audit plans for the year and their proposed fees for the statutory audit reviewed with the external auditors about.
- The external audit reports reviewed and areas of concern highlighted in the Management letter including the Management's responses to the findings of the external auditors.
- The performance of the external auditors reviewed and in applicable case, made recommendation to the Board on their appointment and fees.

Internal Control and Risk Management System

Based on the 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 reflected and disclosed.

Recommendation

The Audit Committee recommended to the Board of Directors that M/s. A, Qasem & Co., Chartered Accountants be appointed as auditors for the financial year ending on December 31, 2018 subject to the approval of the members at the 38th Annual General Meeting of the Company.

On behalf of the Audit Committee

A. F. Nesaruddin
Chairman, Audit Committee

March 15, 2018

INVESTOCK

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 55 of the Annual Report.

By order of the Board

Singer Bangladesh Limited



M. H. M. Fairoz
Chief Executive Officer



Mohammad Sanaullah
Company Secretary

Dhaka, March 15, 2018

CEO & CFO'S Certification

Dhaka, March 15, 2018

The Board of Directors
Singer Bangladesh Limited

Dear Sirs,

In accordance with the 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:

We have reviewed the financial statements of Singer Bangladesh Limited for the year ended December 31, 2017 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.

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

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Auditors' Report and Financial Statements

as at and for the year ended 31 December 2017

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Annual Report 2017
20 April 2017

Thirty Seventh Annual General Meeting
11 May 2017
Dividend Paid
28 May 2017

Interim Financial Statements to
BSEC, Dhaka & Chittagong Stock Exchange
For the Three Months Ended
31 March 2017 (unaudited)
May 2017
For the Half Year Ended
30 June 2017 (unaudited)
July 2017
For the Nine Months Ended
30 September 2017 (unaudited)
October 2017

Annual Report & Annual General Meeting
Annual Report 2017 Approved
15 March 2018
Thirty Eighth Annual General Meeting
15 May 2018
Dividend Payable
May 2018

Proposed Financial Calendar - 2018/19
For the Three Months Ending
31 March 2018 (unaudited)
May 2018
For the Half Year Ended
30 June 2018 (unaudited)
July 2018
For the Nine Months Ending
30 September 2018 (unaudited)
October 2018
Thirty Nineth Annual General Meeting
May 2019

37th Annual General Meeting

Singer Bangaldesh Limited



Rahman Rahman Huq
Chartered Accountants
9 Mohakhali C/A (11th & 12th Floors)
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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") and the consolidated financial statements of the Company and its subsidiary ("Group"), which comprise the statement of financial position as at 31 December 2017, statement of profit or loss and other comprehensive income, statement of changes in equity, 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 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 auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the Company and of the Group as at 31 December 2017, and of their financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Other matter

This is the first time consolidation by Singer Bangladesh Limited group after step acquisition of International Appliances Limited on 16 October 2017. The financial statements of the subsidiary, as disclosed in note 5.2, have been audited by us and an unmodified audit opinion has been expressed.

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.

Rahman Rahman Huq
Dhaka, 15 March 2018

RRH

Rahman Rahman Huq

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Singer Bangladesh Limited

Statement of Financial Position

In BDT	Note	Consolidated 31 December 2017	Consolidated 31 December 2016*	Company 31 December 2017	Company 31 December 2016
Assets					
Property, plant and equipment	3	**1,424,361,116**	1,034,080,145	**1,046,463,051**	1,034,080,145
Intangible assets	4	**39,542,064**	36,032,923	**39,542,064**	36,032,923
Investments	5	**4,199,450**	288,278,188	**355,987,045**	288,278,188
Deferred tax assets	12	**18,871,202**	37,391,385	**24,836,206**	37,391,385
Deposits and prepayments	6	**283,998,887**	214,922,550	**272,258,939**	214,922,550
Non-current assets		**1,770,972,719**	1,610,705,191	**1,739,087,305**	1,610,705,191
Inventories	7	**2,968,387,371**	2,159,740,405	**2,664,943,659**	2,159,740,405
Trade and other receivables	8	**1,856,060,667**	1,538,442,838	**1,855,636,074**	1,538,442,838
Advances, deposits and prepayments	6	**237,332,959**	238,801,245	**216,821,832**	238,801,245
Current tax assets	18	**35,896,460**	-	**-**	-
Cash and cash equivalents	9	**202,934,615**	152,429,314	**202,786,490**	152,429,314
Current assets		**5,300,612,072**	4,089,413,802	**4,940,188,055**	4,089,413,802
Total assets		**7,071,584,791**	5,700,118,993	**6,679,275,360**	5,700,118,993
Equity					
Share capital	10	**766,944,910**	766,944,910	**766,944,910**	766,944,910
Reserves	11	**577,857,676**	585,380,060	**577,857,676**	585,380,060
Retained earnings		**815,464,263**	594,705,557	**839,743,865**	594,705,557
Equity attributable to owners of the company		**2,160,266,849**	1,947,030,527	**2,184,546,451**	1,947,030,527
Non-controlling interest		**63,164,284**	-	**-**	-
Total equity		**2,223,431,133**	1,947,030,527	**2,184,546,451**	1,947,030,527
Liabilities					
Retirement benefit obligations	13	**3,618,300**	109,618,000	**2,174,000**	109,618,000
Other liabilities	14	**1,470,774,961**	1,335,297,010	**1,470,774,961**	1,335,297,010
Non-current liabilities		**1,474,393,261**	1,444,915,010	**1,472,948,961**	1,444,915,010
Trade and other payables	15	**1,508,412,542**	1,157,720,304	**1,522,526,822**	1,157,720,304
Short-term borrowings - secured	16	**1,587,039,816**	1,130,878,507	**1,457,644,580**	1,130,878,507
Current tax liabilities	18	**-**	19,574,645	**41,608,546**	19,574,645
Short term liability	17	**278,308,039**	-	**-**	-
Current liabilities		**3,373,760,397**	2,308,173,456	**3,021,779,948**	2,308,173,456
Total equity and liabilities		**7,071,584,791**	5,700,118,993	**6,679,275,360**	5,700,118,993

The notes on pages 8 to 48 are an integral part of these financial statements.

**Comparative amounts of 2016 in the consolidated columns represent the audited amount of the company for the year ended 31 December 2016.*

Mohamed Haniffa Mohamed Fairoz
Managing Director

Stephen H. Goodman
Director

Mohammad Sanaullah
Company Secretary

Dhaka, 15 March 2018

RRH

Auditor

Rahman Rahman Huq
Chartered Accountants

Singer Bangladesh Limited

Statement of Profit or Loss and Other Comprehensive Income

In BDT	Note	For the year ended 31 December Consolidated 2017	Consolidated 2016*	Company 2017	Company 2016
Sales		**10,967,038,473**	8,844,133,053	**10,967,038,473**	8,844,133,053
Earned carrying charges		**92,100,854**	163,336,157	**92,100,854**	163,336,157
Turnover	19	**11,059,139,327**	9,007,469,210	**11,059,139,327**	9,007,469,210
Cost of sales	20	**(7,940,639,289)**	(6,413,780,897)	**(7,937,421,611)**	(6,413,780,897)
Gross profit		**3,118,500,038**	2,593,688,313	**3,121,717,716**	2,593,688,313
Operating expenses	21	**(1,961,971,433)**	(1,660,079,486)	**(1,957,341,233)**	(1,660,079,486)
Other income/ (loss)	23	**28,797,286**	1,536,354	**25,866,707**	1,536,354
Operating profit		**1,185,325,891**	935,145,181	**1,190,243,190**	935,145,181
Finance income		**563,183**	9,840,369	**563,183**	9,840,369
Finance costs		**(158,195,568)**	(97,298,322)	**(149,016,850)**	(97,298,322)
Net finance costs	22	**(157,632,385)**	(87,457,953)	**(148,453,667)**	(87,457,953)
Share of profit/(loss) of equity-accounted investees, net of tax	25	**56,387,751**	(27,081,070)	**56,387,751**	(27,081,070)
Profit before contribution to workers' profit participation fund		**1,084,081,257**	820,606,158	**1,098,177,274**	820,606,158
Contribution to workers' profit participation fund	24	**(56,958,437)**	(41,030,308)	**(54,908,864)**	(41,030,308)
Profit before taxation		**1,027,122,820**	779,575,850	**1,043,268,410**	779,575,850
Income tax expense	26	**(280,975,762)**	(233,253,651)	**(268,158,891)**	(233,253,651)
Profit after tax		**746,147,058**	546,322,199	**775,109,519**	546,322,199
Profit attributable to					
Equity holders of the company (SBL)		**750,829,738**	546,322,199	**-**	-
Non-controlling interest		**(4,682,680)**	-	**-**	-
		746,147,058	546,322,199	**-**	-
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	**-**	171,922,000
Remeasurement of defined benefit liability	13.1	**(4,325,000)**	(535,000)	**(4,325,000)**	(535,000)
Related tax	26.1	**1,081,250**	(3,761,660)	**1,081,250**	(3,761,660)
		(3,243,750)	167,625,340	**(3,243,750)**	167,625,340
Total comprehensive income for the period		**742,903,308**	713,947,539	**771,865,769**	713,947,539
Total comprehensive income attributable to:					
Equity holders of the company (SBL)					
Profit after tax		**750,829,738**	546,322,199	**-**	-
Other comprehensive income		**(3,243,750)**	167,625,340	**-**	-
		747,585,988	713,947,539	**-**	-
Non-controlling interest					
Profit after tax		**(4,682,680)**	-	**-**	-
Other comprehensive income		**-**	-	**-**	-
		(4,682,680)	-	**-**	-
Total comprehensive income for the period		**742,903,308**	713,947,539	**-**	-
Earnings per share (EPS)	31	**9.79**	7.12	**10.11**	7.12

The notes on pages 8 to 48 are an integral part of these financial statements.

**Comparative amounts of 2016 in the consolidated columns represent the audited amount of the company for the year ended 31 December 2016.*

Mohamed Haniffa Mohamed Fairoz
Managing Director

Stephen H. Goodman
Director

Mohammad Sanaullah
Company Secretary

Dhaka, 15 March 2018

RRH

Auditor

Rahman Rahman Huq
Chartered Accountants

Statement of Changes in Equity-Consolidated

For the year ended 31 December 2017

In BDT	Share capital	Revaluation reserve	Capital reserve	Non-remittable special capital reserves	Non-distributable special reserves	Retained earnings	Total equity attributable to owners	Non-controlling interest	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	-	1,417,332,704
Total comprehensive income									
Profit	-	-	-	-	-	546,322,199	546,322,199	-	546,322,199
Other comprehensive income	-	168,026,590	-	-	-	(401,250)	167,625,340	-	167,625,340
Total comprehensive income for the year	-	168,026,590	-	-	-	545,920,949	713,947,539	-	713,947,539
Transaction with owners of the Company									
Contributions and distributions									
Dividends:									
Cash dividend - 2015	-	-	-	-	-	(191,736,228)	(191,736,228)	-	(191,736,228)
Total contributions and distributions	-	-	-	-	-	(191,736,228)	(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	-	7,486,512
Transfer of depreciation on revaluation surplus	-	(9,213,619)	-	-	-	9,213,619	-	-	-
	-	(4,544,225)	-	-	-	12,030,737	7,486,512	-	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	-	1,947,030,527
Balance at 1 January 2017	**766,944,910**	**566,586,093**	**18,190,942**	**370,178**	**232,847**	**594,705,557**	**1,947,030,527**	**-**	**1,947,030,527**
Total comprehensive income									
Profit	**-**	**-**	**-**	**-**	**-**	**775,109,519**	**775,109,519**	**63,164,284**	**838,273,803**
Acquisition of business	**-**	**-**	**-**	**-**	**-**	**(24,279,602)**	**(24,279,602)**	**-**	**(24,279,602)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(3,243,750)**	**(3,243,750)**	**-**	**(3,243,750)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**747,586,167**	**747,586,167**	**63,164,284**	**810,750,451**
Transaction with owners of the Company									
Contributions and distributions									
Dividends:									
Cash dividend - 2016	**-**	**-**	**-**	**-**	**-**	**(536,861,437)**	**(536,861,437)**	**-**	**(536,861,437)**
Total contributions and distributions	**-**	**-**	**-**	**-**	**-**	**(536,861,437)**	**(536,861,437)**	**-**	**(536,861,437)**
Adjustment for deferred tax arising from revaluation of property, plant and equipment	**-**	**-**	**-**	**-**	**-**	**2,511,592**	**2,511,592**		**2,511,592**
Transfer of depreciation on revaluation surplus	**-**	**(7,522,384)**	**-**	**-**	**-**	**7,522,384**	**-**	**-**	**-**
	-	**(7,522,384)**	**-**	**-**	**-**	**10,033,976**	**2,511,592**	**-**	**2,511,592**
Balance at 31 December 2017	**766,944,910**	**559,063,709**	**18,190,942**	**370,178**	**232,847**	**815,464,263**	**2,160,266,849**	**63,164,284**	**2,223,431,133**

**Comparative amounts of 2016 in the consolidated columns represent the audited amount of the company for the year ended 31 December 2016.*

The notes on pages 8 to 48 are an integral part of these financial statements.

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Statement of Changes in Equity-Company

For the year ended 31 December 2017

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
Balance at 1 January 2017	**766,944,910**	**566,586,093**	**18,190,942**	**370,178**	**232,847**	**594,705,557**	**1,947,030,527**
Total comprehensive income							
Profit	-	-	-	-	-	**775,109,519**	**775,109,519**
Other comprehensive income	-	-	-	-	-	**(3,243,750)**	**(3,243,750)**
Total comprehensive income for the year	-	-	-	-	-	**771,865,769**	**771,865,769**
Transaction with owners of the Company							
Contributions and distributions							
Dividends:							
Cash dividend - 2016	-	-	-	-	-	**(536,861,437)**	**(536,861,437)**
Total contributions and distributions	-	-	-	-	-	**(536,861,437)**	**(536,861,437)**
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	-	-	-	-	**2,511,592**	**2,511,592**
Transfer of depreciation on revaluation surplus	-	**(7,522,384)**	-	-	-	**7,522,384**	-
	-	**(7,522,384)**	-	-	-	**10,033,976**	**2,511,592**
Balance at 31 December 2017	**766,944,910**	**559,063,709**	**18,190,942**	**370,178**	**232,847**	**839,743,865**	**2,184,546,451**

The notes on pages 8 to 48 are an integral part of these financial statements.

Singer Bangladesh Limited

Statement of Cash Flows

In BDT	Note	Consolidated 2017	Consolidated 2016*	Company 2017	Company 2016
		For the year ended 31 December			
Cash flows from operating activities					
Collections from turnover and other income		**10,926,666,976**	8,655,259,850	**10,873,473,157**	8,655,259,850
Payments for costs and expenses		**(10,279,047,968)**	(9,001,520,854)	**(10,196,210,966)**	(9,001,520,854)
Interest paid on borrowings		**(157,161,309)**	(84,247,953)	**(149,913,667)**	(84,247,953)
Payments to workers' profit participation fund		**(41,030,308)**	(27,211,220)	**(41,030,308)**	(27,211,220)
Income tax paid		**(210,365,735)**	(216,078,786)	**(229,981,099)**	(216,078,786)
Net cash from operating activities		**239,061,656**	(673,798,963)	**256,337,117**	(673,798,963)
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(151,242,639)**	(108,292,864)	**(100,459,858)**	(108,292,864)
Encash in short term/term deposits		**(1,000,000)**	-	**(1,000,000)**	-
Investment in associate		**-**	(131,476,700)	**-**	(131,476,700)
Dividend received from CDBL		**1,427,952**	1,427,952	**1,427,952**	1,427,952
Proceeds from sale of property, plant and equipment		**3,419,692**	5,653,945	**3,419,692**	5,653,945
Net cash from/(used in) investing activities		**(147,394,995)**	(232,687,667)	**(96,612,214)**	(232,687,667)
Cash flows from financing activities					
Dividends paid		**(436,133,800)**	(157,078,684)	**(436,133,800)**	(157,078,684)
Net cash used in financing activities		**(436,133,800)**	(157,078,684)	**(436,133,800)**	(157,078,684)
Net increase/(decrease) in cash		**(344,467,139)**	(1,063,565,314)	**(276,408,897)**	(1,063,565,314)
Cash and cash equivalents at 1 January		**(978,449,193)**	85,116,121	**(978,449,193)**	85,116,121
Acquisition of business		**(61,188,869)**	-	**-**	-
Cash and cash equivalents at 31 December		**(1,384,105,201)**	(978,449,193)	**(1,254,858,090)**	(978,449,193)
Closing cash and cash equivalents have been arrived at as follows:					
Cash and cash equivalents	9	**202,934,615**	152,429,314	**202,786,490**	152,429,314
Short-term borrowings - secured (bank overdrafts)	16	**(1,587,039,816)**	(1,130,878,507)	**(1,457,644,580)**	(1,130,878,507)
		(1,384,105,201)	(978,449,193)	**(1,254,858,090)**	(978,449,193)

The notes on pages 8 to 48 are an integral part of these financial statements.

**Comparative amounts of 2016 in the consolidated columns represent the audited amount of the company for the year ended 31 December 2016.*

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Singer Bangladesh Limited

Notes to the Financial Statements

1 Reporting entity

1.1 Company profile

Singer Bangladesh Limited (the Company) was incorporated in Bangladesh 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. 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 listed with 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 panel televisions, air conditioners and furniture and marketing of refrigerators, televisions, air conditioners, furniture, sewing machines, computers, washing machines and other consumer electronics and household appliances. The manufacturing plant of the Company is situated at Rajfulbaria, Jhamur, Savar, Dhaka 1340.

1.3 Description of subsidiary

International Appliances Limited (IAL)

International Appliances Limited (the Company) was incorporated in Bangladesh as a private limited company on 23 December 2014 under Companies Act 1994. It has been an associate of Singer Bangladesh Limited since inception. SBL acquired it as subsidiary on 16 October 2017. The address of the registered office of the Company is Mousa Koulashur, Hemayetpur, Savar, Dhaka, Bangladesh. Principal activities of the Company is manufacturing and selling of refrigerators of different capacities, models and types with a brand of “Singer” for exclusive marketing by Singer Bangladesh Limited. The manufacturing plant of the Company is situated at Mousa Koulashur, Hemayetpur, Savar, Dhaka, Bangladesh.

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 15 March 2018.

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.

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2.3 Functional and presentational currency

These consolidated 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 consolidated 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 consolidated 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 26 Income tax expense

2.5 Operating segments

BFRS 8 defines an operating segment as a component of an entity that engages in revenue earning business activities, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available. In view of the standard, the company has two identified segments namely i. Appliances and ii. Furniture. The furniture segment of the company does not qualify to be a reportable segment as per the quantitative thresholds of BFRS 8. Therefore, the entity-wide disclosures required by the standard for the only reportable segment i.e. appliances segment are disclosed.

i. Information about products and segments:

Appliances segment includes home appliances, consumer electronics, sewing machines and other appliances. Revenue from external customers from this segment are reported below:

In BDT	**2017**	**2016**
Home appliance	**7,715,020,645**	6,214,654,534
Consumer electronic	**2,157,260,550**	2,065,091,556
Sewing	**422,107,738**	429,738,130
Other	**597,004,509**	139,339,231
Appliances segment	**10,891,393,442**	8,848,823,451

ii. Information about geographical areas:

No revenue from foreign countries is earned by the company. All the revenue from external customers is generated within the geographical area of Bangladesh.

iii. Information about major customers:

The company has no customer from whom 10 percent or more of total revenue is earned.

3 Property, plant and equipment

3.1 Property, plant and equipment-consolidated

See accounting policy in Note 40 (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 3.3)	Total
Cost											
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
Balance at 1 January 2017	**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**
Acquisition of business	-	-	**7,100,209**	-	-	**356,843,318**	**2,863,636**	**3,009,497**	**9,485,821**	**5,203,749**	**384,506,230**
Additions	-	**4,096,500**	**3,237,028**	**85,000**	**44,726,493**	**5,182,435**	**9,535,346**	**1,672,135**	**24,739,975**	**65,517,156**	**158,792,068**
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	-	-	-	-	**(7,147,443)**	**(7,421,390)**	**(3,648,000)**	**(1,390,911)**	**(5,853,946)**	**(22,194,348)**	**(47,656,038)**
Balance at 31 December 2017	**561,180,000**	**78,468,253**	**229,668,816**	**16,428,208**	**446,846,347**	**422,126,258**	**115,891,517**	**23,311,901**	**202,416,333**	**57,520,155**	**2,153,857,788**
Accumulated depreciation											
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
Balance at 1 January 2017	-	**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**
Acquisition of business	-	-	**1,156,933**	-	-	**44,516,981**	**119,686**	**351,829**	**906,443**	-	**47,051,872**
Depreciation for the year	-	**3,666,699**	**9,910,152**	**557,536**	**24,004,313**	**12,991,642**	**10,740,533**	**773,799**	**15,081,042**	-	**77,725,716**
Adjustment for disposal/transfers	-	-	-	-	**(4,672,830)**	**(5,463,625)**	**(3,282,946)**	**(852,041)**	**(5,144,857)**	-	**(19,416,299)**
Balance at 31 December 2017	-	**45,126,587**	**182,615,982**	**11,360,797**	**204,351,723**	**85,111,765**	**65,915,917**	**13,457,478**	**121,556,423**	-	**729,496,672**
Carrying amounts											
At 1 January 2016	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
At 31 December 2017	**561,180,000**	**33,341,666**	**47,052,834**	**5,067,411**	**242,494,624**	**337,014,493**	**49,975,600**	**9,854,423**	**80,859,910**	**57,520,155**	**1,424,361,116**

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

3.2 Property, plant and equipment-company

See accounting policy in Note 40 (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 3.3)	Total
Cost											
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
Balance at 1 January 2017	**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**
Additions	**-**	**4,096,500**	**668,792**	**85,000**	**44,726,493**	**4,382,436**	**9,535,346**	**-**	**23,733,485**	**18,751,736**	**105,979,788**
Revaluation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disposals/transfers	**-**	**-**	**-**	**-**	**(7,147,443)**	**(7,421,390)**	**(3,648,000)**	**(1,030,021)**	**(5,666,596)**	**(16,990,599)**	**(41,904,049)**
Balance at 31 December 2017	**561,180,000**	**78,468,253**	**220,000,371**	**16,428,208**	**446,846,347**	**64,482,941**	**113,027,881**	**18,991,159**	**192,111,372**	**10,754,735**	**1,722,291,267**
Accumulated depreciation											
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
Balance at 1 January 2017	**-**	**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**
Depreciation for the year	**-**	**3,666,699**	**9,567,700**	**557,536**	**24,004,313**	**7,000,465**	**10,655,674**	**679,198**	**14,890,805**	**-**	**71,022,390**
Adjustment for disposal/transfers	**-**	**-**	**-**	**-**	**(4,672,830)**	**(5,463,625)**	**(3,282,946)**	**(804,393)**	**(5,105,763)**	**-**	**(19,329,557)**
Balance at 31 December 2017	**-**	**45,126,587**	**181,116,597**	**11,360,797**	**204,351,723**	**34,603,607**	**65,711,372**	**13,058,696**	**120,498,837**	**-**	**675,828,216**
Carrying amounts											
At 1 January 2016	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
At 31 December 2017	**561,180,000**	**33,341,666**	**38,883,774**	**5,067,411**	**242,494,624**	**29,879,334**	**47,316,509**	**5,932,463**	**71,612,535**	**10,754,735**	**1,046,463,051**

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

3.3 Capital work in progress (CWIP)

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

In BDT	Leasehold improvements	Machinery	Building	Total	Leasehold improvements	Building	Total
Cost							
Balance at 1 January 2017	**5,896,598**	**-**	**3,097,000**	**8,993,598**	**5,896,598**	**3,097,000**	**8,993,598**
Acquisition of business	**-**	**-**	**5,203,749**	**5,203,749**	**-**	**-**	**-**
Additions	**15,924,029**	**46,765,420**	**2,827,707**	**65,517,156**	**15,924,029**	**2,827,707**	**18,751,736**
Disposals/transfers	**(16,990,599)**	**-**	**(5,203,749)**	**(22,194,348)**	**(16,990,599)**	**-**	**(16,990,599)**
Balance at 31 December 2017	**4,830,028**	**46,765,420**	**5,924,707**	**57,520,155**	**4,830,028**	**5,924,707**	**10,754,735**

Allocation of depreciation

		Consolidated		Company	
In BDT	*Note*	2017	2016	2017	2016
Cost of sales	*20*	**24,743,922**	19,500,734	**18,129,224**	19,500,734
Operating expenses	*21*	**52,981,794**	48,033,107	**52,893,166**	48,033,107
		77,725,716	67,533,841	**71,022,390**	67,533,841

4 Intangible assets

	Consolidated		Company	
		Software		Software
In BDT	**2017**	2016	**2017**	2016
Cost				
Balance at 1 January	**58,944,432**	58,944,432	**58,944,432**	58,944,432
Additions	**11,470,580**	-	**11,470,580**	-
Disposals/transfers	-	-	-	-
Balance at 31 December	**70,415,012**	58,944,432	**70,415,012**	58,944,432
Accumulated amortisation				
Balance at 1 January	**22,911,509**	13,903,278	**22,911,509**	13,903,278
Amortisation for the year	**7,961,439**	9,008,231	**7,961,439**	9,008,231
Adjustment for disposal/transfers	-	-	-	-
Balance at 31 December	**30,872,948**	22,911,509	**30,872,948**	22,911,509

Carrying amounts

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
At 31 December	**39,542,064**	36,032,923	**39,542,064**	36,032,923

5 Investments

See accounting policy in Note 40 (M)

		Consolidated		Company	
In BDT	***Note***	**2017**	**2016**	**2017**	**2016**
Investment in subsidiary	*5.2*	-	-	**351,787,595**	-
Equity-accounted investee	*5.1 & 5.2*	-	285,078,738	-	285,078,738
Investment in term deposit		**2,630,000**	1,630,000	**2,630,000**	1,630,000
Investment in Central Depository Bangladesh Limited (CDBL)		**1,569,450**	1,569,450	**1,569,450**	1,569,450
		4,199,450	288,278,188	**355,987,045**	288,278,188

5.1 Equity-accounted investee

In BDT	**2017**	**2016**
Investment in IAL	-	312,159,808
Share of loss of IAL	-	(27,081,070)
	-	285,078,738

Notes to the Financial Statements (Continued)

Singer Bangladesh Limited (SBL) had invested 73.85% (2014: 40%) in the equity of International Appliances Limited (IAL); SBL treated the investment as investment in associate instead of subsidiary up to 16th October 2017. 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 and Sonlu), Sunman will hold 6.15% and Sonlu will hold 10% 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 does not have the current ability to direct the relevant activities of IAL up to 16 October 2017.

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.

But on 16 October 2017 total investment of Singer Bangladesh Limited (SBL) stood at 83.8319% due to acquisition of further interests and established majority voting interest on IAL. As a consequence, SBL derecognised IAL as equity accounted investee from that date and treated IAL as a subsidiary therefrom.

5.2 Investment in subsidiary

On 16 October 2017, SBL acquired further 3,186,920 shares out of 3,789,653 shares newly issued by IAL. The acquisition of new shares entitled SBL to 83.8319% shareholding in IAL including the 33.8500% call option of Sunman. The new shareholding structure gave SBL the power to direct IAL's relevant activities, the ability to use its power over IAL to affect the amount of SBL's returns and gave SBL the rights to variable returns from its involvement with IAL. Therefore, as per BFRS 10 paragraph 7, SBL obtained the control of IAL and was assessed to be the parent company of IAL from the acquisition date, i.e. 16 October 2017.

SBL's interest in IAL shall reduce to 49.9819% if Sunman exercises its call option within 1 March 2023. The Company shall still preserve its control over IAL without having majority of shareholdings.

The following judgements were made in determining that SBL has obtained control over IAL:

(i) SBL currently holds 83.8319% of total shares;

(ii) Majority of the board members of IAL are employees of SBL; and

(II) IAL cannot do any business except for selling its products to SBL without having written approval from SBL.

As IAL was equity accounted investee of SBL so this was a step acquisition as per paragraph 41 of BFRS 3 "an acquirer sometimes obtains control of an acquiree in which it held an equity interest immediately before the acquisition date. This IFRS refers to such a transaction as a business combination achieved in stages, sometimes also referred to as a step acquisition".

The total consideration transferred by Singer Bangladesh Limited for acquisition of such voting interest was BDT 318,692,000. Previously it was reported under share money deposit of IAL. The purchase consideration was measured as per paragraph 37 of BFRS 3 "the consideration transferred in a business combination shall be measured at fair value, which shall be calculated as at the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer".

During capital injection from share money deposit to share capital fair value of the shares of IAL was measured at their cost (face value) as per paragraph 46 (c) of BAS 39 "investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such equity instruments, which shall be measured at cost".

	No. of share	Face value	mount (BDT)
Acquirer previously held equity	73,843	100	7,384,300
New share capital injected from share money deposit	3,186,920	100	318,692,000
	3,260,763		**326,076,300**

The detail of investment in IAL is given below.

In BDT	*Note*	2017
Investment in year 2014		4,000,000
Investment in year 2015		182,599,600
Investment in year 2016		139,476,700
		326,076,300
Discount on acquisition	*23.1*	25,711,295
		351,787,595

6 Advances, deposits and prepayments

See accounting policy in Note 40 (H)

		Consolidated		Company	
In BDT	*Note*	2017	2016	2017	2016
Employees against expenses		**5,897,314**	2,985,492	**4,897,314**	2,985,492
Advances to others	*6.1*	**21,002,785**	6,373,779	**6,489,123**	6,373,779
Advances		**26,900,099**	9,359,271	**11,386,437**	9,359,271
Security deposits		**32,957,562**	14,533,386	**19,177,367**	14,533,386
Deposits		**32,957,562**	14,533,386	**19,177,367**	14,533,386
Prepayments		**461,474,185**	429,831,138	**458,516,967**	429,831,138
Prepayments		**461,474,185**	429,831,138	**458,516,967**	429,831,138
	6.2	**521,331,846**	453,723,795	**489,080,771**	453,723,795

6.1 Advances to others

	Consolidated		Company	
In BDT	2017	2016	2017	2016
L/C margins, charges and insurance against traded goods	**20,997,399**	6,348,843	**6,483,737**	6,348,843
Postage franking machine	**5,386**	24,936	**5,386**	24,936
	21,002,785	6,373,779	**6,489,123**	6,373,779

6.2	Non-current portion of deposits and prepayments	**283,998,887**	214,922,550	**272,258,939**	214,922,550
	Current portion of advances, deposits and prepayments	**237,332,959**	238,801,245	**216,821,832**	238,801,245
		521,331,846	453,723,795	**489,080,771**	453,723,795

7 Inventories

See accounting policy in Note 40 (E)

	Consolidated		Company	
In BDT	2017	2016	2017	2016
Finished goods	**2,241,450,738**	1,702,110,048	**2,194,355,907**	1,702,110,048
Raw materials	**187,147,662**	372,893,064	**78,525,895**	176,985,997
Goods in transit	**634,971,415**	176,985,997	**487,244,301**	372,893,064
	3,063,569,815	2,251,989,109	**2,760,126,103**	2,251,989,109
Provision for inventory obsolescence	**(95,182,444)**	(92,248,704)	**(95,182,444)**	(92,248,704)
	2,968,387,371	2,159,740,405	**2,664,943,659**	2,159,740,405

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

Notes to the Financial Statements (Continued)

7.1 Inventories-consolidated

In BDT	2017 SBL	2017 IAL	2017 Total
Finished goods	2,194,355,907	102,182,312	2,296,538,219
Less: Unrealised profit (PURP)	-	(55,087,481)	(55,087,481)
	2,194,355,907	47,094,831	2,241,450,738
Raw materials	78,525,895	108,621,767	187,147,662
Goods in transit	487,244,301	147,727,114	634,971,415
	2,760,126,103	303,443,712	3,063,569,815
Provision for inventory obsolescence	(95,182,444)	-	(95,182,444)
	2,664,943,659	303,443,712	2,968,387,371

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 40 (H)

In BDT	Note	Consolidated 2017	Consolidated 2016	Company 2017	Company 2016
Trade receivables	8.1	1,813,516,221	1,495,345,494	1,813,516,221	1,495,345,494
Other receivables	8.2	42,544,446	43,097,344	42,119,853	43,097,344
		1,856,060,667	1,538,442,838	1,855,636,074	1,538,442,838

8.1 Trade receivables

In BDT	Note	Consolidated 2017	Consolidated 2016	Company 2017	Company 2016
Hire customer receivable	8.1.1	1,718,473,785	1,422,550,286	1,718,473,785	1,422,550,286
Trade and dealer receivable	8.1.2	95,042,436	72,795,208	95,042,436	72,795,208
		1,813,516,221	1,495,345,494	1,813,516,221	1,495,345,494

8.1.1 Hire customer receivables

In BDT	Note	Consolidated 2017	Consolidated 2016	Company 2017	Company 2016
Hire receivable from customers		2,014,388,386	1,664,665,480	2,014,388,386	1,664,665,480
Unearned carrying charges		(269,843,049)	(220,750,743)	(269,843,049)	(220,750,743)
		1,744,545,337	1,443,914,737	1,744,545,337	1,443,914,737
Provision for doubtful debts	8.3.1	(26,071,552)	(21,364,451)	(26,071,552)	(21,364,451)
		1,718,473,785	1,422,550,286	1,718,473,785	1,422,550,286

8.1.2 Trade and dealer receivable

In BDT	Note	Consolidated 2017	Consolidated 2016	Company 2017	Company 2016
Trade receivable		80,463,330	67,906,191	80,463,330	67,906,191
Receivable from dealers		20,773,859	9,375,928	20,773,859	9,375,928
		101,237,189	77,282,119	101,237,189	77,282,119
Provision for doubtful debts	8.3.1	(6,194,753)	(4,486,911)	(6,194,753)	(4,486,911)
		95,042,436	72,795,208	95,042,436	72,795,208

8.2 Other receivables

		Consolidated		Company	
In BDT	*Note*	**2017**	**2016**	**2017**	**2016**
Receivable from Shop Managers		**27,430,313**	24,472,515	**27,430,313**	24,472,515
Receivable from Singer Asia Limited		**11,452,755**	26,178,909	**11,452,755**	26,178,909
Receivable from employees		**2,631,675**	6,555,048	**2,631,675**	6,555,048
Receivable from others		**19,075,450**	8,766,619	**18,650,857**	8,766,619
		60,590,193	65,973,091	**60,165,600**	65,973,091
Provision for doubtful debts	*8.3.1*	**(18,045,747)**	(22875,747)	**(18,045,747)**	(22,875,747)
		42,544,446	43,097,344	**42,119,853**	43,097,344

8.3 Provision for doubtful debts

		Consolidated		Company	
In BDT	*Note*	**2017**	**2016**	**2017**	**2016**
Opening balance		**48,727,109**	41,628,654	**48,727,109**	41,628,654
Provision for the year		**32,811,452**	47,037,453	**32,811,452**	47,037,453
		81,538,561	88,666,107	**81,538,561**	88,666,107
Written-off during the year		**(31,226,509)**	(39,938,998)	**(31,226,509)**	(39,938,998)
Closing balance	*8.3.1*	**50,312,052**	48,727,109	**50,312,052**	48,727,109

8.3.1

		Consolidated		Company	
In BDT	*Note*	**2017**	**2016**	**2017**	**2016**
Hire customer receivable	*8.1.1*	**26,071,552**	21,364,451	**26,071,552**	21,364,451
Trade and dealer receivable	*8.1.2*	**6,194,753**	4,486,911	**6,194,753**	4,486,911
Other receivable	*8.2*	**18,045,747**	22,875,747	**18,045,747**	22,875,747
		50,312,052	48,727,109	**50,312,052**	48,727,109

8.4 Ageing of hire receivable from customers

		Consolidated		Company	
In BDT	*Note*	**2017**	**2016**	**2017**	**2016**
Due within 3 months		**862,236,498**	722,784,063	**862,236,498**	722,784,063
Due over 3 months but within 6 months		**692,472,666**	586,864,732	**692,472,666**	586,864,732
Due over 6 months but within 9 months		**347,627,237**	278,703,401	**347,627,237**	278,703,401
Due over 9 months but within 12 months		**107,446,386**	71,836,872	**107,446,386**	71,836,872
Over 12 months		**4,605,599**	4,476,412	**4,605,599**	4,476,412
	8.5	**2,014,388,386**	1,664,665,480	**2,014,388,386**	1,664,665,480

8.5 Particulars of hire receivable from customers

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Secured - considered good:				
Debts due within 6 months	**1,554,709,164**	1,309,648,795	**1,554,709,164**	1,309,648,795
Debts due over 6 months	**433,607,670**	333,652,234	**433,607,670**	333,652,234
	1,988,316,834	1,643,301,029	**1,988,316,834**	1,643,301,029
Secured - considered doubtful:	**26,071,552**	21,364,451	**26,071,552**	21,364,451
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	-	-	-	-
	2,014,388,386	1,664,665,480	**2,014,388,386**	1,664,665,480

Notes to the Financial Statements (Continued)

9 Cash and cash equivalents

See accounting policy in Note 40 (H)

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Cash in hand	**98,208**	30,697	**33,137**	30,697
Cash at bank	**158,502,411**	89,757,854	**158,419,357**	89,757,854
Cash in transit	**44,333,996**	62,640,763	**44,333,996**	62,640,763
	202,934,615	152,429,314	**202,786,490**	152,429,314

10 Share capital

See accounting policy in Note 40 (H)

In BDT	**2017**	**2016**
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:

	2017		2016	
Name of shareholder	**No. of share**	**Value (BDT)**	**No. of share**	**Value (BDT)**
Retail Holdings Bhold B.V., The Netherlands	**28,373,941**	**283,739,410**	38,423,941	384,239,410
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	**15,333,242**	**153,332,420**	15,333,242	153,332,420
Local shareholders	**32,987,308**	**329,873,080**	22,937,308	229,373,080
	76,694,491	**766,944,910**	76,694,491	766,944,910

Beneficial percentage of holdings

Name of shareholder	**2017**	**2016**
Retail Holdings Bhold B.V., The Netherlands	**37.00%**	50.10%
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	**20.00%**	20.00%
Local shareholders	**43.00%**	29.90%
	100.00%	100.00%

Classification of shareholders by holding:

	Number of shareholders		Total holding (%)	
Shareholding range	**2017**	**2016**	**2017**	**2016**
Less than 500 shares	**7,742**	7,803	**1.68**	1.65
500 to 5,000 shares	**3,477**	3,249	**7.07**	6.53
5,001 to 10,000 shares	**274**	251	**2.59**	2.42
10,001 to 20,000 shares	**142**	125	**2.57**	2.18
20,001 to 30,000 shares	**43**	51	**1.42**	1.68
30,001 to 40,000 shares	**24**	10	**1.10**	0.44
40,001 to 50,000 shares	**11**	14	**0.66**	0.82
50,001 to 100,000 shares	**34**	22	**3.49**	1.94
100,001 to 1,000,000 shares	**33**	20	**10.31**	7.25
Over 1,000,000 shares	**8**	4	**69.11**	75.09
	11,788	11,549	**100.00**	**100.00**

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11 Reserves

In BDT	*Note*	2017	2016
Revaluation reserve	*11.1*	**559,063,709**	566,586,093
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
		577,857,676	585,380,060

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.

As per clause 8 of BESC circular # SEC/CMRRCD/2009-193/150/Admin dated August 18, 2013 "time lag between two valuations for the same class of assets shall not be less than three years; provided that no upward revaluation of an asset shall be made within two years of its acquisition". So In compliance with this notification no revaluation of assets has been made during 2017.

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 40 (D)

		Consolidated		Company	
In BDT	*Note*	2017	2016	2017	2016
Opening balance		**37,391,385**	29,056,261	**37,391,385**	29,056,261
Acquisition of business		**6,851,867**	-	**-**	-
		44,243,252	29,056,261	**37,391,385**	29,056,261
Released/(expense) during the year		**(28,960,762)**	4,744,022	**(16,143,891)**	4,744,022
Adjustment on revaluation of PPE		**-**	(3,895,410)	**-**	(3,895,410)
Remeasurement of defined benefit liability		**1,081,250**	-	**1,081,250**	-
Transferred to retained earnings		**2,507,462**	7,486,512	**2,507,462**	7,486,512
		(25,372,050)	8,335,124	**(12,555,179)**	8,335,124
Closing balance	*12.1*	**18,871,202**	37,391,385	**24,836,206**	37,391,385

Notes to the Financial Statements (Continued)

12.1 Closing balance

		Consolidated		Company	
In BDT	*Note*	**2017**	**2016**	**2017**	**2016**
Deferred tax assets	*12.1.1*	**105,969,535**	76,253,703	**60,382,484**	76,253,703
Deferred tax liabilities	*12.1.2*	**(87,098,333)**	(38,862,318)	**(35,546,278)**	(38,862,318)
		18,871,202	37,391,385	**24,836,206**	37,391,385

12.1.1 Deferred tax assets

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Provision for gratuity	**1,049,005**	27,404,500	**543,500**	27,404,500
Reserve against inventories	**23,795,611**	23,062,176	**23,795,611**	23,062,176
Reserve for warranty	**25,916,418**	13,605,250	**22,384,110**	13,605,250
Provision for bad debts	**12,578,013**	12,181,777	**12,578,013**	12,181,777
Remeasurement of defined benefit liability	**1,081,250**	-	**1,081,250**	-
Unabsorbed depreciation	**41,549,238**	-	**-**	-
	105,969,535	76,253,703	**60,382,484**	76,253,703

12.1.2 Deferred tax liabilities

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Revaluation of land and building	**(26,725,876)**	(30,026,267)	**(26,725,876)**	(30,026,267)
Property, plant and equipment	**(60,372,457)**	(8,836,051)	**(8,820,402)**	(8,836,051)
	(87,098,333)	(38,862,318)	**(35,546,278)**	(38,862,318)

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

13 Retirement benefit obligations

See accounting policy in Note 40 (O)

		Consolidated		Company	
In BDT	*Note*	**2017**	**2016**	**2017**	**2016**
Opening balance		**109,618,000**	129,507,000	**109,618,000**	129,507,000
Acquisition of business		**1,263,313**	-	**-**	-
		110,881,313	129,507,000	**109,618,000**	129,507,000
Provision for the year		**18,219,319**	17,112,000	**18,038,332**	17,112,000
		129,100,632	146,619,000	**127,656,332**	146,619,000
Payments during the year		**(125,482,332)**	(37,001,000)	**(125,482,332)**	(37,001,000)
Closing balance	*13.1*	**3,618,300**	109,618,000	**2,174,000**	109,618,000

13.1 Closing balance

	Defined benefit obligation			
	Consolidated		Company	
	2017	2016	2017	2016
Opening balance	**109,618,000**	129,507,000	**109,618,000**	129,507,000
Acquisition of business	**1,263,313**	-	**-**	-
	110,881,313	129,507,000	**109,618,000**	129,507,000
Included in profit or loss				
Current service cost	**6,221,319**	7,512,000	**6,040,332**	7,512,000
Interest cost (income)	**7,673,000**	9,065,000	**7,673,000**	9,065,000
	13,894,319	16,577,000	**13,713,332**	16,577,000
Measurements loss (gain):	**4,325,000**	535,000	**4,325,000**	535,000
Other				
Contributions paid by the employer	**(112,899,534)**	-	**(112,899,534)**	-
Benefits paid	**(12,582,798)**	(37,001,000)	**(12,582,798)**	(37,001,000)
	(125,482,332)	(37,001,000)	**(125,482,332)**	(37,001,000)
Balance at 31 December	**3,618,300**	109,618,000	**2,174,000**	109,618,000

The Company (SBL) has been maintaining an unfunded gratuity scheme until 16 October 2017. The company has funded the gratuity obligation based on the approval of Board meeting held on 16 October 2017, and reconstituted the Trust with new trustees consisting of four members and became functional based on the approval of the National Board of Revenue (NBR) with effect from 21 March 2010. Accordingly, the company has transferred the required fund to the trust in December 2017.

14 Other liabilities

		Consolidated		Company	
In BDT	*Note*	2017	2016	2017	2016
Non-remittable accounts	*14.1*	**1,255,617,323**	1,148,284,629	**1,255,617,323**	1,148,284,629
Security depositsfrom branch managers, agents and dealers		**215,157,638**	187,012,381	**215,157,638**	187,012,381
		1,470,774,961	1,335,297,010	**1,470,774,961**	1,335,297,010

14.1 Non-remittable accounts

	Consolidated		Company	
In BDT	2017	2016	2017	2016
Current account	**(78)**	(78)	**(78)**	(78)
Dividend account:				
Opening balance	**1,147,804,717**	1,109,471,612	**1,147,804,717**	1,109,471,612
Dividend for the year	**107,332,694**	38,333,105	**107,332,694**	38,333,105
Closing balance	**1,255,137,411**	1,147,804,717	**1,255,137,411**	1,147,804,717
Capital gain on sale of land	**479,990**	479,990	**479,990**	479,990
	1,255,617,323	1,148,284,629	**1,255,617,323**	1,148,284,629

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 directive of Bangladesh Bank, the balance of Taka 479,990 against the capital gain on sale of land created in the year1990, is required to be shown under non-remittable account.

Notes to the Financial Statements (Continued)

15 Trade and other payables

See accounting policy in Note 40 (H)

		Consolidated		Company	
In BDT	*Note*	2017	2016	2017	2016
Trade payables	*15.1*	**463,027,693**	327,502,660	**586,453,931**	327,502,660
Other payables	*15.2*	**1,045,384,849**	830,217,644	**936,072,891**	830,217,644
		1,508,412,542	1,157,720,304	**1,522,526,822**	1,157,720,304

15.1 Trade payables

	Consolidated		Company	
In BDT	2017	2016	2017	2016
Trade payable	**425,645,193**	294,650,766	**549,571,431**	294,650,766
Freight and carriage and technicians bills payable	**37,382,500**	32,851,894	**36,882,500**	32,851,894
	463,027,693	327,502,660	**586,453,931**	327,502,660

15.2 Other payables

		Consolidated		Company	
In BDT	*Note*	2017	2016	2017	2016
Payable for expenses	*15.2.1*	**753,831,351**	622,728,589	**715,134,060**	622,728,589
Royalty		**135,234,085**	97,935,552	**119,174,918**	97,935,552
Payable for other finance	*15.2.2*	**142,682,209**	96,497,759	**88,126,709**	96,497,759
Leasehold improvements against new shops		**13,637,204**	13,055,744	**13,637,204**	13,055,744
		1,045,384,849	830,217,644	**936,072,891**	830,217,644

15.2.1 Payable for expenses

	Consolidated		Company	
In BDT	2017	2016	2017	2016
Advertisement and sales promotion	**176,927,091**	186,410,665	**176,927,091**	186,410,665
Reserve for early closing of hire sales	**267,178,559**	196,494,764	**267,178,559**	196,494,764
Shop rent	**63,900,612**	48,392,394	**50,349,151**	48,392,394
Warranty expenses	**99,464,541**	54,421,000	**89,372,233**	54,421,000
Reserve for allowable loss	**45,143,000**	66,653,672	**45,143,000**	66,653,672
Workers' profit participation and welfare fund allocation	**63,546,177**	41,030,308	**54,908,907**	41,030,308
Provision against duty	**9,958,156**	9,958,156	**9,958,156**	9,958,156
Utilities	**6,200,000**	5,000,000	**5,000,000**	5,000,000
Interest	**5,233,155**	3,210,000	**1,750,000**	3,210,000
Collecting expenses	**6,879,700**	3,841,396	**6,879,700**	3,841,396
Salary and benefits	**2,813,612**	3,648,694	**2,813,612**	3,648,694
Professional and technical fees	**3,553,097**	2,393,150	**3,520,000**	2,393,150
Selling expenses	**853,651**	814,390	**853,651**	814,390
Statutory audit fee	**880,000**	460,000	**480,000**	460,000
Repair & maintenance	**1,300,000**	-	**-**	-
	753,831,351	622,728,589	**715,134,060**	622,728,589

15.2.2 Payable for other finance

	Consolidated		Company	
In BDT	2017	2016	2017	2016
Unclaimed dividend	**47,401,016**	54,006,073	**47,401,016**	54,006,073
VAT payable - realised from customers	**4,369,604**	8,447,343	**4,369,603**	8,447,343
Withholding taxes	**13,692,465**	14,602,579	**13,678,175**	14,602,579
Advance from customers	**6,300,124**	6,451,183	**6,300,124**	6,451,183
Employees provident fund	**(7,523,452)**	(10,633,761)	**(7,933,112)**	(10,633,761)
Security deposits	**238,036**	-	**-**	-
Jiangsu Sonlu Import and Export Co. Ltd.	**45,712,905**	-	**-**	-
Others	**32,491,511**	23,624,342	**24,310,903**	23,624,342
	142,682,209	96,497,759	**88,126,709**	96,497,759

16 Short-term borrowings-secured

See accounting policy in Note 40 (H)

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Bank overdrafts	**1,587,039,816**	1,130,878,507	**1,457,644,580**	1,130,878,507
	1,587,039,816	1,130,878,507	**1,457,644,580**	1,130,878,507

17 Short term liability

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Commercial Bank of Ceylon Plc	**264,254,108**	-	-	-
Dhaka Bank Limited	**14,053,931**	-	-	-
	278,308,039	-	-	-

18 Current tax assets/ (liabilities)

See accounting policy in Note 40 (D)

		Consolidated		Company	
In BDT	*Note*	**2017**	**2016**	**2017**	**2016**
Advance income tax	*18.1*	**950,708,275**	776,884,854	**845,601,127**	776,884,854
Provision for income tax	*18.2*	**(914,811,815)**	(796,459,499)	**(887,209,673)**	(796,459,499)
		35,896,460	(19,574,645)	**(41,608,546)**	(19,574,645)

18.1 Advance income tax

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Opening balance	**776,884,854**	560,806,068	**776,884,854**	560,806,068
Acquisition of business	**105,107,148**	-	-	-
	881,992,002	560,806,068	**776,884,854**	560,806,068
Add: Advance income tax paid during the year	**229,981,099**	216,078,786	**229,981,099**	216,078,786
Adjustment for completion of prior year tax assessment	**(161,264,826)**	-	**(161,264,826)**	-
Closing balance	**950,708,275**	776,884,854	**845,601,127**	776,884,854

18.2 Provision for income tax

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Opening balance	**796,459,499**	558,595,576	**796,459,499**	558,595,576
Acquisition of business	**27,602,142**	-	-	-
	824,061,641	558,595,576	**796,459,499**	558,595,576
Provision during the year	**252,015,000**	226,500,000	**252,015,000**	226,500,000
Adjustment for prior year	**-**	11,363,923	**-**	11,363,923
Adjustment for completion of prior year tax assessment	**(161,264,826)**	-	**(161,264,826)**	-
	914,811,815	796,459,499	**887,209,673**	796,459,499

19 Turnover

See accounting policy in Note 40 (A)

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Home appliance	**7,715,020,645**	6,214,654,534	**7,715,020,645**	6,214,654,534
Consumer electronic	**2,157,260,550**	2,065,091,556	**2,157,260,550**	2,065,091,556
Sewing	**422,107,738**	429,738,130	**422,107,738**	429,738,130
Other	**597,004,509**	139,339,231	**597,004,509**	139,339,231
	10,891,393,442	8,848,823,451	**10,891,393,442**	8,848,823,451
Furniture	**167,745,885**	158,645,759	**167,745,885**	158,645,759
	11,059,139,327	9,007,469,210	**11,059,139,327**	9,007,469,210

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

Notes to the Financial Statements (Continued)

19.1 Turnover includes the following

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Television under consumer electronic	**1,891,207,604**	1,895,211,369	**1,891,207,604**	1,895,211,369
Air conditioner under home appliance	**1,019,279,503**	1,087,110,940	**1,019,279,503**	1,087,110,940
Furniture	**167,745,885**	158,645,759	**167,745,885**	158,645,759
	3,078,232,992	3,140,968,068	**3,078,232,992**	3,140,968,068

20 Cost of sales

		Consolidated		Company	
In BDT	*Note*	**2017**	**2016**	**2017**	**2016**
Opening inventory of raw materials		**549,879,061**	297,353,286	**549,879,061**	297,353,286
Acquistion of business		**324,809,985**	-	**-**	-
		874,689,046	297,353,286	**549,879,061**	297,353,286
Purchased during the year		**2,433,371,731**	4,461,406,576	**2,254,603,543**	4,461,406,576
Closing inventory of raw materials		**(822,119,077)**	(549,879,061)	**(565,770,196)**	(549,879,061)
Raw materials consumption	*20.1 & 20.2*	**2,485,941,700**	4,208,880,801	**2,238,712,408**	4,208,880,801
Factory salaries and wages		**68,129,424**	50,836,150	**57,905,643**	50,836,150
Freight and carriage		**70,101,758**	15,290,862	**70,090,169**	15,290,862
Rent		**7,306,340**	-	**-**	-
Depreciation	*3.3*	**24,743,922**	19,500,734	**18,129,224**	19,500,734
Repairs and maintenance		**10,693,755**	6,693,806	**6,609,651**	6,693,806
Utilities		**10,177,062**	4,811,648	**5,436,319**	4,811,648
Bonus		**4,252,980**	3,337,927	**4,252,980**	3,337,927
Consumable stores		**4,599,831**	1,991,177	**3,999,330**	1,991,177
Gratuity		**3,298,488**	2,295,000	**3,120,000**	2,295,000
Employee benefits and recreation		**5,456,125**	3,310,442	**4,536,168**	3,310,442
Contribution to provident fund		**2,076,610**	1,798,235	**1,951,082**	1,798,235
Fuel and car maintenance		**1,999,875**	1,792,402	**1,780,726**	1,792,402
Insurance		**626,161**	778,956	**786,102**	778,956
Stationery		**1,583,813**	615,531	**1,210,639**	615,531
Conveyance and travelling		**350,604**	273,263	**321,596**	273,263
Travel & entertainment		**303,717**	-	**-**	-
Postage & communication		**19,559**	-	**-**	-
Miscellaneous		**418,790**	-	**-**	-
		216,138,814	113,326,133	**180,129,629**	113,326,133
Works cost (materials + manufacturing expenses)		**2,702,080,514**	4,322,206,934	**2,418,842,037**	4,322,206,934
Opening work-in-process		**-**	-	**-**	-
Closing work-in-process		**-**	-	**-**	-
Cost of production		**2,702,080,514**	4,322,206,934	**2,418,842,037**	4,322,206,934
Opening inventory of finished goods		**1,702,110,048**	900,432,874	**1,702,110,048**	900,432,874
Acquisition of business		**7,947,727**	-	**-**	-
		1,710,057,775	900,432,874	**1,702,110,048**	900,432,874
Purchase/production of finished goods		**5,769,951,738**	2,893,251,137	**6,010,825,433**	2,893,251,137
		7,480,009,513	3,793,684,011	**7,712,935,481**	3,793,684,011
Closing inventory of finished goods	*20.3*	**(2,241,450,738)**	1,702,110,048)	**(2,194,355,907)**	(1,702,110,048)
Cost of sales		**7,940,639,289**	6,413,780,897	**7,937,421,611**	6,413,780,897

20.1 Raw materials consumption-consolidated

In BDT	Balance at 1 Jan 2017	Purchases during the year	Balance at 31 Dec 2017	Consumption during the year
Imported				
Television	106,468,603	1,169,652,417	(40,030,619)	1,236,090,401
Air conditioner	59,165,081	628,097,758	(25,288,247)	661,974,592
Refrigerator	324,809,985	178,768,188	(256,348,881)	247,229,292
Others	372,893,064	354,286,106	(487,244,302)	239,934,868
	863,336,733	2,330,804,469	(808,912,049)	2,385,229,153
Locally procured				
Furniture	11,272,893	102,567,262	(13,177,346)	100,662,809
Television, Refrigerator and Other	79,420	-	(29,682)	49,738
	11,352,313	102,567,262	(13,207,028)	100,712,547
	874,689,046	2,433,371,731	(822,119,077)	2,485,941,700

20.2 Raw materials consumption-company

In BDT	Balance at 1 Jan 2017	Purchases during the year	Balance at 31 Dec 2017	Consumption during the year
Imported				
Television	106,468,603	1,169,652,417	(40,030,619)	1,236,090,401
Air conditioner	59,165,081	628,097,758	(25,288,247)	661,974,592
Others	372,893,064	354,286,106	(487,244,302)	239,934,868
	538,526,748	2,152,036,281	(552,563,168)	2,137,999,861
Locally procured				
Furniture	11,272,893	102,567,262	(13,177,346)	100,662,809
Television, Refrigerator and Other	79,420	-	(29,682)	49,738
	11,352,313	102,567,262	(13,207,028)	100,712,547
	549,879,061	2,254,603,543	(565,770,196)	2,238,712,408

20.3 Closing stock of finished goods

	Consolidated		Company	
In BDT	2017	2016	2017	2016
Home appliance	1,472,886,911	1,025,127,122	1,425,792,080	1,025,127,122
Consumer electronic	404,175,087	399,661,556	404,175,087	399,661,556
Sewing	72,692,606	55,696,148	128,508,778	53,966,752
Furniture	128,508,778	53,966,752	72,692,606	55,696,148
Other	163,187,356	167,658,470	163,187,356	167,658,470
	2,241,450,738	1,702,110,048	2,194,355,907	1,702,110,048

Notes to the Financial Statements (Continued)

21 Operating expenses

		Consolidated		Company	
In BDT	*Note*	**2017**	**2016**	**2017**	**2016**
Advertisement and sales promotion		**528,290,839**	462,574,384	**528,378,169**	462,574,384
Shop operating expenses		**350,503,926**	298,022,149	**350,503,926**	298,022,149
Salaries and allowances		**273,353,601**	225,290,191	**272,691,672**	225,290,191
Rent and occupancy		**212,021,008**	171,909,567	**212,021,008**	171,909,567
Royalty	*21.1 & 21.2*	**122,526,000**	97,935,552	**119,174,918**	97,935,552
Warranty		**159,800,075**	84,243,344	**159,800,075**	84,243,344
Utilities		**53,229,475**	53,472,527	**53,229,475**	53,472,527
Depreciation	*3.3*	**52,981,794**	48,033,107	**52,893,166**	48,033,107
Bad debts		**32,811,452**	52,309,232	**32,811,452**	52,309,232
Office administration		**36,377,149**	48,745,817	**36,371,135**	48,745,817
Repairs and maintenance		**43,036,608**	30,588,813	**43,026,608**	30,588,813
Directors' fee and remuneration	*21.3*	**12,143,825**	13,882,111	**12,143,825**	13,882,111
Travelling		**37,630,509**	30,458,897	**37,218,803**	30,458,897
Amortisation	*4*	**7,961,439**	9,008,231	**7,961,439**	9,008,231
Bank charge		**14,860,616**	11,436,850	**14,756,667**	11,436,850
Insurance		**4,273,042**	6,110,939	**4,273,042**	6,110,939
Fuel and car maintenance		**3,770,470**	6,176,693	**4,176,196**	6,176,693
Professional and technical fees	*21.4*	**10,127,938**	5,152,800	**9,712,375**	5,152,800
Entertainment		**4,828,749**	3,949,386	**4,828,749**	3,949,386
Statutory audit fee		**596,385**	520,000	**552,000**	520,000
Dues and subscription		**846,533**	258,896	**816,533**	258,896
		1,961,971,433	1,660,079,486	**1,957,341,233**	1,660,079,486

21.1 Royalty-consolidated

Manufactured products	**Turnover from manufacturing units**		**Royalty charge for the year**	
In BDT	**2017**	**2016**	**2017**	**2016**
Audio-video sets (television)	**1,839,686,146**	1,577,521,224	**73,587,446**	63,100,849
Air conditioner	**977,077,810**	719,962,003	**39,083,112**	28,798,480
Furniture	**162,608,996**	150,905,568	**6,504,360**	6,036,223
Refrigerator	**335,108,280**	-	**3,351,082**	-
	3,314,481,232	2,448,388,795	**122,526,000**	97,935,552

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 and International Appliances Limited @ 1% on Refrigerator for the year 2017.

21.2 Royalty-company

Manufactured products	**Turnover from manufacturing units**		**Royalty charge for the year**	
In BDT	**2017**	**2016**	**2017**	**2016**
Audio-video sets (television)	**1,839,686,146**	1,577,521,224	**73,587,446**	63,100,849
Air conditioner	**977,077,810**	719,962,003	**39,083,112**	28,798,480
Furniture	**162,608,996**	150,905,568	**6,504,360**	6,036,223
	2,979,372,952	2,448,388,795	**119,174,918**	97,935,552

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 2017.

21.3 Director's fee and remuneration

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Remuneration	**9,849,096**	9,978,581	**9,849,096**	9,978,581
Housing	**1,641,000**	1,875,500	**1,641,000**	1,875,500
Retirement benefit scheme	**-**	1,465,878	**-**	1,465,878
Medical and welfare	**170,729**	331,652	**170,729**	331,652
Fees	**483,000**	230,500	**483,000**	230,500
	12,143,825	13,882,111	**12,143,825**	13,882,111

21.4 Professional and technical fees

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Legal and technical services	**9,087,688**	4,192,550	**8,672,125**	4,192,550
IFRS audit fees	**1,000,000**	920,000	**1,000,000**	920,000
Audit fees for provident fund, workers' profit participation fund etc.	**40,250**	40,250	**40,250**	40,250
	10,127,938	5,152,800	**9,712,375**	5,152,800

22 Net finance costs

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Finance income	**563,183**	9,840,369	**563,183**	9,840,369
Foreign exchange gain		-	**-**	-
Finance income	**563,183**	9,840,369	**563,183**	9,840,369
Interest expenses	**(158,195,568)**	(97,298,322)	**(149,016,850)**	(97,298,322)
	(157,632,385)	(87,457,953)	**(148,453,667)**	(87,457,953)

23 Other income/(loss)

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

		Consolidated		Company	
In BDT	*Note*	**2017**	**2016**	**2017**	**2016**
Sale of scrapped inventories and others		**2,930,578**	1,690,132	**-**	1,690,132
Dividend income from CDBL		**1,427,952**	1,427,952	**1,427,952**	1,427,952
Gain/(loss) on sale of discarded fixed assets (Annexure - 1)		**(2,164,290)**	(1,581,730)	**(2,164,290)**	(1,581,730)
Discount on acquisition of subsidiary	*23.1*	**25,711,295**	-	**25,711,295**	-
Loss on derecognition of associate	*23.4*	**(15,390,189)**	-	**(15,390,189)**	-
Other		**16,281,940**	-	**16,281,939**	-
		28,797,286	1,536,354	**25,866,707**	1,536,354

Notes to the Financial Statements (Continued)

23.1 Discount on acquisition of subsidiary

As per BFRS 3 (business combination) paragraph 18, the acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

Paragraph 34 states that an acquirer will make a bargain purchase, which is a business combination in which the amount in paragraph 32(b) exceeds the aggregate of the amounts specified in paragraph 32(a). If that excess remains after applying the requirements in paragraph 36, the acquirer shall recognise the resulting gain in profit or loss on the acquisition date. The gain shall be attributed to the acquirer.

Paragraph 32 states that the acquirer shall recognise goodwill as of the acquisition date measured as the excess of (a) over (b) below:

(a) the aggregate of:

(i) the consideration transferred measured in accordance with this BFRS, which generally requires acquisition-date fair value.
(ii) the amount of any non-controlling interest in the acquiree measured in accordance with this BFRS; and
(iii) in a business combination achieved in stages the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this BFRS.

Paragraph 36 states that before recognising a gain on a bargain purchase, the acquirer shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognise any additional assets or liabilities that are identified in that review.

During the acquisition of International Appliances Limited (IAL), fair value of plant and machineries was measured by Asian Surveyor Limited and fair value of inventories were measured by the Company (SBL) as per BAS 2.

The fair value of identifiable net assets acquired by SBL was higher than the fair value of purchase consideration at the acquisition date. As a result, a gain on acquisition of IAL was recorded in the books of SBL. The details of discount calculation is given below.

Goodwill/(discount)

In BDT	*Note*	16 October 2017
Net Fair value of purchase consideration		318,692,000
Non-controlling interest	*23.2*	67,846,929
(At 16.1681% of fair value of net assets)		
Fair value of acquirer's previously held equity interest	*5.2*	7,384,300
		393,923,229
Fair value of identifiable net assets	*23.2*	(419,634,524)
		(25,711,295)

23.2 Fair value of identifiable net assets of IAL acquired

In BDT	*Note*	16 October 2017
Share capital		388,964,300
Retained earnings		20,839,796
Fair value increase of plant and machineries	*23.3*	9,830,428
Identifiable net assets		419,634,524
Non-controlling interest (at 16.1681% of fair value of net assets)		**67,846,929**

23.3 Fair value increase of plant and machineries

In BDT	16 October 2017
Fair value of plant and machineries	312,326,122
Accounting WDV of plant and machineries	(302,495,694)
	9,830,428

23.4 Loss on derecognition of associate

International Appliances Limited has been the equity accounted investee of SBL from 23 December 2014 to 16 October 2017 (details in note no. 5.1). When SBL established its control on IAL, it was required to derecognise the equity accounted investee and booked derecognition gain/(loss) in profit or loss statement as per BFRS 3 paragraph 42 "in a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss". The details are given below.

In BDT	*Note*	16 October 2017
Fair value of acquirer's previously held equity interest at date control obta	*5.2*	7,384,300
Carrying amount of associate	*23.5*	(22,774,489)
		(15,390,189)

23.5 Carrying amount of associate

In BDT	*Note*	16 October 2017
Cost (share capital previously held by acquirer)	*5.2*	7,384,300
Share of pre-acquisition retained earnings (BDT 20,839,796 at 73.85%)		15,390,189
		22,774,489

24 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.

25 Share of profit/(loss) of equity-accounted investees, net of tax

In BDT	*Note*	2017	2016
Profit/(loss) from International Appliances Limited	*5.1 & 25.1*	56,387,751	(27,081,070)
		56,387,751	(27,081,070)

25.1 Profit/(loss) from International Appliances Limited

In BDT	*Note*	2017
Profit of equity-accounted investee for the period of 16 October 2017, ne		76,354,436
Percentage of shareholding on equity-accounted investee	*5.1*	73.85%
		56,387,751

Profit of equity-accounted investes considered up to acquisition date i.e. 16 October 2017.

26 Income tax expense

		Consolidated		Company	
In BDT	*Note*	2017	2016	2017	2016
Current tax expense	*18.2*	**252,015,000**	226,500,000	**252,015,000**	226,500,000
Prior year's adjustments		**-**	11,363,923	**-**	11,363,923
Deferred tax (income)/expense	*12 & 26.1*	**28,960,762**	(4,610,272)	**16,143,891**	(4,610,272)
		280,975,762	233,253,651	**268,158,891**	233,253,651

26.1 Related tax

				2017
In BDT	*Note*	Before tax	Tax (expense) / benefit	Net of tax
Remeasurement of defined benefit liability	*13.1*	**(4,325,000)**	**1,081,250**	**(3,243,750)**
		(4,325,000)	**1,081,250**	**(3,243,750)**

Notes to the Financial Statements (Continued)

27 Contingencies and commitments

27.1 Commitment

The letters of credit were outstanding as at 31 December 2017 against which the Company is committed to purchase products from different companies.

	Consolidated		Company	
In BDT	**2017**	**2016**	**2017**	**2016**
Letters of credit	**1,503,723,030**	1,009,900,885	**966,837,544**	1,009,900,885

27.2 Contingent liabilities

There are contingent liabilities on account of disputed bank guarantees and claims by the customs authority.

		Consolidated		Company	
		2017	**2016**	**2017**	**2016**
(i)	Claims against the Company not acknowledged as debts	**5,696,542**	5,696,542	**5,696,542**	5,696,542
(ii)	Uncalled liability on partly paid shares/ arrears of fixed cumulative dividends on preference shares	-	-	-	-
(iii)	Aggregate amount of contracts for capital expenditure remaining to be executed and not provided for	-	-	-	-
(iv)	Aggregate amount of any guarantees given by the company on behalf of directors, managing directors, or other officers of the company	-	-	-	-
(v)	Money for which the Company is contingently liable for any guarantees given by banks	**17,888,541**	17,565,526	**17,888,541**	17,565,526
		23,585,083	23,262,068	**23,585,083**	23,262,068

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.

28 Capacity utilisation

28.1 Capacity utilisation-consolidated

		Units			
Production	**Measurement unit**	**Annual installed capacity**	**Utilisation during the year**	**Over/(Under) utilisation**	**% of utilisation**
Panel television	Number	100,000	97,203	(2,797)	97.2
Air conditioner	Sets	24,000	23,500	(500)	97.9
Furniture	Sets	5,300	5,108	(192)	96.4
Refrigerator	Number	120,000	88,010	(31,990)	73.3

28.2 Capacity utilisation-company

		Units			
Production	**Measurement unit**	**Annual installed capacity**	**Utilisation during the year**	**Over/(Under) utilisation**	**% of utilisation**
Panel television	Number	100,000	97,203	(2,797)	97.2
Air conditioner	Sets	24,000	23,500	(500)	97.9
Furniture	Sets	5,300	5,108	(192)	96.4

29 Number of employees

	Consolidated		Company	
	2017	2016	2017	2016
The number of employees engaged for the whole year or part thereof who received a total remuneration of BDT 36,000 and above.	1,384	1,084	1,152	1,084

30 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 2016 (final)	Retail Holdings Bhold B.V.	242,070,828	3,001,498
Royalty for the year 2016	Singer Asia Limited	88,141,997	1,062,592

31 Earnings per share (EPS)

31.1 Basic earnings per share

	Consolidated		Company	
	2017	2016	2017	2016
Earnings attributable to the ordinary shareholders	**750,829,738**	546,322,199	**775,109,519**	546,322,199
Weighted average number of ordinary shares outst	**76,694,491**	76,694,491	**76,694,491**	76,694,491
Basic earnings per share	**9.79**	7.12	**10.11**	7.12

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2017 in terms of Bangladesh Accounting Standard (BAS-33).

31.2 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.

32 Financial risk management

32.1 Financial risk management-consolidated

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

- Credit risk (note 32.1.1)
- Liquidity risk (note 32.1.2)
- Market risk (note 32.1.3)

32.1.1 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.

Notes to the Financial Statements (Continued)

32.1.1.1 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	2017	2016
Loans and receivables	**1,856,060,667**	1,538,442,838
Cash and cash equivalents	**202,934,615**	152,429,314
	2,058,995,282	1,690,872,152

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

In BDT	2017	2016
Domestic	**1,856,060,667**	1,538,442,838
	1,856,060,667	1,538,442,838

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

In BDT	2017	2016
Retail customers	**1,422,550,286**	1,422,550,286
Wholesale customers	**72,795,208**	72,795,208
Other	**360,715,173**	43,097,344
	1,856,060,667	1,538,442,838

32.1.1.2 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 2017	Impairment 2017	Gross 2016	Impairment 2016
Not past due	**2,008,929,738**	**1,658,236**	1,671,956,557	1,621,391
Past due 1-30 days	**50,437,543**	**1,056,694**	46,785,065	1,099,114
Past due 31-120 days	**63,313,408**	**10,464,478**	39,869,615	7,860,561
Past due 121-365 days	**49,647,983**	**33,245,548**	49,309,453	38,146,043
More than one year	**3,887,096**	**3,887,096**	-	-
	2,176,215,768	**50,312,052**	1,807,920,690	48,727,109

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

In BDT	2017	2016
Opening balance	**48,727,109**	41,628,654
Allowance recognised for the year	**32,811,452**	47,037,453
	81,538,561	88,666,107
Allowance written off for the year	**(31,226,509)**	(39,938,998)
Closing balance	**50,312,052**	48,727,109

32.1.2 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 2017							
Non-derivative financial liabilities:							
Bank overdraft	**1,587,039,816**	**1,912,305,268**	**1,850,340,503**	**61,964,765**	**-**	**-**	**-**
Secured bank loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**1,508,412,542**	**1,508,412,542**	**1,385,886,542**	**1,22,526,000**	**-**	**-**	**-**
Derivative financial liabilit	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	3,095,452,358	**3,420,717,810**	**3,236,227,045**	**184,490,765**	**-**	**-**	**-**

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	-	-	-

32.1.3 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 Group 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 Group does not hold or issue derivative financial instruments for speculative business.

Notes to the Financial Statements (Continued)

32.1.3.1 Interest rate risk

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

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

In BDT	2017	2016
Fixed rate instruments		
Fixed rate deposits at financial institution	-	-
Fixed rate loans and receivable (net hire receivable)	**1,744,545,337**	1,443,914,737
Other fixed rate instruments (assets)	-	-
Financial assets	**1,744,545,337**	1,443,914,737
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	**1,587,039,816**	1,130,878,507
Variable rate loans	-	-
Variable rate debentures	-	-
Variable rate promissory notes	-	-
Other variable rate liabilities	**215,157,638**	182,985,381
Financial liabilities	**1,802,197,454**	1,313,863,888

32.1.3.2 Cash flow sensitivity analysis for variable rate instruments 2017

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.

	Profit or loss		Equity	
In BDT	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
31 December 2017				
Other variable rate liabilities	(4,303,153)	4,303,153	(4,303,153)	4,303,153
Cash flow sensitivity	**(4,303,153)**	**4,303,153**	**(4,303,153)**	**4,303,153**

32.1.3.3 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 2015 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
In BDT	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**

32.1.3.4 Foreign Currency risk

The Group 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 Group.

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

In USD	2017	2016
Accounts payable trade	**4,892,013**	**2,624,813**

The following significant exchange rates are applied during the period:

In BDT	2017	2016
US Dollar	**83.19**	78.70

32.1.3.5 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 2017				
Expenditures denominated in USD	(20,348,328)	20,348,328	(20,348,328)	20,348,328
Exchange rate sensitivity	**(20,348,328)**	**20,348,328**	**(20,348,328)**	**20,348,328**

	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**

32.2 Financial risk management-company

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 32.2.1)
- Liquidity risk (note 32.2.2)
- Market risk (note 32.2.3)

32.2.1 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 32.2.1.1) is represented by the carrying amount of each financial asset in the statement of financial position.

Notes to the Financial Statements (Continued)

32.2.1.1 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	2017	2016
Loans and receivables	**1,855,636,074**	1,538,442,838
Cash and cash equivalents	**202,786,490**	152,429,314
	2,058,422,564	1,690,872,152

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

In BDT	2017	2016
Domestic	**1,855,636,074**	1,538,442,838
	1,855,636,074	1,538,442,838

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

In BDT	2017	2016
Retail customers	**1,718,473,785**	1,422,550,286
Wholesale customers	**95,042,436**	72,795,208
Others	**42,119,853**	43,097,344
	1,855,636,074	1,538,442,838

32.2.1.2 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 ageing of receivables at the reporting date was:

In BDT	Gross 2017	Impairment 2017	Gross 2016	Impairment 2016
Not past due	**2,008,929,738**	**1,658,236**	1,671,956,557	1,621,391
Past due 1-30 days	**50,437,543**	**1,056,694**	46,785,065	1,099,114
Past due 31-120 days	**62,888,814**	**10,464,478**	39,869,615	7,860,561
Past due 121-365 days	**49,647,983**	**33,245,548**	49,309,453	38,146,043
More than one year	**3,887,096**	**3,887,096**	-	-
	2,175,791,174	**50,312,052**	1,807,920,690	48,727,109

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

In BDT	2017	2016
Opening balance	**48,727,109**	41,628,654
Allowance recognised for the year	**32,811,452**	47,037,453
	81,538,561	88,666,107
Allowance written off for the year	**(31,226,509)**	(39,938,998)
Closing balance	**50,312,052**	48,727,109

32.2.2 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 2017							
Non-derivative financial liabilities:							
Bank overdraft	**1,457,644,580**	**1,493,328,057**	**1,431,363,292**	**61,964,765**	**-**	**-**	**-**
Secured bank loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**1,522,526,822**	**1,522,526,822**	**1,403,351,904**	**119,174,918**	**-**	**-**	**-**
Derivative financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2,980,171,402	**3,015,854,879**	**2,834,715,196**	**181,139,683**	**-**	**-**	**-**
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	-	-	-

32.2.3 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.

Notes to the Financial Statements (Continued)

32.2.3.1 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	2017	2016
Fixed rate instruments		
Fixed rate deposits at financial institution	-	-
Fixed rate loans and receivable (net hire receivable)	**1,744,545,337**	1,443,914,737
Other fixed rate instruments (assets)	-	-
Financial assets	**1,744,545,337**	1,443,914,737
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	**1,457,644,580**	1,130,878,507
Variable rate loans	-	-
Variable rate debentures	-	-
Variable rate promissory notes	-	-
Other variable rate liabilities	**215,157,638**	182,985,381
Financial liabilities	**1,672,802,218**	1,313,863,888

32.2.3.2 Cash flow sensitivity analysis for variable rate instruments 2017

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.

	Profit or loss		Equity	
In BDT	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
31 December 2017				
Other variable rate liabilities	(4,303,153)	4,303,153	(4,303,153)	4,303,153
Cash flow sensitivity	**(4,303,153)**	**4,303,153**	**(4,303,153)**	**4,303,153**

32.2.3.3 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 2015 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
In BDT	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**

32.2.3.4 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	2017	2016
Accounts payable trade	**2,738,288**	**2,624,813**

The following significant exchange rates are applied during the period:

In BDT	2017	2016
US Dollar	**83.19**	78.70

32.2.3.5 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 2017				
Expenditures denominated in USD	(11,389,909)	11,389,909	(11,389,909)	11,389,909
Exchange rate sensitivity	**(11,389,909)**	**11,389,909**	**(11,389,909)**	**11,389,909**

	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**

Notes to the Financial Statements (Continued)

33 Determination of fair value

33.1 Determination of fair value-consolidated

financialand 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 2017	Fair value 2017	Carrying amount 2016	Fair value 2016
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	**1,856,060,667**	**1,702,936,059**	1,538,442,838	1,422,050,221
Cash and cash equivalents	**202,934,615**	**202,934,615**	152,429,314	152,429,314
	2,058,995,282	**1,905,870,674**	1,690,872,152	1,574,479,535
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	**1,508,412,542**	**N/A***	1,157,720,304	N/A*
Bank overdraft	**1,587,039,816**	**1,587,039,816**	1,130,878,507	1,130,878,507
	3,095,452,358	**1,587,039,816**	2,288,598,811	1,130,878,507

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:

	2017		2016	
	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: Paragraph 29). However, fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

33.2 Determination of fair value-company

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 2017	Fair value 2017	Carrying Amount 2016	Fair value 2016
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	**1,855,636,074**	**1,702,936,059**	1,538,442,838	1,422,050,221
Cash and cash equivalents	**202,786,490**	**202,786,490**	152,429,314	152,429,314
	2,058,422,564	**1,905,722,549**	1,690,872,152	1,574,479,535
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	**1,522,526,822**	**N/A***	1,157,720,304	N/A*
Bank overdraft	**1,457,644,580**	**1,457,644,580**	1,130,878,507	1,130,878,507
	2,980,171,402	**1,457,644,580**	2,288,598,811	1,130,878,507

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:

	2017		2016	
	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.

Notes to the Financial Statements (Continued)

34 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.

35 Related party disclosures under BAS-24

Related party transactions are disclosed in compliance with BAS-24 "*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:

35.1 Related party transactions

Read this note in conjunction with note no. 21.3.

Name of related parties	Relation ship	Nature of transaction	Consolidated 2017 BDT	Consolidated 2016 BDT	Company 2017 BDT	Company 2016 BDT
Retail Holdings Bhold B.V., The Netherlands (formerly Singer Bhold B.V., The Netherlands)	Parent company	Dividend payment	**268,967,587**	101,180,128	**268,967,587**	101,180,128
Retail Holdings Asia B.V.	Subsidiary of ultimate parent	Royalty payment	**133,594,138**	97,935,552	**119,174,918**	97,935,552
Singer India Ltd.	Subsidiary of ultimate parent	Procure ment of products	**150,695,986**	22,949,951	**150,695,986**	22,949,951
International Appliances Limited	Subsidiary of SBL	Procure ment of products	-	-	**1,441,922,016**	163,994,751
International Appliances Limited	Subsidiary of SBL	Current account	-	-	**3,208,121**	193,757,288
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Non-controlling interest	Procure ment of products	**45,712,905**	-	-	-
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Non-controlling interest	Procureme of plant & machinery	**165,236,117**	-	-	-
Sunman Corporation Limited	Non-controlling interest	Rent	**7,306,340**	-	-	-

35.2 Related party receivable/(payable)

Name of related parties	Relation ship	Nature of transaction	Consolidated 2017 BDT	Consolidated 2016 BDT	Company 2017 BDT	Company 2016 BDT
Retail Holdings Asia B.V.	Subsidiary of ultimate parent	Royalty payable Current account	**(135,234,085)**	(97,935,552)	**(119,174,918)**	(97,935,552)
Singer Asia Ltd.	Subsidiary of ultimate parent	Current account	**11,452,754**	26,178,908	**11,452,754**	26,178,908
Singer India Ltd.	Subsidiary of ultimate parent	Procurement of products	**(2,696,048)**	(5,038,818)	**(2,696,048)**	(5,038,818)
International Appliances Limited	Subsidiary of SBL	Procurement of products	-	-	**(255,455,217)**	(50,905,437)
International Appliances Limited	Subsidiary of SBL	Current account	-	-	**5,843,058**	2,634,937
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Non-controlling interest	Procurement of product and plant & machinery	**(177,241,885)**	-	-	-
Sunman Corporation Limited	Non-controlling interest	Rent	**(13,551,461)**	-	-	-
Sunman Corporation Limited	Non-controlling interest	Other receivable	**6,023,672**	-	-	-

36 Events after the reporting period

The Board of Directors of the company has recommended a cash dividend of BDT 10 (100% per share of BDT 10 each) amounting to BDT 766,944,910 in its 230th board meeting dated 15 March 2018.

37 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.

d. This the first time consolidation for Singer Bangladesh Limited group. Comparative amounts of 2016 in the consolidated columns in the financial statements and to the financial statements represent the audited amount of the company for the year ended 31 December 2016.

AMARSTOCK

Notes to the Financial Statements (Continued)

38 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 for calculating 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 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 BRS 15.
BFRS 16 *Leases*	BFRS 16 eliminates the current operating/finance lease dual accounting model for leases. Instead, there is a single, on-balance sheet accounting model, similar to current finance lease accounting. Issued in January 2016, the new BFRS will replace the existing guidance in BAS 17 *Leases.* The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted.	The Company has yet to assess the potential impact of BFRS 16 on its financial statements.

39 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.

40 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
B. Finance income and finance costs
C. Foreign currency transactions
D. Income tax
E. Inventories
F. Property, plant and equipment
G. Intangibles
H. Financial instruments
I. Impairment
J. Provisions
K. Royalty
L. Warranty costs
M. Investments
N. Workers' profit participation fund
O. Employee benefit
P. Reporting period
Q. Earnings per share
R. Segment reporting
S. Statement of cash flows
T. Events after the reporting period
U. Offsetting
V. Basis of consolidation

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 expense on 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 exchange gains 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.

AMAR STOCK

Notes to the Financial Statements (Continued)

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 2017.

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 in case of SBL and straight line basis in case of IAL 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. A change in the depreciation method is a change in a technique used to apply the entity's accounting policy to recognise depreciation as an asset's future economic benefits are consumed. Therefore it is deemed to be a change in an accounting estimate.

Land is not depreciated. Depreciation is charged on property plant and equipment from the month of acquisition and no depreciation is charged in the month of disposal.

Depreciation is charged at the rates varying from 2.5% to 20% depending on the estimated useful lives of assets. No depreciation is charged for work-in-progress.

The rates of depreciation of SBL, 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%

The rates of depreciation of IAL, applied on straight line basis, for the current and comparative years are as follows:

Building - Office	2.50%
Building - Factory	2.50%
Leasehold improvements	12.50%
Plant and machinery	8.33%
Vehicles	20%
Furniture and fixtures	10%
Equipment and tools	8.33%
Computer	25%

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 BAS 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.

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Notes to the Financial Statements (Continued)

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% 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 21.1 & 21.2). 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 term deposit with Commercial Bank of Ceylon which is renewable.

Investment in short term deposit

Investment in short term deposit represents fixed deposit with maturity of three 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.

Notes to the Financial Statements (Continued)

Retirement benefit obligation (gratuity)

The Company operates an funded 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. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Accordingly, necessary 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 BFRS 8: "Operating *Segments*". The details are described on *note no. 2.5.*

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 36.

U. Offsetting

The Group reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such offsetting is permitted by applicable accounting standard.

V. Basis of consolidation

The Group account for business combination using the acquisition method when control is transferred to the Group (see V (i)). The consideration transferred in the acquisition are generally measured at fair value, as are the identifiable net asset acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

(i) Subsidiaries

Subsidiaries are the entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to variable returns from its involvement with the entity and has the ability to affects those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Non-controlling interests

Non-controlling Interest (NCI) are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Singer Bangladesh Limited

Details of Disposal of Property, Plant and Equipment

(Annexure - 1)

For the year ended 31 December 2017

Particulars	Original cost	Accumulated depreciation	Net book value	Sales proceed	Gain/(Loss)	Mode of disposal
Plant & machinery	7,421,389	5,463,536	1,957,854	-	(1,957,854)	Adjustment/sold
Equipment	5,666,596	5,105,763	560,832	9,473	(551,359)	Adjustment/sold
Furniture	1,030,022	804,393	225,629	-	(225,629)	Adjustment/sold
Leasehold improvements	7,147,443	4,672,830	2,474,613	1,268,339	(1,206,274)	Adjustment/sold
Vehicles	3,648,000	3,282,946	365,054	2,141,880	1,776,826	Auction
	24,913,449	**19,329,467**	**5,583,982**	**3,419,692**	**(2,164,290)**	

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Directors' Report

International Appliances Limited

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, 2017. This report has been prepared in compliance with section 184 of the Companies Act 1994,

Principal Activities

The business of the Company is to manufacture of home appliances and related components, which will also include the trading of refrigerators, freezers and other household appliances. The company shall primarily manufacture refrigerators and freezers in "Singer" brand for exclusive marketing by Singer Bangladesh Limited.

Review of Business

International Appliances Limited starts resulting during the year. It went commercial production in July 2016. In 2017 revenue reached Tk 1.44 billion which was higher by 779% over the previous year's revenue of Tk 164 million. Operating profit reached 206 million against loss of initial/previous year's operating loss of Tk 51 million. Net profit for the year stood at Tk 102 million against net loss of Tk. 37 million.

Fairness of Financial Statements

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

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 & IFRS

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

Board Meetings

During the year, the Board of Directors met five times.

Dividend

The company starts generating income but it has to adjust previous loss with the present profit. Therefore, the company didn't recommend dividend for the year ended December 31, 2017.

Appointment of Auditors

As per section 210 of the Companies Act 1994, the Company's Statutory Auditors Rahman Rahman Huq, Chartered Accountants retires at the 2nd Annual General Meeting as auditors of the Company.

As per BSEC order No. SEC/CMRRCD/2009/104/Admin- dated July 27, 2011, an audit firm cannot be engaged for more than three consecutive years as statutory auditors. Rahman Rahman Huq, Chartered Accountants have been the statutory auditors of the company for the last three years. A. Qasem & Co., Chartered Accountants have expressed their willingness to be appointed as statutory auditors of International Appliances Limited.

The Board recommends appointment of A. Qasem & Co., Chartered Accountants as statutory auditors of the company for the year 2017 subject to approval of the Shareholders in the 3rd Annual General Meeting and to continue till the next Annual General Meeting.

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 did so within the stipulated time.

Conclusion

The Board wishes to express its sincere appreciation to all employees of the company for their contribution and at the same time, thanked all the stakeholders for their continued support and confidence.

Approved by the Board of Directors and signed, on its behalf, by

Gavin J. Walker
Chairman

Mohammad Sanaullah
Company Secretary

March 15, 2018

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

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Internet www.kpmg.com/bd

Independent Auditors' Report

to the shareholders of International Appliances Limited

Report on the financial statements

We have audited the accompanying financial statements of International Appliances Limited ("the Company"), which comprise the statement of financial position as at 31 December 2017, 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 notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these 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 (BSA). 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 the International Appliances Limited as at 31 December 2017, 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, we also report the following:

a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose 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 those books; and

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

Rahman Rahman Huq
Dhaka, 15 March 2018
RRH

Rahman Rahman Huq

International Appliances Limited

Statement of Financial Position

In BDT	Notes	31 December 2017	31 December 2016
Assets			
Property, plant and equipment	3	**368,067,422**	342,561,014
Prepaid rent (non-current portion)	4	**11,739,948**	14,211,516
Deferred tax assets	5	**-**	28,255,257
Non-current assets		**379,807,370**	385,027,787
Inventories	6	**358,531,194**	198,484,590
Advances, deposits and prepayments	7	**20,511,127**	13,810,064
Trade and other receivables	8	**261,722,870**	54,566,153
Cash and cash equivalents	9	**148,125**	192,304
Current tax assets	10	**77,505,006**	14,494,971
Current assets		**718,418,322**	281,548,082
Total assets		**1,098,225,692**	666,575,869
Equity			
Share capital	11	**388,964,300**	9,999,000
Retained earnings		**46,964,814**	(55,514,640)
Total equity		**435,929,114**	(45,515,640)
Liabilities			
Share money deposit	12	**-**	378,965,363
Retirement benefit obligations (gratuity)	13	**1,444,300**	-
Deferred tax liability	5	**5,965,005**	-
Non-current liabilities		**7,409,305**	378,965,363
Short-term liability	14	**278,308,039**	-
Trade and other payables	15	**247,183,998**	134,180,445
Bank overdraft	16	**129,395,236**	198,945,701
Current liabilities		**654,887,273**	333,126,146
Total liabilities		**662,296,578**	712,091,509
Total equity and liabilities		**1,098,225,692**	666,575,869

Dr. Syed Ferhat Anwar
Director

Mohamed Haniffa Mohamed Fairoz
Director

Mohammad Sanaullah
Company Secretary

As per our report of same date.

Auditor
Rahman Rahman Huq
Chartered Accountants

Dhaka, 15 March 2018

RRH

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International Appliances Limited

Statement of Profit or Loss and Other Comprehensive Income

		For the year ended 31 December	
In BDT	*Notes*	**2017**	**2016**
Revenue	*17*	**1,441,922,016**	163,994,751
Cost of sales	*18*	**(1,223,778,438)**	(197,986,801)
Gross profit/(loss)		**218,143,578**	(33,992,050)
Other income	*19*	**6,084,915**	553,483
Administrative expenses	*20*	**(17,979,980)**	(17,138,026)
Operating profit/(loss)		**206,248,513**	(50,576,593)
Finance income		**-**	-
Finance costs	*21*	**(33,503,104)**	(14,155,317)
Net finance costs		**(33,503,104)**	(14,155,317)
Profit/(Loss) before WPPF & tax		**172,745,409**	(64,731,910)
Contribution to workers profit participation fund		**(8,637,270)**	-
Profit/(Loss) before tax		**164,108,139**	(64,731,910)
Income tax (expense)/income	*22*	**(61,628,685)**	28,061,538
Profit/(Loss)		**102,479,454**	(36,670,372)
Other comprehensive income		**-**	-
Total comprehensive Income/(loss)		**102,479,454**	(36,670,372)

Dr. Syed Ferhat Anwar
Director

Mohamed Haniffa Mohamed Fairoz
Director

Mohammad Sanaullah
Company Secretary

As per our report of same date.

Auditor
Rahman Rahman Huq
Chartered Accountants

Dhaka, 15 March 2018

RRH

AMARSTOCK

International Appliances Limited

Statement of Changes in Equity

	For the year ended 31 December 2017		
In BDT	**Share capital**	**Retained earnings**	**Total equity**
Balance at 1 January 2016	9,999,000	(18,844,268)	(8,845,268)
Total comprehensive income			
Loss	-	(36,670,372)	(36,670,372)
Other comprehensive income	-	-	-
Total comprehensive income	-	(36,670,372)	(36,670,372)
Transaction with owners of the Company			
Contributions and distributions			
Issue of ordinary shares	-	-	-
Total contributions and distributions	-	-	-
Balance at 31 December 2016	9,999,000	(55,514,640)	(45,515,640)

	For the year ended 31 December 2017		
	Share capital	**Retained earnings**	**Total equity**
Balance at 1 January 2017	**9,999,000**	**(55,514,640)**	**(45,515,640)**
Total comprehensive income			
Profit	-	**102,479,454**	**102,479,454**
Other comprehensive income	-	-	-
Total comprehensive income	-	**102,479,454**	**102,479,454**
Transaction with owners of the Company			
Contributions and distributions			
Issue of ordinary shares	**378,965,300**	-	**378,965,300**
Total contributions and distributions	**378,965,300**	-	**378,965,300**
Balance at 31 December 2017	**388,964,300**	**46,964,814**	**435,929,114**

Dr. Syed Ferhat Anwar
Director

Mohamed Haniffa Mohamed Fairoz
Director

Mohammad Sanaullah
Company Secretary

As per our report of same date.

Auditor
Rahman Rahman Huq
Chartered Accountants

Dhaka, 15 March 2018

RRH

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International Appliances Limited

Statement of Cash Flows

In BDT	Notes	For the year ended 31 December 2017	2016
Cash flows from operating activities			
Collections from turnover and other income		**1,459,745,453**	52,786,196
Payments for costs and expenses		**(1,209,443,614)**	(390,734,452)
Interest paid on borrowings		**(30,019,948)**	(14,155,317)
Income tax paid		**(90,418,458)**	(14,494,973)
Net cash from/(used) in operating activities		**129,863,433**	(366,598,546)
Cash flows from investing activities			
Dividend received from affiliates		-	-
Investment in share		-	-
Acquisition of intangible assets		-	-
Acquisition of property, plant and equipment	*3*	**(60,357,147)**	(16,121,977)
Sales proceeds of property, plant & equipment		-	-
Net cash used in investing activities		**(60,357,147)**	(16,121,977)
Cash flows from financing activities			
Issue of new shares by using share money deposit	*11*	**378,965,300**	-
Share money deposit used for issue of new shares	*12*	**(378,965,300)**	-
Share money deposit		-	176,342,430
Dividend paid		-	-
Net cash from financing activities		-	176,342,430
Net increase in cash		**69,506,286**	(206,378,093)
Cash and cash equivalents at 1 January		**(198,753,397)**	7,624,696
Cash and cash equivalents at 31 December		**(129,247,111)**	(198,753,397)
Closing cash and cash equivalents have been arrived at as follows:			
Cash and cash equivalents	*9*	**148,125**	192,304
Short-term borrowings - secured (bank overdraft)	*16*	**(129,395,236)**	(198,945,701)
		(129,247,111)	(198,753,397)

Dr. Syed Ferhat Anwar
Director

Mohamed Haniffa Mohamed Fairoz
Director

Mohammad Sanaullah
Company Secretary

As per our report of same date.

Auditor

Rahman Rahman Huq
Chartered Accountants

Dhaka, 15 March 2018

RRH

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Singer Bangladesh Limited

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 2017

No. of Shareholders : **31st December 2017 - 11,788 nos.** (31st December 2016 - 11,549 nos.)

No. of Shares held			31 December 2017			31 December 2016		
			No. of Share-holders	No. of Shares	%	No. of Share-holders	No. of Shares	%
1	-	500	**7,742**	**1,285,463**	**1.68**	7,803	1,267,471	1.65
501	-	5000	**3,477**	**5,418,964**	**7.07**	3,249	5,006,055	6.53
5001	-	10000	**274**	**1,986,922**	**2.59**	251	1,858,085	2.42
10001	-	20000	**142**	**1,977,444**	**2.57**	125	1,672,668	2.18
20001	-	30000	**43**	**1,086,031**	**1.42**	51	1,288,499	1.68
30001	-	40000	**24**	**847,370**	**1.10**	10	333,726	0.44
40001	-	50000	**11**	**507,655**	**0.66**	14	630,794	0.82
50001	-	100000	**34**	**2,673,311**	**3.49**	22	1,490,714	1.94
100001	-	1000000	**33**	**7,422,086**	**10.31**	19	5,070,243	6.61
Over		1000000	**8**	**53,489,245**	**69.11**	5	58,076,236	75.73
Total			**11,788**	**76,694,491**	**100.00**	**11,549**	**76,694,491**	**100.00**

	31 December 2017		31 December 2016	
Categories of Shares	**No. of Shares**	**No. of Shareholders**	**No. of Shares**	**No. of Shareholders**
Individuals	14,218,794	11,366	14,636,363	11,067
Institutions	62,475,697	422	62,058,128	482
	76,694,491	**11,788**	**76,694,491**	**11,549**

4. Dividends

Dividend	100 % Cash

5. Market Value per Share

	2017		2016
	Taka	**Date**	**Taka**
Highest during the year	**228.9**	22th February	205
Lowest during the year	**175.5**	24th April	137
Closing of the year	**195.5**	31st December	193

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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 **38th Annual General Meeting** of **Singer Bangladesh Limited** will be held on Tuesday**, May 15, 2018** 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, 2017.
2. To declare Dividend for the year ended December 31, 2017.
3. To elect Directors.
4. To appoint Auditors and to fix their remuneration.
5. To confirm the re-appointment of the Independent Director.

By order of the Board

Mohammad Sanaullah
Company Secretary
March 18, 2018

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

Notes

i) **April 9, 2018** 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.

- 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 April 15, 2018; 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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Singer Bangladesh Limited

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 **38th Annual General Meeting** of the Company to be held on May 15, 2018 and at any adjournment thereof.

As witness my hand this ..... Day of May 15, 2018

Signature of Proxy .....

Signature of Member .....

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

Singer Bangladesh Limited

Attendance Slip

Name of Member .....

Name of Proxy .....

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

I/we hereby record my/our presence at the **38th Annual General Meeting** of **Singer Bangladesh Limited** on Thursday, May 15, 2018 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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