

ANNUAL REPORT 2019

stronger
together



SINGER[®]
Bangladesh Limited

2019

A Stronger Brand

SINGER's triumphant journey as the 'Number 1 Choice for Generations' continued during the year 2019.

The widespread presence of Singer in Electronic, Print and Digital media has assisted the brand to create for itself a robust and lasting impression on the customers' minds. Research findings reflect that consumers believe in SINGER as a contemporary brand which is relevant to their lives.

Innovative campaigns and activities helped the brand to reach even closer to consumers. Product-centric field activations, shop-centric fairs, product demonstrations, free service campaigns and mobile shops have been helping the brand to be engaged with more consumers.

A number of new television commercials on Voice Control TVs, Washing Machines and No-frost Refrigerators were released during the year. Extensive campaigns were launched during Eid-ul-Fitr, Eid-ul-Adha and the Cricket World Cup.

Abolombon: A SINGER - BRAC Initiative

In Bangladeshi society, developing earning skills is a key for women to be empowered. Women particularly belonging to extreme poverty level are considered as the underprivileged as they do not have the financial capacity or access to mainstream skill development educations. In this backdrop, SINGER Bangladesh, in association with leading development agency BRAC, took a joint initiative titled – 'Abolombon'. The objective of this two-year long project was to facilitate the underprivileged women with free of cost tailoring training to develop sewing skills.

Under this initiative, 5,000 women, living below the poverty line, received tailoring training for free at 15 BRAC centres across the country. During the training period, the participants also received sewing accessories free of cost. This project 'Abolombon' aims at empowering women so that they can be self-dependent and improve their socio-economic conditions. A good number of these women have changed their lives using their sewing skills as a means of earning. The training helped them to build up their capacity to earn through tailoring at their neighborhoods or localities, eventually leading them towards self-reliance.

Contents



12

CHAIRMAN'S STATEMENT

Our key strengths are SINGER brand and nationwide distribution network which contributed to the coveted success.

- 7 **COMPANY PROFILE**
Singer has been operating in this region (Bangladesh) since 1905
- 8 **2019 AT A GLANCE**
405 Retail Outlets, 974 Dealers & 1653 Members
- 11 **FINANCIAL HIGHLIGHTS**
Net Income increased by 12% compared to that of last year
- 14 **BOARD OF DIRECTORS**
The Board comprises Directors having diverse and professional expertise and experiences
- 18 **MANAGEMENT TEAM**
Leaders behind company's success
- 22 **DIRECTORS' REPORT**
Revenue reached Tk. 15.5 billion which was higher by 14.2% over the previous year's revenue of Tk. 13.6 billion.
- 37 **CORPORATE GOVERNANCE**
Compliance is the central pillar of Singer management and corporate culture and at the same time, an integral part of all of its business processes.
- 42 **FINANCIAL REVIEW 2019**
Operating profit increased to Taka 1,951 million against Taka 1,659 million of the year 2018
- 46 **PEOPLE IN SINGER**
Employees bring values, skills, diversity and expertise to singer that make us the market leader in the consumer durables industries in the country
- 48 **MANAGING RISK**
The management always monitors the effectiveness of the designed systems through receiving various reports from different departments

Contents



34

MANAGEMENT DISCUSSION AND ANALYSIS FROM MD'S DESK

Strategies and initiatives implemented over the last few years have paid off with tremendous Revenue growth as well as strengthening of operating fundamentals.

40	Statement of Value Added	
50	Audit Committee Report	
52	Directors' Responsibilities for Financial Statements	
53	Nomination and Remuneration Committee Report	
55	Activity Calendar	
57	Auditors' Report Singer Bangladesh Limited	
60	Financial Statements Singer Bangladesh Limited	
		107
		Directors' Report International Appliances Limited
		108
		Auditors' Report International Appliances Limited
		109
		Financial Statements International Appliances Limited
		113
		Share Information
		114
		Glossary of Financial Terms
		115
		Notice of Annual General Meeting

Vision

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

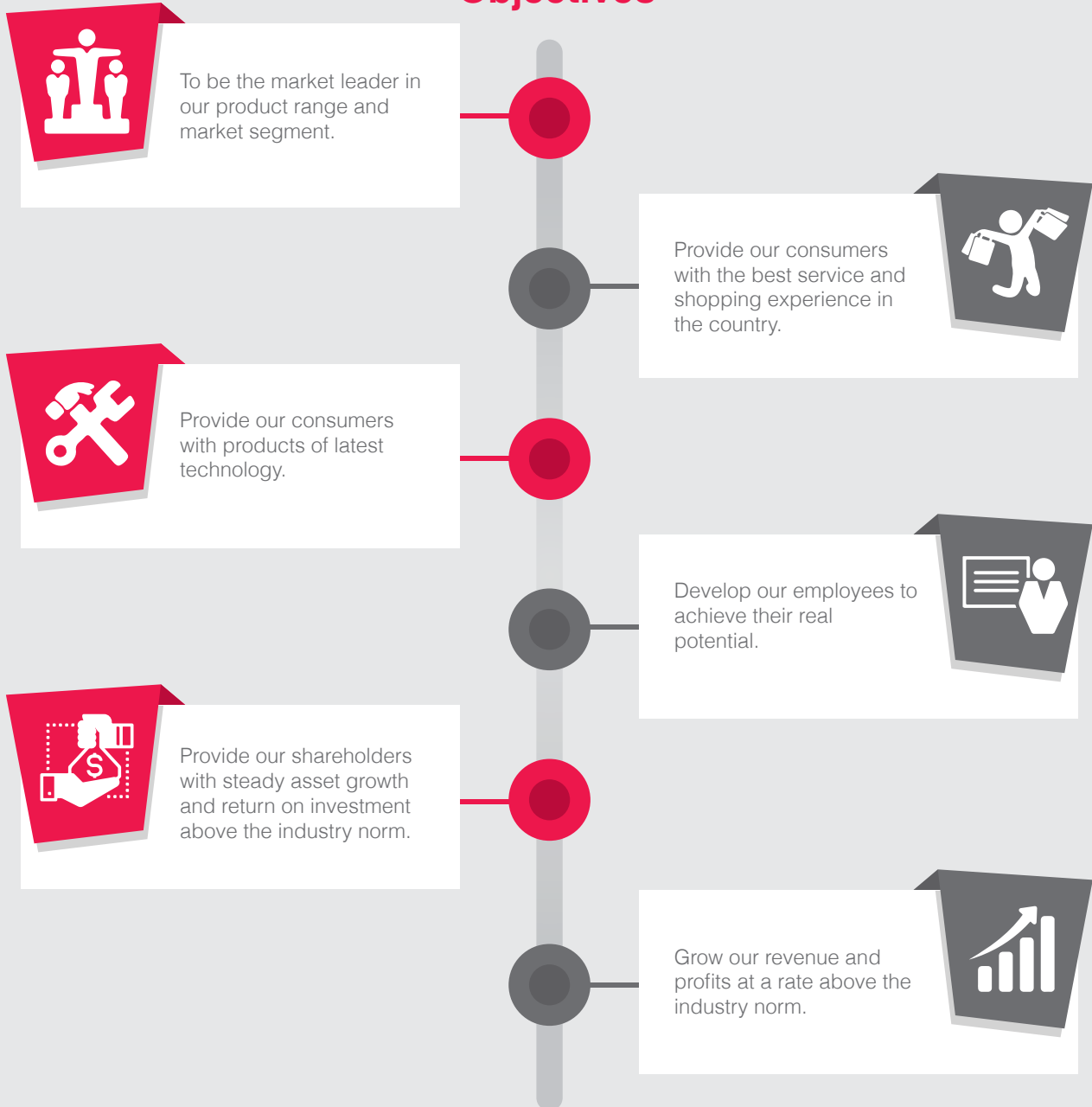
Values



Mission

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

Objectives



Corporate Directory

Board of Directors

Chairman

Dr. Fatih Kemal Ebiclioglu

Managing Director & CEO

M. H. M. Fairoz

Independent Directors

Dr. Syed Ferhat Anwar

A .F. Nesaruddin

Directors

Hakan Hamdi Bulgurlu

Polat Sen

Cemal Can Dincer

Company Secretary

Mohammad Sanaullah

Audit Committee

A. F. Nesaruddin (Chairman)

Dr. Syed Ferhat Anwar

Polat Sen

Mohammad Sanaullah (Secretary)

Nomination & Remuneration Committee

Dr. Syed Ferhat Anwar (Chairman)

A. F. Nesaruddin

Cemal Can Dincer

Mohammad Sanaullah (Secretary)

Management Committee

M. H. M. Fairoz (Chairman)

Akram Uddin Ahmed

Mokbulla Huda Chowdhury

Chandana Aravinda Samarasinghe

Kazi Rafiqul Islam

Erdinc Ayan

Md. Anisur Rahman

Md. Monzur Murshed

Abu Zafor Md. Kibria

Md. Ashgar Hossain

Mohammad Sanaullah (Member Secretary)

Chief Financial Officer

Akram Uddin Ahmed

Head of Internal Audit & Compliance (In-charge)

Shahed Al-Mahmud Chowdhury

Auditors

A Qasem & Co.

Chartered Accountants

Legal Retainer

Advocate Md. Motiur Rahman

Corporate Governance Compliance Auditor

S. F. Ahmed & Co. (SFA 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

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 had started diversification of its product range in early sixties, Singer Bangladesh Limited remained a company with a single product – ‘sewing machines’ till 1985. A single product sewing machine company turned into a multi-product consumer durable company in 1985.

Today, Singer Bangladesh Limited is a large, diversified company with an unmatched presence throughout Bangladesh. Beginning with the sewing machine, Singer has diversified its product portfolio 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.

In 2019, Singer Bangladesh Limited became a member of Arcelik A. S., Turkish largest home appliances company (Part of Koc Holding, Turkey). 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.

2019 at a Glance

1st Quarter | January, February & March

- The Dhaka International Trade Fair attended
- Dealers Conference held at Bashundhara Convention Center
- Singer Branded Google Smart TV (32", 49" & 55") Introduced
- DELL Branded XPS 360° Laptop & all in One PC Introduced
- The Annual Sales Conference held in Dubai, UAE
- The Board, the Audit Committee and the NRC Committee Meetings held
- Singer Plus shops in Nilphamari, Dinajpur, Munshigang, Chuadanga & Bogra renovated
- A shop in Narayangonj relocated
- Singer Plus shops in Narayangonj, Siddirgonj, Singair, Thakurgaon, Cox's Bazar & Jhenaidah extended
- The entire shares of International Appliances Limited purchased by Singer Bangladesh Limited
- The entire shares of Retail Holdings Bhold B.V, the majority shareholders of Singer Bangladesh Limited purchased by Ardutch B.V., (a Dutch Company), subsidiary of Arçelik A.S.

2nd Quarter | April, May & June

- Participation in E-Commerce Fair Organized by ECAB in Rajshahi, Sylhet, Khulna, Rangpur, Mymensingh & Dhaka
- The Annual General Meeting held
- The Board & the Audit Committee Meetings held
- New shops opened in Chaittagong, Mymensingh, Jessore, Dhaka, Chandpur, Kurigram, Rajshahi, Tangail, Cox's Bazar, Pabna & Khoksha
- Singer Plus shops in Gazipur, Narayangonj, Rajshahi, Natore, Rangpur, Gaibandha, Barisal, Brahmanbaria, Shirajgonj, Hobigonj, Dhaka & Chittagong renovated
- Shops in Navaron, Noakhali & Ullapara relocated
- Singer Plus shops in Patuakhali, Pabna, Madaripur, Sirajgonj & Bogra extended

3rd Quarter | July, August & September

- The Board, the Audit Committee & the NRC Committee Meetings held
- New shops opened in Netrokona, Sirajgonj, Dhaka, Chittagong & Manikgonj
- Singer Plus shop in Sylhet extended
- Singer Plus shops in Laxmipur, Dinajpur & Munshigonj renovated
- Singer Plus shops in Madaripur & Tangail relocated

4th Quarter | October, November & December

- 400th Singer owned shop Inaugurated with 400 Promotion Round the Country.
- DELL Branded 9th Generation Processor Desktop & 10th Generation Laptops Introduced
- The Board & the Audit Committee Meetings held
- A new Shop in Narsingdi opened
- Singer Plus shops in Gazipur, Feni, Kaliakore, Dinajpur, Chittagong, Natore & Dhaka renovated
- Singer Plus shops in Chattagram & Gazipur relocated
- Singer Plus shops in Narayangonj, Sunamgonj, Satkira, Habiganj, Cumilla & Pirojpur extended
- Singer Plus converted to Singer Mega in Feni
- 43 Shop Centric Fairs organized in different locations of Bangladesh
- New 24" LED TV Introduced

SINGER®

Introducing

GREEN INVERTER

Air Conditioners



Saves Electricity
Saves Environment

closer to the nature



Saves Environment



Faster Cooling



Noise Free



Electricity Saving



Company at a Glance

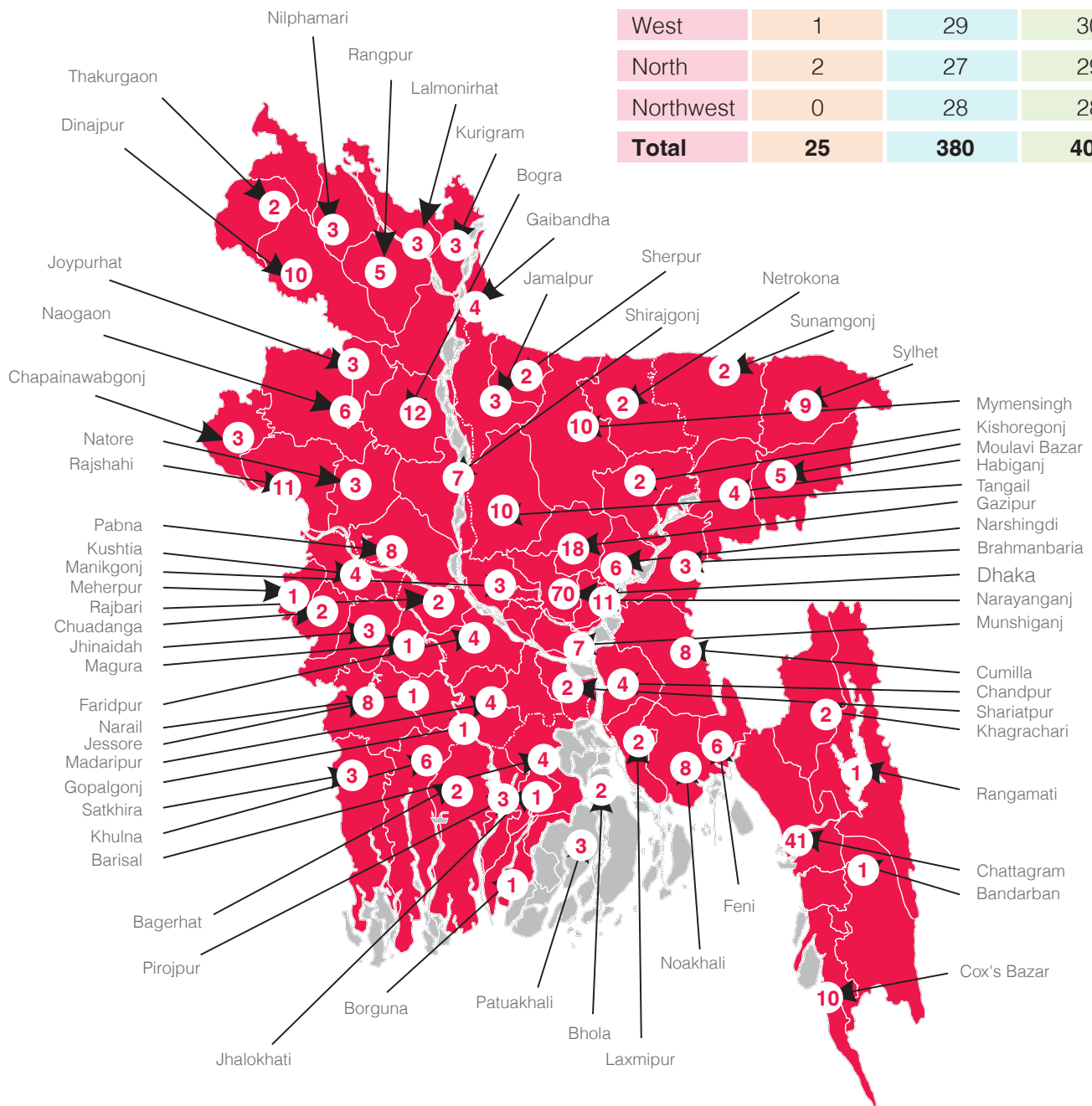
405 Retail Outlets
Singer Mega and Singer Plus

974 Dealers
Singer Pro

1653 Members
Singer Group Staff

Our Retail Presence

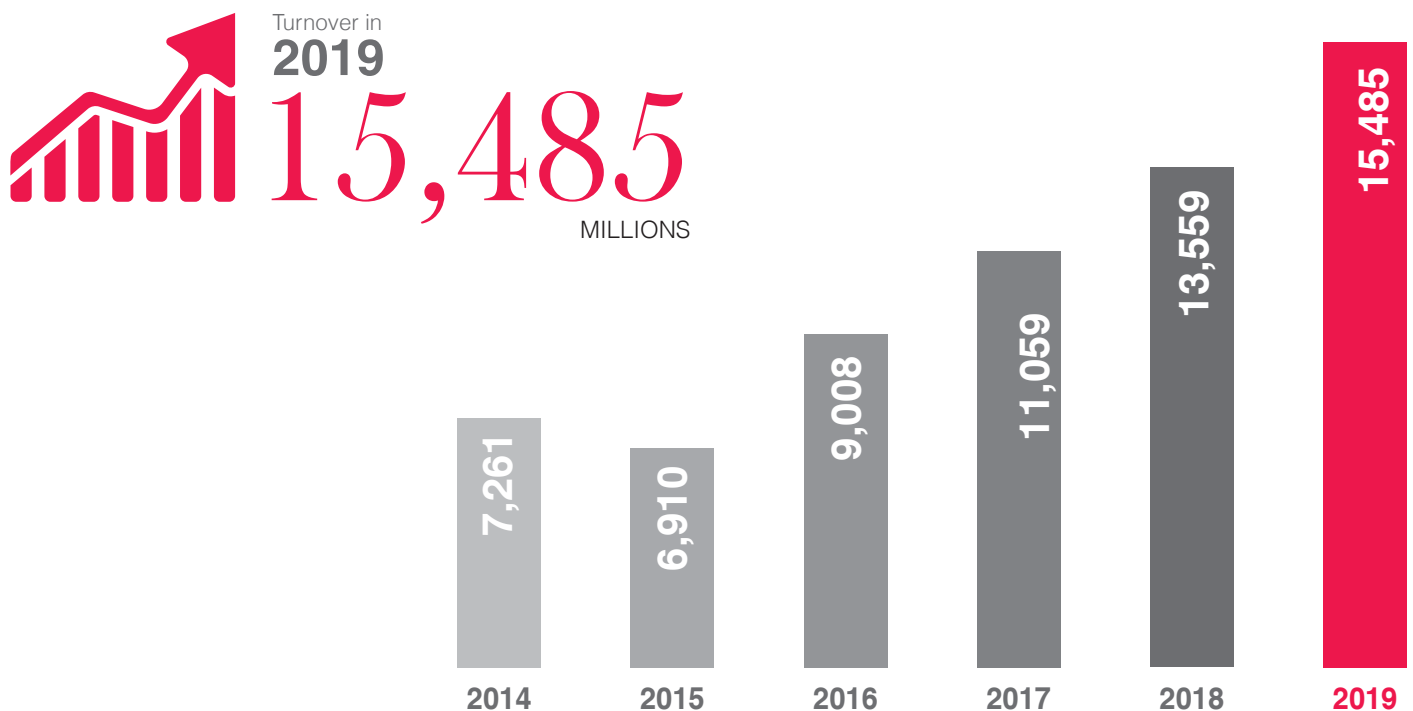
Area	Singer MEGA	Singer Plus	Total
Central A	6	39	45
Central B	4	35	39
Central C	0	37	37
Eastern	4	41	45
Southeast	3	47	50
Northeast	2	38	40
South	1	28	29
Southwest	2	31	33
West	1	29	30
North	2	27	29
Northwest	0	28	28
Total	25	380	405



Financial Highlights

Taka in Million

	2019 Consolidated	2018 Consolidated	2017 Consolidated	2016 Company	2015 Company	2014 Company
Turnover	15,485.2	13,559.2	11,059.1	9,007.5	6,910.7	7,261.8
Operating profit before Interest & Tax	1,951.0	1,659.3	1,185.3	894.1	595.2	572.1
Profit before Tax	1,470.4	1,274.9	1,027.1	779.6	517.0	501.3
Profit after Tax	1,031.8	920.9	746.1	546.3	368.6	362.3
Paid up Capital	997.0	766.9	766.9	766.9	766.9	613.6
Number of ordinary shares outstanding	99,702,838	76,694,491	76,694,491	76,694,491	76,694,491	61,355,593
Revenue Reserve	1,625.9	971.0	815.5	594.7	228.5	518.2
Revaluation Reserve	550.3	554.3	559.1	566.6	403.1	376.6
Capital Reserve	18.8	18.8	18.8	18.8	18.8	18.8
Shareholders' Equity	3,192.0	2,311.1	2,223.4	1,947.0	1,417.3	1,527.2
Property, Plant & Equipment	1,420.0	1,411.2	1,424.4	1,034.1	874.0	917.6
Investments	4.2	4.2	4.2	288.3	183.9	15.2
Net Current Assets	2,901.0	2,288.0	1,926.9	1,781.2	1,560.5	1,772.6
Dividend per share (Taka)	7.7	3.0	10.0	7.0	6.5	22.0
Gross Dividends	767.7	230.1	766.9	536.9	498.5	1,349.8
Earnings Per Share (Taka)	10.35	9.24	9.8	7.1	4.8	4.7
Price Earning Ratio (Times)	17.4	23.9	20.0	27.0	37.5	46.4
Net Asset per Share including revaluation reserve	32.0	23.2	29.0	25.4	18.5	24.9
Net Asset per Share except revaluation reserve	26.5	17.6	21.7	18.0	13.2	18.8
Net cash from operating activities	1,355.0	(464.8)	239.1	(673.8)	770.6	985.7
Net operating cash flow per share (NOCFPS)	13.6	(4.7)	3.1	(8.8)	10.0	16.1
Market value per share at year end (Taka)	180.4	221.2	195.5	192.5	180.2	219.0
Net Income to Net Turnover (%)	6.7	6.8	6.7	6.1	5.3	5.0
Return on Average Net Assets (%)	37.50	40.62	33.56	32.48	25.04	17.42
Debt Equity Ratio (%)	0.6	1.2	0.8	0.6	0.0	0.1
Interest Cover	4.6	5.0	7.5	9.0	8.8	8.0
Current Ratio	1.6	1.5	1.6	1.8	2.9	2.6
Acid Ratio	0.7	0.6	0.7	0.8	1.5	1.2
Number of Shareholders	9,886	9,273	11,788	11,549	16,438	14,582
Number of Employees	1,653	1,507	1,384	1,084	1,064	1,020



Chairman's Statement

Dear Shareholders,

It is indeed a great honor and privilege for me to greet you all to this 40th Annual General Meeting. It is also my pleasure to place the Annual Report of Singer Bangladesh Limited along with the audited Financial Statements and Auditors' Report thereon for the year ended on December 31, 2019.

Business Overview

The year 2019 was a successful year for the Company with record sales in all key product categories. On a consolidated basis, your company achieved the highest ever levels of revenues by earning Taka 15,485 million sales revenue. One of our key strengths is SINGER brand and the other is our nationwide distribution network which contributed to the coveted success. Our ability to offer hire purchase and most importantly, our Singer personnel will continue to enable us to produce strong results on an ongoing basis.

The Highlights of the year were as follows:

- In 2019, turnover increased by 14.2% amounting to Taka 15,485 million
- Operating profit increased to Taka 1,951 million against Taka 1,659 million of the year 2018.
- The Company recorded a profit after tax of Taka 1,032 million for the year 2019 which reflected a growth of 12.0% (in Taka 111 million) over the last year.
- Earnings per share (EPS) rose to Taka 10.35 in 2019 in comparison with Taka 9.24 in 2018.





Our key strengths are SINGER brand and nationwide distribution network which contributed to the coveted success.

- Total assets of the Company increased by 21.7% and rose to Taka 10,332 million compared to Taka 8,487 million in 2018.

Subsidiary Company

International Appliances Limited (IAL) is now a 100% owned subsidiary of Singer Bangladesh Limited.

You would be happy to know that the revenue of International Appliances Limited (IAL) reached Taka 2,553 million in 2019 including Operating profit of Taka 104 million and a net profit before tax of Taka 38 million.

Equity and Shares

During the year under review the paid up capital of the Company increased to Taka 997 million after the issuance of bonus shares for the year 2018 and shareholders' equity stood at Taka 3,192 million.

There was an upward and downward trend in the share prices and during the year, the highest share value was Taka 280 and the lowest was Taka 165.

Dividend

Based on the performance of the company, your Board of Directors is recommending a Dividend of 77% (Tk. 7.7 per ordinary share of Taka 10 each). The total dividend, amounting to Taka 768 million which is 157% higher than the amount paid in the previous year.

Board Governance

Your Board of Directors adopted the Corporate Governance Code 2018 issued by the Bangladesh Securities and Exchange Commission (BSEC). During the year the Board reviewed and updated the Terms of References (ToR) of the Board Audit Committee and the Nomination & Remuneration Committee in line with the Corporate Governance Code with an objective of ensuing good governance practice in the Company.

Board Directorate

Mr. Polat Sen and Mr. Cemal Can Dincer will retire from the office under Article 81 of the Articles of Association of the company. Being eligible, Mr. Polat Sen and Mr. Cemal Can Dincer have offered themselves for re-election. The Board recommended their re-appointment.

Pursuant to Bangladesh Securities and Exchange Commission Corporate Governance Code 2018, the tenure of Mr. A. F. Nesaruddin, Independent Director of the Company, shall expire on April 24, 2020. The Board gratefully acknowledges his outstanding services and contribution towards the development of the Company during his tenure.

I am pleased to announce that your Board appointed Mr. Masud Khan as Independent Director of the Company for three years with effect from April 25,

2020 subject to approval of the Shareholders in the 40th Annual General Meeting. Mr. Khan is one of the reputed professional accountants in the country and has more than 40 years of practical experience in corporate management.

Awards and Recognition

Singer Bangladesh Limited received National Award (Gold Award) for Corporate Governance Excellence 2018 from the Institute of Chartered Secretaries of Bangladesh (ICSB) under the Engineering sector. The Company also received consecutive six time AAA Long Term rating from Emerging Credit Rating Agency with the report citing, amongst other key strengths, the Company's strong financial position, experienced management, trusted brand and quality assurance.

Conclusion

I would like to thank the management team and all employees for their relentless efforts and resilience in maintaining the company's operations and delivering greater value for our shareholders and to the Board members for their prudent guidance. I would also like to express my gratitude and appreciation to all our business partners for their collaboration with our team to ensure the smooth operation of the company.

Dr. Fatih Kemal Ebiçlioglu
Chairman

Board of Directors



DR. FATİH KEMAL EBIÇLIOĞLU
CHAIRMAN

Joined the Board on April 3, 2019.

After graduating from Ankara University, Faculty of Political Science, Department of International Relations, Fatih Ebiçlioğlu received a Master's degree in Finance from the Virginia Commonwealth University, and earned a PhD degree in Finance-Accounting from Ankara University Faculty of Political Science. Between 1989 and 2002.

Mr. Ebiçlioğlu worked as Assistant Tax Auditor at the Ministry of Finance, and later as Tax Auditor and Senior Tax Auditor. In addition, he served as a part-time instructor at Hacettepe, Bilkent and Atılım Universities from 1998 to 2002. He joined Koç Holding in 2002 as Financial Coordinator.

Subsequently, he served as Audit Group Coordinator of Koç Holding (2004-2005), and Deputy General Manager of Arçelik (2005-2015).

Mr. Ebiçlioğlu has been the President of the Consumer Durables Group at Koç Holding since February 2015. He is also a Member of the Board of Directors of TÜSİAD and Turkish Exporters Assembly (TİM). His duties undertaken in the last decade are mainly listed above, and he is on the board of some companies in Koç Group



M. H. M. FAIROZ
MANAGING DIRECTOR & CEO

Joined the Board on September 6, 2016.

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

Fairoz began his career in marketing nearly 28 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.

Fairoz is also a Director of International Appliances Limited (IAL). Vice President, Sri Lanka Bangladesh Chamber of Commerce and Industry (SLBCCI). 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.

Board of Directors



DR. SYED FERHAT ANWAR
INDEPENDENT DIRECTOR

Dr. Syed Ferhat Anwar is a Professor and Director 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 33 years. In December 2018, he was recognized by Asia Marketing Federation for his contribution towards building the Asian Brands. In January of 2019, he was recognized for his contribution to the business community by Kaler Kontho, one of the leading news papers of the country, as one of the thirty leading academics of the country.

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 67 publications in international and national journals and writer of 3 major books on business management. His most recent academic contribution has been an introduction chapter on "Evolution and Future of Marketing" in the book "Strategic Marketing Management in Asia, published in 2017 by Emerald from UK.

Dr. Ferhat has visited various international and regional academic institutes as visiting scholar; including, Indiana University, Bloomington (USA), Pennsylvania State University (USA), Harvard Business School (USA), Stern Business School of NYU (USA), Kellogg School of North Western University (USA), Brunel University (UK), Indian

Institute of Management (Ahmadabad), Sri Lankan Institute of Marketing (SLIM), Putra Business School of Universiti Putra Malaysia (Malaysia), Universiti Selengor (Malaysia), Lahore University of Management Sciences (LUMS), etc. He has been involved in many consulting assignments on marketing, social enterprise, and business strategy for various sectors, foremost being education, pharmaceuticals, apparel, ICT, real-estate, and agriculture.

He is also the Chief Advisor of Bangladesh Brand Forum; Chief Patron of Marketing Society Bangladesh; Founder Director of Kotler Center for Marketing Excellence, University of Dhaka; Founder Director of Bangladesh Marketing and Social Research Forum; and Founder member of International Council for Small Business (ICSB), Bangladesh, which is an affiliate of Global ICSB. He has also served as the Pro-Vice Chancellor of East West University.

Dr. Ferhat is also associated with the industry and is an Independent Director of the board of Singer (Bangladesh), the leading multinational electrical and electronic retail outlet. He is also an Independent Director of Bangladesh Diesel Plant, a business support venture of the Bangladesh armed Forces. He is an Adviser to the Board of Center of Excellence for Bangladesh Apparel Industry (CEBAI). He is also the Board member of Asia Marketing Federation (AMF), headquartered in Japan and Vice President of Association of Management Development Institutes of South Asia (AMDISA). He is also associated as member of various academic bodies of Shahjala University of Science and Technology, Rajshahi University, University of Professionals, East West University, and Eastern University.



A. F. NESARUDDIN
INDEPENDENT DIRECTOR

Mr. A. F. Nesaruddin is a chartered accountant and has to his credit more than 36 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. Nesaruddin is the immediate past President of Institute of Chartered Accountants of Bangladesh (ICAB). Besides, he was and is engaged in a number of social welfare and charitable organizations in various capacities.

Board of Directors



HAKAN HAMDI BULGURLU
DIRECTOR

Joined the Board on April 3, 2019.

After graduating from the University of Texas, Austin (Economics & Mechanical Engineering Departments), Hakan Bulgurlu earned his MBA from the joint program of Northwestern University and the Hong Kong University of Science and Technology.

Bulgurlu began his career in 1995 at Koç Holding. He was assigned to key senior management positions in Asia and lived in Hong Kong for 13 years where he led the Asia-Pacific trading and outsourcing operations. Bulgurlu served as the CEO of Arçelik-LG between 2007 and 2010, a joint venture manufacturer of air conditioners, with the largest facility in

Europe and the Middle East before joining Arçelik in 2010. He has been serving as the Chief Executive Officer since 2015. He is also an Executive Board Member of European Committee of Domestic Equipment Manufacturers (APPLiA) and a founding member of Amstel Dialogues, a CEO round table of European leaders that aims to increase the speed of European innovation.

Bulgurlu is a Board Member at The Foreign Trade Association of Turkey (TURKTRADE), Vice Chairman of Turkey China Business Council at The Foreign Economic Relations Board of Turkey (DEİK), and a Commissioner on the High-Level Commission on Carbon Pricing and Competitiveness at The World Bank.



CEMAL CAN DINÇER
DIRECTOR

Joined the Board on April 3, 2019.

Can Dinçer got his bachelor's degree in Mechanical Engineering Department in Istanbul Technical University in 1989 and master's degree in Department of Business in Stevens Technology Institute, USA in 1993.

Having started his professional life as a Trainee in Arçelik A.Ş. Finance Department in 1993, Mr. Dinçer served as the Regional Sales Manager in Export Department in 1995. He worked as International Sales Manager - CIS and Other Countries between 2000-2005, as International Sales Director – European Foreign Markets between

2005-2009 and as Sales Director - Europe, USA, Asia-Pacific between 2009-2012 and as Sales Director - Subsidiaries, USA, Asia-Pacific between 2012-2015. Can Dinçer is the Deputy General Manager for Commercial - Turkey & Pakistan since January 2018.

In addition to this role, he was assigned as Arçelik Pazarlama A.Ş. General Manager as of December 30, 2016.

Board of Directors



POLAT ŞEN
DIRECTOR

Joined the Board on April 3, 2019.

Polat Şen received his bachelor's degree in English Department of Economics in Marmara University in 1998 and master's degree in International Finance Department in Bradford University in 1999.

Starting his professional life as Junior Auditor in Koç Holding A.Ş. Control Group Department in 2000, Mr. Şen worked as Senior Auditor in Koç Holding A.Ş. between 2002-2004. Mr. Şen was assigned as Arçelik A.Ş. Internal Audit Manager in 2004, as Financial Affairs Group Director in Grundig Electronics / Grundig

Multimedia B.V. in 2008, and he worked as Grundig Multimedia B.V. Financial Affairs Director between 2009-2010.

He served as the Purchasing Director between 2010- 2015 and has been working as Assistant General Manager - Finance and Accounting since February 2015.



MOHAMMAD SANALLAH
SECRETARY TO THE BOARD

Joined as the Secretary to the Board on March 4, 1997.

He is the Corporate Affairs Director, Head of Human Resources and the Company Secretary of Singer Bangladesh Limited, with over 34 years of exposure in the areas of corporate management and governance.

Mr. Sanaullah started his career in Finance at Singer Bangladesh Limited as an Accountant in 1986. In 1989 he played a major role in creating and designing functions of a new department – Corporate Affairs, where he held various positions from the year 1989 to 2007. In 2008, he was promoted to the position of the Corporate Affairs Director with wider responsibilities. In 2018, he was given the responsibility of the Head of Human Resources.

He has had long experience in Company Secretarial functions, Board management & governance, Company meetings, taxation, treasury functions, accounts and audit, Company legal and compliance, HR & administration and industrial relations etc.

Professionally Mr. Sanaullah is a Chartered Secretary - a Fellow and one

of the founder members of the Institute of Chartered Secretaries of Bangladesh (ICSB). He is also partly qualified from the Institute of Chartered Accountants of Bangladesh (ICAB). He did his Post Graduate Diploma in Personnel Management from BMDC at present BIM.

Mr. Sanaullah led the Institute of Chartered Secretaries of Bangladesh (ICSB) for 7 years as the President. During his long and prosperous career Mr. Sanaullah held many important positions, such as - the Director of Singer Bangladesh Limited for 5 years, the Director at Bangladesh Institute of Capital Market (BICM) for 6 years, the Director at Corporate Secretaries International Association (CSIA), Hong Kong, a Global Voice of Governance, for 6 years. He is also a certified trainer on Corporate Governance - Board Leadership of the Global Corporate Governance Forum (GCGF) of International Finance Corporation (IFC).

Mr. Mohammad Sanaullah completed his graduation with Honours in Accounting and Masters in Accounting from the Department of Accounting & Information System, University of Dhaka. He also did MBA in Marketing.

Management Team



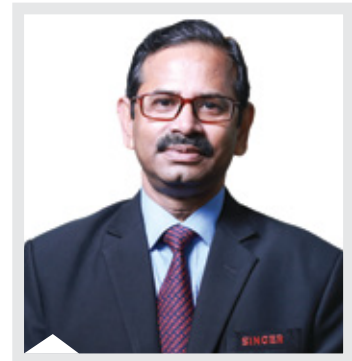
M. H. M. Fairoz
Managing Director & CEO



Mohammad Sanullah
Corporate Affairs Director & HHR



Akram Uddin Ahmed
Finance Director & CFO



Mokbulla Huda Chowdhury
Sales Director



Chandana A. Samarasinghe
Marketing Director



Kazi Rafiqul Islam
Director - Wholesale Operations



Erdinc Ayan
Integration Director



Md. Anisur Rahman
Head of IT



Md. Monzur Murshed
Financial Controller & Head of Credit



Abu Zafor Md. Kibria
Head of Consumer Service

Management Team



Md. Ashgar Hossain
General Manager - Corporate Sales



Syed Zahidul Islam
General Manager - Human Resources



Reaz A. Choudhury
General Manager - Supply Chain



Abrarur Rahman
Senior Manager - Merchandising



Md. Raziur Rahman
Senior Manager - Marketing Communications



Gour Chandra Ghosh
Factory Manager



Kazi Ashiqur Rahman
Senior Manager - Corporate Affairs



G. N. B. Chowdhury
Senior Manager - Services



M. Shihabuddin Bhuiyan
Sales Manager - Wholesale



M. Ismail Hossain
Sales Manager - Wholesale



Joyanto Kumar Roy
Commercial & Logistics Manager

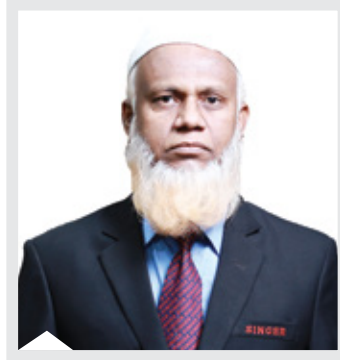


Shabbir Mahmud Rizwan
Senior Manager - Production & QC

Management Team



Matiur Rahman
Sales Manager



Md. Masud Habib
Senior Manager - Logistic Operators



Farhad Habib
Senior Manager - Corporate Sales



Farhan Azhar
Senior Manager - Product



Shahed Al Mahmud Chowdhury
Head of Internal Audit (In-charge)



Md. Syduzzaman
Credit Manager



Mahmud Hasan
Manager - Law & Admin



Md. Obaydul Hoque
Territory Manager



Dewan Masood Bin Malique
Senior Area Manager



Md. Mojibur Rahman
Manager - Accounts



Md. Mehedi Hasan
Credit Manager



Mutakabbir Ibne Kabir Chowdhury
Senior Area Manager

Management Team



Md. Arif Hossain
Senior Area Manager



Md. Shahjahan Khan
Senior Area Manager



Md. Moshir Rahman
Manager - Finance & Accounts



Md. Abu Saleh Mojumber
Manager - Accounts



Md Fazle Rabbani
Senior Area Manager



Pranojit Biswas
Manager - IT



Md. Rafiqul Islam
Territory Manager

Directors' Report

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, 2019.

This report has been prepared in compliance with section 184 of the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No.BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018.

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 the qualified customers.

REVENUE REACHED TK. 15.5 BILLION WHICH WAS HIGHER BY 14.2% OVER THE PREVIOUS YEAR'S REVENUE OF TK. 13.6 BILLION.

Management Discussion and Analysis of Business

During the year revenue reached Tk. 15.5 billion which was higher by 14.2% over the previous year's revenue of Tk. 13.6 billion. Operating profit (profit before taxes excluding other income) amounting Tk. 1.9 billion was higher by 17.6% over the previous year's operating profit of Tk. 1.7 billion. Net profit before tax for the year stood Tk. 1.5 billion which was higher by 15.3% over the previous year's net profit of Tk. 1.3 billion.

The Chairman's Statement on page 12 and the Chief Executive Officer's review on page 34 state the company's affairs and highlight important events that occurred during the year. The Financial Review on pages 42 to 45 elaborates on the financial results of the company. These reports are an integral part of the Directors' Report.

Our subsidiary company's revenue reached Tk. 2.6 billion which was higher

by 19% over the previous year's revenue of Tk. 2.1 billion. Net profit before tax for the year stood Tk. 38 million against net profit amounting Tk. 21 million.

Investment in International Appliances Limited

During the year, International Appliances Limited (IAL) remained a subsidiary of Singer Bangladesh Limited. The Company purchased 628,880 shares (16.1680%) of International Appliances Limited from Shanghai Sonlu Shangling Enterprise Group Co. Ltd. 388,880 shares (9.997%) and from Sunman Corporation Limited 240,000 shares (6.1702%) and the company invested Tk. 295 million for this purpose. As a result, IAL is now a 100% owned subsidiary of Singer Bangladesh Limited.

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 also in line with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

Governance of Board of Directors of Subsidiary Company

The Company's representation in the subsidiary company's board was in line with the Corporate Governance Code and accordingly an Independent Director of Singer Bangladesh Limited was in the Board of the subsidiary company, International Appliances Limited. Minutes of the Board meetings of the subsidiary company were placed before the Board of Singer Bangladesh

Limited and were then duly reviewed and recorded. Board of Directors of Singer Bangladesh Limited also reviewed the periodical and annual financial statements of the subsidiary.

Property, Plant and Equipment

During the year under review, the Company invested a sum of Tk. 132 million in properties, plants and equipment. Movement in properties, plants 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 Assessor are reflected in the financial statements. Total appreciation in value was credited to revaluation reserve after providing for tax as required by IFRS.

The last valuation was carried out as of December 31, 2016. The details of the valuation are given in the Auditors' Report on page 78 and in Note 12.1 to the Financial Statements.

Machinery of the subsidiary, International Appliances Limited, valued by an Independent Assessor, has been reflected in the consolidated financial statements. The last valuation was carried out as of October 16, 2017.

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for financial statements is given on page 52 of this report.

Corporate and Financial Reporting Framework

In accordance with the Bangladesh Securities and Exchange Commission's Corporate Governance Code 2018, 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 continued retaining its leading position by offering superior quality products at competitive prices and wide range of after-sales service as well.

At the early part of 2019, economic growth of Bangladesh was good with most of the economic indicators positive which contributed to increasing the buying capacity of people; but in the later part, price hike of the essential commodities resulted in higher inflation which created pressure on our target group. However, the company was successful in utilizing the opportunities towards a significant volume growth that retail, wholesale and corporate sales channels. Singer remained Bangladesh's largest retail company selling home appliances and consumer electronic. The company's growth was above the industry growth rate.

The government of Bangladesh has been devoted to ensuring access of affordable and reliable electricity to all by the year 2021. This is likely to accelerate the demand of consumer durables in the coming days.

Though the penetration levels of most of the consumer durables in Bangladesh remain very low, Bangladesh has elevated herself from a Least Developed Country to a Developing Country which will enhance demand for durables and will have positive impact towards modern living and higher demand for Singer products.

In addition, the population of Bangladesh is young and expanding. Currently only 15 percent of almost 170 million people of Bangladesh belong to the middle class and are therefore classified as affluent customers (MAC). This MAC population of Bangladesh is projected to triple by 2025, reaching to about 34 million. These MAC consumers will have enough affordability to purchase durables that offer convenience and luxury.

Increasing population, electrification and urbanization will support the growth of the country and is expected to fuel income level of the people, thereby enhancing their buying capacity. We believe that we are well positioned to benefit from our wide presence in almost every corner of the country. Our

sound business position gives us confidence that this trend will continue in the year 2020 as well.

Segment Information

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

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. However, the supply chain may cause some challenges if health crisis in China persists. Details of risk factors and the ways of determining how best we can handle such events are given on risk management report on pages 48 & 49 of this report.

Margin Analysis

Cost of goods sold for the year 2019 was Tk. 11.1 billion and it was higher by 13.6 % over that of the previous year's. Gross profit margin was 28.1% for the year 2019 and the previous year's gross margin was 27.7%. Net profit margin for the year 2019 was 6.7%. Details are discussed on financial review report on pages 42 to 45 of this report.

Extra-Ordinary Events

No events of extra ordinary gain or loss which would require adjustment or disclosure in the financial statements occurred during the reported 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 97.

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 22.3 of the notes to the financial statements on page 86 with reference to the "Directors fees and remuneration" mentioning figures concerning the remuneration of the Managing Director including fees for the Independent Directors' attendance to meetings.

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's Corporate Governance Code 2018, the Chief Executive Officer and the Chief Financial Officer have given their declarations about the fairness of the financial statements which is shown on page 26 of the report.

Books of Accounts

Proper books of accounts of the Company were maintained.

Accounting Policies

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

Application of IAS and IFRS

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.

Internal Control

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

Minority Shareholders

The company believes in equal rights of all shareholders irrespective of the number of shares they hold. All the shareholders are provided with quarterly financial statements, half yearly financial statements and the annual reports and are welcomed to participate at the shareholders' meeting. At the Annual General Meeting, adoption of the annual financial statements and the directors' report, election of the Board members and the appointment of the Auditors are decided upon with the participation of the shareholders.

Going Concern/Forward Looking Statement

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

We are confident that we are in a prime position to generate stable returns and remain the industry leader, leveraging our strengths and outperforming our competitors. In 2020, we expect to roll out new product range to cater to various segments in this emerging market.

Significant Deviations from the Last Year's Operating Result

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

Key Operating and Financial Date of last Six Years

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

Dividends

Based on the performance of the Company, the Board of Directors recommends dividends @77 % for the year 2019, which is 157% higher than that of the previous year.

Board and Committee Meetings and Attendance

During the year, the Board of Directors met seven times. The Audit Committee met four times and the Nomination & Remuneration Committee met twice.

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

Bangladesh Secretarial Standards (BSS) issued by the Institute of Chartered Secretaries of Bangladesh (ICSB) were followed in conducting the meetings of the Board as well as those of its Committees and also in record keepings.

Pattern of Shareholding

The pattern of shareholding is provided on page 33.

Corporate Governance Compliance Report

Singer Bangladesh Limited adhered to the appropriate good Corporate Governance principles, as described on pages 37 to 39.

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-C of this report.

Further in compliance with the requirement of the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Code 2018, S. F. Ahmed & Co., Chartered Accountants in Practice, issued the Corporate Governance Compliance Certificate which is shown on page 27 of the report.

Contribution to the National Exchequer

During the year under review, the Company paid Taka 4,714 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 the long term and ECRL-1 for the short term for consecutive six years from Emerging Credit Rating Limited for maintaining a strong and stable outlook.

Reserves

The total Reserves of the Company stood at Tk. 569 million, details of which are given in Note 12 and in the Statement of Changes in Equity in the Financial Statements.

Financial Results and Appropriations

The Directors are pleased to report the financial results for the year 2019 and recommend the following appropriations:

	Taka in '000	
	2019	2018
Profit before taxation	1,431,110	1,227,089
Less: Provision for tax	396,536	326,935
Profit after tax	1,034,574	900,153
Add: Un-appropriated profit brought forward	747,845	72,799
Adjustment for IFRS 16	63,471	-
Other comprehensive income	(570)	(1,760)
Prior year's adjustment	6,011	6,736
Profit available for distribution	1,851,331	977,928
Less: Appropriations		
Dividend (Cash/Stock)	767,712	230,083
Un-appropriated profit C/F	1,083,619	747,845

Events subsequent to Balance Sheet

The Board of Directors in their meeting held on February 7, 2020 recommended 77% cash dividend for the year 2019.

The Board of Directors also recommended for an increase of the authorized capital from Taka 1,000,000,000 (one billion) to Taka 2,500,000,000 (two billion & five hundred million) which was in line with the business volume of the company.

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 113 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 is provided in the section of "Board of Directors" of this report on pages from 14 to 17.

Re-election of Directors

Mr. Polat Sen and Mr. Cemal Can Dincer will retire from the office under Article 81 of the Articles of Association of the company. Being eligible, Mr. Polat Sen and Mr. Cemal Can Dincer have offered themselves for re-election. The Board recommends their re-appointment.

Shareholdings of Directors and Executives

Shareholdings of Directors at the beginning of the year and at the end of the year 2019 are shown in Annexure-I of this report.

Appointment of Auditors

- a) As per section 210 of the Companies Act 1994, the company's statutory Auditors A. Qasem & Co., Chartered Accountants retires at the 40th 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 are eligible for reappointment as Statutory Auditors for the year 2020.

The Audit Committee has recommended appointing A. Qasem & Co., Chartered Accountants as the auditors of the company for the year 2020.

The Directors endorsed the recommendation of the Audit Committee for the appointment of A. Qasem & Co., Chartered Accountants as the auditors of the company for the year 2020.

- b) Pursuant to Bangladesh Securities and Exchange Commission (BSEC) order no SEC/CMRRCD/2009-193/104/ Admin dated July 27, 2011 the retiring Corporate Governance Auditors S. F. Ahmed & Co, Chartered Accountants are not eligible for reappointment as Corporate Governance Auditors for 2020.

The Audit Committee recommended to appoint Itrat Husain & Associates., Chartered Secretaries as the Corporate Governance Auditors of the company for the year 2020.

The Directors endorsed recommendation of the Audit Committee for the appointment of Itrat Husain & Associates., Chartered Secretaries as the auditors of the company for the year 2020.

Human Resources

The Company recognizes employees as the primary source of its competitiveness and continues to focus on their development. It believes in equal opportunity in workplace irrespective of race, religion, sex and colour. Singer believes in competency while hiring the best workforce. As far as working environment and employee facilities are concerned, Singer is one of the leading and oldest companies in the country.

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

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 Board would like 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 Sanullah
Company Secretary

Dhaka, February 7, 2020

ANNEXURE-A

[As per condition No. 1(5) (xxvi)]

DECLARATION BY CEO AND CFO

February 7, 2020

The Board of Directors
Singer Bangladesh Limited
39 Dilkusha Commercial Area
Dhaka-1000

Subject: Declaration on Financial Statements for the year ended on December 31, 2019

Dear Sirs,

Pursuant to Condition No 1(5) (xxvi) imposed vide the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated June 03, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Singer Bangladesh Limited for the year ended on December 31, 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concerns basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on December 31, 2019 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours



Mohamed Haniffa Mahamed Fairoz
Chief Executive Officer (CEO)



Akram Uddin Ahmed
Chief Financial Officer (CFO)

ANNEXURE - B

S. F. AHMED & CO
Chartered Accountants

Established : 1958

House 51 (2nd and 3rd Floors)
Road 9, Block F, Banani
Dhaka 1213, Bangladesh**[Certificate as per condition No. 1 (5) (xxvii) of
Corporate Governance Code]****Report to the Shareholders of Singer Bangladesh Limited (the Company) on compliance with the
Corporate Governance Code**

We have examined the status of compliance with Corporate Governance Code of Singer Bangladesh Limited for the year ended 31 December 2019. This code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the review of procedures and implementation thereof as adopted by the management of the Company for ensuring the compliance with the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance with the conditions of Corporate Governance Code as well as the provisions of Bangladesh Secretarial Standards (BSS) as issued by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of Corporate Governance Code as stipulated in the above-mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the Company as required by the Companies Act 1994, securities laws and other relevant laws; and
- The Governance of the Company is highly satisfactory.

Dhaka, Bangladesh
Dated, 02 February 2020

S. F. AHMED & CO
Chartered AccountantsMd. Moktar Hossain, FCA
Senior Partner

ANNEXURE - C

As per condition No. 1(5)(xxvii)

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June, 2018

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1.1	Board Size (number of Directors - minimum 5 and maximum 20)	√		
1.2	Independent Directors			
1.2 (a)	At least one fifth of Directors should be Independent Directors;	√		
1.2 (b)(i)	Independent Director does not hold any share or holds less than 1% share of the total paid-up shares;	√		
1.2 (b) (ii)	Not a Sponsor of the Company or non- connectivity with the company's sponsor or director or shareholder who holds 1% or more shares on the basis of family relationship.;	√		
1.2 (b) (iii)	Who has not been an executive of the company in immediately preceding 2 financial years	√		
1.2 (b) (iv)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	√		
1.2(b) (v)	Not a Member or TREC, Director or Officer of any Stock Exchange	√		
1.2(b) (vi)	Not a Shareholder/Director/Officer of any Member/TREC holder of Stock Exch.	√		
1.2(b) (vii)	Not a partner or an executive or was not a partner or an Executive during the preceding 3 (Three) years of the concerned Company's statutory audit firm.	√		
1.2(b) (viii)	Shall not be an Independent Director in more than 5 listed companies;	√		
1.2(b) (ix)	Not Convicted by a court of competent jurisdiction as a defaulter in payment of any loan/advance to a Bank or a Non-Bank Financial Institution.	√		
1.2 (b) (x)	Non convicted for a criminal offence involving moral turpitude;	√		
1.2 (c)	Appointment of Independent Director shall be by Board and subsequently approved by shareholders in the AGM;	√		
1.2 (d)	The post of Independent Director(s) can not remain vacant for more than 90 (ninety) days.	√		
1.2 (e)	Tenure of office of an Independent Director (for a period of 3 years, may be extended for 1 term only);	√		
1.3	Qualification of Independent Director			
1.3 (a)	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;	√		
1.3 (b) (i)	Business Leader who is or was a promoter or director of an unlisted company.	√		
1.3 (b) (ii)	Corporate Leader who is or a top level executive of an unlisted company having 100 million paid up capital or of a listed company.	√		
1.3 (b) (iii)	Former official of government not below 5th grade of salary			Not Applicable
1.3 (b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law.	√		
1.3 (b) (v)	Professional like practicing Advocate, Chartered Accountant/Cost Accountant/Chartered Secretary or equivalent qualification.	√		
1.3 (c)	The independent director shall have at least 10(ten) years of experiences.	√		
1.3 (d)	Relaxation of qualifications of Independent Directors subject to prior approval of the Commission.			Not Applicable
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1 (4) (a)	The posts of Chairperson of the board and MD/CEO shall be filled by different individuals.	√		
1 (4) (b)	MD and/or CEO of a listed Company shall not hold the same position in another listed Company.	√		
1 (4) (c)	The Chairperson shall be elected form among the non-executive directors.	√		
1 (4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or CEO.	√		
1 (4) (e)	In absence of Chairperson of the Board, for the particular Board Meeting, Chairperson maybe elected from one of non-executive directors and to be duly recorded.	√		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1(5)	The Directors' Report to Shareholders			
1.5 (i)	Industry outlook and possible future developments in the industry;	√		
1.5 (ii)	Segment-wise or product-wise performance;	√		
1.5 (iii)	Risks and concerns including internal and external risk factor;	√		
1.5 (iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin;	√		
1.5 (v)	Discussion on continuity of any extra-ordinary activities and their implications;	√		
1.5 (vi)	Detail disclosure on related party transactions;	√		
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;	√		
1.5 (x)	Remuneration to directors including independent directors;	√		
1.5 (xi)	Statement about fairness of financial statements;	√		
1.5 (xii)	Maintenance of proper books of account;	√		
1.5 (xiii)	Application of appropriate accounting policies and estimates;	√		
1.5 (xiv)	Application of International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) as applicable in Bangladesh;	√		
1.5 (xv)	Efficiency of Internal control system;	√		
1.5 (xvi)	Statement about the interest of minority shareholders have been protected;	√		
1.5 (xvii)	Statement about the ability to continue as going concern;	√		
1.5 (xviii)	Significant deviations from the last year's operation results of the issuer company shall be highlighted and the reasons there of should be explained.	√		
1.5 (xix)	Key operating and financial data of at least preceding 5 (Five) years;	√		
1.5 (xx)	Reason for non declaration of dividend;			Not Applicable
1.5 (xxi)	Board's statement to the effect that no bonus shares or stock dividend paid as interim dividend.	√		
1.5 (xxii)	Number of Board Meetings (no. of Board Meetings held and attendance by each director);	√		
1.5 (xxiii)	The pattern of shareholding;	√		
1.5 (xxiii) a	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		
1.5 (xxiii) b	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name wise details);	√		
1.5 (xxiii) c	Executives;	√		
1.5 (xxiii) d	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1.5 (xxiv)	Appointment or reappointment of a director, disclosure			
1.5 (xxiv)(a)	Brief resume of the director;	√		
1.5 (xxiv)(b)	Nature of his/her expertise in specific functional areas;	√		
1.5 (xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
1.5 (xxv)	Management discussion and analysis signed by CEO or MD			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements.	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes	√		
1(5)(xxv)(c)	Comparative analysis and financial position as well as cash flew for current financial year with immediate preceding five years explaining reasons	√		
1(5)(xxv)(d)	Compare financial performance or results and financial position as well as cash flows with the peer industry scenario.	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements;	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		
1(5)(xxvii)	Report as well as certificate regarding compliance of conditions of this Code as required under condition no. 9 shall be disclosed as per Annexure B & C;	√		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1(6)	Meeting of the Board of Directors			
1(6)	Compliance under Bangladesh Secretarial Standards (BSS).	√		
1(7)	Code of Conduct for the Chairperson, other Board Members and Chief Executive Officer			
1 (7) (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC)	√		
1 (7) (b)	The code of conduct as determined by the NRC shall be posted on the website	√		
2	Governance of Board of Directors of Subsidiary Company			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary.	√		
2 (b)	At least 1 Independent Director of holding company also be a director of the subsidiary company.	√		
2 (c)	Minutes of subsidiary to be placed in the following meeting of holding company.	√		
2 (d)	Minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company.	√		
2 (e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company.	√		
3	Managing Director (MD) or Chief Executive Officer, Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3.1	Appointment			
3 (1) (a)	Board shall appoint MD or CEO, CS, CFO, and HIAC.	√		
3 (1) (b)	The positions of the MD,CEO,CS,CFO & HIAC shall be filled by different individuals.	√		
3 (1) (c)	MD or CEO, CS, CFO, and HIAC of a listed company shall not hold any executive position in any other company at the same time.	√		
3 (1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS.	√		
3 (1) (e)	MD or CEO, CS, CFO, and HIAC shall not be removed from their position without approval of the Board and be disseminated to the commission and exchange.			Not Applicable
3.2	Requirement to attend Board of Directors' Meetings			
3.2	MD or CEO,CS,CFO and HIAC shall attend the meetings of the Board and CS, CFO & HIAC shall not attend such part of which involves their personal matters.	√		
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3.3 (a)	MD or CEO and CFO to certify that they have reviewed financial statements to the best of their knowledge.	√		
3(3)(a)(i)	The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		
3(3)(a)(ii)	The statements together present a true and fair view of the company's affairs and are in compliance	√		
3(3)(b)	MD or CEO and CFO to certify on due diligence in the Report.	√		
3(3)(c)	The certification of the MD/CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee- Board shall have at least:			
4 (i)	Audit Committee	√		
4 (ii)	Nomination and Remuneration Committee	√		
5	Audit Committee			
5.1	Responsibility to the Board of Directors			
5 (i) (a)	Company shall have an Audit Committee as a sub-committee of the Board.	√		
5 (i) (b)	Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company.	√		
5 (i) (c)	Audit Committee shall report on its activities to the Board of Directors.	√		
5.2	Constitution of the Audit committee			
5 (2) (a)	The Audit Committee shall be composed of at least 3 (three) members.	√		
5 (2) (b)	Board shall appoint members of the Audit Committee who shall be non-executive director.	√		
5 (2) (c)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial.	√		
5 (2) (d)	When the term of service of the Committee member expires, Board shall appoint new Committee member immediately or not later than 1 month of vacancy.	√		
5 (2) (e)	The Company Secretary shall act as the Secretary of the Audit Committee	√		
5 (2) (f)	Quorum shall not constitute without at least 1 independent director.	√		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
5.3	Chairperson of the Audit Committee			
5 (3) (a)	The Board shall select Chairperson of the Audit Committee who will be ID.	√		
5 (3) (b)	Absence of chairperson, the remaining members may elect one of them and reason of absence to be recorded in the minutes.	√		
5 (3) (c)	Chairperson of the Audit Committee shall remain present in the AGM.	√		
5.4	Meeting of the Audit Committee			
5 (4) (a)	The Audit Committee shall conduct at least 4 meetings in a financial year.	√		
5 (4) (b)	Quorum: presence of 2 or 2/3 members whichever is higher and 1 independent director is must.	√		
5.5	Role of Audit Committee			
5 (5) (a)	Oversee the financial reporting process.	√		
5 (5) (b)	Monitor choice of accounting policies and principles.	√		
5 (5) (c)	Internal Audit and Compliance process to ensure that it is adequately resourced.	√		
5 (5) (d)	Oversee hiring and performance of external auditors.	√		
5 (5) (e)	Hold meeting with the auditors, review the annual financial statements before submission to the Board for approval or adoption.	√		
5 (5) (f)	Review with the management, the annual financial statements before submission to the Board for approval.	√		
5 (5) (g)	Review with the management, the quarterly and half yearly financial statements before submission to the Board for approval.	√		
5 (5) (h)	Review adequacy of internal audit function.	√		
5 (5) (i)	Review the management's discussion and analysis before disclosing in the Annual Report.	√		
5 (5) (j)	Review statement of all related party transactions submitted by the Management.	√		
5 (5) (k)	Review management letters or letter of Internal Control weakness issued by statutory auditors.	√		
5 (5) (l)	Oversee determination of audit fees and evaluate performance of external auditors.	√		
5 (5) (m)	Oversee whether IPO/RPO proceeds utilized as per the published Prospectus.			Not Applicable
5.6	Reporting of the Audit Committee			
5.6(a)	Reporting to the Board of Directors			
5 (6) (a) (i)	The Audit Committee shall report on its activities to the Board.	√		
5 (6) (a) (ii)	Shall report immediately the Board on the followings:			
5 (6) (a) (ii) (a)	Report on conflicts of interests.			Not Applicable
5 (6) (a) (ii) (b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process.			Not Applicable
5 (6) (a) (ii) (c)	Suspected infringement of laws, regulatory compliance including securities related laws, relies and regulation.			Not Applicable
5 (6) (a) (ii) (d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.	√		
5.6(b)	Reporting to the Authorities			Not Applicable
5.7	Reporting to the Shareholders and General Investors	√		
6	Nomination and Remuneration Committee (NRC)			
6.1	Responsibility to the Board of Directors:			
6(i) (a)	The company shall have a NRC as a sub-committee of the Board.	√		
6(i) (b)	NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications and policy for remuneration of directors, top level executives.	√		
6(i) (c)	The Terms of Reference of the NRC shall be clearly set forth in writing.	√		
6.2	Constitution of the NRC	√		
6(2)(a)	The Committee shall comprise of at least three members including an ID.	√		
6(2)(b)	All members of the Committee shall be non-executive directors.	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board.	√		
6(2)(d)	Board have authority to remove and appoint any member of the committee.	√		
6(2)(e)	Board shall fill the vacancy within 180 days of such vacancy in the Committee.	√		
6(2)(f)	The Chairperson of the Committee may appoint/co-opt any external non-voting expert for valuable advice.	√		
6(2)(g)	The company secretary shall act as the secretary of the committee.	√		
6(2)(h)	Quorum shall not constitute without at least 1 independent director.	√		
6(2)(i)	No member of the NRC shall receive any remuneration/advisory, other than Director's fees or honorarium form the company.	√		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
6.3	Chairperson of the NRC			
6(3)(a)	Board shall select 1 member of the NRC to be Chairperson of the Committee who shall be an independent director.	√		
6(3)(b)	Absence of chairperson, the remaining members may elect one of them and reason of absence to be recorded in the minutes.	√		
6(3)(c)	Chairperson of the NRC shall attend the AGM.	√		
6.4	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year.	√		
6(4)(b)	The Chairperson of the NRC, may convene any emergency meeting.	√		
6(4)(c)	Quorum: presence of 2 or 2/3 members whichever is higher and 1 independent director is must.	√		
6(4)(d)	Proceedings of NRC meeting shall be recorded in the minutes and such minutes shall be confirmed in the next meeting.	√		
6.5	Role of NRC			
6(5)(a)	NRC shall be independent and responsible/accountable to the Board and to the shareholders.	√		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	√		
6(5)(b)(i)	Formulating the criteria for qualification and remuneration of the directors and top level executives considering the following:	√		
6(5)(b)(i)(a)	Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.	√		
6(5)(b)(i)(b)	Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.	√		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long term performance.	√		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age experience etc.	√		
6(5)(b)(iii)	Identifying persons who are qualified the criteria laid down and recommend their appointment and removal to the Board.	√		
6(5)(b)(iv)	Formulating criteria for evaluation of performance of independent directors and the Board.	√		
6(5)(b)(v)	Identifying company's needs for employees at different levels and determine their selection, transfer or replacement.	√		
6(5)(b)(vi)	Developing recommending and reviewing annually the company's human resources and training policies.	√		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC at a glance in its annual report.	√		
7	External or Statutory Auditors			
7(1)	Issuer company shall not engage its external auditors to perform the following services:			
7(1)(i)	Appraisal or valuation services or fairness opinions.	√		
7(1)(ii)	Financial information systems design and implementation.	√		
7(1)(iii)	Book keeping or other service related to the account ion records.	√		
7(1)(iv)	Broker–dealer services	√		
7(1)(v)	Actuarial services	√		
7(1)(vi)	Internal/special audit services.	√		
7(1)(vii)	Any services that the Audit Committee may determine.	√		
7(1)(viii)	Certification services on compliance of corporate governance.	√		
7(1)(ix)	Any other service that may create conflict of interest.	√		
7(2)	No partner or employees of the External/Statutory Auditors audit firms shall possess any share of the company they audit at least during the tenure.	√		
7(3)	Representative of External Auditors shall remain present in the AGM.	√		
8	Maintaining a website by the company			
8(1)	The company shall have an official website linked with that of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchanges.	√		
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing professional firm on yearly basis regarding compliance of conditions of Corporate Governance	√		
9(2)	The professional who will provide the certificate on compliance of Corporate Governance shall be appointed by the Shareholders in the AGM.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions.	√		

ANNEXURE - I

The Pattern of Shareholding

Name of Shareholders	Status	Shares Held at 31 Dec'19	Shares Held at 31 Dec'18
i) Parent / Subsidiary/Associate Companies			
Retail Holdings Bhold B.V. - (Including 20% Non-remittable shares)	57%	56,819,337	43,707,183
ii) Directors, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children			
Dr. Fatih Kemal Ebiclioglu	Chairman	-	-
Mr. M. H. M. Fairoz	Managing Director	-	-
Mr. A. F. Nesaruddin	Independent Director	-	-
Dr. Syed Ferhat Anwar	Independent Director	-	-
Mr. Hakan Hamdi Bulgurlu	Nominee Director	-	-
Mr. Cemal Can Dincer	Nominee Director	-	-
Mr. Polat Sen	Nominee Director	-	-
Mr. Mohammad Sanaullah	Company Secretary	734	565
Mr. Akram Uddin Ahmed	CFO	-	-
Mr. Shahed Al Mamud Chowdhury	Head of Internal Audit, In-charge	-	-
Ms. Salma Akhtar	W/o. Mr. Mohammad Sanaullah	608	468
Ms. Arifa Salzana Hemon	W/o. Mr. Akram Uddin Ahmed	-	-
iii) Executives			
None			
iv) Shareholders Holding Ten Percent or More Voting Interest			
Retail Holdings Bhold B.V. - (Including 20% Non-remittable shares)	57%	56,819,337	43,707,183

ANNEXURE - II

Board and Committee Attendance 2019

The Board met a total of seven times during the year Board and Committee attendance for the meetings during the year are shown below:

Board and Committee Attendance	Attended out of Meetings Held					
	Board		Audit Committee		Nomination & Remuneration Committee	
Dr. Fatih Kemal Ebiclioglu ¹	3	3	-	-	-	-
Mr. Hakan Hamdi Bulgurlu ¹	2	3	-	-	-	-
Mr. Mohamed Haniffa Mahamed Fairoz	7	7	4	4	-	-
Dr. Syed Ferhat Anwar	6	7	3	4	2	2
Mr. A. F. Nesaruddin	4	7	4	4	1	2
Mr. Polat Sen ¹	3	3	3	3	-	-
Mr. Cemal Can Dincer ¹	3	3	-	-	1	1
Mr. Gavin Walker ²	4	4	-	-	1	1
Mr. Stephen H Goodman ²	0	4	-	-	-	-
Mr. Peter James O'Donnell ²	1	4	-	-	-	-
Mr. Gelmart M. Gellecanao ²	3	4	0	1	-	-
Mr. Nayana Jagath Kumar Dissanayake ²	4	4	-	-	-	-

(1) Joined the Board on April 3, 2019

(2) Resigned from the Board on April 3, 2019

Management Discussion and Analysis from MD's Desk

2 019 Overview

The year 2019 was another successful year for Singer Bangladesh reaching new heights of turnover amounting Taka 15.5 billion from sales with 14.2% growth which was well above the average in the industry.

During the year under review, economic indicators in Bangladesh were mostly positive pointing at visible economic growth; however, in the latter part of the year price hikes of essential commodities resulted in higher inflation which created pressure on our target group. This inflation along with the pressure impacted our business performance which was slightly below expectations. Despite increase in competitiveness in the home appliances and consumer electronics market, we were successful in achieving significant volume of growth in our retail, wholesale and corporate sales channels. We remain Bangladesh's largest retailer in this segment.

Acquisition of Arçelik

Ardutch B.V., a subsidiary of Arçelik A.S. (a member of Koc Holdings, Turkey) completed the acquisition of Retail Holdings Bhold B.V. (holding Company of Singer Bangladesh Limited) on 3rd April, 2019. After the change, Arçelik A.S. has become the ultimate beneficial owner of the Company but Retail Holdings Bhold B.V. retains its status as the holding Company of Singer Bangladesh Limited. Based in Turkey, Arçelik is one of the largest electronics manufacturers worldwide being proud of 12 brands, 23 manufacturing facilities, 17 research and development centers and a workforce of 31,500 globally. Arçelik has its presence in 147 countries and continues to expand their footprint in the global market through constant innovations and the application of their technological know-how.

Using Arcelik's expertise, the Company will ensure all round excellence, especially in terms of high quality products as well as robust manufacturing processes which will be a great boon to all the stakeholders.

Opportunities

Bangladesh is the next big frontier of opportunity as its per-capita income reaches an inflection point to impel consumption across the country. Current per-capita income at US\$ 1,906 is projected to reach approximately US\$ 2,300 in 2022. In addition, power generation at 21,000 MW in 2019 is expected to increase significantly as well. The expansion of economic opportunities, implementation of mega projects and development of infrastructure will ensure a visible change in the people's life style as they rise up the economic ladder in a greater number in the ensuing months. Nearly 30-40 million people will be added to the middle class thereby allowing us to envisage a long term opportunity to continue to invest in growth.



Maximizing Our Geographic Portfolio

We have the largest retail distribution network in Bangladesh with 405 company-owned stores along with 974 wholesale dealers. This enviable geographic footprint in an emerging market has tremendous growth potential. Corporate sales channel is also doing well. The exciting potential of e-commerce can only enlarge Singer's customer base quickly and exponentially.

Subsidiary Company (IAL)

International Appliances Limited (IAL)'s revenue reached Tk.2,553 million in 2019 with an Operating profit of Tk.104 million and a net profit before tax of Tk.38 million. The available factory capacity provides Singer with flexibility to expand the

manufacturing Units. Plans are underway to use such experts on the AC manufacturing units as well. We can assure our consumers that they will see significant improvements in the quality of our products. Ultimately this will add more value to the shareholders.

New Service Experience

Singer is committed towards excellence. The management has taken several initiatives to improve the quality of after-sales-service to customers. Most of these will be rolled out in 2020. We have already started the transformation process in this service component. More service centers will be established in different regions to extend coverage. All these changes will be supplemented with setting up of the after-sales-service call

product business; for the next 48 years it remained a multi-product single-brand company.

From 2005 onwards Singer successfully adopted a multi brand strategy on its products including financial services. With the acquisition of Arçelik this multi-brand retailing concept will be even more expansive as the Company introduces more exciting products in due course. 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

As details of the company's impressive financial 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 few years have paid off with tremendous Revenue growth as well as strengthening of operating fundamentals. Capitalizing on Arcelik expertise, we are now charting out new strategies and moves required to position Singer with long-term growth and sustainability.

An important priority for 2019 was to improve growth of our key product categories. This growth was achieved during the year under review across the board.

Accounting Policies and Estimation of Financial Statements

The preparation of consolidated financial statements is based on 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.

product portfolio thereby strengthening its position in the refrigerator market as well as improving yields even further.

Manufacturing Facilities

LED televisions, air conditioners and refrigerator manufacturing units all had growth supplemented with volumes. Ten years ago only about 10% of the products were manufactured in Bangladesh but in 2019, local production accounts for about 62% of our sales revenue. This has helped us to tailor products to meet our customer expectations and provide value for money.

Using Arcelik's strong manufacturing background as well as their global expertise, we have already started changing the processes to enhance the quality of our products. To further improve quality standards, Arçelik has already assigned their experts to work on improving our Refrigerator & TV

center. We want our front line force to focus on sales and internally we will take care of the customer service and service quality.

Supply Chain Management

Singer's continuous growth over the years requires at present greater coordination and operational management from raw material suppliers right up to the consumers' end. The Company has placed great emphasis on this aspect and is building up a supply chain specialist team to further improve the sourcing, distribution, warehouse management, timely delivery and ultimate efficient distribution.

Leading Multi Brand Retailer

Singer has been operating its business in Bangladesh for nearly 115 years. For the first 52 years it had been simply a single

STRATEGIES AND INITIATIVES IMPLEMENTED OVER THE LAST FEW YEARS HAVE PAID OFF WITH TREMENDOUS REVENUE GROWTH AS WELL AS STRENGTHENING OF OPERATING FUNDAMENTALS.



Field Management Meeting Participants



400th Shop Opening



Details of accounting policies and estimation are set out on the notes 2.4 and 40 of the financial statements.

Changes in Accounting Policies and Estimation of Financial Statements

The changes in accounting policies and estimation are described in the notes 2.7 and 5 of the financial statements.

Comparative analysis of Financial Performance

The key operating and financial performances of the company for the last six years are annexed on page 11.

Peer Industry Comparison

Singer Bangladesh Limited is the lone listed company in the industry of home appliances and consumer electronics. There is no company of similar industry listed, and as such it was not possible to get information of other company.

Economy in 2019

The economy of Bangladesh has faced a number of new challenges regarding the country's business and fiscal fronts in 2019, while the political atmosphere remained relatively peaceful. Government's borrowing off the banking system, higher interest rate, fall in export receipts, continued pick-up in inflation rate and declining import of raw materials were all new challenges. In addition, the economy also confronted a number of problems in 2019, such as soaring non-performing loans in the banking sector, slow collection of revenues and credit growth in the poor private sector. The capital market dipped in terms of market capitalization, turnover and investors' confidence. However, the GDP recorded a healthy 8.15% growth in the fiscal year 2018-2019 emphasizing the prospects of its growth and potential.

World Economic Outlook Reports by IMF stated that in 2019 the pace of global economic activity remained weak. Momentum in manufacturing activity, in particular, weakened substantially, to levels not seen since the last global financial crisis. Rising trade and geopolitical tensions increased uncertainty about the future of the global trading system.

Besides, China, global sourcing hub, has been suffering from the corona-virus pandemic in the very early part of 2020 that has caused supply chain disruptions.

Risk and Concern

Details of risk factors and the management of these factors are set out on the Risk Management Report on pages 48 & 49 of this report.

Our Plan

In a globally linked economy the knock-on effects of the corona virus outbreak will impact Bangladesh like any other country and will infiltrate through its economy thereby eroding the important purchasing power of the middle class. The year 2020, no doubt, will be a challenging year for the company.

In 2020, we expect to roll out new product range to cater to various segments in this emerging market. Further we will also enable our prospective customers to easily access to our range of products through various means including expansion of our e-commerce channels. Expansion of manufacturing units will enable us to sustain the local value-addition component and in the process, retain the largest retailer status in the home appliances and consumer electronics market in Bangladesh.

We are confident of accelerating business momentum and building platforms for

continuous value enhancement for our shareholders as well as other stakeholders in the year 2020 and beyond. However, it all depends on how quickly the corona-virus outbreak is contained and how deeply this pandemic affects the economy of Bangladesh as well as of the globe.

Empowering Women of Bangladesh

Every day, around the world, women are building better lives for themselves as well as their families taking on new professions and income generating activities. This has a profound positive impact on them and the community as a whole. As corporate citizens of this country we have a responsibility towards the society where we do business. We continued to provide tailoring skills "Abolombon" to underprivileged women in collaboration of BRAC, largest NGO in Bangladesh, so that they can use these new skills to enjoy a better quality of life. This gesture, as part of the initiative sprung from our Corporate Social Responsibility, will undoubtedly make a huge difference to their lives and at the same time, will remain a source of inspiration and empowerment for women of Bangladesh.

As part of our CSR initiative, we continue to support the 'Abolombon' project, where a total of 5,000 women are being given a two-month long tailoring training free of charge. They are also provided sewing accessories and sewing education books. A good number of these women have changed their lives using their tailoring skill as a means of earning.

Conclusion

I would like to thank the members of the Board for their valuable support and guidance during the year. The shareholders also deserve thanks for their continued trust and confidence in the Board of Directors and the Management.

Finally, I also wish to thank all our staff and employees for their dedication and commitment which immensely contributed towards the exceptional growth of the company.

M. H. M. Fairoz
Chief Executive Officer

March 8, 2020

Corporate Governance

The company believes in adopting not only the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission but also 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 seven members including two Independent Directors having diverse and professional expertise and experiences. The Directors are from varied businesses and other backgrounds and their long and rich experiences enable them to execute independent judgments on the Board where their views carry substantial weight in the decision making. They contribute to the company's strategy and policy formulation in addition to maintaining its performance as well as its executive management. The profiles of all members of the Board are given on pages 14 to 17.

Board Committees

The responsibility for good governance rests with the Board. The Board retains certain matters at its own disposal; other specific responsibilities are delegated to its principal Committees, namely the Audit Committee, the Nomination and Remuneration Committee. Each of these Committees operates within defined terms of reference. The Board has also delegated to a subcommittee certain matters which are routine in nature, or which have been agreed in principle by the Board.

The Chair of each Committee reports to the Board on its proceedings, and minutes of the meetings are available as appropriate.

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 a practicing Chartered Accountant has been a great benefit to the Company for the last three years.

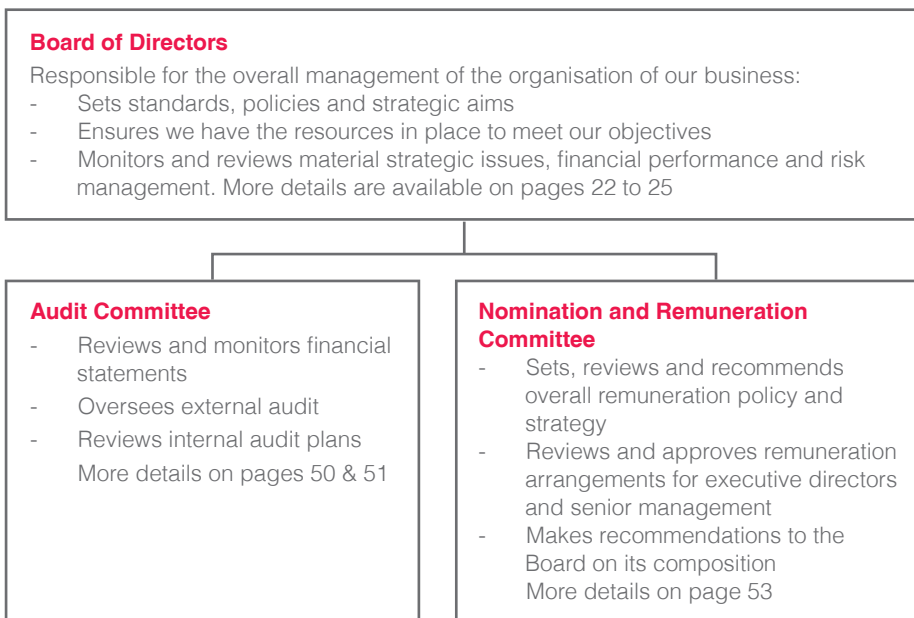
The Audit Committee monitors:

- the integrity of the financial statements of the company, including annual, half-yearly, quarterly and other formal announcements relating to its financial performance, and reviewing and reporting to the Board on significant financial reporting issues and judgments.
- the relationship with the company's external Auditor, including consideration of fees, audit scope and terms of engagement.
- the effectiveness and objectivity of the external audit and the Auditor's independence.
- the company's internal control and risk management systems.
- review the effectiveness of the company's Internal Audit function.
- compliance with laws, regulations, ethical and other issues including those until being transferred to the Board.

Nomination and Remuneration Committee

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

To adhere to good corporate governance practice in the Company, the 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 also discharges the responsibilities of the Board of Directors relating to compensation of the Company's executive directors and senior management. The committee is also responsible for ensuring motivation and retaining individuals with high calibre.

The Committee consists of three members including two Independent Directors. Dr. Syed Farhat Anwar is the Chairman of the Committee.

The Committee meets, as and when required, to consider candidates for appointment as Directors and to fix compensation of the Company's executive directors and senior management.

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) Code, 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 Corporate Governance Code with regard to

composition of the Board. Dr. Syed Ferhat Anwar and A. F. Nesaruddin being Independent Directors, 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 that their experience and knowledge will enable them to provide constructive as well as effective contribution to the company.

Board Meetings

The Board meets regularly to discharge its duties effectively. Seven Board Meetings were held during the year 2019 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.

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 responsibility for the day-to-day management of the company relies on the Management Committee. In performing this role, the Management Committee also

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 centres 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 International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Financial data is circulated as appropriate within and outside the organization.

The timely publication of the 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 A. Qasem & Co., 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.

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

has responsibility for monitoring detailed performance of all aspects of the company.

The Management Committee is chaired by the Managing Director and comprises eleven 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 the 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

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 the Management Committee the responsibility of establishing and implementing a system of internal control appropriate to the business environment in which the Company operates.

The Company has an Internal Audit Department headed by the Head of Internal Audit & Compliance. 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 be audited.

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 27 of the Annual Report.

Directors Code of Conduct

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.

Corporate Code of Conduct

Arcelik A.S. (ultimate parent of Singer Bangladesh Limited) has updated its Global Code of Conduct in 2019. In this context, the Company adopted the Arcelik Global Code of Conduct, which explains how we should behave, what we should pay attention to and what behaviours we should avoid in business, in order to adapt the Code to our ever-growing and expanding structure. In line with Arcelik's corporate vision of "Respecting the World, Respected Worldwide", it is our responsibility to strengthen this awareness even further, to make our business even better without compromising the principle of honesty, and to create a reliable value chain.

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 bridle them, as or where they occur. Details are provided in the section entitled "Risk Management" on pages 48 & 49.

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.

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 as well as the other stakeholders.

The quarterly and half yearly results of the company are published in the newspapers. Annual reports are furnished in soft form to the shareholders and are also sent to the email addresses of the shareholders available in their beneficial owner (BO) accounts with the depository.

The company shall also print sufficient number of annual reports so that any shareholder may collect the printed copy of the annual report from the registered office of the company or its Investors' Relation Department or from the AGM venue if any shareholder requires in writing beforehand. These reports are also available on the company's website - www.singerbd.com.

Annual General Meeting

The Board considers the Company's AGM is the main means of communication with the shareholders and welcomes their participation. The 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 the directors' declaration in the Directors' Report, election of the Board members and the appointment of the Auditors.

All shareholders are entitled to attend the AGM, at which the Board members are present. The Board views the AGM as a good opportunity to meet with its shareholders. All shareholders present can question the Chairman, the Committee Chairs and the rest of the Board during the meeting.

Company's Corporate Website

The company's website is a comprehensive reference on Singer Bangladesh Limited'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, 2019

The company's shares are compulsorily traded in dematerialized form and are available for trading on Central Depository Bangladesh Limited (CDBL). 87,297,784 Ordinary Shares of the company representing 87.6 % of the company's share capital were in dematerialized form as on December 31, 2019.



Achieved ICSB National Award 2018 for Corporate Governance Excellence (Gold Award)

Statement of Value Added

	2019 Taka	2018 Taka
Turnover - Gross	15,485,235,479	13,559,249,507
Other Income	154,708,430	168,795,783
	<u>15,639,943,909</u>	<u>13,728,045,290</u>
Less: Cost of Materials & Services	8,475,318,955	6,927,169,512
Value Added	7,164,624,954	6,800,875,778

Distribution of Value Added

To Employees and Dealers

Salaries, Commission and other Benefits	1,029,836,129	14%	959,975,887	14%
---	---------------	-----	-------------	-----

To Government

Income Taxes, Duties and Value Added Tax	4,714,407,508	66%	4,489,423,525	66%
--	---------------	-----	---------------	-----

To Banks and other Lenders

Interest & Bank Charges on Borrowing	314,889,517	4%	319,292,407	5%
--------------------------------------	-------------	----	-------------	----

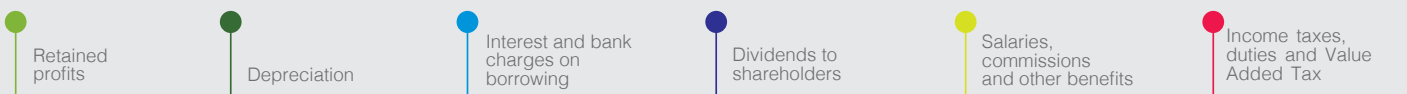
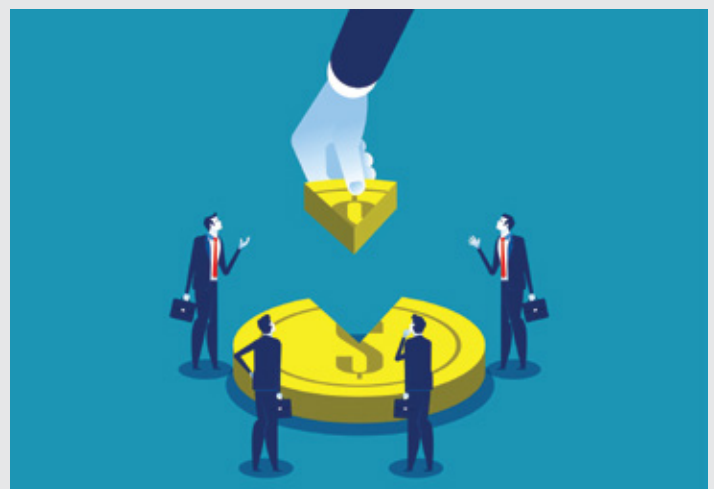
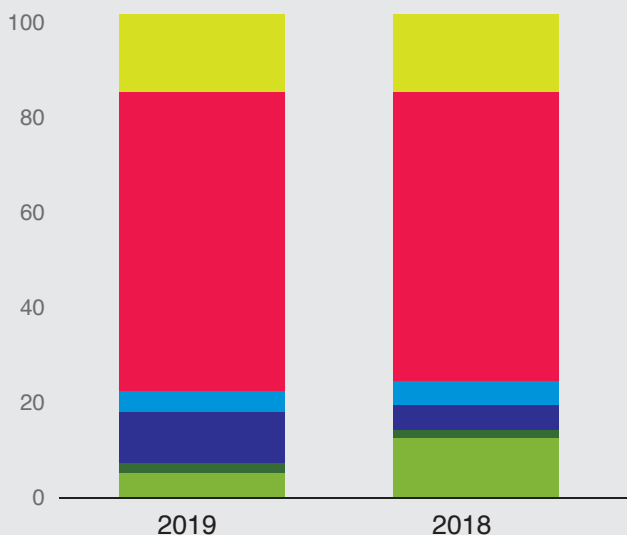
To Suppliers of Capital

Dividends to Shareholders	767,711,853	11%	230,083,473	3%
---------------------------	-------------	-----	-------------	----

Retained for Reinvestment and Future Growth

Depreciation	73,692,247	1%	109,663,815	2%
Retained Profits	264,087,700	4%	692,436,671	10%
	7,164,624,954	100%	6,800,875,778	100%

Value Addition (%)



ICSB National Award 2018 for Corporate Governance Excellence



Financial Review 2019

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 on 31 December 2019. In this report, "Group" refers to Singer Bangladesh Limited (SBL) and its subsidiary International Appliances Limited (IAL) and "Company" refers to Singer Bangladesh Limited.

Basis of Preparation and Comparative Figures

The Group financial statements for the year ended on 31 December 2019 include the financial statements of Singer Bangladesh Limited and its subsidiary, International Appliances Limited.

The financial statements have been prepared in compliance with the

Preface

SBL's Group as well as company level revenue increased with growth of 14.2% in 2019 over the last year, with net income growth of 12.0% and 14.9% at Group and company levels respectively. These results demonstrate that Singer has been able to continue fostering its position as the leading international appliance brand in Bangladesh. In 2020 and beyond, the company plans to further increase its retail space, dealer numbers and include more institutional entities to capitalize on the opportunities available in this growing and competitive sector.

The Company reported growth for 2019 with increase in sales in all key product categories. In the year 2019, the Group as well as the Company achieved a turnover of Taka 15.5 billion though there were strong forces which

after-sales services. These strengths, combined with competitive prices and extensive distribution networks provide very solid foundations for continued future success.

The Group's net profit at the end of the year increased by Taka 111 million over the previous year resulting in corresponding increase in earnings per share to Taka 10.35 as opposed to 9.24 in 2018. The company announced 77% cash dividend, maintaining its elongated history of robust dividend policy.

The extensive distribution network having continued to expand further and backed by strong above-the-line (ATL) and below-the-line (BTL) advertising as well as promotional campaigns during 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 the other world reputed Brand names helps to capitalize on the prevailing business opportunities. The Group looks forward to relaying this momentum into 2020.

Turnover

The Group's revenue in 2019 grew by a rate of 14.2% amounting to Taka 15,485 million over the prior year 2018, whilst revenue of the Company also augmented by 14.2% to reach Taka 15,485 million. The Group managed to sustain its volume growth in the period in traditional product lines such as Refrigerators which grew by 15.1%, Air Conditioners by 34.3%, sewing machines by 24.1%, MWOs & Ovens by 9.7% and Washing Machines by 23.9%. One of key product lines such as computer performed marginally below the level of the prior year by 0.4% compared to the twelve months' period of 2018. However, television grew at flat compared to the previous year 2018.

As a result, the company was able to realize growth in sales. The business environment continued to be competitive throughout the year due to the presence of the increasingly strong local large competitors equipped with modern manufacturing facilities. With politically calm environment and relatively positive economic stability, the

**NET PROFIT BEFORE TAX FOR THE YEAR STOOD
TK 1.3 BILLION WHICH WAS HIGHER BY 24% OVER
THE PREVIOUS YEAR'S NET PROFIT OF TK 1 BILLION**

requirements of the International Financial Reporting Standards (IFRS), 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.

The financial statements of the previous year, i.e. the comparative figures for the year ended on 31 December 2018, were prepared in compliance with the requirements of the International Financial Reporting Standards (IFRS), 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. Details of preparation and comparative figures are disclosed in Note 2 & 39 of the financial statements on page 55 & 99.

acted in the competition. Overall, the country enjoyed macroeconomic stability and relative political quiet which helped the economic and business environments to facilitate the growth of business and to ensure the ease of business. Domestic political calm was seen to have influenced the consumers' confidence and outlooks positively and thus supported healthy growth in competition in 2019. With the positive growth momentum, the Company remained among the leading appliance corporate in Bangladesh and continued to uphold efforts to strengthen its position and the brand image in the consumer durable market and thus, increased business of retail, wholesale as well as corporate channels.

Singer is an international brand which consumers in Bangladesh aspire to own. With Singer's long history, considerable trust has been built up in Singer's reliable products and

market conditions in general evidently improved over the previous year. The Company dealt with enthusiastic consumer buying patterns. During the year, Singer continued to build upon the success of its factory operations for refrigerators, panel televisions and air conditioners with further substantial increase in output and capacity as planned in 2020 and beyond.

There was no impact on the Group's revenue as the revenue of subsidiary company is inter group transaction and is, therefore, eliminated on consolidation.

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 centres. 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 4,353 million compared to Taka 3,760 million in the previous year, an increase of 15.8% which exceeded the growth of revenue. The Group's gross margin percentage increased from 27.7% to 28.1% over the prior year as a result of increased amount of sales compared to that of the last year. The gross profit of the Company is Taka 4,224 million as against Taka 3,626 million in the previous year, an increase of 16.5%. Gross margin percentage of the Company was 27.3% (in 2019) as opposed to 26.7% (in 2018), an increase of 0.5% which was the result of an increase in income from earned carrying charges (ECC). In absolute terms, gross margin of both the Group and the Company levels increased over the prior year and was supported by the revenue growth.

Gross margin percentage of both the Group and the Company was impacted by higher mix of high margin product lines, especially the significant growth of higher margin products—refrigerators, air conditioners, MWOs & ovens and washing machines compared to flat performance of other

traditional high margin product lines such as panel televisions and sewing machines. These higher margin products registered growth despite discounts being offered to flush out slow moving inventories and provision for excess and damaged inventories which exerted pressure on percentage margins. However, there was a gradual improvement in margin as a result of the price adjustments and product mix. In addition, it was increasingly challenging to protect the product margins in the competitive market conditions that the Company faced in the period under review. The Company was intent in retaining and expanding market share with the aim of reaping benefits in the long term.

Operating Expenses

Both the Group and the Company continued to focus on managing operating expenses which were 16.5% of the revenue in 2019 and decreased from 16.7% of the revenue in the prior year at the Group level. However, in absolute terms, the operating expenses rose from Taka 2,270 million in 2018 to Taka 2,557 million in 2019 at the Group level and from Taka 2,240 million in 2018 to Taka 2,521 million in 2019 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 12.5% over the prior year due to growth of shop operating expenses, right-of-use asset depreciation and warranty expenses. Rent and occupancy expenses showed a decrease by 79.0% as implementation of IFRS 16 captured the lease rental expenses under Right-of-Use (ROU) asset depreciation on account of the applicable lease contracts under this new IFRS. Despite higher demand of rental space in economically feasible or prime locations, the overall escalation of rental expenses under the new IFRS was below the growth of revenue. 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 shares. However, with the growth of production/assembly of air conditioners and refrigerators locally at the factory, the royalty expenses increased compared to the prior year but growth was below the enhancement of revenue. Bad debt expenses increased due to the increase of aging of receivables from all channels requiring higher provisions. The credit was used as an effective tool to increase penetration in the market along with competitions which resulted in some difficulties in timely collections. Steps were being taken to improve the efforts of overall collections in order to reduce aging. Increase in bank charges were in line with the growth of the business and customers' choice of payment method (i.e. use credit cards).

Warranty expenses increased significantly both at the Group and the company levels as the warranty periods extended due to market competition and also to attract and retain more customers. In spite of all the challenges, as a percentage of turnovers, operating expenses decreased from 16.7% to 16.5% at the Group level and 16.5% to 16.3% at the Company level.

Operating Profit

Group's operating profit increased in this year to Taka 1,951 million against Taka 1,659 million of the year 2018 and the Company's Operating profit increased to Taka 1,846 million from Taka 1,546 million of 2018. In terms of percentage, the Group and the company achieved 12.6% and 11.9% against 12.2% and 11.4% of the last year respectively. Improvement in respect of managing the operating expenses which were kept below the growth of revenue contributed to the boost of the operating profit.

Net Finance Cost

The Group's net finance cost increased by Taka 84 million over the last year and reflected 2.6% of the revenue as opposed to 2.4% of the revenue in 2018. Similarly, the Company's net finance costs increased by Taka 86 million which represented 2.2% of this year's revenue as opposed to 1.9% of the revenue in 2018. The main reason behind the increase in net finance costs

was the implementation of IFRS 16, as interest expenses on leases under IFRS 16 were included as per requirement of this new IFRS. With better negotiated interest rates, borrowings were made to support expansion and growth of business and to manage working capital in order to finance specially increased trade and other receivables and inventories. Group-level bank finance costs were in line with the last year's whereas 3% growth was observed at the company level.

Income Tax Expense

Income tax expense of the Group was Taka 439 million in this year as against Taka 354 million in 2018. Income tax expenses for the Company increased from Taka 327 million of the year 2018 to Taka 397 million in the year under review. The current year income tax expenses on ordinary activities of both the Group and the Company grew due to the increase in profit from ordinary businesses. Net tax expenses include 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 29.8% whereas it was 27.8% in 2018 and the Company's effective tax rate for the year was 27.7% in contrast with 26.6% in 2018. The effective tax increased at both the Group and the Company levels mainly due to increase in employees' excess perquisites, provisions for bad debts and other temporary differences and the release of deferred tax assets.

Profit for the Year

The Group recorded a profit after tax of Taka 1,032 million for the year 2019 which reflected a growth of 12.0% (in Taka 111 million) over the last year.

On the other hand, the Company recorded a profit of Taka 1,035 million after tax in 2019 compared to Taka 900 million in 2018. This represented a favourable growth of 14.9% over the last year's (in Taka 135 million) due to growth of revenue and efficiently managed operating expenses, which

resulted in lower percentage of revenue incurred for the purpose.

Other Comprehensive Income

Other comprehensive income for the year 2019 was limited to actuarial loss of retirement benefit obligation reported as Taka 0.6 million (net of related tax) at the cut-off re-measurement of defined benefit liability.

Comprehensive Income for the Year

The Group recorded a total comprehensive income of Taka 1,031 million after tax for the year against Taka 919 million in the last year. The Company's total comprehensive income for the year was Taka 1,034 million and Taka 898 million in the previous year, an increase of Taka 136 million. In the Group, the total comprehensive income attributable to equity holders was Taka 1,031 million whereas it was Taka 916 million in the last year. No non-controlling interest existed in 2019 as the subsidiary of the Company became a fully owned subsidiary during the year as opposed to total comprehensive income attributable to non-controlling interest of Taka 3.4 million in 2018.

Earnings per Share

Group earnings were strong and earnings per share (EPS) for the year under review rose to Taka 10.35 in 2019 compared to Taka 9.24 in 2018. Earnings per share of the Company were Taka 10.38 in 2019 as opposed to Taka 9.03 in 2018. To compute EPS, 30% stock dividend (declared for the year ended on 31 December 2018) was considered for the year 2018 as per International Accounting Standard (IAS-33).

Price-to-earnings Ratio

The price-to-earnings ratio of the Company as of 31 December 2019 was 17.39 times against 24.50 times as of 31 December 2018. During the year under review, the Company's share price ranged between Taka 165.1 and Taka 279.9. Closing price for the year was Taka 180.4. The respective figures for the year 2018 were Taka 164.9, Taka 248.4 and Taka 221.2.

Dividend

The Board of Directors of the Company has recommended 77% (Tk. 7.70 per share of Tk. 10 each) cash dividend,

totalling to Taka 767.7 million, for the year ended on 31 December 2019 as continued part of the Company's robust dividend policy. For the year ended on 31 December 2018, 30% stock dividend was declared as final dividend.

Events after the Reporting Period

The proposed final dividend subsequent to the reporting date has not been accounted for in the financial statements as of 31 December 2019. Further, the Board of Directors of the Company has decided to increase authorized capital from Tk. 1,000.00 million to Tk. 2,500.00 million in its 243rd Board meeting dated 07 February 2020.

Return on Equity

Return on the Group equity for the year under review was 37.1% whilst in the previous year it had been 40.0%. Return on equity of the Company for the year under review was 36.1% compared to 40.0% in the previous year. Return on equity is computed by dividing the profit after tax for the year by the average total equity as at the beginning and the end of each financial year.

Non-current Assets

Non-current assets of the Group increased from Taka 1,815 million to Taka 2,939 million, an increase of Taka 1,124 million due to the implementation of IFRS 16 Leases, which resulted in ROU assets with significant decrease in non-current portion of prepaid rent.

Current Assets

Current assets of the Group increased by 10.8% over the last year and rose to Taka 7,393 million compared to Taka 6,672 million in 2018 while the Company's current assets increased to Taka 6,630.2 million from Taka 6,082.1 million in 2018. The Group's as well as the Company's year-end inventories were comparatively higher which were held in excess of the optimum level and could have been brought down further as more sales would have been realized and thus, would have controlled the inventory from having ended up high volume. 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 2019

compared to the year 2018 was mainly due to extended cash conversion period as part of the continuing promotions and credit extended to various large institutions in order to boost sales and to keep the success high amidst dire competitions.

Total Assets

Total assets of the Group increased by 21.7% amounting to Taka 10,332 million compared to Taka 8,487 million in 2018 while the Company's total assets increased by 24.2% and stood at Taka 9,806 million against Taka 7,896 in the last year. The increase of total assets was mainly caused by the implementation of IFRS 16 Leases, which resulted in Right-of-Use (ROU) assets, increase in current tax assets, higher level of inventories and increased level of trade and other receivables.

Total Equity

The Group's equity increased by Taka 815 million compared to the last year and stood at Taka 3,192 million at the yearend 2019. Increased share capital was the result of bonus share issue. Increase in retained earnings over the prior year led the increase in total equity. On the other hand, total Company equity increased by Taka 1,100 million over 2018 and stood at Taka 3,418 million at the end of 2019. The sharp increase was mainly due to strong growth in the current year's retained earnings.

Non-current Liabilities

Non-current liabilities of the Group stood at Taka 2,647 million compared to Taka 1,725 million in 2018. On the other hand, non-current liabilities of the Company increased to Taka 2545 million from Taka 1,688 million in the last year. The implementation of IFRS 16 Leases which resulted in lease liability (non-current portion) was the main reason for increase of non-current liability at both the Group and the Company levels.

Current Liabilities

The Group's current liabilities increased by Taka 108 million compared to the year 2018. The current liabilities of the Group increased mainly due to increase in lease liability (current portion) and short term portion of long term debt of

IAL apart from increase in trade and other payables. Trade and other payables of the Group increased by Taka 740 million and stood at Taka 2,387 million at the yearend as opposed to Taka 1,646 million in 2018. Increase in other payables mainly contributed to the overall increase in trade and other payables, despite the increase in trade payables. In other payables, payable for expenses and payable for other finance (notably, payable to Shanghai Sonlu group for raw material import) mainly caused upward growth compared to the last year.

On the other hand, the Company's current liabilities decreased by Taka 46 million compared to the year 2018. The current liabilities of the Company decreased mainly due to decrease in short-term borrowings apart from the increase in trade and other payables, lease liability (current portion) and current tax liability. Trade and other payables of the Company increased by Taka 170 million and stood at Taka 1,882 million in 2019 against Taka 1,712 million in 2018. Increase in other payables mainly contributed to the overall increase in trade and other payables. Trade payables also increased. Payable for supplies, payable for expenses and payable for other finance mainly caused upward growth in other payables compared to the previous year.

Operating Cash Flow

The Group's net operating cash inflow after meeting costs and expenses, finance costs and tax payment was Taka 1,355 million, compared to outflow of Taka 465 million in the prior period. This was attributable to the high collections performance despite relatively low working capital requirements and relatively high interest payments. The Group's operating cash flow before working capital changes, finance costs and tax was Taka 17,883 million compared to Taka 15,225 million in 2018. The net inflow was supported by the business growth (14.2%) of the Group having increased payment for costs and expenses, interest payment on borrowings & leases (implementation of IFRS 16) and income tax payment.

The Company's gross operating cash flow before working capital changes, finance costs and tax was Taka 17,871 million compared to Taka 15,359 million

in 2018. Net operating cash inflow increased by Taka 872 million, despite the increased payment for costs and expenses, interest payment on borrowings & leases (implementation of IFRS 16) and also income tax payment. During the year 2019 business growth of 14.2% supported these increased payments.

Investing Cash Flow

Net cash flow from investing activities of the Group decreased over the prior year by Taka 249 million. During the year 2019, the Group made investments amounting to Taka 129 million to acquire properties, plants and equipment and the cash outflow for the said purpose was nominally off-set by cash inflows from dividend of Taka 1.4 million (received from CDBL) and the disposal of the properties, plants and equipment worth Taka 3.0 million.

During the year the Company made investments amounting to Taka 119 million mainly in properties, plants & equipment. The cash outflow for the investment was nominally off-set by cash inflows from dividend of Taka 1.4 million (received from CDBL) and the disposal of properties, plants and equipment of Taka 3.0 million. Besides, an investment in subsidiary amounting Taka 228.5 million was made which affected investing cash outflow at both the Group and the Company levels.

Financing Cash Flow

Net cash outflow from financing activities at the Group level was Taka 247 million and at the Company level it was Taka 211 million. Principal repayment of lease liability, repayment of long term loan of IAL and payment of unclaimed dividend were the main factors for cash outflow at both the Group and the Company levels.

Cash and Cash Equivalents

As of 31 December 2019, cash and cash equivalents of the Group decreased by Taka 755 million and stood at Taka 1,779 million compared to Taka 2,534 million in 2018. On the other hand, the Company's cash and cash equivalents decreased by Taka 359 million and stood at Taka 1,566 million compared to Taka 1,925 million in 2018.

People in Singer

In Singer, employees are recognized as the primary source of its competitiveness. They bring values, skills, diversity and expertise to SINGER and thus 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 solidify its position as the market leader in the aforesaid field. Accordingly, development of human resources remains the centre point of its corporate policy.

HR Strategy

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 internal and external recruitment and by improving the capabilities of the existing employees through management development programme. 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. This has helped the Company build a culture where people are respected and performance is rewarded.

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. An excellent blend of young and experienced people ensures their best efforts towards the development of business. Singer Bangladesh Limited has been practicing this blend for a long time.

Equal Employment Opportunity

The company believes in creating opportunities in work place irrespective of race, religion, sex and age. Singer believes in quality/competency while hiring the best workforce. So 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 commensurate with performance.

The company has a strict zero tolerance policy on child labour. All appointments and contracts are in compliance with the Laws 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

Singer is committed to minimizing health hazard 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 conducted periodically.

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 long time and employee turnover rate is very low.

Recruitment

Singer recruits from the open job market competent resources that help



Training Participant - Finance for non Finance Executive



Factory Long Service Award

Performance Management & Employee Benefit

Our performance evaluation depends on prefixed objectives. Individual performance and business success are the key factors that determine the compensation policy for Singer employees. 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 their 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 recognizes the veteran at huge gathering of Singer Family like Annual Picnic or Annual Conference formally honouring their contribution to the company. Family members of all employees participate in the annual picnic. It is indeed a wonderful event for the awardees and the others as well.

strengthen our core capabilities. Singer follows the rules which exhibit the philosophy of right people in right place and empower people in every possible step to engage themselves in organizational success. We have transparent succession plans at all levels.

Learning and Development

Our parent company has given more emphasis on developing the skill of our employees. In total 271 training sessions took place in 2019 and 4,419 employees attended those sessions. Earlier we focused on in-person learning. But this time we have focused more on distance learning facilities for our employees so that they can embrace the contemporary knowledge. Accordingly, our employees participated in distance learning session as arranged by the corporate personnel. We have conducted different soft skills and job oriented learning sessions from world renowned training institute "Dale Carnegie Training". This is a good initiative to enter the gateway of the updated global knowledge. Also

specialized training team of the corporate level has been visiting Bangladesh and working for further improvement of production facilities and after-sales service.

Singer Retail Academy (SRA)

Singer Bangladesh Limited, a company with a 169-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 of the field supervisory personnel and staff in other related areas. It has developed consistent human resource standards such as hiring, orientation, career planning and remuneration as are applicable to our people ranging from the management staff to shop assistants. The 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.



Microwave Training



Factory Picnic

Managing Risk

Risk is defined as “the chance of exposure to the adverse consequences of uncertain future events”. This is an integral part of any business. Over our long existence in Bangladesh we have managed to significantly enhance and achieve a very robust and matured stage 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

To 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 various non-financial factors relating to current political and economic situations.

Analysis of the Outcome

To prioritise the potential risks by considering the possible likelihood and impact on the Company's current and future prospects.

Designing Possible Solutions

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

Recommendation

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

Implementation

The department heads then take all the necessary initiatives for the implementation of the designed system.

Evaluation

The Management always monitors the effectiveness of the designed systems through receiving various reports from different departments and if necessary, reanalysing those reports. The Board's choice of strategies in risk management is affected by the following factors:



Risk attitude of directors - 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 its sustainability in the worst case scenario as well as its available resources towards the achievement of desired business objectives.

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 the change of market condition, customer behaviour, or technological development from budgeted situation. Singer recognizes that

THE MANAGEMENT ALWAYS MONITORS THE EFFECTIVENESS OF THE DESIGNED SYSTEMS THROUGH RECEIVING VARIOUS REPORTS FROM DIFFERENT DEPARTMENTS

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

Upside risk - Risks apply 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.

good information is the key to forecast, assess and manage risks.

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



Fire Drill at Manufacturing Complex

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 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 and adding reasonable profit, determines the market price of a product to make it competitive.

Product - Products may prove defective or inappropriate for the market in terms of price, functionality or perceived value. They are also liable to be rendered obsolete. In addition, price competitions, availability of variety of products and change of customers' choices also have an exposure to indirect product risks. A thorough market research along with feedback from field supervision is always obtained in case of placing an order for new products and quality control checking as well as product assurance system has already been implemented before

launching a new product. For existing products, the experienced SBL management team has always ensured a right determination and evaluation of the product life cycle. Risks associated with product obsolescence are migrated by provisioning for obsolete products. Provisioning also deals with the risks arising out of warranty claims and doubtful debts. A bunch of newly featured models and designs has already been added to each product line which, we hope, will definitely continue to lead the market in future.

Interest Rate - Increase in interest rates impacts the company's earnings, cash flow and overall value and also 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 to 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 relevant execution lies with other departments in terms of investment and utilization.

Credit Risk - Credit risk represents the risk that occurs when one counter party to a financial instrument will cause a financial loss to the other party by failing to discharge a contractual obligation. Credit risks mainly arise from trade debtors, advances and prepayments. Credit risk is managed in a 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 operations in order to monitor and follow up credit performances. The reports facilitate early identification of risks and thus allow the management to step in time with necessary actions.

Liquidity Risk - Liquidity risk is the risk that occurs when an entity will not be able to honour its financial obligations as they fall due. In order to meet financial obligations timely, access to sufficient short term credit is kept ensured round the year. Lower borrowings are utilized as opposed to available higher credit limits. Considering the foregoing and the fact that the company was in a positive working capital position till the year ended, the 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 except for any unpredictable natural event. In addition, the best that can be achieved is reasonable management of the risk to which the company is exposed through a sound management process based on the most accurate, timely and comprehensive management information available.



Audit Committee Report

Preamble

Singer Bangladesh Limited established Audit Committee in 2004. Audit Committee is a Sub Committee of the Board. In compliance with the Corporate Governance Code 2018, the Board of Directors updated the "Terms of Reference (ToR)" of the Audit Committee. The Audit Committee acts as an effective forum in assisting the Board of Directors in discharging its responsibilities on ensuring the quality of financial reporting, overseeing internal & external audit functions and internal control structure as well as making related communications to the shareholders and the other stakeholders.

Composition of the Audit Committee

The Audit Committee consists of the following:

- | | |
|----------------------------|-----------|
| 1. Mr. A. F. Nesaruddin | Chairman |
| Independent Director | |
| 2. Dr. Syed Ferhat Anwar | Member |
| Independent Director | |
| 3. Mr. Polat Sen, Director | Member |
| Director | |
| 4. Mr. Mohammad Sanaulah | Secretary |
| Company Secretary | |

The Chief Financial Officer (CFO), the Head of Internal Audit and Compliance (HIAC) and the Directors attend the meetings by invitation.

In compliance with the requirement of BSEC Corporate Governance Code 2018, Mr. M. H. M. Fairoz, Managing Director of the Company, resigned as a member from the Audit Committee on December 24, 2019.

Role and responsibilities of the Committee

The jurisdiction, responsibilities and specific duties of the Audit Committee have been defined in the "Terms of Reference (ToR)" of the Audit Committee in line with the Corporate Governance Code 2018. By dint of this Code, 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, related party transaction, management letters issued by statutory auditors, determination of audit fees 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, the Regulatory Authorities and to the Shareholders as well.

Meetings and Attendance

During the year 2019, four meetings of the Audit Committee were held. The details of the attendance of the members have been shown in the Annexure- III of the Directors' Report. The Members who could not attend the meetings were granted leave of absence.

Summary of Activities

The following activities were carried out by the Audit Committee during the financial year ended on December 31, 2019.

Financial Reporting

- The quarterly, half yearly and annual financial results of the Company reviewed and the relevant announcements made to the Stock Exchanges by the Board of Directors.

- The quarterly, half yearly and annual financial statements of International Appliance Limited, subsidiary of the Company, duly reviewed by the Committee prior to submission to the Board of Directors for approval.
- The quarterly, half yearly and annual financial statements of the Company reviewed prior to submission to the Board of Directors for approval to ensure the financial reporting and disclosures made in compliance with the relevant laws.

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 the Management's responses reviewed. Improvement actions suggested by the internal auditors in the areas of internal controls, systems and efficiency enhancements discussed with Management.
- The implementation of these recommendations through follow-up audit reports reviewed to ensure all key areas duly addressed.



External Audit

- The Committee's meeting with the external auditors at the conclusion of the annual audit held in the absence of the Management and the findings following their observation, if any, as well as and the Management's response thereto reviewed.
- The audit scopes, audit strategies, audit plans and performance of the external auditors for the year as well as their proposed fees for the statutory audit reviewed.
- The Audit Committee's recommendation to the Board of Directors regarding M/s. A. Qasem & Co., Chartered Accountants to be appointed as auditors for the financial year to end on December 31, 2020 placed, subject to the approval of the members at the 40th Annual General Meeting of the Company.
- The Audit Committee's recommendation to the Board of Directors regarding M/s. Itrat Husain & Associate Chartered Secretaries

to be appointed as compliance auditors for the financial year to end on December 31, 2020 placed, subject to the approval of the members at the 40th Annual General Meeting of the Company.

- The external audit reports reviewed and the areas of concern highlighted in the Management letter including the Management's responses to the findings of the external auditors.
- The statement of the related party transaction as discussed in the financial statements reviewed to ensure all parties added in compliance with IAS & IFRS.

The committee also reviewed management's decisions and analysis before disclosing in the Annual Report with an objective that discussions and analyses represent financial statements.

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.

On behalf of the Audit Committee.



A. F. Nesaruddin
Chairman, Audit Committee

Dhaka, February 6, 2020

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, International Financial Reporting Standards (IFRS) 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) 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. A. Qasem & Co., 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 57 of the Annual Report.

By order of the Board

Singer Bangladesh Limited



M. H. M. Fairoz
Chief Executive Officer



Mohammad Sanullah
Company Secretary

Dhaka, February 6, 2020

Nomination and Remuneration Committee Report

Singer Bangladesh Limited had established two separate committees in 2004, namely Nomination Committee and Remuneration Committee respectively. In compliance with the Corporate Governance Code 2018, the Board of Directors re-constituted the Nomination and Remuneration Committee (NRC) by combining two committees to assist the Board broadly in formulation of policy with regard to determining qualifications, positive attributes, experiences, remuneration mainly for directors and top level executives. Nomination committee and Remuneration Committee is a Sub Committee of the Board.

Composition of the Committee

The Nomination and Remuneration Committee (NRC) consist of the following:

1. Dr. Syed Ferhat Anwar	Chairman
Independent Director	
2. Mr. A. F. Nesaruddin	Member
Independent Director	
3. Mr. Cemal Can Dincer	Member
Director	
4. Mr. Mohammad Sanaullah	Secretary
Company Secretary	

The Managing Director & CEO, the Head of Human Resources and external advisers can attend for all or part of any meeting, as and when appropriate by invitation.

The Nomination and Remuneration Committee's jurisdiction, responsibilities and specific duties have been defined in the "Terms of Reference (ToR)" of Nomination and Remuneration Committee in line with the Corporate Governance Code 2018.

Major Responsibilities of NRC

- (a) Nomination and Remuneration Committee is an independent sub-committee of the Board and responsible or accountable to the Board and to the shareholders;
- (b) Nomination and Remuneration Committee discharges the responsibilities and oversees the functions as defined in the "Terms of Reference (ToR)" of the Audit Committee in line with the Corporate Governance Code 2018.

Meetings and Attendance

The Committee met twice during the year under review. The attendance record of the Members is shown in Annexure III of this report. The Members who could not attend the meetings were granted leave of absence.

Activities of the NRC carried out during the reporting period

The NRC carried out the following activities during the year:

- Reviewed and recommended the compensation package of the Chief Executive Officer, Executive

Directors and Senior Management of the Company;

- The Committee also reviewed the policies pertaining to the remuneration and perquisites of the Executive Directors and Senior Management of the Company;
- Executive Performance Bonus to the Chief Executive Officer, Executive Directors and Senior Management of the Company;
- Recommended to the Board for the non-resident employment.

On behalf of the Remuneration Committee



Dr. Syed Ferhat Anwar
Chairman
Nomination & Remuneration Committee

February 6, 2020

SINGER[®]

Kitchen Appliances



Makes Life
Simple



Auditors' Report and Financial Statements

as at and for the year ended 31 December 2019

CONTENTS

Auditors' Report	57
Statement of Financial Position	60
Statement of Profit or Loss and other Comprehensive Income	61
Statement of Changes in Equity-Consolidated	62
Statement of Changes in Equity-Company	63
Statement of Cash Flows	64
Notes to the Financial Statements	65

Annual Report 2018

11 April 2019

39th Annual General Meeting

23 April 2019

Dividend Paid

2 May 2019

Interim Financial Statements to BSEC, Dhaka & Chittagong Stock Exchange

For the Three Months Ended

31 March 2019 (un-audited)

May 2019

For the Half Year Ended

30 June 2019 (un-audited)

July 2019

For the Nine Months Ended

30 September 2019 (un-audited)

October 2019

Annual Report & Annual General Meeting

Annual Report 2019 Approved

7 February 2020

40th Annual General Meeting

13 May 2020

Dividend Payable

May, 2020

Proposed Financial Calendar - 2020/21

For the Three Months Ending

31 March 2020 (un-audited)

April 2020

For the Half Year Ended

30 June 2020 (un-audited)

July 2020

For the Nine Months Ending

30 September 2020 (un-audited)

October 2020

41st Annual General Meeting

May 2021

39th Annual General Meeting

Singer Bangladesh Limited



Shareholders at the AGM

Independent Auditor's Report

to the Shareholders of Singer Bangladesh Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Singer Bangladesh Limited and its subsidiary (the "Group") as well as the separate financial statements of Singer Bangladesh Limited (the "Company"), which comprise the consolidated and separate financial position as at 31 December 2019, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 31 December 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial

statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most

significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matters	How our audit addressed the key audit matters
Revenue recognition (Refer to Note 40 (A) (accounting policy) and note 20 to these Financial Statements)	
<p>The Group/Company recognizes revenue when control of the goods is transferred to the customer at an amount that reflects the net consideration, which the Group/Company expects to receive for those goods from customers. In determining the sales price, the Group/Company considers the effect of rebates and discounts (variable consideration). During the year ended December 31, 2019 the Group/Company has recognised revenues of BDT 15,485 million and BDT 15,485 million respectively.</p> <p>The terms of sales agreements, including the timing of transfer of control, based on the terms of relevant contract and nature of discount and rebates arrangements, create complexities that requires judgement in determining sales revenues.</p> <p>Considering the above factors and the risk associated with revenue recognition, we have determined the same to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 1. We read the Group/Company's revenue recognition policy and assessed its compliance in terms of IFRS 15 'Revenue from contracts with customers'; 2. Performed sample tests of individual sales transaction and traced to sales invoices, sales orders and other related documents. In respect of the samples selected, we tested recognition of revenue based on underlying sales invoices, sales orders and other related documents; 3. We selected a sample of invoices on which rebated and discounts were given and obtained the rebates and discount schemes approved by the management. We noted the accounting of rebates and discounts by the Group/Company for the selected sample. 4. Selected samples of sales transactions made pre and post year end, agreed the date of transfer of control for the selected sample by testing underlying documents including customers confirmation; and, 5. Assessed the relevant disclosures made within the financial statements.

Key Audit Matters	How our audit addressed the key audit matters
Provisioning for Inventory (Refer to Note 40 (E) (accounting policy) and Note 8 to these Financial Statements)	
<p>The Group has recognised a total inventory provision of Taka 108,321 million (Company – Taka 108,321 million) in arriving at a total inventory value of Taka 4,398,390 million (Company – Taka 3,779,884 million).</p> <p>The Group has significant levels of inventories and significant management judgements are taken with regard to categorisation of inventories into obsolete and/or discontinued items which should therefore be considered for provision. Estimates are then involved in arriving at provisions against cost in respect of obsolete and/or discontinued inventories to arrive at valuation based on lower of cost and net realisable value.</p> <p>Given the level of significant management judgements and estimates involved this is considered to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 1. We obtained and read the Group/ Company policy for making provision for inventory. We assessed the calculation methodology, the basis for provision and the process with respect to inventory provision. 2. Recalculated the provision for inventory for a sample of inventory items included within the overall provision working and compared such recomputed amount with provision computed by the Group/Company. 3. Tested for a sample of inventory items the lower of cost or net realisable value at the reporting date by comparing the sales prices of inventories subsequent to the reporting date and compared the result to the inventory valuation provided by the Group/ Company. 4. Assessed the relevant disclosures made within the financial statements.
Implementation of IFRS 16 -Leases (Refer to Note 40 (W),2.6, 2.7 (accounting policy) and Note 5 to these Financial Statements)	
<p>IFRS 16 – Leases' becomes effective for annual reporting beginning on or after 1 January 2019 which replaces the existing standard IAS 17. The Group/Company decided to adopt the modified retrospective approach for the transition accounting. The application of the new lease standard resulted in the recognition, for the 01 January 2019 opening balance sheet, of right of use of asset of BDT 1,264 million (Company BDT 1,133 million) and an increase in lease liabilities of BDT 912 million (Company BDT 796 million).</p> <p>We considered the implementation of IFRS 16 Leases as a key audit matter, since the balances recorded are material, management had to apply several judgements and estimates such as lease term, discount rates, measurement basis among others and undertake a significant data extraction exercise to summarise the lease data for input into their lease calculation model.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 1. Obtained and read the accounting policy for compliance with IFRS 16 2. Obtained listing of all contracts from the management and tested the contracts on a sample basis for impact under IFRS 16. In respect of the contracts selected for testing: <ul style="list-style-type: none"> • Obtained and read bank borrowing rates correspondences • Tested the assumptions used in the calculation model for the sample contracts selected for testing • Performed test of details on a sample basis on different categories of lease for valuation of the right of use of asset and lease liability 3. Assessed the disclosures within the financial statements.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Financial Statements Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group / Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, 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 accounts as required by law have been kept by the Group and the Company so far as it appeared from our examination of these books;
- c) the consolidated and the separate statements 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 was for the purposes of the Group's and the Company's business.

A. Qasem & Co.
Chartered Accountants

Dhaka, 17 February 2020

Statement of Financial Position

Singer Bangladesh Limited

In BDT	Note	Consolidated		Company	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Assets					
Property, plant and equipment	3	1,420,024,293	1,411,211,583	1,088,581,106	1,051,032,994
Intangible assets	4	29,765,141	35,472,985	29,664,990	35,360,822
Right-of-use (ROU) asset	5	1,448,941,241	-	1,340,068,314	-
Investments	6	4,199,450	4,199,450	650,998,506	355,987,045
Deferred tax assets	13	-	26,507,800	43,667,319	45,639,652
Deposits and prepayments	7	36,228,957	337,712,006	23,160,298	325,807,679
Non-current assets		2,939,159,082	1,815,103,824	3,176,140,533	1,813,828,192
Inventories	8	4,398,389,858	3,897,325,730	3,779,883,956	3,331,004,600
Trade and other receivables	9	2,471,880,052	2,225,136,036	2,513,546,473	2,343,454,268
Advances, deposits and prepayments	7	212,030,470	256,024,530	156,219,658	213,772,718
Current tax assets	19	128,507,136	98,490,242	-	-
Cash and cash equivalents	10	181,712,093	195,070,348	180,580,885	194,380,687
Current assets		7,392,519,609	6,672,046,886	6,630,230,972	6,082,612,273
Total assets		10,331,678,691	8,487,150,710	9,806,371,505	7,896,440,465
Equity					
Share capital	11	997,028,380	766,944,910	997,028,380	766,944,910
Reserves	12	569,134,429	573,075,690	569,134,429	573,075,690
Retained earnings		1,625,912,265	971,039,498	1,851,331,233	977,927,706
Equity attributable to owners of the Company		3,192,075,074	2,311,060,098	3,417,494,042	2,317,948,306
Non-controlling interest		-	66,518,445	-	-
Total equity		3,192,075,074	2,377,578,543	3,417,494,042	2,317,948,306
Liabilities					
Long term debt	18	25,682,777	37,150,985	-	-
Deferred Tax Liability	13	1,110,395	-	-	-
Lease liability (non-current portion)	5	896,938,482	-	821,361,558	-
Other liabilities	15	1,723,651,660	1,688,064,652	1,723,651,660	1,688,064,652
Non-current liabilities		2,647,383,314	1,725,215,637	2,545,013,218	1,688,064,652
Trade and other payables	16	2,386,901,238	1,646,432,946	1,882,191,451	1,712,236,302
Short-term borrowings - secured	17	1,961,093,776	2,729,201,744	1,746,861,938	2,119,372,532
Lease liability (current portion)	5	132,757,081	-	108,452,431	-
Current tax liabilities	19	-	-	106,358,425	58,818,673
Short term portion of long term debt	18	11,468,208	8,721,840	-	-
Current liabilities		4,492,220,303	4,384,356,530	3,843,864,245	3,890,427,507
Total equity and liabilities		10,331,678,691	8,487,150,710	9,806,371,505	7,896,440,465
Net Asset Value (NAV) per share	36	32.02	23.18	34.28	23.25

The annexed notes are an integral part of these financial statements.



Mohamed Haniffa Mohamed Fairouz
Managing Director



Dr. Syed Ferhat Anwar
Director



Mohammad Sanaulah
Company Secretary

Dhaka, 17 February 2020



A. Qasem & Co.
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income

Singer Bangladesh Limited

In BDT	Note	For the period year 31 December			
		Consolidated		Company	
		2019	2018	2019	2018
Sales		15,370,867,488	13,467,035,283	15,370,867,488	13,467,035,283
Earned carrying charges		114,367,991	92,214,224	114,367,991	92,214,224
Turnover	20	15,485,235,479	13,559,249,507	15,485,235,479	13,559,249,507
Cost of sales	21	(11,131,991,883)	(9,799,164,928)	(11,261,457,976)	(9,932,975,652)
Gross profit		4,353,243,596	3,760,084,579	4,223,777,503	3,626,273,855
Operating expenses	22	(2,556,920,102)	(2,269,575,658)	(2,520,519,873)	(2,239,943,627)
Other income/(loss)	24	154,708,430	168,795,783	143,099,823	159,442,614
Operating profit		1,951,031,924	1,659,304,704	1,846,357,453	1,545,772,842
Finance income		307,831	624,370	307,831	624,370
Finance costs		(403,631,459)	(319,292,407)	(340,233,543)	(254,724,883)
Net finance costs	23	(403,323,628)	(318,668,037)	(339,925,712)	(254,100,513)
Profit before contribution to workers' profit participation fund		1,547,708,296	1,340,636,667	1,506,431,741	1,291,672,329
Contribution to workers' profit participation fund	25	(77,335,951)	(65,702,515)	(75,321,587)	(64,583,616)
Profit before taxation		1,470,372,345	1,274,934,152	1,431,110,154	1,227,088,713
Income tax expense	26	(438,572,792)	(354,035,183)	(396,536,039)	(326,935,300)
Profit after tax		1,031,799,553	920,898,969	1,034,574,115	900,153,413
Profit attributable to					
Equity holders of the Company (SBL)		1,031,799,553	917,544,807	-	-
Non-controlling interest		-	3,354,162	-	-
		1,031,799,553	920,898,969	-	-
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit liability	14.1	(759,500)	(2,347,000)	(759,500)	(2,347,000)
Related tax	26.2	189,875	586,750	189,875	586,750
		(569,625)	(1,760,250)	(569,625)	(1,760,250)
Total comprehensive income for the year		1,031,229,928	919,138,719	1,034,004,490	898,393,163
Total comprehensive income attributable to:					
Equity holders of the Company (SBL)					
Profit after tax		1,031,799,553	917,544,807	-	-
Other comprehensive income		(569,625)	(1,760,250)	-	-
		1,031,229,928	915,784,557	-	-
Non-controlling interest					
Profit after tax		-	3,354,162	-	-
Other comprehensive income		-	-	-	-
		-	3,354,162	-	-
Total comprehensive income for the year		1,031,229,928	919,138,719	-	-
Earnings per share (EPS)	31	10.35	9.24	10.38	9.03

The annexed notes are an integral part of these financial statements.



Mohamed Haniffa Mohamed Fairoz
Managing Director



Dr. Syed Ferhat Anwar
Director



Mohammad Sanaulah
Company Secretary



A. Qasem & Co.
Chartered Accountants

Dhaka, 17 February 2020


Statement of Changes in Equity-Consolidated

Singer Bangladesh Limited

For the year ended 31 December 2019

In BDT	Attributable to owners of the Company							Total equity
	Share capital	Revaluation reserve	Capital reserve	special reserve	Non-distributable special reserve	Retained earnings	Non-controlling interests	
Balance at 1 January 2019	766,944,910	554,281,723	18,190,942	370,178	232,847	971,039,498	66,518,445	2,377,578,543
Total comprehensive income	-	-	-	-	-	1,031,799,553	-	1,031,799,553
Profit	-	-	-	-	-	76,208,454	-	76,208,454
Adjustment For IFRS 16	-	-	-	-	-	(228,493,016)	(66,518,445)	(295,011,461)
Acquisition of business	-	-	-	-	-	(569,625)	-	(569,625)
Other comprehensive income	-	-	-	-	-	878,945,366	(66,518,445)	812,426,921
Total comprehensive income for the year	-	-	-	-	-	878,945,366	(66,518,445)	812,426,921
Transaction with owners of the Company								
Contributions and distributions								
Dividends:								
Stock dividend - 2018	230,083,470	-	-	-	(230,083,470)	-	-	-
Total contributions and distributions	230,083,470	-	-	-	(230,083,470)	-	-	-
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	(3,941,261)	-	-	-	2,069,610	-	2,069,610
Transfer of depreciation on revaluation surplus	-	(3,941,261)	-	-	-	3,941,261	-	-
Balance at 31 December 2019	997,028,380	550,340,462	18,190,942	370,178	232,847	1,625,912,265	3,192,075,074	3,192,075,074
Balance at 1 January 2018	766,944,910	559,063,709	18,190,942	370,178	232,847	815,464,263	63,164,284	2,223,431,133
Total comprehensive income	-	-	-	-	-	917,544,807	3,354,161	920,898,968
Profit	-	-	-	-	-	(1,760,250)	-	(1,760,250)
Other comprehensive income	-	-	-	-	-	915,784,557	3,354,161	919,138,718
Total comprehensive income for the year	-	-	-	-	-	915,784,557	3,354,161	919,138,718
Transaction with owners of the Company								
Contributions and distributions								
Dividends:								
Cash dividend - 2017	-	-	-	-	(766,944,910)	(766,944,910)	-	(766,944,910)
Total contributions and distributions	-	-	-	-	(766,944,910)	(766,944,910)	-	(766,944,910)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	(4,781,986)	-	-	-	1,953,602	-	1,953,602
Transfer of depreciation on revaluation surplus	-	(4,781,986)	-	-	-	4,781,986	-	-
Balance at 31 December 2018	766,944,910	554,281,723	18,190,942	370,178	232,847	971,039,498	66,518,445	2,377,578,543

The annexed notes are an integral part of these financial statements.


Dr. Syed Ferhat Anwar
Director


Mohamed Haniffa Mohamed Fairoz
Managing Director


Mohammad Sanaullah
Company Secretary


A. Qasem & Co.
Chartered Accountants

Dhaka, 17 February 2020

Statement of Changes in Equity-Company

Singer Bangladesh Limited

For the year ended 31 December 2019						
In BDT	Share capital	Revaluation reserve	Capital reserve	Non-remittable special reserve	Non-distributable special reserve	Total equity
Balance at 1 January 2019	766,944,910	554,281,723	18,190,942	370,178	232,847	2,317,948,306
Total comprehensive income	-	-	-	-	-	-
Profit	-	-	-	-	-	1,034,574,115
Adjustment for IFRS 16	-	-	-	-	-	63,471,636
Other comprehensive income	-	-	-	-	-	(569,625)
Total comprehensive income for the year	-	-	-	-	-	1,097,476,126
Transaction with owners of the Company						
Contributions and distributions						
Dividends:						
Stock dividend - 2018	230,083,470	-	-	-	-	(230,083,470)
Total contributions and distributions	230,083,470	-	-	-	-	(230,083,470)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	(3,941,261)	-	-	-	3,941,261
Transfer of depreciation on revaluation surplus	-	(3,941,261)	-	-	-	6,010,871
Balance at 31 December 2019	997,028,380	550,340,462	18,190,942	370,178	232,847	3,417,494,042
Balance at 1 January 2018	766,944,910	559,063,709	18,190,942	370,178	232,847	2,184,546,451
Total comprehensive income	-	-	-	-	-	-
Profit	-	-	-	-	-	900,153,413
Other comprehensive income	-	-	-	-	-	(1,760,250)
Total comprehensive income for the year	-	-	-	-	-	898,393,163
Transaction with owners of the Company						
Contributions and distributions						
Dividends:						
Cash dividend - 2017	-	-	-	-	-	(766,944,910)
Total contributions and distributions	-	-	-	-	-	(766,944,910)
Adjustment for deferred tax arising from revaluation of property, plant and equipment	-	(4,781,986)	-	-	-	4,781,986
Transfer of depreciation on revaluation surplus	-	(4,781,986)	-	-	-	6,735,588
Balance at 31 December 2018	766,944,910	554,281,723	18,190,942	370,178	232,847	2,317,948,306

The annexed notes are an integral part of these financial statements.

Mohamed Haniffa Mohamed Fairoz
Managing Director

Dr. Syed Ferhat Anwar
Director



Mohammad Sanaullah
Company Secretary



A. Qasem & Co.
Chartered Accountants

Dhaka, 17 February 2020

Statement of Cash Flows

Singer Bangladesh Limited

In BDT	Note	For the year ended 31 December			
		Consolidated		Company	
		2019	2018	2019	2018
Cash flows from operating activities					
Collections from turnover and other income		17,882,904,003	15,225,152,372	17,871,295,396	15,358,699,740
Payments for costs and expenses		(15,547,756,314)	(14,883,258,933)	(16,128,102,729)	(14,677,895,970)
Interest paid on borrowings/lease		(474,774,584)	(321,027,197)	(420,277,522)	(256,600,513)
Payments to workers' profit participation fund		(65,702,515)	(63,546,177)	(64,583,617)	(54,908,907)
Income tax paid		(439,657,737)	(422,084,817)	(345,710,200)	(328,347,873)
Net cash from operating activities	37	1,355,012,853	(464,764,752)	912,621,329	40,946,477
Cash flows from investing activities					
Acquisition of property, plant and equipment		(128,903,688)	(107,203,261)	(118,738,597)	(87,149,225)
Investment in subsidiary		(228,493,016)	-	(228,493,016)	-
Dividend received from CDBL		1,427,953	1,427,953	1,427,953	1,427,953
Proceeds from sale of property, plant and equipment		3,054,945	2,014,152	3,054,945	2,014,152
Net cash from/(used in) investing activities		(352,913,806)	(103,761,156)	(342,748,715)	(83,707,120)
Cash flows from financing activities					
Long term loan received/(payment)		(8,721,840)	45,872,825	-	-
Lease liability (principal repayment)		(232,321,717)	-	(204,856,045)	-
Dividends paid		(6,305,777)	(627,373,112)	(6,305,777)	(627,373,112)
Net cash used in financing activities		(247,349,334)	(581,500,287)	(211,161,822)	(627,373,112)
Net increase/(decrease) in cash		754,749,713	(1,150,026,195)	358,710,792	(670,133,755)
Cash and cash equivalents at 1 January		(2,534,131,396)	(1,384,105,201)	(1,924,991,845)	(1,254,858,090)
Cash and cash equivalents at 31 December		(1,779,381,683)	(2,534,131,396)	(1,566,281,053)	(1,924,991,845)
Closing cash and cash equivalents have been arrived at as follows:					
Cash and cash equivalents	10	181,712,093	195,070,348	180,580,885	194,380,687
Short-term borrowings - secured (bank overdrafts)	17	(1,961,093,776)	(2,729,201,744)	(1,746,861,938)	(2,119,372,532)
		(1,779,381,683)	(2,534,131,396)	(1,566,281,053)	(1,924,991,845)
Net operating cash flow per share (NOCFPS)	37.1	13.59	(4.66)	9.15	0.41

The annexed notes are an integral part of these financial statements.



Mohamed Haniffa Mohamed Fairouz
Managing Director



Dr. Syed Ferhat Anwar
Director



Mohammad Sanaullah
Company Secretary

Dhaka, 17 February 2020



A. Qasem & Co.
Chartered Accountants

Notes to the Financial Statements

Singer Bangladesh Limited

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 the 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 the Companies Act 1994. It has been an associate of Singer Bangladesh Limited since inception. Singer Bangladesh Limited acquired it as subsidiary on 16 October 2017. On 27 February 2019 it became fully owned subsidiary of Singer Bangladesh Limited. 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 the 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 International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, 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 management has authorised these financial statements on 7 February 2020.

Details of the Company's accounting policies are included in note 40.

2.2 Going concern

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

2.3 Functional and presentational currency

These 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:

Notes to the Financial Statements (Continued)

Note 3	Depreciation on property, plant and equipment
Note 8	Inventories
Note 9.3	Provision for doubtful debts
Note 13	Deferred tax assets
Note 16	Trade and other payables
Note 26	Income tax expense

2.5 Operating segments

IFRS 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 IFRS 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	2019	2018
Home appliances	11,049,796,056	9,267,309,279
Consumer electronics	2,554,800,768	2,720,851,242
Sewing machines	792,425,321	487,092,743
Other appliances	919,011,603	835,037,684
Appliances segment total	15,316,033,747	13,310,290,948

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.

2.6 Initial application of new standard

The Group has initially applied IFRS 16 from 1 January 2019. Due to the transition methods chosen by the Group in applying the standard, comparative information throughout these financial statements has not been restated to reflect the requirements of this new standard.

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Although early adoption is permitted, the Group has not early adopted IFRS 16 in preparing these financial statements.

The most significant impact identified is that, the Group will recognise new assets and liabilities for its operating leases of retail stores / showrooms, warehouses, service centers, factories and other offices facilities. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group has no finance lease.

As a lessee, the Group applies IFRS 16 initially on 1 January 2019, to all contracts entered into before 1 January 2019 and which were identified as leases in accordance with IAS 17 and IFRIC 4, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January

Notes to the Financial Statements (Continued)

2019, with no restatement of comparative information. The Group also applies IFRS 16 to all contracts entered into on or after 1 January 2019, considering exemption criteria of the new standard as applicable.

The new standard has material effect on the Group's financial statements which are described in Note 2.7.

For additional information about the Group's accounting policies relating to leases, see Note 5(A).

2.7 Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

The Group applied IFRS 16 with a date of initial application of 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 5(A).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease.

B. As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for all applicable leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases as applicable (see Note 5(A)). For leases of other assets, which were classified as operating under IAS 17, the Group recognised right-of-use assets and lease liabilities.

I. Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

II. Leases previously classified as finance leases

The Group has no finance lease.

C. Impacts on financial statements

On transition to IFRS 16, the Group recognised BDT 1,263,877,923 right-of-use assets and BDT 911,865,400 lease liabilities.

IFRS 16.C12(a) when measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 10%.

In BDT	Consolidated		Company	
	Note	1 January 2019	1 January 2019	
Operating lease commitment at 31 December 2018		1,321,139,895	1,175,082,378	
Discounted using the incremental borrowing rate at 1 January 2019		911,865,400	795,552,032	
Finance lease liabilities recognised as at 31 December 2018		-	-	
Adjustments for recognition exemption and others		-	-	
Lease liabilities recognised at 1 January 2019		911,865,400	795,552,032	

Notes to the Financial Statements (Continued)

3 Property, plant and equipment

3.1 Property, plant and equipment-consolidated

See accounting policy in Note 40 (F)

In BDT	Land	Building		Leasehold improvements		Plant and machinery	Vehicles and fixtures	Furniture and fixtures	Equipment and tools	CWIP (Note 3.3)	Total
		Office	Factory	Office	Shops						
Cost											
Balance at 1 January 2019	561,180,000	87,542,614	231,046,412	20,848,289	488,472,511	485,633,814	114,918,517	21,130,349	216,367,909	4,482,825	2,231,623,240
Additions	-	172,063	-	4,546,897	62,213,211	797,601	15,598,032	8,493,142	36,865,034	3,385,453	132,071,433
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	-	-	-	(1,119,805)	(7,584,874)	(483,761)	(4,872,735)	(40,625)	(9,765,481)	(4,482,825)	(28,350,107)
Balance at 31 December 2019	561,180,000	87,714,677	231,046,412	24,275,381	543,100,848	485,947,654	125,643,814	29,582,866	243,467,462	3,385,453	2,335,344,566
Balance at 1 January 2018	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
Additions	-	9,074,361	1,377,596	4,420,081	50,950,875	63,708,864	177,000	1,295,735	25,469,909	10,662,581	167,137,002
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	-	-	-	-	(9,324,711)	(201,308)	(1,150,000)	(3,477,287)	(11,518,333)	(63,699,911)	(89,371,550)
Balance at 31 December 2018	561,180,000	87,542,614	231,046,412	20,848,289	488,472,511	485,633,814	114,918,517	21,130,349	216,367,909	4,482,825	2,231,623,240
Accumulated depreciation											
Balance at 1 January 2019	-	49,065,711	190,643,244	13,310,041	226,444,491	125,479,131	74,708,272	11,708,564	129,052,203	-	820,411,657
Depreciation for the year	-	3,860,595	6,446,825	2,408,771	29,573,424	39,452,416	9,322,557	1,141,500	20,468,692	-	112,674,780
Adjustment for disposal/transfers	-	-	-	-	(4,821,071)	(478,055)	(4,176,934)	(39,675)	(8,250,429)	-	(17,766,164)
Balance at 31 December 2019	-	52,926,306	197,090,069	15,718,812	251,196,844	164,453,492	79,853,895	12,810,389	141,270,466	-	915,320,273
Balance at 1 January 2018	-	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
Depreciation for the year	-	3,939,124	8,027,262	1,949,244	26,695,661	40,566,801	9,901,893	1,083,689	17,500,141	-	109,663,815
Adjustment for disposal/transfers	-	-	-	-	(4,602,893)	(199,435)	(1,109,538)	(2,832,603)	(10,004,361)	-	(18,748,830)
Balance at 31 December 2018	-	49,065,711	190,643,244	13,310,041	226,444,491	125,479,131	74,708,272	11,708,564	129,052,203	-	820,411,657
Carrying amounts											
At 31 December 2019	561,180,000	34,788,371	33,956,343	8,556,569	291,904,004	321,494,162	45,789,919	16,772,477	102,196,996	3,385,453	1,420,024,293
At 31 December 2018	561,180,000	38,476,903	40,403,168	7,538,248	262,028,020	360,154,683	40,210,245	9,421,785	87,315,706	4,482,825	1,411,211,583
At 1 January 2018	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

Notes to the Financial Statements (Continued)

3.2 Property, plant and equipment-company

See accounting policy in Note 40 (F)

In BDT	Land		Building		Leasehold improvements		Plant and machinery	Vehicles	Furniture and fixtures	Equipment and tools	CWIP (Note 3.3)	Total
	Office	Factory	Office	Shops	Office	Shops						
Cost												
Balance at 1 January 2019	561,180,000	87,542,614	221,377,967	19,219,625	488,472,511	66,914,172	112,054,881	16,766,455	202,111,809	4,482,824	1,780,122,858	
Additions	-	172,063	-	4,546,897	61,725,274	797,601	9,335,174	8,117,237	35,918,641	1,051,441	121,664,328	
Revaluation	-	-	-	-	-	-	-	-	-	-	-	
Disposals/transfers	-	-	-	(1,119,805)	(7,584,874)	(483,761)	(4,872,735)	(40,625)	(9,523,464)	(4,482,824)	(28,108,089)	
Balance at 31 December 2019	561,180,000	87,714,677	221,377,967	22,646,717	542,612,911	67,228,012	116,517,320	24,843,067	228,506,986	1,051,441	1,873,679,097	
Balance at 1 January 2018	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	
Additions	-	9,074,361	1,377,596	2,791,417	50,950,875	2,632,539	177,000	1,108,235	21,518,770	9,743,482	99,374,275	
Revaluation	-	-	-	-	-	-	-	-	-	-	-	
Disposals/transfers	-	-	-	-	(9,324,711)	(201,308)	(1,150,000)	(3,332,939)	(11,518,333)	(16,015,393)	(41,542,684)	
Balance at 31 December 2018	561,180,000	87,542,614	221,377,967	19,219,625	488,472,511	66,914,172	112,054,881	16,766,455	202,111,809	4,482,824	1,780,122,858	
Accumulated depreciation												
Balance at 1 January 2019	-	49,065,711	189,143,859	11,993,667	226,444,491	40,687,168	74,094,636	10,888,661	126,771,671	-	729,089,864	
Depreciation for the year	-	3,860,596	6,446,825	972,992	28,754,205	5,378,333	8,466,115	698,412	19,114,766	-	73,692,244	
Adjustment for disposal/transfers	-	-	-	-	(4,821,071)	(478,055)	(4,176,934)	(39,675)	(8,168,382)	-	(17,684,117)	
Balance at 31 December 2019	-	52,926,307	195,590,684	12,966,659	250,377,625	45,587,446	78,383,817	11,547,398	137,718,055	-	785,097,991	
Balance at 1 January 2018	-	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	
Depreciation for the year	-	3,939,124	8,027,262	632,870	26,695,661	6,282,996	9,492,802	648,133	16,277,195	-	71,996,043	
Adjustment for disposal/transfers	-	-	-	-	(4,602,893)	(199,435)	(1,109,538)	(2,818,168)	(10,004,361)	-	(18,734,395)	
Balance at 31 December 2018	-	49,065,711	189,143,859	11,993,667	226,444,491	40,687,168	74,094,636	10,888,661	126,771,671	-	729,089,864	
Carrying amounts												
At 31 December 2019	561,180,000	34,788,370	25,787,283	9,680,058	292,235,286	21,640,566	38,133,503	13,295,669	90,788,931	1,051,441	1,088,581,106	
At 31 December 2018	561,180,000	38,476,903	32,234,108	7,225,958	262,028,020	26,227,004	37,960,245	5,877,794	75,340,138	4,482,824	1,051,032,994	
At 1 January 2018	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	10,754,73	1,046,463,051	

3.3 Capital work in progress (CWIP)

In BDT	Consolidated			Company			
	Leasehold improvements	Machinery	Building	Total	Leasehold improvements	Building	Total
Cost							
Balance at 1 January 2019	4,482,825	-	-	4,482,825	4,482,825	-	4,482,825
Additions	1,051,441	2,334,012	-	3,385,453	1,051,441	-	1,051,441
Disposals/transfers	(4,482,825)	-	-	(4,482,825)	(4,482,825)	-	(4,482,825)
Balance at 31 December 2019	1,051,441	2,334,012	-	3,385,453	1,051,441	-	1,051,441
In BDT	Leasehold improvements	Machinery	Building	Total	Leasehold improvements	Building	Total
Cost							
Balance at 1 January 2018	4,830,028	46,765,420	5,924,707	57,520,155	4,830,028	5,924,707	10,754,735
Additions	4,482,825	919,097	-	5,401,922	4,482,825	-	4,482,825
Disposals/transfers	(4,830,028)	(47,684,517)	(5,924,707)	(58,439,252)	(4,830,028)	(5,924,707)	(10,754,735)
Balance at 31 December 2018	4,482,825	-	-	4,482,825	4,482,825	-	4,482,825

3.4 Allocation of depreciation

In BDT	Note	Consolidated		Company	
		2019	2018	2019	2018
Cost of sales	21	53,568,070	54,344,637	14,608,977	16,694,616
Operating expenses	22	59,106,709	55,319,178	59,083,263	55,301,427
		112,674,779	109,663,815	73,692,240	71,996,043

Notes to the Financial Statements (Continued)

4 Intangible assets

<i>In BDT</i>	Consolidated		Company	
	Software		Software	
	2019	2018	2019	2018
Cost				
Balance at 1 January	74,325,531	70,415,012	74,205,356	70,415,012
Additions	1,557,050	3,910,519	1,557,050	3,790,344
Disposals/transfers	-	-	-	-
Balance at 31 December	75,882,581	74,325,531	75,762,406	74,205,356
Accumulated amortisation				
Balance at 1 January	38,852,546	30,872,948	38,844,534	30,872,948
Amortisation for the year	7,264,894	7,979,598	7,252,882	7,971,586
Adjustment for disposal/transfers	-	-	-	-
Balance at 31 December	46,117,440	38,852,546	46,097,416	38,844,534
Carrying amounts				
<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
At 31 December	29,765,141	35,472,985	29,664,990	35,360,822

Notes to the Financial Statements (Continued)

5 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 2.7.

A. Significant accounting policy

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

i. As a lessee

The Group recognises a right-of-use asset and a lease liability (for its retail stores / showrooms, warehouses, service centers, factories and other offices facilities) at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities in the statement of financial position (see (B)).

Short-term leases and leases of low-value assets

Currently the Group has no such short-term lease or lease of low value asset. The Group will not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group will recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term as applicable.

Notes to the Financial Statements (Continued)

Under IAS 17

The Group has no finance lease.

In the comparative period, assets held under operating leases were not recognised in the Group's statement of financial position. The Group recognised operating lease expense on a straight-line basis over the term of the lease and recognised liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

ii. As a lessor

There is no such lease for which the Group is a lessor.

B. As a lessee

The Group leases retail stores / showrooms, warehouses, service centers, factories and other offices facilities as operating leases.

<i>In BDT</i>	<i>Note</i>	Consolidated	Company
		2019	2019
Right-of-use assets		1,448,941,241	1,340,068,314

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

<i>In BDT</i>	<i>Note</i>	Consolidated	Company
		2019	2019
Balance at 1 January		1,263,877,923	1,133,197,215
Addition during the period		428,294,025	419,426,202
Depreciation charge for the period		243,230,707	212,555,103
Balance at 31 December		1,448,941,241	1,340,068,314

Lease liabilities

<i>In BDT</i>	<i>Note</i>	Consolidated	Company
		2019	2019
Maturity analysis – contractual undiscounted cash flows			
Less than one year		237,841,230	204,642,359
One to five years		909,301,060	823,715,495
More than five years		391,301,976	391,301,976
Total undiscounted lease liabilities at 31 December		1,538,444,266	1,419,659,830
Lease liabilities included in the statement of financial position at 31 December		1,029,695,563	929,813,989
Current		132,757,081	108,452,431
Non-current		896,938,482	821,361,558

Amounts recognised in profit or loss

<i>In BDT</i>	<i>Note</i>	Consolidated	Company
		2019	2019
Interest on lease liabilities		88,741,942	77,851,810

Amounts recognised in the statement of cash flows

<i>In BDT</i>	<i>Note</i>	Consolidated	Company
		2019	2019
Total cash outflow for leases		310,173,527	282,707,855

The Group enters into lease contracts for its retail stores / showrooms, warehouses, service centers, factories and other offices facilities. These lease contracts run for varies generally from 5 years to 10 years. Most of the lease contracts include an option to renew the lease term for additional period after the end of the contract term.

Notes to the Financial Statements (Continued)

6 Investments

See accounting policy in Note 40 (M)

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Investment in subsidiary	6.1	-	-	646,799,056	351,787,595
Investment in term deposit		2,630,000	2,630,000	2,630,000	2,630,000
Investment in Central Depository Bangladesh Limited (CDBL)		1,569,450	1,569,450	1,569,450	1,569,450
		4,199,450	4,199,450	650,998,506	355,987,045

6.1 Investment in subsidiary

The Company acquired International Appliances Limited (IAL) as subsidiary on 16 October 2017. Further it has purchased 16.1680% share of IAL from Shanghai Sonlu Shangling Enterprise Group Co. Ltd. (9.9978%) on 17 February 2019 and from Sunman Corporation Limited (6.1702%) on 26 February 2019. Associated call option of Sunman Corporation Limited has been cancelled. As a result IAL is now fully owned subsidiary of the Company.

The detail of investment in IAL:

<i>In BDT</i>	Amount
Investment up to 2018	351,787,595
Investment in 2019	295,011,461
Total	646,799,056

7 Advances, deposits and prepayments

See accounting policy in Note 40 (H)

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Advances to others	7.1	24,504,492	42,977,966	9,299,540	3,708,933
Advances		24,504,492	42,977,966	9,299,540	3,708,933
Security deposits		29,432,145	25,018,340	23,160,298	22,382,393
Deposits		29,432,145	25,018,340	23,160,298	22,382,393
Prepayments		194,322,790	525,740,230	146,920,118	513,489,071
Prepayments		194,322,790	525,740,230	146,920,118	513,489,071
	7.2	248,259,427	593,736,536	179,379,956	539,580,397

7.1 Advances to others

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
L/C margins, charges and insurance against traded goods	24,493,743	42,973,272	9,288,791	3,704,239
Postage franking machine	10,749	4,694	10,749	4,694
	24,504,492	42,977,966	9,299,540	3,708,933

7.2	Non-current portion of deposits and prepayments	36,228,957	337,712,006	23,160,298	325,807,679
	Current portion of advances, deposits and prepayments	212,030,470	256,024,530	156,219,658	213,772,718
		248,259,427	593,736,536	179,379,956	539,580,397

Notes to the Financial Statements (Continued)

8 Inventories

See accounting policy in Note 40 (E)

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Finished goods	2,863,312,296	2,734,856,572	2,810,051,832	2,648,099,898
Non-Trade goods	9,738,312	14,753,148	9,738,312	14,753,148
Raw materials	615,051,287	837,917,926	244,738,388	454,137,042
Goods in transit	1,018,609,051	420,490,512	823,676,512	324,706,940
Work in progress	-	4,370,374	-	4,370,374
	4,506,710,946	4,012,388,532	3,888,205,044	3,446,067,402
Provision for inventory obsolescence	(108,321,088)	(115,062,802)	(108,321,088)	(115,062,802)
	4,398,389,858	3,897,325,730	3,779,883,956	3,331,004,600

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

8.1 Inventories-consolidated

<i>In BDT</i>	2019		
	SBL	IAL	Total
Finished goods	2,819,790,144	79,133,870	2,898,924,014
Less: Unrealised profit (PURP)	-	-	(25,873,406)
	2,819,790,144	79,133,870	2,873,050,608
Raw materials	244,738,388	370,312,899	615,051,287
Goods in transit	823,676,512	194,932,539	1,018,609,051
Work in progress	-	-	-
	3,888,205,044	644,379,308	4,506,710,946
Provision for inventory obsolescence	(108,321,088)	-	(108,321,088)
	3,779,883,956	644,379,308	4,398,389,858

9 Trade and other receivables

See accounting policy in Note 40 (H)

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Trade receivables	9.1	2,302,739,844	2,167,789,986	2,302,739,844	2,167,789,990
Other receivables	9.2	169,140,208	57,346,050	210,806,629	175,664,278
		2,471,880,052	2,225,136,036	2,513,546,473	2,343,454,268

9.1 Trade receivables

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Hire customer receivables	9.1.1	2,100,606,310	2,057,441,574	2,100,606,310	2,057,441,574
Trade and dealer receivables	9.1.2	202,133,534	110,348,412	202,133,534	110,348,416
		2,302,739,844	2,167,789,986	2,302,739,844	2,167,789,990

9.1.1 Hire customer receivables

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Hire receivable from customers		2,436,581,468	2,381,068,183	2,436,581,468	2,381,068,183
Unearned carrying charges		(290,133,543)	(292,499,101)	(290,133,543)	(292,499,101)
		2,146,447,925	2,088,569,082	2,146,447,925	2,088,569,082
Provision for doubtful debts	9.3.1	(45,841,615)	(31,127,508)	(45,841,615)	(31,127,508)
		2,100,606,310	2,057,441,574	2,100,606,310	2,057,441,574

9.1.2 Trade and dealer receivables

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Trade receivables		141,350,706	85,811,865	141,350,706	85,811,869
Receivables from dealers		76,053,832	31,001,732	76,053,832	31,001,732
		217,404,538	116,813,597	217,404,538	116,813,601
Provision for doubtful debts	9.3.1	(15,271,004)	(6,465,185)	(15,271,004)	(6,465,185)
		202,133,534	110,348,412	202,133,534	110,348,416

Notes to the Financial Statements (Continued)

9.2 Other receivables

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Receivable from Shop Managers		29,188,237	17,021,814	29,188,237	17,021,814
Receivable from Singer Asia Limited		1,497,415	11,452,755	1,497,415	11,452,755
Receivable from employees		6,079,527	4,796,580	5,916,444	4,796,580
Receivable from others	9.2.1	148,542,378	39,917,104	186,760,093	155,919,282
Employees provident fund		5,587,330	-	5,867,428	-
Retirement benefit	14	1,520,970	1,923,446	4,852,660	4,239,496
		192,415,857	75,111,699	234,082,278	193,429,927
Provision for doubtful debts	9.3.1	(23,275,649)	(17,765,649)	(23,275,649)	(17,765,649)
		169,140,208	57,346,050	210,806,629	175,664,278

9.2.1 Other receivables includes BDT 110,000,000 in respect of insurance claim regarding inventories of Chittagong warehouse which were burnt due to fire on 20 March 2019. Total value of inventories burnt is BDT 126,752,760. Out of this, BDT 110,000,000 is covered by insurance. Insurance company has appointed surveyor to measure the loss suffered by Singer. Inventory has been fully adjusted for this incident and receivables has been recognised based on the assumption that entire policy value will be recovered from the insurance company. The claim is under scrutiny of the insurance company.

9.3 Provision for doubtful debts

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Opening balance		55,358,342	50,312,052	55,358,342	50,312,052
Provision for the year		58,994,317	29,072,384	58,994,317	29,072,384
		114,352,659	79,384,436	114,352,659	79,384,436
Written-off during the year		(29,964,391)	(24,026,094)	(29,964,391)	(24,026,094)
Closing balance	9.3.1	84,388,268	55,358,342	84,388,268	55,358,342

9.3.1 Provision for doubtful debts-Closing balance

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Hire customer receivables	9.1.1	45,841,615	31,127,508	45,841,615	31,127,508
Trade and dealer receivables	9.1.2	15,271,004	6,465,185	15,271,004	6,465,185
Other receivables	9.2	23,275,649	17,765,649	23,275,649	17,765,649
		84,388,268	55,358,342	84,388,268	55,358,342

9.4 Ageing of hire receivables from customers

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Due within 3 months		1,071,172,592	1,034,915,986	1,071,172,592	1,034,915,986
Due over 3 months but within 6 months		819,867,039	803,360,548	819,867,039	803,360,548
Due over 6 months but within 9 months		406,636,346	408,341,292	406,636,346	408,341,292
Due over 9 months but within 12 months		125,209,004	125,033,596	125,209,004	125,033,596
Over 12 months		13,696,487	9,416,761	13,696,487	9,416,761
	9.5	2,436,581,468	2,381,068,183	2,436,581,468	2,381,068,183

9.5 Particulars of hire receivables from customers

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Secured - considered good:				
Debts due within 6 months	1,845,198,016	1,838,276,534	1,845,198,016	1,838,276,534
Debts due over 6 months	545,541,837	511,664,141	545,541,837	511,664,141
	2,390,739,853	2,349,940,675	2,390,739,853	2,349,940,675
Secured - considered doubtful:	45,841,615	31,127,508	45,841,615	31,127,508
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	-	-	-	-
	2,436,581,468	2,381,068,183	2,436,581,468	2,381,068,183

Notes to the Financial Statements (Continued)

10 Cash and cash equivalents

See accounting policy in Note 40 (H)

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Cash in hand	330,466	530,156	79,435	38,060
Cash at bank	165,542,017	174,476,244	164,661,840	174,278,679
Cash in transit	15,839,610	20,063,948	15,839,609	20,063,948
	181,712,093	195,070,348	180,580,885	194,380,687

11 Share capital

<i>In BDT</i>	2019	2018
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
99,574,588 ordinary shares of Taka 10 each issued as fully paid-up bonus shares **	995,745,880	765,662,410
	997,028,380	766,944,910

** 30% stock dividend was declared for the year ended 31 December 2018 at the 39th annual general meeting dated 23 April 2019.

Shareholding position:	2019		2018	
	No. of share	Value (BDT)	No. of share	Value (BDT)
Name of shareholder				
Retail Holdings Bhold B.V., The Netherlands	36,886,123	368,861,230	28,373,941	283,739,410
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	19,933,214	199,332,140	15,333,242	153,332,420
Local shareholders	42,883,501	428,835,010	32,987,308	329,873,080
	99,702,838	997,028,380	76,694,491	766,944,910

Beneficial percentage of holdings

	2019	2018
Name of shareholder		
Retail Holdings Bhold B.V., The Netherlands	37.00%	37.00%
Retail Holdings Bhold B.V., The Netherlands - non-remittable shares	20.00%	20.00%
Local shareholders	43.00%	43.00%
	100.00%	100.00%

Classification of shareholders by holding:

Shareholding range	Number of shareholders		Total holding (%)	
	2019	2018	2019	2018
Less than 500 shares	6,361	6,298	0.96	1.29
500 to 5,000 shares	2,926	2,469	4.59	4.96
5,001 to 10,000 shares	247	208	1.79	1.99
10,001 to 20,000 shares	145	116	2.02	2.18
20,001 to 30,000 shares	53	47	1.31	1.56
30,001 to 40,000 shares	28	31	1.02	1.43
40,001 to 50,000 shares	18	18	0.82	1.08
50,001 to 100,000 shares	47	32	3.44	2.88
100,001 to 1,000,000 shares	51	49	13.81	18.76
Over 1,000,000 shares	10	5	70.22	63.87
	9,886	9,273	100.00	100.00

Details of share issue has been shown in Annexure - 2.

Notes to the Financial Statements (Continued)

12 Reserves

<i>In BDT</i>	<i>Note</i>	2019	2018
Revaluation reserve	12.1	550,340,462	554,281,723
Capital reserve	12.2	18,190,942	18,190,942
Non-remittable special capital reserve	12.3	370,178	370,178
Non-distributable special reserve	12.4	232,847	232,847
		569,134,429	573,075,690

12.1 Revaluation reserve

The land of the Company was revalued as of 14 December 2016 by independent professional valuers, Asian Surveyors Ltd, following "current cost method", which was 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 IAS 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 18 August, 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 and 2018.

12.2 Capital reserve

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

12.3 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.

12.4 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.

13 Deferred tax assets/(liabilities)

See accounting policy in Note 40 (D)

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Opening balance		26,507,800	18,871,202	45,639,652	24,836,206
Acquisition of business		-	-	-	-
		26,507,800	18,871,202	45,639,652	24,836,206
Released/(expense) during the year		(28,931,950)	6,042,602	(3,286,087)	19,209,450
Transferred to retained earnings		1,313,755	1,593,996	1,313,754	1,593,996
		(27,618,195)	7,636,598	(1,972,333)	20,803,446
Closing balance	13.1	(1,110,395)	26,507,800	43,667,319	45,639,652

13.1 Closing balance

<i>In BDT</i>	<i>Note</i>	Consolidated		Company	
		2019	2018	2019	2018
Deferred tax assets	13.1.1	352,971,214	105,913,772	304,969,009	70,067,739
Deferred tax liabilities	13.1.2	(354,081,609)	(79,405,972)	(261,301,690)	(24,428,087)
		(1,110,395)	26,507,800	43,667,319	45,639,652

Notes to the Financial Statements (Continued)

13.1.1 Deferred tax assets

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Provision for gratuity	1,166,091	810,617	-	-
Reserve against inventories	27,080,272	28,765,700	27,080,272	28,765,700
Reserve for warranty	29,476,317	28,742,658	23,421,861	23,422,658
Provision for bad debts	21,097,067	13,839,586	21,097,067	13,839,586
Remeasurement of defined benefit liability	-	1,477,500	-	1,477,500
Unabsorbed depreciation	5,823,106	29,715,415	-	-
Property, plant and equipment	916,312	2,562,295	916,312	2,562,295
Lease Liability	267,412,049	-	232,453,497	-
	352,971,214	105,913,772	304,969,009	70,067,739

13.1.2 Deferred tax liabilities

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Provision for gratuity	(1,213,165)	-	(1,213,165)	-
Revaluation of land and building	(22,776,222)	(24,428,087)	(22,776,222)	(24,428,087)
Property, plant and equipment	(60,364,154)	(54,977,885)	-	-
Right-Of-Use (ROU) Asset	(269,728,069)	-	(237,312,303)	-
	(354,081,609)	(79,405,972)	(261,301,690)	(24,428,087)

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

14 Retirement benefit obligations

Gratuity

See accounting policy in Note 40 (O)

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Opening balance		(1,923,446)	3,618,300	(4,239,496)	2,174,000
Acquisition of business		-	-	-	-
		(1,923,446)	3,618,300	(4,239,496)	2,174,000
Provision for the year		337,396	9,164,749	(613,164)	8,293,000
		(1,586,050)	12,783,049	(4,852,660)	10,467,000
Payments during the year		65,080	(14,706,495)	-	(14,706,496)
Closing balance	14.1	(1,520,970)	(1,923,446)	(4,852,660)	(4,239,496)

14.1 Closing balance

	Consolidated		Company	
	2019	2018	2019	2018
Opening balance	(1,923,446)	3,618,300	(4,239,496)	2,174,000
Acquisition of business	-	-	-	-
	(1,923,446)	3,618,300	(4,239,496)	2,174,000
Included in profit or loss				
Current service cost	9,576,545	12,661,750	8,560,905	11,790,000
Interest expense/(income)	(9,933,569)	(5,844,000)	(9,933,569)	(5,844,000)
	(357,024)	6,817,750	(1,372,664)	5,946,000
Measurements loss/(gain)	759,500	2,347,000	759,500	2,347,000
Other				
Contributions paid by the employer	-	(14,706,496)	-	(14,706,496)
Benefits paid	-	-	-	-
	-	(14,706,496)	-	(14,706,496)
Balance at 31 December	(1,520,970)	(1,923,446)	(4,852,660)	(4,239,496)

Notes to the Financial Statements (Continued)

15 Other liabilities

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Non-remittable accounts	15.1	1,408,949,743	1,408,949,743	1,408,949,743	1,408,949,743
Security deposits from branch managers, agents and dealers		277,226,939	241,638,657	277,226,939	241,638,657
Warranty - long term portion		37,474,978	37,476,252	37,474,978	37,476,252
		1,723,651,660	1,688,064,652	1,723,651,660	1,688,064,652

15.1 Non-remittable accounts

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Current account	(78)	(78)	(78)	(78)
Dividend account:				
Opening balance	1,408,469,831	1,255,137,411	1,408,469,831	1,255,137,411
Dividend for the year	-	153,332,420	-	153,332,420
Closing balance	1,408,469,831	1,408,469,831	1,408,469,831	1,408,469,831
Capital gain on sale of land	479,990	479,990	479,990	479,990
	1,408,949,743	1,408,949,743	1,408,949,743	1,408,949,743

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 year 1990 is required to be shown under non-remittable account.

16 Trade and other payables

See accounting policy in Note 40 (H)

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Trade payables	16.1	453,166,958	369,864,998	566,079,664	552,355,511
Other payables	16.2	1,933,734,280	1,276,567,948	1,316,111,787	1,159,880,791
		2,386,901,238	1,646,432,946	1,882,191,451	1,712,236,302

16.1 Trade payables

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Trade payable	419,562,665	308,613,920	532,975,371	491,104,433
Freight and carriage and technicians bills payable	33,604,292	61,251,078	33,104,292	61,251,078
	453,166,958	369,864,998	566,079,664	552,355,511

16.2 Other payables

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Payable for expenses	16.2.1	899,750,681	800,218,587	876,073,774	775,678,164
Royalty		365,355,502	318,072,839	315,805,040	280,552,145
Payable for other finance	16.2.2	654,364,531	144,186,666	109,969,407	89,560,626
Leasehold improvements against new shops		14,263,566	14,089,856	14,263,566	14,089,856
		1,933,734,280	1,276,567,948	1,316,111,787	1,159,880,791

Notes to the Financial Statements (Continued)

16.2.1 Payable for expenses

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Advertisement and sales promotion	291,778,753	209,961,154	291,778,753	209,961,154
Reserve for early closing of hire sales	304,590,027	294,158,151	304,590,027	294,158,151
Shop rent	52,228,988	60,671,636	52,228,988	60,671,636
Warranty expenses	68,456,105	66,914,378	56,212,467	56,214,378
Reserve for allowable loss	36,970,806	32,142,083	36,970,806	32,142,083
Workers' profit participation and welfare fund	77,335,952	65,702,516	75,321,587	64,583,617
Duty and freight	9,958,156	10,458,156	9,958,156	9,958,156
Utilities	6,442,455	7,962,059	5,000,000	5,800,000
Interest	1,634,718	6,123,996	-	2,500,000
Collecting expenses	9,829,547	8,224,202	9,829,547	8,224,202
Salary and benefits	28,735,779	26,602,066	28,735,778	26,602,066
Professional and technical fees	5,262,730	4,420,553	4,485,000	3,448,000
Selling expenses	962,665	862,721	962,665	862,721
Statutory audit fee	509,191	804,979	-	552,000
Repair & maintenance	5,054,809	5,209,937	-	-
	899,750,681	800,218,587	876,073,774	775,678,164

16.2.2 Payable for other finance

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Unclaimed dividend	27,334,617	33,640,394	27,334,617	33,640,394
VAT payable - realised from customers	7,663,106	(365,048)	8,087,424	(199,719)
Withholding taxes	20,599,995	26,280,901	19,973,495	25,821,504
Advance from customers	14,646,949	6,434,984	14,646,949	6,434,984
Security deposits	260,421	250,921	-	-
Sunman Corporation Limited	-	12,736,817	-	-
Shanghai sonlu group	520,590,167	354,675	-	-
Others	63,269,276	64,853,022	39,926,922	23,863,463
	654,364,531	144,186,666	109,969,407	89,560,626

17 Short-term borrowings - secured

See accounting policy in Note 40 (H)

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Bank overdrafts/Short-term loan	1,961,093,776	2,729,201,744	1,746,861,938	2,119,372,532

Registered hypothecation of inventories, receivables and machineries under pari-passu arrangement with other banks were maintained to obtain bank overdrafts and short term loans from different banks. Below table shows the bank details.

<i>In BDT</i>	Consolidated		Company		
	2019	2018	2019	2018	
Commercial Bank of Ceylon PLC	Bank overdraft	276,697,101	519,622,698	182,036,976	208,901,536
Pubali Bank Ltd.	Bank overdraft	470,540,858	387,081,321	470,540,858	387,081,321
HSBC	Bank overdraft	231,082,383	523,384,198	138,429,587	291,122,169
Bank-AI-Falah	Bank overdraft	296,373,703	278,650,627	296,373,703	278,650,627
Standard Chartered Bank Ltd.	Bank overdraft	118,866,222	96,358,155	118,866,222	96,358,155
Eastern Bank Ltd.	Bank overdraft	56,242,260	142,156,919	29,406,122	142,156,919
Trust Bank Ltd.	Bank overdraft	10,573,849	162,514,922	10,573,849	162,514,922
Mutual Trust Bank Ltd.	Bank overdraft	634,621	-	634,621	-
City Bank Ltd.	Bank overdraft	-	52,586,884	-	52,586,884
Dhaka Bank Ltd.	Bank overdraft	82,779	66,846,021	-	-
Commercial Bank of Ceylon PLC	Short-term loan	300,000,000	300,000,000	300,000,000	300,000,000
HSBC	Short-term loan	200,000,000	-	200,000,000	-
Standard Chartered Bank Ltd.	Short-term loan	-	200,000,000	-	200,000,000
		1,961,093,776	2,729,201,744	1,746,861,938	2,119,372,532

Notes to the Financial Statements (Continued)

18 Long term debt

Represents long term loan of IAL obtained from Commercial Bank of Ceylon PLC to invest in capital machinery, which will be repaid within six years.

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Non-current portion of long term liability		25,682,777	37,150,985	-	-
Current portion of long term liability		11,468,208	8,721,840	-	-
		37,150,985	45,872,825	-	-

Registered hypothecation of specific imported machinery & equipment were kept as securities to obtain the long term loan from the bank.

19 Current tax assets/(liabilities)

See accounting policy in Note 40 (D)

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Advance income tax	19.1	1,559,383,030	1,119,725,295	1,266,591,401	920,881,202
Provision for income tax	19.2	(1,430,875,895)	(1,021,235,053)	(1,372,949,827)	(979,699,875)
		128,507,136	98,490,242	(106,358,425)	(58,818,673)

19.1 Advance income tax

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Opening balance	1,119,725,295	950,708,275	920,881,202	845,601,127
Acquisition of business	-	-	-	-
	1,119,725,295	950,708,275	920,881,202	845,601,127
Add: Advance income tax paid during the year	439,657,735	422,084,818	345,710,199	328,347,873
Adjustment for completion of prior year tax assessment	-	(253,067,798)	-	(253,067,798)
Closing balance	1,559,383,030	1,119,725,295	1,266,591,401	920,881,202

19.2 Provision for income tax

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Opening balance	1,021,235,053	914,811,815	979,699,875	887,209,673
Acquisition of business	-	-	-	-
	1,021,235,053	914,811,815	979,699,875	887,209,673
Provision during the year	416,116,006	359,491,035	399,725,116	345,558,000
Adjustment for prior year	(6,475,164)	-	(6,475,164)	-
Adjustment for completion of prior year tax assessment	-	(253,067,797)	-	(253,067,798)
	1,430,875,895	1,021,235,053	1,372,949,827	979,699,875

Notes to the Financial Statements (Continued)

20 Turnover

See accounting policy in Note 40 (A)

A. Revenue streams

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Revenue from contracts with customers	15,485,235,479	13,559,249,507	15,485,235,479	13,559,249,507

B. Disaggregation of revenue from contracts with customers

See accounting policy in Note 40 (A)

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Home appliances	11,049,796,056	9,267,309,279	11,049,796,056	9,267,309,279
Consumer electronics	2,554,800,768	2,720,851,242	2,554,800,768	2,720,851,242
Sewing machines	792,425,321	487,092,743	792,425,321	487,092,743
Other appliances	919,011,603	835,037,684	919,011,603	835,037,684
	15,316,033,747	13,310,290,948	15,316,033,747	13,310,290,948
Furniture	169,201,732	248,958,559	169,201,732	248,958,559
	15,485,235,479	13,559,249,507	15,485,235,479	13,559,249,507

Turnover includes the following:

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Television under consumer electronic	2,554,797,720	2,720,840,212	2,554,797,720	2,720,840,212
Air conditioner under home appliance	2,044,155,123	1,374,297,888	2,044,155,123	1,374,297,888
Furniture	169,201,732	248,958,559	169,201,732	248,958,559
	4,768,154,575	4,344,096,659	4,768,154,575	4,344,096,659

The Group as well as the Company, considering the nature of its core business, is used to include hire purchase sales' agreement fees, reverts product sales and income from financial & related services under revenue from contracts with customers. For improved presentation under IFRS 15, the said items have been included in other income instead of reported under revenue from contracts with customers. To keep consistency in presentation comparative figures for the year ended 31 December 2018 have been rearranged between revenue from contracts with customers and other income. Profit after tax remain unchanged due to this rearrangement of comparative figures.

C. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

<i>In BDT</i>	Note	Consolidated		Company	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Receivables, which are included in 'trade and other receivables'	9	2,302,739,844	2,167,789,986	2,302,739,844	2,167,789,990
		2,302,739,844	2,167,789,986	2,302,739,844	2,167,789,990

D. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer.

Information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies described in Note 40 (A).

Notes to the Financial Statements (Continued)

21 Cost of sales

In BDT	Note	Consolidated		Company	
		2019	2018	2019	2018
Opening inventory of raw materials		1,258,408,437	822,119,077	778,843,982	565,770,196
Acquisition of business		-	-	-	-
		1,258,408,437	822,119,077	778,843,982	565,770,196
Purchased during the year		8,834,182,570	8,492,288,698	6,533,378,529	6,387,588,843
Closing inventory of raw materials		(1,633,660,338)	(1,258,408,438)	(1,068,414,900)	(778,843,982)
Raw materials consumption	21.1 & 21.2	8,458,930,669	8,055,999,337	6,243,807,611	6,174,515,057
Factory salaries and wages		133,647,876	118,909,214	75,994,648	70,995,730
Freight and carriage		103,760,031	127,609,813	103,670,151	127,501,013
Rent		-	30,361,963	-	-
Depreciation	3.4	53,568,070	54,330,202	14,608,977	16,694,616
Right-of-use asset depreciation		30,675,604	-	-	-
Repairs and maintenance		10,265,470	15,757,365	715,603	399,175
Utilities		20,097,273	26,368,060	5,026,445	4,391,823
Bonus		7,127,361	6,554,139	4,932,235	4,629,033
Consumable stores		9,673,050	12,004,495	3,971,619	6,769,131
Gratuity		1,642,279	4,277,274	615,384	3,436,364
Employee benefits and recreation		5,075,857	3,507,102	3,342,744	2,276,554
Contribution to provident fund		3,058,826	2,628,799	2,148,940	1,907,037
Fuel and car maintenance		8,323,799	11,471,113	6,972,227	10,619,252
Insurance		2,988,056	2,025,301	440,746	802,382
Stationery		1,742,720	3,310,277	1,404,173	2,200,863
Conveyance and travelling		2,557,837	2,713,890	728,900	1,049,717
Postage & communication		291,719	80,218	-	-
Miscellaneous		5,723,083	2,375,156	191,807	92,129
		400,218,910	424,284,381	224,764,599	253,764,819
Works cost (materials + manufacturing expenses)		8,859,149,579	8,480,283,718	6,468,572,210	6,428,279,876
Opening work-in-process		4,370,374	-	4,370,374	-
Closing work-in-process		-	(4,370,374)	-	(4,370,374)
Cost of production		8,863,519,953	8,475,913,344	6,472,942,584	6,423,909,502
Opening inventory of finished goods		2,777,291,618	2,241,450,738	2,662,853,046	2,194,355,907
Acquisition of business		-	-	-	-
		2,777,291,618	2,241,450,738	2,662,853,046	2,194,355,907
Purchase/production of finished goods		2,364,230,920	1,831,410,566	4,945,452,490	3,977,563,289
		5,141,522,538	4,072,861,304	7,608,305,536	6,171,919,196
Closing inventory of finished goods	21.3	(2,873,050,608)	(2,749,609,720)	(2,819,790,144)	(2,662,853,046)
Cost of sales		11,131,991,883	9,799,164,928	11,261,457,976	9,932,975,652

21.1 Raw materials consumption-consolidated

In BDT	Balance at 1 Jan 2019	Purchases during the year	Balance at 31 Dec 2019	Consumption during the year
Imported				
Television	96,629,877	1,329,042,100	(98,003,831)	1,327,668,146
Air conditioner	346,636,569	1,133,979,010	(145,063,796)	1,335,551,783
Refrigerator	479,564,455	2,300,804,042	(565,245,438)	2,215,123,059
Others	324,707,316	3,964,911,928	(823,676,156)	3,465,943,088
	1,247,538,217	8,728,737,080	(1,631,989,221)	8,344,286,076
Locally procured				
Furniture	10,840,538	105,445,490	(1,671,117)	114,614,911
Television, Refrigerator and Other	29,682	-	-	29,682
	10,870,220	105,445,490	(1,671,117)	114,644,593
	1,258,408,437	8,834,182,570	(1,633,660,338)	8,458,930,669

21.2 Raw materials consumption-company

In BDT	Balance at 1 Jan 2019	Purchases during the year	Balance at 31 Dec 2019	Consumption during the year
Imported				
Television	96,629,877	1,329,042,100	(98,003,831)	1,327,668,146
Air conditioner	346,636,569	1,133,979,010	(145,063,796)	1,335,551,783
Others	324,707,316	3,964,911,929	(823,676,156)	3,465,943,089
	767,973,762	6,427,933,039	(1,066,743,783)	6,129,163,018
Locally procured				
Furniture	10,840,538	105,445,490	(1,671,117)	114,614,911
Television, Refrigerator and Other	29,682	-	-	29,682
	10,870,220	105,445,490	(1,671,117)	114,644,593
	778,843,982	6,533,378,529	(1,068,414,900)	6,243,807,611

Notes to the Financial Statements (Continued)

21.3 Closing stock of finished goods

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Home appliance	1,893,230,578	1,897,206,294	1,839,970,189	1,810,449,620
Consumer electronic	352,105,340	400,717,618	352,105,341	400,717,618
Sewing	179,319,999	131,765,584	179,319,999	131,765,584
Furniture	10,530,174	86,787,985	10,530,174	86,787,985
Other	437,864,516	233,132,239	437,864,441	233,132,239
	2,873,050,608	2,749,609,720	2,819,790,144	2,662,853,046

22 Operating expenses

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Advertisement and sales promotion		702,241,898	643,144,731	702,241,898	643,144,731
Shop operating expenses		459,188,314	401,379,679	459,188,314	401,379,679
Salaries and allowances		342,761,720	287,981,682	337,721,362	283,897,236
Rent and occupancy		55,509,476	264,320,166	55,509,476	264,320,166
Royalty	22.1 & 22.2	198,654,471	182,838,754	170,565,535	161,377,227
Warranty		160,182,284	138,158,359	160,182,284	138,158,359
Utilities		59,388,783	56,757,507	59,385,483	56,755,192
Depreciation	3.4	59,106,709	55,319,178	59,083,263	55,301,427
Right-of-use asset depreciation		212,555,103	-	212,555,103	-
Bad debts		58,994,317	29,072,384	58,994,317	29,072,384
Office administration		63,895,568	49,753,614	63,813,570	49,603,973
Repairs and maintenance		48,746,799	44,109,434	48,724,299	44,098,934
Directors' fee and remuneration	22.3	27,115,802	24,295,805	27,070,202	24,259,965
Travelling		50,749,532	42,394,949	50,722,520	42,373,800
Amortisation	4	7,264,894	7,979,598	7,252,882	7,971,586
Bank charge		25,449,268	18,427,258	23,824,623	16,840,012
Insurance		4,489,122	3,655,929	4,489,123	3,655,929
Fuel and car maintenance		4,128,099	4,226,538	4,128,099	4,226,538
Professional and technical fees	22.4	7,599,653	7,982,483	6,887,73	6,442,043
Entertainment		6,880,206	6,140,141	6,880,204	6,140,141
Statutory audit fee		1,380,000	897,000	805,000	552,000
Dues and subscription		638,084	740,469	494,584	372,305
		2,556,920,102	2,269,575,658	2,520,519,873	2,239,943,627

22.1 Royalty-consolidated

Retail Holdings Asia B.V.

<i>In BDT</i>	Turnover from manufacturing units		Royalty charge for the year	
	2019	2018	2019	2018
Audio-video sets (television)	521,140,603	2,486,714,519	19,542,773	99,468,581
Air conditioner	199,253,143	1,301,114,855	7,471,993	52,044,594
Furniture	94,214,826	246,601,307	3,533,056	9,864,052
Refrigerator	613,929,684	2,146,152,722	6,753,227	21,461,527
Royalty up to March 2019	1,428,538,256	6,180,583,404	37,301,049	182,838,754

Retail Holdings Bhold B.V.

<i>In BDT</i>	Turnover from manufacturing units		Royalty charge for the year	
	2019	2018	2019	2018
Audio-video sets (television)	1,893,372,135	2,486,714,519	71,001,455	-
Air conditioner	1,767,153,236	1,301,114,855	66,268,246	-
Furniture	73,280,303	246,601,307	2,748,011	-
Refrigerator	1,939,609,987	2,146,152,722	21,335,710	-
Royalty from April to December 2019	5,673,415,661	6,180,583,404	161,353,422	-
Royalty total 2019	7,101,953,917	12,361,166,808	198,654,471	182,838,754

Royalty was charged on the net annual in voice price of products manufactured by Singer Bangladesh Limited @ 3.75% on audio-video sets, air conditioner and furniture and International Appliances Limited @ 1.1% on refrigerator for the year 2019.

Notes to the Financial Statements (Continued)

22.2 Royalty-company

Retail Holdings Asia B.V.

Manufactured products In BDT	Turnover from manufacturing units		Royalty charge for the year	
	2019	2018	2019	2018
Audio-video sets (television)	521,140,603	2,486,714,519	19,542,773	99,468,581
Air conditioner	199,253,143	1,301,114,855	7,471,993	52,044,594
Furniture	94,214,826	246,601,307	3,533,056	9,864,052
Royalty up to March 2019	814,608,572	4,034,430,682	30,547,822	161,377,227

Retail Holdings Bhold B.V.

Manufactured products In BDT	Turnover from manufacturing units		Royalty charge for the year	
	2019	2018	2019	2018
Audio-video sets (television)	1,893,372,135	-	71,001,455	-
Air conditioner	1,767,153,236	-	66,268,247	-
Furniture	73,280,303	-	2,748,011	-
Royalty from April to December 2019	3,733,805,674	-	140,017,713	-
Royalty total 2019	4,548,414,246	4,034,430,682	170,565,535	161,377,227

Royalty was charged on the net annual invoice price of products manufactured by Singer Bangladesh Limited @ 3.75% on audio-video sets, air conditioner and furniture for the year 2019.

22.3 Director's fee and remuneration

In BDT	Consolidated		Company	
	2019	2018	2019	2018
Remuneration	21,930,134	21,986,767	21,930,134	21,986,767
Housing	1,990,362	1,792,350	1,990,362	1,792,350
Medical and welfare	2,885,206	89,848	2,885,206	89,848
Fees	310,100	426,840	264,500	391,000
	27,115,802	24,295,805	27,070,202	24,259,965

22.4 Professional and technical fees

In BDT	Consolidated		Company	
	2019	2018	2019	2018
Legal and technical services	6,982,153	6,576,983	6,370,232	5,246,043
IFRS audit fees	460,000	1,342,250	460,000	1,150,000
Audit fees for provident fund, workers' profit participation fund etc.	157,500	63,250	57,500	46,000
	7,599,653	7,982,483	6,887,732	6,442,043

23 Net finance costs

In BDT	Consolidated		Company	
	2019	2018	2019	2018
Finance income	307,831	624,370	307,831	624,370
Interest expenses on borrowings	(314,889,517)	(319,292,407)	(262,381,733)	(254,724,883)
Interest expenses on leases	(88,741,942)	-	(77,851,810)	-
Finance costs	(403,631,459)	(319,292,407)	(340,233,543)	(254,724,883)
	(403,323,628)	(318,668,037)	(339,925,712)	(254,100,513)

24 Other income/(loss)

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

In BDT	Consolidated		Company	
	2019	2018	2019	2018
Sale of scrapped inventories and others	11,608,607	15,468,017	-	6,114,849
Dividend income from CDBL	1,427,953	1,427,953	1,427,953	1,427,953
Gain/(loss) on sale of fixed assets (Annexure - 1)	(2,886,203)	(4,778,743)	(2,886,203)	(4,778,743)
Fire loss of inventory	(37,163,460)	-	(37,163,460)	-
Hire agreement fees	136,937,147	122,283,461	136,937,147	122,283,461
Reverts product sale	19,629,218	13,656,585	19,629,218	13,656,585
Income from financial & related services	5,153,084	5,734,678	5,153,084	5,734,678
Other	20,002,084	15,003,832	20,002,084	15,003,831
	154,708,430	168,795,783	143,099,823	159,442,614

25 Contribution to workers' profit participation fund

This is made in terms of section 234(1)(b) of Bangladesh Labour Act 2006 (as amended up to 2018) 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.

Notes to the Financial Statements (Continued)

26 Income tax expense

<i>In BDT</i>	Note	Consolidated		Company	
		2019	2018	2019	2018
Current tax expense	19.2	416,116,006	359,491,035	399,725,116	345,558,000
Adjustments in the period for current tax of prior periods		(6,475,164)	-	(6,475,164)	-
Deferred tax expense/(income) relating to origination and reversal of temporary differences	26.2	28,931,950	(5,455,852)	3,286,087	(18,622,700)
		438,572,792	354,035,183	396,536,039	326,935,300

26.1 Reconciliation of effective tax rate

<i>In BDT</i>	Note	Consolidated		Company	
		2019 Percentage	2019 BDT	2019 Percentage	2019 BDT
Profit before tax			1,470,372,345		1,431,110,154
Tax using the Company's tax rate Tax effect of:		26.36%	387,563,950	25.00%	357,777,539
Provision for non-deductible expenses		1.38%	20,221,552	1.35%	19,375,000
Adjustments / provision released during the year		1.15%	16,907,716	0.51%	7,257,482
Other components of tax as per Income Tax Ordinance 1984		0.60%	8,839,932	0.62%	8,839,932
Temporary differences		1.97%	28,931,950	0.23%	3,286,087
Adjusted unabsorbed depreciation		-1.62%	(23,892,308)	0.00%	-
		29.83%	438,572,792	27.71%	396,536,039

<i>In BDT</i>	Note	Consolidated		Company	
		2018 Percentage	2018 BDT	2018 Percentage	2018 BDT
Profit before tax			1,274,934,152		1,227,088,713
Tax using the Company's tax rate Tax effect of:		25.74%	328,145,890	25.00%	306,772,178
Provision for non-deductible expenses		0.95%	12,165,928	0.94%	11,500,000
Adjustments / provision released during the year		0.87%	11,038,480	0.60%	7,311,261
Other components of tax as per Income Tax Ordinance 1984		1.57%	19,974,560	1.63%	19,974,560
Temporary differences		-0.43%	(5,455,852)	-1.52%	(18,622,700)
Adjusted unabsorbed depreciation		-0.93%	(11,833,823)	0.00%	-
		27.77%	354,035,183	26.64%	326,935,300

26.2 Related tax

<i>In BDT</i>	2019		
	Before tax	Tax (expense) / benefit	Net of tax
Remeasurement of defined benefit liability	(759,500)	189,875	(569,625)
	(759,500)	189,875	(569,625)

<i>In BDT</i>	2018		
	Before tax	Tax (expense) / benefit	Net of tax
Remeasurement of defined benefit liability	(2,347,000)	586,750	(1,760,250)
	(2,347,000)	586,750	(1,760,250)

27 Contingencies and commitments**27.1 Commitments**

<i>In BDT</i>	Consolidated		Company	
	2019	2018	2019	2018
Letters of credit	1,976,345,888	1,938,434,726	1,559,645,749	1,358,386,137
Lease hold improvements	4,785,050	-	4,785,050	-
Furniture & fixtures	2,000,000	-	2,000,000	-
Computer & equipment	2,726,670	-	2,726,670	-
	1,985,857,608	1,938,434,726	1,569,157,469	1,358,386,137

The letters of credit were outstanding as at 31 December 2019 against which the Company is committed to purchase products from different companies.

Notes to the Financial Statements (Continued)

27.2 Contingent liabilities

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

		Consolidated		Company	
		2019	2018	2019	2018
(i)	Claims against the Company not acknowledged as debts	5,006,676	5,006,676	5,006,676	5,006,676
(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	21,815,526	17,620,041	21,065,526	17,620,041
		26,822,202	22,626,717	26,072,202	22,626,717

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

Production	Measurement unit	In units			% of utilisation
		Annual installed capacity	Utilisation during the period	Over/(Under) utilisation	
Panel television	Number	170,000	135,852	(34,148)	79.9
Air conditioner	Sets	30,000	40,237	10,237	134.1
Furniture	Sets	5,300	3,072	(2,228)	58.0
Refrigerator	Number	132,000	141,660	9,660	107.3

28.2 Capacity utilisation-company

Production	Measurement unit	In units			% of utilisation
		Annual installed capacity	Utilisation during the period	Over/(Under) utilisation	
Panel television	Number	170,000	135,852	(34,148)	79.9
Air conditioner	Sets	30,000	40,237	10,237	134.1
Furniture	Sets	5,300	3,072	(2,228)	58.0

29 Number of employees

	Consolidated		Company	
	2019	2018	2019	2018
The number of employees engaged for the whole period/year or part thereof who received a total remuneration of BDT 36,000 and above.	1,653	1,507	1,348	1,224

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.

Purpose	Name of party	2019		2018	
		Amount (BDT)	Equivalent (USD)	Amount (BDT)	Equivalent (USD)
Dividend, net for the year 2017 (final)	Retail Holdings Bhold B.V., The Netherlands	-	-	255,365,469	3,023,866

Notes to the Financial Statements (Continued)

31 Earnings per share (EPS)**31.1 Basic earnings per share**

	Consolidated		Company	
	2019	2018	2019	2018
Earnings attributable to the ordinary shareholders	1,031,799,553	920,898,969	1,034,574,115	900,153,413
Weighted average number of ordinary shares outstanding	99,702,838	99,702,838	99,702,838	99,702,838
Basic earnings per share	10.35	9.24	10.38	9.03

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2019 in terms of International Accounting Standard (IAS-33). For comparative year (i.e. 2018) the same no of ordinary shares outstanding were used to compute basic EPS, as 30% stock dividend was declared for the year ended 31 December 2018. Details of share issue has been shown in Annexure - 2.

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 period.

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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group'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 32.1.1.1) is represented by the carrying amount of each financial asset in the statement of financial position.

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:

<i>In BDT</i>	2019	2018
Loans and receivables	2,471,880,052	2,225,136,036
Deposits	29,432,145	25,018,340
Cash and cash equivalents	181,712,093	195,070,348
	2,683,024,290	2,445,224,724

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

<i>In BDT</i>	2019	2018
Domestic	2,471,880,052	2,225,136,036

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

<i>In BDT</i>	2019	2018
Retail customers	2,100,606,310	2,057,441,574
Wholesale customers	202,133,534	110,348,412
Others	169,140,208	57,346,050
	2,471,880,052	2,225,136,036

Notes to the Financial Statements (Continued)

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.

The ageing of receivables at the reporting date was:

<i>In BDT</i>	Gross	Impairment	Gross	Impairment
	2019	2019	2018	2018
Not past due	1,861,826,518	2,646,706	1,948,941,745	-
Past due 1-30 days	384,347,078	2,317,934	402,330,753	-
Past due 31-120 days	134,411,514	15,827,864	140,700,655	1,309,187
Past due 121-365 days	44,376,314	53,158,479	46,452,691	41,151,409
More than one year	11,620,044	10,437,285	12,163,748	12,897,746
	2,436,581,468	84,388,268	2,550,589,592	55,358,342

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

<i>In BDT</i>	2019	2018
Opening balance	55,358,342	50,312,052
Allowance recognised for the year	58,994,317	29,072,384
	114,352,659	79,384,436
Allowance written off for the year	(29,964,391)	(24,026,094)
Closing balance	84,388,268	55,358,342

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:

<i>In BDT</i>	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 2019							
Non-derivative financial liabilities:							
Bank overdraft	1,961,093,776	2,025,283,633	1,308,413,994	716,869,639	-	-	-
Long-term liability	37,150,985	42,846,102	7,356,892	7,085,505	25,618,794	2,784,911	-
Trade and other payables	2,386,901,238	2,386,901,238	2,188,246,767	198,654,471	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	4,385,145,999	4,455,030,973	3,504,017,653	922,609,615	25,618,794	2,784,911	-
As at 31 December 2018							
Non-derivative financial liabilities:							
Bank overdraft	2,728,664,213	2,847,373,953	1,152,102,791	1,695,271,162	-	-	-
Long-term liability	45,872,825	45,872,825	2,987,736	8,721,840	20,190,048	37,150,985	-
Trade and other payables	1,646,432,946	1,646,432,946	1,463,594,192	182,838,754	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	4,420,969,984	4,539,679,724	2,618,684,719	1,886,831,756	20,190,048	37,150,985	-

Notes to the Financial Statements (Continued)

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.

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 flows because of some floating/variable loan interest rates. The Group 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:

<i>In BDT</i>	2019	2018
Fixed rate instruments		
Fixed rate deposits at financial institution	-	-
Fixed rate loans and receivable (net hire receivable)	2,146,447,925	2,088,569,082
Other fixed rate instruments (assets)	-	-
Financial assets	2,146,447,925	2,088,569,082
Fixed rate bank overdraft	-	-
Fixed rate loans	37,150,985	45,872,825
Fixed rate debentures	-	-
Fixed rate promissory notes	-	-
Lease liabilities	-	-
Other fixed rate liabilities	-	-
Financial liabilities	37,150,985	45,872,825
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	1,961,093,776	2,729,201,744
Variable rate loans	-	-
Variable rate debentures	-	-
Variable rate promissory notes	-	-
Other variable rate liabilities	274,205,948	240,866,549
Financial liabilities	2,235,299,724	2,970,068,293

Cash flow sensitivity analysis for variable rate instruments 2019

32.1.3.2 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 2019 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

<i>In BDT</i>	Profit or loss		Equity	
	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
31 December 2019				
Other variable rate liabilities	(5,484,119)	5,484,119	(5,484,119)	5,484,119
Cash flow sensitivity	(5,484,119)	5,484,119	(5,484,119)	5,484,119

Notes to the Financial Statements (Continued)

32.1.3.3 Cash flow sensitivity analysis for variable rate instruments 2018

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 2018 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	
	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
<i>In BDT</i>				
31 December 2018				
Other variable rate liabilities	(4,817,331)	4,817,331	(4,817,331)	4,817,331
Cash flow sensitivity	(4,817,331)	4,817,331	(4,817,331)	4,817,331

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 and payable to Shanghai Sonlu Shanging Enterprise Group Co. Ltd. due to supply of capital machinery of the company.

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

<i>In USD</i>	2019	2018
Accounts payable trade	6,771,881	2,849,256

<i>In EUR</i>	2019	2018
Accounts payable trade	10,275	-

The following significant exchange rates are applied during the period:

<i>In BDT</i>	2019	2018
US Dollar	85.75	84.50
EURO	96.40	-

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	
	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
<i>In BDT</i>				
31 December 2019				
Expenditures denominated in USD	(29,083,967)	29,083,967	(29,083,967)	29,083,967
Exchange rate sensitivity	(29,083,967)	29,083,967	(29,083,967)	29,083,967

	Profit or loss		Equity	
	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
<i>In BDT</i>				
31 December 2018				
Expenditures denominated in USD	(12,038,105)	12,038,105	(12,038,105)	12,038,105
Exchange rate sensitivity	(12,038,105)	12,038,105	(12,038,105)	12,038,105

Notes to the Financial Statements (Continued)

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.

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:

<i>In BDT</i>	2019	2018
Loans and receivables	2,513,546,473	2,343,454,268
Deposits	23,160,298	22,382,393
Cash and cash equivalents	180,580,885	194,380,687
	2,717,287,656	2,560,217,348

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

<i>In BDT</i>	2019	2018
Domestic	2,513,546,473	2,343,454,268

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

<i>In BDT</i>	2019	2018
Retail customers	2,100,606,310	2,057,441,574
Wholesale customers	202,133,534	110,348,416
Others	210,806,629	175,664,278
	2,513,546,473	2,343,454,268

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.

The ageing of receivables at the reporting date was:

<i>In BDT</i>	Gross 2019	Impairment 2019	Gross 2018	Impairment 2018
Not past due	1,861,826,518	2,646,706	1,948,941,745	-
Past due 1-30 days	384,347,078	2,317,934	402,330,753	-
Past due 31-120 days	134,411,514	15,827,864	140,700,655	1,309,187
Past due 121-365 days	44,376,314	53,158,479	46,452,691	41,151,409
More than one year	11,620,044	10,437,285	12,163,748	12,897,746
	2,436,581,468	84,388,268	2,550,589,592	55,358,342

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

<i>In BDT</i>	2019	2018
Opening balance	55,358,342	50,312,052
Allowance recognised for the year	58,994,317	29,072,384
	114,352,659	79,384,436
Allowance written off for the year	(29,964,391)	(24,026,094)
Closing balance	84,388,268	55,358,342

Notes to the Financial Statements (Continued)

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:

<i>In BDT</i>	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 2019							
Non-derivative financial liabilities:							
Bank overdraft	1,746,861,938	1,806,002,381	1,118,101,747	687,900,634	-	-	-
Trade and other payables	1,882,191,451	1,882,191,451	1,711,625,916	170,565,535	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	3,629,053,389	3,688,193,832	2,829,727,663	858,466,169	-	-	-
As at 31 December 2018							
Non-derivative financial liabilities:							
Bank overdraft	2,118,835,001	2,213,707,748	918,124,604	1,295,583,144	-	-	-
Trade and other payables	1,712,236,302	1,712,236,302	1,550,859,075	161,377,227	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	3,831,071,303	3,925,944,050	2,468,983,679	1,456,960,371	-	-	-

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.

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 flows 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:

<i>In BDT</i>	2019	2018
Fixed rate instruments		
Fixed rate deposits at financial institution	-	-
Fixed rate loans and receivable (net hire receivable)	2,146,447,925	2,088,569,082
Other fixed rate instruments (assets)	-	-
Financial assets	2,146,447,925	2,088,569,082
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	1,746,861,938	2,119,372,532
Variable rate loans	-	-
Variable rate debentures	-	-
Variable rate promissory notes	-	-
Other variable rate liabilities	274,205,948	240,866,549
Financial liabilities	2,021,067,886	2,360,239,081

Notes to the Financial Statements (Continued)

32.2.3.2 Cash flow sensitivity analysis for variable rate instruments 2019

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 2019 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

<i>In BDT</i>	Profit or loss		Equity	
	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
31 December 2019				
Other variable rate liabilities	(5,484,119)	5,484,119	(5,484,119)	5,484,119
Cash flow sensitivity	(5,484,119)	5,484,119	(5,484,119)	5,484,119

32.2.3.3 Cash flow sensitivity analysis for variable rate instruments 2018

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 2018 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

<i>In BDT</i>	Profit or loss		Equity	
	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
31 December 2018				
Other variable rate liabilities	(4,817,331)	4,817,331	(4,817,331)	4,817,331
Cash flow sensitivity	(4,817,331)	4,817,331	(4,817,331)	4,817,331

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:

<i>In USD</i>	2019	2018
Accounts payable trade	4,498,615	2,849,256

<i>In EUR</i>	2019	2018
Accounts payable trade	10,275	-

The following significant exchange rates are applied during the period:

<i>In BDT</i>	2019	2018
US Dollar	85.75	84.50
EURO	96.40	-

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.

<i>In BDT</i>	Profit or loss		Equity	
	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
31 December 2019				
Expenditures denominated in USD	(19,337,340)	19,337,340	(19,337,340)	19,337,340
Exchange rate sensitivity	(19,337,340)	19,337,340	(19,337,340)	19,337,340

<i>In BDT</i>	Profit or loss		Equity	
	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
31 December 2018				
Expenditures denominated in USD	(12,038,105)	12,038,105	(12,038,105)	12,038,105
Exchange rate sensitivity	(12,038,105)	12,038,105	(12,038,105)	12,038,105

33 Determination of fair value**33.1 Determination of fair value-consolidated**

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.

Notes to the Financial Statements (Continued)

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:

<i>In BDT</i>	Carrying amount 2019	Fair value 2019	Carrying amount 2018	Fair value 2018
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	2,471,880,052	2,331,925,740	2,225,136,036	2,083,331,938
Cash and cash equivalents	181,712,093	181,712,093	195,070,348	195,070,348
	2,653,592,145	2,513,637,833	2,420,206,384	2,278,402,286
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	2,386,901,238	N/A*	1,646,432,946	N/A*
Bank overdraft	1,961,093,776	1,961,093,776	2,729,201,744	2,729,201,744
	4,347,995,014	1,961,093,776	4,375,634,690	2,729,201,744

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:

	2019		2018	
	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 IFRS 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:

<i>In BDT</i>	Carrying amount 2019	Fair value 2019	Carrying amount 2018	Fair value 2018
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	2,513,546,473	2,331,925,740	2,343,454,268	2,083,331,938
Cash and cash equivalents	180,580,885	180,580,885	194,380,687	194,380,687
	2,694,127,358	2,512,506,625	2,537,834,955	2,277,712,625
	Carrying amount 2019	Fair value 2019	Carrying amount 2018	Fair value 2018
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	1,882,191,451	N/A*	1,712,236,302	N/A*
Bank overdraft	1,746,861,938	1,746,861,938	2,119,372,532	2,119,372,532
	3,629,053,389	1,746,861,938	3,831,608,834	2,119,372,532

Notes to the Financial Statements (Continued)

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:

	2019		2018	
	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 IFRS 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.

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 confidence of stakeholders 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 parties

Related party transactions are disclosed in compliance with IAS-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 Parent and ultimate controlling party

Singer Bangladesh Limited (the Company) is a direct subsidiary of Retail Holdings Bhold B.V., The Netherlands (formerly Singer Bhold B.V., The Netherlands) since 2003, which holds 57% of the total shares issued.

Retail Holdings Asia B.V. was the Parent (i.e. owner of 100% shares) of Retail Holdings Bhold B.V., The Netherlands, up to March 2019 as it sold its 100% holdings to Ar Dutch B.V., The Netherlands which is a direct subsidiary of Arçelik A.Ş.

35.2 Related party transactions

Read this note in conjunction with note no. 22.3.

Name of related parties	Relationship	Nature of transaction	Consolidated		Company	
			2019 (BDT)	2018 (BDT)	2019 (BDT)	2018 (BDT)
Arçelik A.S.	Ultimate parent	Procurement of products	-	-	41,353,694	-
BEKO Electrical Appliances Co. Ltd.	Subsidiary of ultimate parent	Procurement of products	-	-	3,491,578	-
BEKO Thai Co. Ltd.	Subsidiary of ultimate parent	Procurement of products	-	-	145,612,400	-
Retail Holdings Bhold B.V., The Netherlands	Parent company	Dividend payment	-	283,739,410	-	283,739,410
Retail Holdings Asia B.V.	Subsidiary of former ultimate parent	Royalty payment	135,234,086	182,838,754	119,174,918	161,377,227
Singer India Ltd.	Subsidiary of former ultimate parent	Procurement of products	-	35,489,526	-	35,489,526
International Appliances Limited	Subsidiary of Singer	Procurement of products	-	-	2,553,539,671	2,146,152,722
International Appliances Limited	Subsidiary of Singer	Current account	-	-	103,617,402	112,563,094
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Former non-controlling interest	Procurement of products	-	206,130,148	-	-
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Former non-controlling interest	Procurement of plant & machinery	-	-	-	-
Sunman Corporation Limited	Former non-controlling interest	Rent	-	30,361,963	-	-

Notes to the Financial Statements (Continued)

35.3 Related party receivable/ (payable)

Name of related parties	Relationship	Nature of transaction	Consolidated		Company	
			2019 (BDT)	2018 (BDT)	2019 (BDT)	2018 (BDT)
Arcelik A.S.	Ultimate parent	Payable for inventory	-	-	(990,519)	-
Arcelik A.S.	Ultimate parent	Other payable	-	-	(661,050)	-
Arcelik A.S.	Ultimate parent	Other receivable	-	-	2,515,043	-
Retail Holdings Asia B.V.	Subsidiary of former ultimate parent	Royalty payable Current account	(204,002,080)	(318,072,839)	(175,787,327)	(280,552,145)
Retail Holdings Bhold B.V., The Netherlands	Parent company	Royalty payable Current account	(161,353,422)	-	(140,017,713)	-
Retail Holdings Bhold B.V., The Netherlands	Parent company	Current account	-	-	2,158,465	-
Singer Asia Ltd.	Subsidiary of former ultimate parent	Current account	-	11,452,755	-	11,452,755
Singer India Ltd.	Subsidiary of former ultimate parent	Procurement of products	-	-	-	-
International Appliances Limited	Subsidiary of Singer	Procurement of products	-	-	(113,412,705)	(182,490,513)
International Appliances Limited	Subsidiary of Singer	Current account	-	-	41,996,871	121,614,273
Shanghai Sonlu Shangling Enterprise Group Co. Ltd.	Former non-controlling interest	Procurement of product and plant & machinery	-	-	-	-
Sunman Corporation Limited	Former non-controlling interest	Rent	-	(12,736,817)	-	-
Sunman Corporation Limited	Former non-controlling interest	Other receivable	-	3,991,888	-	-

36 Net asset value (NAV) per share

	Consolidated		Company	
	2019 (BDT)	2018 (BDT)	2019 (BDT)	2018 (BDT)
Total assets	10,331,678,691	8,487,150,710	9,806,371,505	7,896,440,465
Total liability	(7,139,603,617)	(6,176,090,612)	(6,388,877,463)	(5,578,492,159)
Net assets value	3,192,075,074	2,311,060,098	3,417,494,042	2,317,948,306
Number of shares used to compute NAV	99,702,838	99,702,838	99,702,838	99,702,838
Net asset value (NAV) per share	32.02	23.18	34.28	23.25

37 Reconciliation of net income with cashflows from operating activities

	Consolidated		Company	
	2019 (BDT)	2018 (BDT)	2019 (BDT)	2018 (BDT)
Net income	1,031,799,553	920,898,969	1,034,574,115	900,153,413
Add/(deduct) for noncash items:				
Depreciation & amortization	363,170,381	117,643,413	293,500,229	79,967,629
(Gain) / loss on sale of property, plant and equipment	2,886,203	4,778,743	2,886,203	4,778,743
Tax expenses	438,572,792	354,035,183	396,536,039	326,935,300
Finance expenses/(Income)	403,631,459	319,292,407	340,233,543	254,724,883
Changes in:				
(Increase)/Decrease in deposits and prepayments	301,483,049	(53,713,119)	302,647,381	(53,548,740)
(Increase)/Decrease in inventories	(501,064,128)	(928,938,359)	(448,879,356)	(666,060,941)
(Increase)/Decrease in trade and other receivables	(246,744,016)	(369,075,369)	(170,092,205)	(487,818,194)
(Increase)/Decrease in Advances, deposits and prepayments	(389,614,649)	(18,691,571)	(271,616,000)	3,049,114
Increase/(Decrease) in retirement benefits obligation	-	(3,618,300)	-	(2,174,000)
Increase/(Decrease) in other liability (except non remittable account)	35,587,008	63,957,271	35,587,008	63,957,271
Increase/(Decrease) in accounts payables (excluding dividend payable)	734,162,515	141,364,193	163,232,094	201,930,385
Tax paid	(346,829,098)	(422,084,817)	(345,710,200)	(328,347,873)
Interest paid	(474,774,584)	(321,027,197)	(420,277,522)	(256,600,513)
Increase/(Decrease) in short term liability	2,746,368	(269,586,199)	-	-
	323,213,300	(1,385,663,721)	(121,952,786)	(859,206,936)
Net cash flows from operation activities	1,355,012,853	(464,764,752)	912,621,329	40,946,477

Notes to the Financial Statements (Continued)

37.1 Net operating cash flow per share (NOCFPS)

	Consolidated		Company	
	2019 (BDT)	2018 (BDT)	2019 (BDT)	2018 (BDT)
Net cash from operating activities	1,355,012,853	(464,764,752)	912,621,329	40,946,477
Number of ordinary shares outstanding	99,702,838	99,702,838	99,702,838	99,702,838
Net operating cash flow per share (NOCFPS)	13.59	(4.66)	9.15	0.41

38 Events after the reporting period

- The Board of Directors of the Company has recommended 77% (Tk. 7.70 per share of Tk. 10 each) dividend in its 243rd board meeting dated 7 February 2020.
- The Board has also decided to increase Authorized Capital from Tk. 1,000.00 million to Tk. 2,500.00 million in the same meeting.

39 Others

- These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.
- Previous year's figures have been regrouped and/or rearranged wherever considered necessary for the purpose of current year's presentation.

39.1 Basis of measurement

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

39.2 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).
- IFRS 17 Insurance Contracts.

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.

- Revenue
- Finance income and finance costs
- Foreign currency transactions
- Income tax
- Inventories
- Property, plant and equipment
- Intangibles
- Financial instruments
- Impairment
- Provisions
- Royalty
- Warranty costs
- Investments
- Workers' profit participation fund
- Employee benefit
- Reporting period
- Earnings per share
- Segment reporting
- Statement of cash flows
- Events after the reporting period
- Offsetting
- Basis of consolidation
- Leases

Notes to the Financial Statements (Continued)

A. Revenue from contracts with customers

Type of product / service

Consumer electronics and household appliances.

Nature and timing of satisfaction of performance obligations

Customers obtain control of products at point of delivery or over time. Invoices are generated at fair value of the consideration received or receivable, net of returns and allowances and trade discounts at the time of delivery of goods. Invoices are usually paid instantly in case of cash sales or payable as per credit terms offered by the Company.

Performance obligation is satisfied when the control of the goods is transferred, rather than just the risk and reward.

Revenue recognition

Revenue is recognized when (or as) control of goods is transferred to customer. Control may be transferred either at a point in time or over time. First, the entity assesses whether it transfers control over time by following the prescribed criteria for satisfying performance obligation. If none of the criteria for recognizing revenue over time is met, then the entity recognizes revenue at the point in time at which it transfers control of the goods to the customer.

Performance obligation is satisfied when the control of the goods is transferred, rather than just the risk and reward.

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. Finance expenses also include interest expense on lease liabilities.

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 IAS-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.

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 2019.

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 inventory in excess of 6-12 month sales. Net realisable value is estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The Company assesses 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. The Group uses weighted average cost model in valuing its inventory.

Notes to the Financial Statements (Continued)

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 IAS-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.

Increase 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 25% 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 period 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%

Notes to the Financial Statements (Continued)

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

Building - Office	2.50%
Building - Factory	2.50%
Leasehold improvements	12.50%
Plant and machinery	8.33%
Vehicles	14%
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 IAS 38 - 'Intangible Assets'. Intangible assets with finite useful lives are measured at cost, less accumulated amortisation and accumulated impairment losses.

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

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

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

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

Intangible assets	Useful life	
	Singer	IAL
Computer Software	5 years	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.

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 are not recoverable at all.

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

Notes to the Financial Statements (Continued)

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.

Allowances for accounts receivables are calculated applying the rates, based on the ageing of hire receivables from customers for the current and comparative years, are as follows:

Due within 3 months	Nil
Due over 3 months but within 6 months	50%
Due over 6 months but within 9 months	100%
Due over 9 months but within 12 months	100%
Over 12 months	100%

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 IAS 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. (up to March 2019) and Retail Holdings Bhold B.V. (from April-December 2019) @ 3.75% of net annual invoice price of sale of audio-video sets (radio cassette, recorders and televisions), air conditioner and furniture and International Appliances Limited @ 1.1% on refrigerator assembled and manufactured in Bangladesh for the year 2019 (note 22.1 & 22.2). 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.

Notes to the Financial Statements (Continued)

M. Investments

Investment in Central Depository Bangladesh Limited (CDBL)

Investment in CDBL is recorded at cost and represents insignificant holding.

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 charges such expense in accordance with The Bangladesh Labour Act 2006 (as amended in 2018).

O. Employee benefit

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

Defined contribution plan (provident fund)

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

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

Retirement benefit obligation (gratuity)

The Company operates a 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. These financial statements were prepared for twelve months from 1 January to 31 December 2019.

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.

Notes to the Financial Statements (Continued)

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 IFRS 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 IAS-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 38.

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.

W. Leases

The Group has initially applied IFRS 16 from 1 January 2019. Information about the Group's accounting policies relating to leases is provided in Note 5(A). The effect of initially applying IFRS 16 is described in Note 2.7(C).

(ANNEXURE - I)

Details of Disposal of Property, Plant and Equipment

For the period ended 31 December 2019

Particulars	Original cost	Accumulated depreciation	Net book value	Sales proceed	Gain/(Loss)	
Plant & machinery	483,761	478,055	5,706	-	(5,706)	Adjustment/sold
Computer	5,033,862	4,367,535	666,327	133,200	(533,127)	
Equipment	4,489,649	3,800,847	688,802	123,500	(565,302)	Adjustment/sold
Furniture	40,625	39,721	904		(904)	Adjustment/sold
Leasehold improvements	8,704,679	4,821,071	3,883,608	1,402,500	(2,481,108)	Adjustment/sold
Vehicles	4,872,735	4,176,934	695,801	1,395,745	699,944	
	23,625,311	17,684,162	5,941,148	3,054,945	(2,886,203)	Auction sale

(ANNEXURE - II)

Details of Share Issue

Date of Issue	Basis of Issue of Shares	Total Share & Share Capital		
		No. of Shares Issued	No. of Shares after Bonus	Share Capital Taka 10 each
1983	2567 ordinary shares of Taka 10 each issued for cash	25,670	25,670	256,700
1983	10,258 ordinary shares of Taka 10 each issued for consideration other than cash	102,580	102,580	1,025,800
	Total ordinary shares issued	128,250	128,250	1,282,500
Bonus share				
4/18/1985	100%	128,250	256,500	1,282,500
4/16/1987	60%	153,900	410,400	1,539,000
8/16/1989	100%	410,400	820,800	4,104,000
7/12/1992	100%	820,800	1,641,600	8,208,000
7/12/1993	100%	1,641,600	3,283,200	16,416,000
6/1/1994	50%	1,641,600	4,924,800	16,416,000
5/28/1995	50%	2,462,400	7,387,200	24,624,000
5/21/1996	50%	3,693,600	11,080,800	36,936,000
4/16/1997	50%	5,540,400	16,621,200	55,404,000
4/28/2008	35%	5,817,420	22,438,620	58,174,200
4/27/2011	75%	16,828,960	39,267,580	168,289,600
5/8/2013	25%	9,816,895	49,084,475	98,168,950
4/28/2014	25%	12,271,118	61,355,593	122,711,180
4/30/2015	25%	15,338,898	76,694,491	153,388,980
4/23/2019	30%	23,008,347	99,702,838	230,083,470
	Total bonus shares issued	99,574,588		995,745,880
	Total shares issued	99,702,838		997,028,380

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, 2019. 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 home appliances and related components, which will also include the trading of refrigerators, freezers and other household appliances. The company manufactures refrigerators in "Singer" brand for exclusive marketing by Singer Bangladesh Limited.

Review of Business

During the year revenue reached to Taka 2.55 billion which was higher by 19% over the previous year's revenue of Taka 2.15 billion. Operating profit stood Taka 104 million and net profit before tax for the year stood at Taka 38 million. Despite a slim profit before tax, still the Company was subject to minimum tax provision as per IT laws due to which the Company has suffered loss of Taka 3.8 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 IAS & IFRS

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

Events subsequent to Balance Sheet

No such event took place subsequent to balance sheet date.

Board Meetings

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

Dividend

The company has generated profit before tax during the year but due to provision of minimum tax, it incurred loss. Therefore, the company didn't recommend dividend for the year ended December 31, 2019.

Appointment of Auditors

A. Qasem & Co., Chartered Accountants have expressed their willingness to be appointed as statutory auditors of International Appliances Limited for the year 2020. The Board recommends appointment of A. Qasem & Co., Chartered Accountants as statutory auditors of the company for the year 2020 subject to approval of

the Shareholders in the 5th 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



M. H. M. Fairoz
Director



Kazi Ashiqur Rahman
Company Secretary

February 7, 2020

Independent Auditors' Report to the shareholders of International Appliances Limited

Opinion

We have audited the financial statements of International Appliances Limited (the Company), which comprise the statement of financial position as at 31 December 2019, 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 to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to

cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence

obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



A. Qasem & Co.
Chartered Accountants

Dhaka, 17 February 2020

Statement of Financial Position

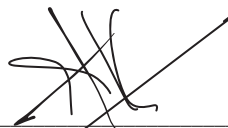
International Appliances Limited

<i>In BDT</i>	Notes	31 December 2019	31 December 2018
Assets			
Property, plant and equipment	3	323,250,985	351,167,167
Intangible assets	4	100,151	112,163
Right-Of-Use (ROU) Asset	4.1	108,872,927	-
Deposits and prepayments	5	13,068,659	11,904,327
Non-current assets		445,292,722	363,183,657
Inventories	6	644,379,308	594,003,028
Advances, deposits and prepayments	5	55,810,812	42,251,812
Trade and other receivables	7	117,354,943	188,448,813
Cash and cash equivalents	8	1,131,208	689,661
Current tax assets	9	234,865,561	157,308,915
Current assets		1,053,541,832	982,702,229
Total assets		1,498,834,554	1,345,885,886
Equity			
Share capital	10	388,964,300	388,964,300
Retained earnings		50,096,991	41,124,008
Total equity		439,061,291	430,088,308
Liabilities			
Retirement benefit obligations (gratuity)	11	3,331,690	2,316,049
Lease Liability (Non current)	4.1	75,576,924	-
Deferred tax liability	12	44,777,715	19,131,852
Long-term liability	13	25,682,777	37,150,985
Non-current liabilities		149,369,106	58,598,886
Long-term liability- current portion	13	11,468,208	8,721,840
Trade and other payables	14	660,399,461	238,647,640
Lease Liability (current)	4.1	24,304,650	-
Short-term borrowings - secured (bank overdraft)	15	214,231,838	609,829,212
Current liabilities		910,404,157	857,198,692
Total liabilities		1,059,773,263	915,797,578
Total equity and liabilities		1,498,834,554	1,345,885,886

The annexed notes are an integral part of these financial statements.



Dr. Syed Ferhat Anwar
Director



Mohamed Haniffa Mohamed Fairoz
Director



Kazi Ashiqur Rahman
Company Secretary

As per our report of same date.



A. Qasem & Co.
Chartered Accountants

Dhaka, 17 February 2020

Statement of Profit or Loss and Other Comprehensive Income

International Appliances Limited

<i>In BDT</i>	Notes	For the year ended 31 December	
		2019	2018
Turnover	16	2,553,539,671	2,146,152,722
Cost of sales	17	(2,425,062,850)	(2,038,928,360)
Gross profit		128,476,821	107,224,362
Operating expenses	18	(36,400,229)	(29,632,031)
Other income	20	11,608,607	9,353,168
Operating profit		103,685,199	86,945,499
Finance costs		(63,397,916)	(64,567,524)
Net finance costs	19	(63,397,916)	(64,567,524)
Foreign exchange gain/(loss)		-	-
Profit before contribution to workers' profit participation fund		40,287,283	22,377,975
Contribution to workers' profit participation fund	21	(2,014,364)	(1,118,898)
Profit before tax		38,272,919	21,259,077
Income tax expense	22	(42,036,753)	(27,099,883)
Loss after tax		(3,763,834)	(5,840,806)
Other comprehensive income		-	-
Total comprehensive loss		(3,763,834)	(5,840,806)

The annexed notes are an integral part of these financial statements.



Dr. Syed Ferhat Anwar
Director



Mohamed Haniffa Mohamed Fairoz
Director



Kazi Ashiqur Rahman
Company Secretary

As per our report of same date.



A. Qasem & Co.
Chartered Accountants

Dhaka, 17 February 2020

Statement of Changes in Equity

International Appliances Limited

	For the year ended 31 December 2018		
	Share capital	Retained earnings	Total equity
Balance at 1 January 2018	388,964,300	46,964,814	435,929,114
Total comprehensive income			
Loss	-	(5,840,806)	(5,840,806)
Other comprehensive income	-	-	-
Total comprehensive income	-	(5,840,806)	(5,840,806)
Transaction with owners of the Company			
Contributions and distributions			
Issue of ordinary shares	-	-	-
Total contributions and distributions	-	-	-
Balance at 31 December 2018	388,964,300	41,124,008	430,088,308

	For the year ended 31 December 2019		
	Share capital	Retained earnings	Total equity
Balance at 1 January 2019	388,964,300	41,124,008	430,088,308
Total comprehensive income			
Loss	-	(3,763,834)	(3,763,834)
Other comprehensive income	-	-	-
Adjustment for IFRS 16	-	12,736,817	12,736,817
Total comprehensive income	-	8,972,983	8,972,983
Transaction with owners of the Company			
Contributions and distributions			
Issue of ordinary shares	-	-	-
Total contributions and distributions	-	-	-
Balance at 31 December 2019	388,964,300	50,096,991	439,061,291

The annexed notes are an integral part of these financial statements.



Dr. Syed Ferhat Anwar
Director



Mohamed Haniffa Mohamed Fairouz
Director



Kazi Ashiqur Rahman
Company Secretary

As per our report of same date.



A. Qasem & Co.
Chartered Accountants

Dhaka, 17 February 2020

Statement of Cash Flows

International Appliances Limited

<i>In BDT</i>	<i>Notes</i>	31 December 2019	31 December 2018
Cash flows from operating activities			
Collections from turnover and other income		3,485,971,654	2,550,393,506
Payments for costs and expenses		(2,894,016,633)	(2,889,303,838)
Interest paid on borrowings		(54,497,062)	(64,426,684)
Income tax paid		(93,947,537)	(93,736,944)
Payments to workers' profit participation fund		(1,118,898)	(8,637,269)
Net cash used in operating activities		442,391,524	(505,711,229)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(10,165,091)	(20,054,036)
Net cash used in investing activities		(10,165,091)	(20,054,036)
Cash flows from financing activities			
Payment Lease liability		(27,465,672)	-
Long term loan received/(payment)		(8,721,840)	45,872,825
Net cash from financing activities		(36,187,512)	45,872,825
Net increase in cash		396,038,921	(479,892,440)
Cash and cash equivalents at 1 January		(609,139,551)	(129,247,111)
Cash and cash equivalents at 31 December		(213,100,630)	(609,139,551)
Closing cash and cash equivalents have been arrived at as follows:			
Cash and cash equivalents	8	1,131,208	689,661
Short-term borrowings - secured (bank overdraft)	16	(214,231,838)	(609,829,212)
		(213,100,630)	(609,139,551)

The annexed notes are an integral part of these financial statements.



Dr. Syed Ferhat Anwar
Director



Mohamed Haniffa Mohamed Fairoz
Director



Kazi Ashiqur Rahman
Company Secretary

As per our report of same date.



A. Qasem & Co.
Chartered Accountants

Dhaka, 17 February 2020

Share Information

Singer Bangladesh Limited

1. General

Authorised Share Capital	:	Tk. 1,000,000,000
Issued and Fully Paid Capital	:	Tk. 997,028,380
Class of Shares	:	Ordinary Share of Tk. 10 each
Voting Rights	:	One vote per Ordinary 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 2019

No. of Shares held	31 December 2019			31 December 2018		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 500	6,361	955,145	0.96	6,298	987,050	1.29
501 - 5000	2,926	4,580,755	4.59	2,469	3,803,308	4.96
5001 - 10000	247	1,788,752	1.79	208	1,523,671	1.99
10001 - 20000	145	2,018,747	2.02	116	1,669,772	2.18
20001 - 30000	53	1,301,621	1.31	47	1,195,362	1.56
30001 - 40000	28	1,020,491	1.02	31	1,094,605	1.43
40001 - 50000	18	821,140	0.82	18	832,655	1.08
50001 - 100000	47	3,431,910	3.44	32	2,208,788	2.88
100001 - 1000000	51	13,769,150	13.81	49	14,387,537	18.76
Over 1000000	10	70,015,127	70.22	5	48,991,743	63.87
Total	9,886	99,702,838	100.00	9,273	76,694,491	100.00

Categories of Shares	31 December 2019		31 December 2018	
	No. of Shares	No. of Shareholders	No. of Shares	No. of Shareholders
Individuals	25,992,075	9,410	15,947,246	8,785
Institutions	73,710,763	476	60,747,245	488
	99,702,838	9,886	76,694,491	9,273

4. Market Value per Share

	2019		2018
	Taka	Date	Taka
Highest during the year	279.90	March 10, 2019	248.40
Lowest during the year	165.10	April 30, 2019	164.90
Closing of the year	184.00	December 30, 2019	221.20

Glossary of Financial Terms

Singer Bangladesh Limited

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.

Notice of Annual General Meeting

Singer Bangladesh Limited

Notice is hereby given that the **40th Annual General Meeting** of **Singer Bangladesh Limited** will be held on **Wednesday, May 13, 2020** at **12.00** noon by using **Digital Platform** instead of Spectra Convention Center, Dhaka in accordance with the Bangladesh Securities and Exchange Commission (BSEC) order SEC/SRMIC/04-231 dated March 24, 2020 to transact the following business.

AGENDA

Ordinary Business

1. To receive and adopt the Directors' and Auditors' Report and the Audited Financial Statements of the Company for the year ended December 31, 2019.
2. To declare Dividend for the year ended December 31, 2019.
3. To elect Directors.
4. To appoint Statutory Auditors and to fix their remuneration.
5. To appoint Corporate Governance Compliance Auditors and to fix their remuneration.
6. To confirm appointment of the Independent Director.

Special Business

1. To consider and if thought fit, pass the following resolution as a "Special Resolution".
RESOLVED that the first sentence of clause V of the Memorandum of Association of the Company be amended and substituted to read "the authorized capital of the company is Tk. 250,00,00,000 (Two Hundred Fifty Crore) divided into 25,00,00,000 (Twenty Five Crore) shares of Taka 10 each."

By order of the Board



Mohammad Sanullah
Company Secretary
April 16, 2020

Registered Office
39, Dilkusha C/A
Dhaka-1000

Notes

- Members whose names appeared in the Members'/Depository Register on Record Date i.e. March 9, 2020 will be eligible to attend/participate and vote in the Annual General Meeting through Digital Platform and to receive dividend.
- A Member entitled to attend/participate and vote in the Annual General Meeting, may appoint a proxy in his stead. Scanned copy of the proxy form, duly stamped must be mailed to the email at iro@singerbd.com not later than 48 hours before the meeting.
- Pursuant to the BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated June 20, 2018, soft copy of the Annual Report 2019 will be sent to the Members' respective email addresses as available with us. The Annual Report 2019 will be available in the Company's website at: www.singerbd.com.
- AGM Notice, link for joining in the Digital Platform (audio-visual meeting) and detail login process will be mailed to the respective Member's email address available with us.
- Members whose email addresses updated/changed subsequently, are requested to email us at iro@singerbd.com referring their full name, Folio/BO ID and email address to get the digital platform meeting invitation.
- Full login/participation process to the Digital Platform meeting will also be available in the Company's website www.singerbd.com.

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 **40th Annual General Meeting** of the Company to be held on May 13, 2020 and at any adjournment thereof.

As witness my hand this Day of May 13, 2020

Signature of Proxy

Signature of Member

Register Folio no./BO ID of Member

www.singerbd.com

Arçelik