

SINGER FINANCE

SINGER FINANCE (LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
SIX MONTHS ENDED 30TH SEPTEMBER 2022

SINGER[®]
Trusted Excellence

STATEMENT OF FINANCIAL POSITION

As At	30-September-2022	30-September-2021	31-Mar-2022 (Audited)
	Rs.'000	Rs.'000	Rs.'000
ASSETS			
Cash and Cash Equivalents	468,333	361,248	837,562
Placement with Banks	2,020,621	120,747	177,450
Financial assets at amortised cost-Hire Purchase Receivables	-	218	-
Financial assets at amortised cost-Finance Lease Receivables	10,932,009	13,419,654	12,954,049
Financial assets at amortised cost-Loans and Advances	15,055,912	9,913,485	13,395,955
Financial assets measured at fair value through other comprehensive income	41	41	41
Financial assets at amortised cost-Debt and other financial instruments	1,794,355	1,840,143	1,412,979
Due from Related Companies	47,518	516,636	-
Other Debtors, and Prepayments	240,823	255,456	246,507
Deferred Tax Assets	127,661	9,060	78,675
Intangible Assets	80,286	74,275	69,459
Property, Plant & Equipment	570,521	365,784	444,453
Right-of-use assets / Lease assets	694,246	542,221	645,887
Total Assets	32,032,326	27,418,968	30,263,017
LIABILITIES			
Financial liabilities at amortised cost-Due to Customers	16,131,528	12,337,007	12,295,391
Financial liabilities at amortised cost-Interest Bearing Loans & Borrowings	8,863,560	7,667,892	10,777,766
Lease Liabilities	765,461	592,793	721,891
Trade & Other Payables	416,218	668,803	712,132
Due to Related Companies	7,223	316,996	72,461
Bank Overdraft	906,190	1,318,933	599,909
Current Tax Liabilities	88,273	86,961	260,378
Retirement Benefit Obligations	113,491	92,977	101,458
Total Liabilities	27,294,814	23,082,362	25,541,386
SHAREHOLDERS' FUND			
Stated Capital	1,996,444	1,996,444	1,996,444
Reserve Fund	234,112	203,055	234,112
Retained Earnings	2,506,956	2,137,107	2,491,075
Total Equity	4,737,512	4,336,606	4,721,631
Total Liabilities & Equity	32,032,326	27,418,968	30,263,017
Net Assets per share (Rs)	23.44	21.46	23.37

I certify that the financial statements of the Company comply with the requirements of the companies Act 07 of 2007

(Sgd.)

Eraj Fernando
Head of Finance

The above figures are provisional and subject to audit unless specified.

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board by,

(Sgd.)

A.Perera
Chairman

Colombo
31st October 2022

(Sgd.)

Thushan Amarasuriya
Director/Chief Executive Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 30th September	2022	2021	Variance	
	Rs.'000	Rs.'000	Rs.'000	%
Gross Income	1,868,403	1,322,197	546,206	41%
Interest Income	1,764,340	1,244,284	520,056	42%
Less: Interest Expense	1,219,649	476,236	(743,413)	(156%)
Net Interest Income	544,691	768,048	(223,357)	(29%)
Net Fee and Commission Income	94,816	72,266	22,550	31%
Trading Income	94	30	64	213%
Other Operating Income	9,153	5,617	3,536	63%
Total Operating Income	648,754	845,961	(197,207)	(23%)
Less: Impairment charges and Other Credit Losses on Financial Assets	(34,232)	143,873	178,105	124%
Net Operating Income	682,986	702,088	(19,102)	(3%)
Less:- Expenses				
Personnel Cost	215,020	182,351	(32,669)	(18%)
Administration & Selling Expenses	263,477	233,860	(29,617)	(13%)
Operating Profit Before VAT on Financial Services	204,489	285,877	(81,388)	(28%)
Less: VAT on Financial Services	66,130	61,996	(4,134)	(7%)
Profit Before Income Tax	138,359	223,881	(85,522)	(38%)
Less: Income Tax Expense	52,555	76,794	24,239	32%
Net profit for the Period	85,804	147,087	(61,283)	(42%)
Other Comprehensive Income				
Actuarial Loss on Retirement Benefit Obligation	-	-	-	0%
Add: Deferred Tax on Actuarial Losses on Defined Benefit Obligation	-	-	-	0%
Other Comprehensive Income for the Period, Net of Tax	-	-	-	0%
Total Comprehensive Income for the Period	85,804	147,087	(61,283)	(42%)
Basic Earnings per Share (Rs)	0.42	0.73		

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months ended 30th September	2022	2021	Variance	
	Rs.'000	Rs.'000	Rs.'000	%
Gross Income	3,483,213	2,502,186	981,027	39%
Interest Income	3,275,067	2,368,950	906,117	38%
Less: Interest Expense	2,102,930	919,675	(1,183,255)	(129%)
Net Interest Income	1,172,137	1,449,275	(277,138)	(19%)
Net Fee and Commission Income	171,875	120,587	51,288	43%
Trading Income	249	31	218	703%
Other Operating Income	36,022	12,618	23,404	185%
Total Operating Income	1,380,283	1,582,511	(202,228)	(13%)
Less: Impairment charges and Other Credit Losses on Financial Assets	30,813	303,387	272,574	90%
Net Operating Income	1,349,470	1,279,124	70,346	5%
Less:- Expenses				
Personnel Cost	427,364	354,043	(73,321)	(21%)
Administration & Selling Expenses	519,349	458,524	(60,825)	(13%)
Operating Profit Before VAT on Financial Services	402,757	466,557	(63,800)	(14%)
Less: VAT on Financial Services	122,112	110,634	(11,478)	(10%)
Profit Before Income Tax	280,645	355,923	(75,278)	(21%)
Less: Income Tax Expense	103,105	123,110	20,005	16%
Profit for the Period	177,540	232,813	(55,273)	(24%)
Other Comprehensive Income				
Acturial (Loss)/Gain on Retirement Benefit Obligaion	-	-	-	0%
Deferred Tax on Actuarial Losses on Defined Benefit Obligation	-	-	-	0%
Other Comprehensive Income for the Period, Net of Tax	-	-	-	0%
Total Comprehensive Income for the Period	177,540	232,813	(55,273)	(24%)
Basic Earnings per Share (Rs)	0.88	1.15		

STATEMENT OF CHANGES IN EQUITY

For the Six Months ended 30th September

	Attributable to Equity Holders of the Company			
	Stated Capital Rs.'000	Reserve Fund Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 31st March 2021	1,996,444	203,055	2,118,969	4,318,468
Surcharge Tax- Note no.08	-	-	(53,016)	(53,016)
Balance as at 01st April 2021	1,996,444	203,055	2,065,953	4,265,452
Total Comprehensive Income				
Profit for the Period	-	-	232,813	232,813
Total Comprehensive Income for the Period	-	-	232,813	232,813
Transactions with Owners, Recorded Directly in Equity				
Dividends	-	-	(161,659)	(161,659)
Total Transactions with Equity Owners	-	-	(161,659)	(161,659)
Balance as at 30th September 2021	1,996,444	203,055	2,137,107	4,336,606
Total Comprehensive Income				
Profit for the Period	-	-	388,328	388,328
Other Comprehensive Income				
Employee Benefit Plan Actuarial Loss			(4,346)	(4,346)
Tax on Other Comprehensive Income			1,043	1,043
Total Other Comprehensive Income for the Period	-	-	(3,303)	(3,303)
Total Comprehensive Income for the Period	-	-	385,025	385,025
Transactions with Owners, Recorded Directly in Equity				
Transferred to/(from) during the Period	-	31,057	(31,057)	-
Total Transactions with Equity Owners	-	31,057	(31,057)	-
Balance as at 31st March 2022	1,996,444	234,112	2,491,075	4,721,631
Total Comprehensive Income				
Profit for the Period	-	-	177,540	177,540
Total Comprehensive Income for the Period	-	-	177,540	177,540
Transactions with Owners, Recorded Directly in Equity				
Dividends	-	-	(161,659)	(161,659)
Total Transactions with Equity Owners	-	-	161,659	(161,659)
Balance as at 30th September 2022	1,996,444	234,112	2,506,956	4,737,512

CASH FLOW STATEMENT

For the Six Months ended 30th September	2022	2021
	Rs.'000	Rs.'000
Cash Flows From Operating Activities		
Profit Before Tax	280,645	355,923
Adjustments for		
Non-Cash Items Included In Profit Before Tax		
Interest Income from Investing Activities	(227,778)	(41,230)
Interest Income from Placement with Banks	(195,083)	(11,504)
Finance Cost	2,044,437	890,591
Depreciation/Amortization	116,019	89,041
(Profit)/ Loss on disposal of Property, Plant and Equipment	(20)	25
Profit on disposal on modification of ROU Asset	(1,654)	-
Provision for Define Benefit Plans - Gratuity	12,000	12,000
Provision for Bad Debt	30,813	303,387
Securitization Issue Cost	26,458	18,423
Debenture Issue Cost	2,058	2,446
Operating Profit Before Changes In Operating Assets And Liabilities	2,087,895	1,619,102
Changes In;		
Decrease in Lease Rentals Receivables	2,031,689	150,336
Decrease in Hire Debtors	-	96
Increase in Loans and Advances	(1,700,419)	(2,696,631)
Increase in Other Assets	5,686	5,349
Increase in Due from Related Companies	(47,519)	(98,145)
Increase In Public Deposits	3,527,996	1,643,390
Decrease in amounts due to Related Companies	(65,238)	(138,911)
Increase/ (Decrease) in Other Liabilities	(242,251)	27,604
Cash from/(used in) Operations	5,597,839	512,190
Finance costs paid	(1,702,535)	(824,108)
Retiring Gratuity Paid	(2,107)	(2,268)
Gratuity Transfer	2,140	-
Income Tax Paid	(324,196)	(236,225)
Net Cash from/(used in) Operating Activities	3,571,141	(550,411)
Cash Flows from/(used in) Investing Activities		
Acquisition of Property Plant & Equipment	(178,777)	(32,078)
Proceeds from Sale of Property, Plant & Equipment	186	-
Incurred on Software Development	(16,249)	(33,745)
Increase Investment in Investment Securities	(288,829)	(1,023,201)
Investment in Bank Deposits	(1,723,835)	(59,506)
Interest Income Received	210,977	48,746
Net Cash Flows from/ (used in) Investing Activities	(1,996,527)	(1,099,784)
Cash Flows from/(used in) Financing Activities		
Issue of Debenture	-	2,000,000
Issue Of Securitization	2,000,000	-
Loans Obtained During the Period Other Than Related Party	1,000,000	-
Repayment of Loans Other Than Related Party	(3,389,935)	(671,731)
Repayment of Securitization	(1,565,562)	(1,111,642)
Securitization Issue Cost	(30,326)	(19,283)
Lease Rentals Paid	(104,864)	(64,021)
Dividends Paid	(159,437)	(160,002)
Net Cash Flows from/ (used in) Financing Activities	(2,250,124)	(26,679)
Net increase/(Decrease) in Cash and Cash Equivalents	(675,510)	(1,676,874)
Cash and Cash Equivalents at the beginning of the Period	237,653	719,188
Cash and Cash Equivalents at the end of the Period	(437,857)	(957,686)

Interim Financial Statements for the Quarter Ended 30th September 2022

Notes to the Financial Statements

FINANCIAL REPORTING BY SEGMENTS AS PER PROVISION OF THE SRI LANKA ACCOUNTING STANDARD SLFRS 8

The primary business segment reporting format is determined based on the nature of the products and services provided, with each segment representing a strategic business unit that offers different product and serves different markets

The following table presents financial information regarding business segments:

Business Segments (Rs.'000)

For the quarter ended 30th September	Finance Lease		Loan & Advances		Other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Interest Income	632,359	783,927	856,831	417,532	275,150	42,825	1,764,340	1,244,284
Net Fee and Commission Income	15,914	34,045	78,892	38,202	10	19	94,816	72,266
Net Trading Income	-	-	-	-	94	30	94	30
Other Operating Income	2,478	1,834	6,250	3,487	425	296	9,153	5,617
Total Revenue	650,751	819,806	941,973	459,221	275,679	43,170	1,868,403	1,322,197
Interest Expense	(445,892)	(299,822)	(587,935)	(159,944)	(185,822)	(16,470)	(1,219,649)	(476,236)
Depreciation & Amortization	(25,332)	(29,189)	(34,526)	(15,610)	-	-	(59,858)	(44,799)
Period S&A	(176,271)	(242,179)	(242,368)	(129,233)	-	-	(418,639)	(371,412)
Impairment charges and Other Credit								
Losses on Financial Assets	31,684	(51,887)	2,548	(91,986)	-	-	34,232	(143,873)
Less: VAT on Financial Services	(23,736)	(39,183)	(32,098)	(20,725)	(10,296)	(2,088)	(66,130)	(61,996)
Profit Before Tax	11,204	157,546	47,594	41,723	79,561	24,612	138,359	223,881
Income Tax Expense	(4,256)	(54,040)	(18,079)	(14,313)	(30,220)	(8,441)	(52,555)	(76,794)
Profit After Tax	6,948	103,506	29,515	27,410	49,341	16,171	85,804	147,087
Segment Assets	11,731,066	14,255,710	16,156,399	10,531,335	4,144,861	2,631,923	32,032,326	27,418,968
Segment Liabilities	9,996,067	11,973,451	13,766,902	8,845,521	3,531,845	2,263,390	27,294,814	23,082,362
* Segment assets include the additions to non current assets	48,800	24,576	72,645	21,692	15,677	3,284	137,122	49,552

** Interest Income given under the business segment "other" includes investment income from government securities and bank deposits amounting to Rs. 269Mn (2022/23) and Rs. 34Mn (2021/22)

Interim Financial Statements for the Six Months Ended 30th September 2022

Notes to the Financial Statements

FINANCIAL REPORTING BY SEGMENTS AS PER PROVISION OF THE SRI LANKA ACCOUNTING STANDARD SLFRS 8

The primary business segment reporting format is determined to be business segment as nature of the products and services provided, with each segment representing a strategic business unit that offers different product and serves different markets

The following table presents financial information regarding business segments:

Business Segments (Rs.'000)

For the Six Months ended 30th September	Finance Lease		Loan & Advances		Other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Interest Income	1,326,271	1,528,390	1,514,339	772,368	434,457	68,192	3,275,067	2,368,950
Net Fee and Commission Income	31,296	58,192	140,561	62,333	18	62	171,875	120,587
Trading Income	-	-	-	-	249	31	249	31
Other Operating Income	4,427	5,044	10,854	7,088	20,741	486	36,022	12,618
Total Revenue	1,361,994	1,591,626	1,665,754	841,789	455,465	68,771	3,483,213	2,502,186
Interest Expense	(851,603)	(593,352)	(972,362)	(299,850)	(278,965)	(26,473)	(2,102,930)	(919,675)
Depreciation & Amortization	(54,169)	(59,150)	(61,850)	(29,891)	-	-	(116,019)	(89,041)
Period S&A	(387,848)	(480,636)	(442,846)	(242,890)	-	-	(830,694)	(723,526)
Impairment charges and Other Credit Losses on Financial Assets	9,649	(149,784)	(40,462)	(153,603)	-	-	(30,813)	(303,387)
Less: VAT on Financial Services	(49,450)	(71,378)	(56,463)	(36,071)	(16,199)	(3,185)	(122,112)	(110,634)
Profit Before Income Tax	28,573	237,326	91,771	79,484	160,301	39,113	280,645	355,923
Income Tax Expense	(10,497)	(82,089)	(33,715)	(27,493)	(58,893)	(13,528)	(103,105)	(123,110)
Profit After Tax	18,076	155,237	58,056	51,991	101,408	25,585	177,540	232,813
Segment Assets	11,731,066	14,255,710	16,156,399	10,531,335	4,144,861	2,631,923	32,032,326	27,418,968
Segment Liabilities	9,996,067	11,973,451	13,766,902	8,845,521	3,531,845	2,263,390	27,294,814	23,082,362
* Segment assets include the additions to non current assets	71,423	45,314	98,366	33,475	25,236	8,367	195,025	87,156

** Interest Income given under the business segment "other" includes investment income from government securities and bank deposits amounting to Rs. 423Mn (2022/23) and Rs. 53Mn (2021/22)

Notes to the Financial Statements

- 1** The Interim Financial Statements of the Company have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2022

These Interim Financial Statements are in compliance with Sri Lanka Accounting Standards 34 - 'Interim Financial Reporting' and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.

2 COMMITMENTS & CONTINGENCIES

There are no significant capital commitments which have been approved or contracted for by the company as at 30th September 2022 except following,

2.1 Operating Lease Commitments as at 30th September 2022

Within One Year Rs. 10.87 million

2.2 (a) As at 30th September 2022, the Company has provided letters of guarantee totalling to Rs. 3,000,000/- against Fixed Deposits of Rs. 3,145,146/-

2.3 Assets Pledged as Securities

Company has given a negative pledge amounting to Rs.13,083,792,299/- over the Company's Lease receivable and Loans for the following banks over Loans, Overdrafts, Securitization & Debentures having a carrying value of Rs.9,756,763,307/- as at 30th September 2022.

Bank	Exposure	Type of Facility	Carrying Value Rs.	Amount Pledged Rs.
Sampath Bank	130% of the Banks's exposure	Loan Overdraft Facility	500,000,000 300,000,000	1,040,000,000
Commercial Bank	150% of the Banks's exposure	Loan Overdraft Facility	50,000,000 200,000,000	375,000,000
Seylan Bank	130% of the Banks's exposure	Loan Overdraft Facility	1,433,480,000 250,000,000	2,188,524,000
Nations Trust Bank	130% of the Banks's exposure	Loan Overdraft Facility	1,048,000,000 200,000,000	1,622,400,000
National Development Bank	130% of the Banks's exposure	Loan Overdraft Facility	500,000,000 100,000,000	780,000,000
Cargills Bank	130% of the Banks's exposure	Loan	200,000,000	260,000,000
Bank of Ceylon	130% of the Banks's exposure	Loan	914,583,307	1,188,958,299
Pan Asia Bank Corporation	200% of the Company exposure	Loan	500,000,000	1,000,000,000
Trustee (Hatton National Bank & National Savings Bank)	130% of the Banks's exposure	Securitization	3,560,700,000	4,628,910,000
			<u>9,756,763,307</u>	<u>13,083,792,299</u>

2.4 (a) Case bearing No. 404 has been filled against Singer Finance (Lanka) PLC by a customer in the District Court of Ampara claiming Rs. 2,000,000/- as damages caused by repossessing and selling of a vehicle leased through the Company.

(b) Further, the Company has received summons for case number 004674/21DMR, where the case is fixed for proxy and answer on 06th April 2023. The lawyers of the Company are of the view that the ultimate resolution of these litigations would not likely to have a material impact.

3 EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the Reporting date which require adjustments to or disclosure in the financial statements.

Notes to the Financial Statements

4 LISTED DEBENTURES

Details regarding the listed Debentures are as follows.

Type	Face Value Rs.	Interest Frequency	Interest Rate	Date of Allotment	Maturity Date	Interest rate of Comparable Government Securities
2020- Type - A	753,000,000	Annually	13%	09-Apr.-2020	10-Apr.-2023	as at 15th April 2020 was 8.5%
			6 Month T-Bill rate			
2020- Type - B	250,000,000	Semi-annually	+3.75% P.A	09-Apr.-2020	10-Apr.-2023	as at 15th April 2020 was 8.5%
2020-Type - C	5,000,000	Annually	13.25%	19-May.-2020	19-May.-2025	as at 15th April 2020 was 8.7%
2021- Type - A	583,220,000	Annually	9.25%	25-June-2021	25-June-2026	as at 15th June 2021 was 7.31%
			1 Year T-Bill Rate			
2021- Type - B	1,416,780,000	Annually	+3.75% P.A	25-June-2021	25-June-2026	as at 15th June 2021 was 7.31%

Interest rate of Comparable Government Securities as at 30th September 2022 were 29.85% (01 Year Treasury Bill) and 31.50% (05 Years Treasury Bond)

The Listed Debentures were not traded during the period 01st April 2022 to 30th September 2022. Therefore, Highest Traded price, Lowest Traded Price, Last Traded Price as at 30th September 2022, Interest Yield and Yield to Maturity of trade were not available.

4.1 Debenture Proceeds Utilization as at 30th September 2022

Objective as per Prospectus	Amount allocated as per Prospectus in Rs.	Proposed date of utilization as per prospectus	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilized in Rs. (B)	% Utilized against allocation on (B/A)	Clarification if not fully utilized including where the funds are invested
Improve and further strengthen the Capital Adequacy Ratio (CAR) of the Company	Rs.1,000,000,000 with an option to raise a further Rs.1,000,000,000, in the event of oversubscription of the initial issue	25th June 2021	2,000,000,000	100%	2,000,000,000	100%	N/A
To facilitate future expansion of business activities of the Company							

4.2 Ratios

	30th-September-2022	30th-September-2021
Debt Equity Ratio	5.63	4.99
Interest Cover	1.13	1.39
Quick Assets Ratio	1.20	0.95
Liquid Asset Ratio	13.95%	10.86%
Tier I Ratio	17.03%	13.18%
Total Capital Ratio	22.59%	19.39%

5 DIRECTORS' AND CEO'S DEBENTURE HOLDING AS AT 30TH SEPTEMBER 2022

Name of the Director	No of Debentures 30th-September-2022	No of Debentures 31-March-2022
Mr. Aravinda Perera	-	-
Mr. Jayanth Perera	-	-
Ms. D. Talpahewa	-	-
Mr. L.S. Sadeep Perera	-	-
Mr. T.A.Amarasuriya (Chief Executive Officer/Executive Director)	-	-
Mr. Mahesh H. Wijewardene	-	-
Mr. Ranil De Silva	-	-
Mr. K.M.Saman Priyantha Herath	-	-

6 INFORMATION ON ORDINARY SHARES

a) Stated Capital

	30th-September-2022	30th-September-2021
Value-Ordinary Shares	Rs.1,996,444,457	Rs.1,996,444,457
No of Shares-Ordinary Shares	202,074,075	202,074,075
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

b) Share Price

	Quarter Ended	
	30th September 2022	30th September 2021
Highest	11.90	16.50
Lowest	9.80	14.60
Last Traded	11.50	15.10
	Six Months Ended	
	30th September 2022	30th September 2021
Highest	14.00	17.40
Lowest	9.20	13.00
Last Traded	11.50	15.10

Notes to the Financial Statements

c) Twenty Largest holders of Shares as at 30th September 2022

Name	No of Shares	%
1 Singer (Sri Lanka) PLC	161,513,035	79.93
2 Employees Trust Fund Board	3,440,878	1.70
3 Mr. A. M. Weerasinghe	3,181,765	1.57
4 Associated Electrical Corporation Ltd	3,147,500	1.56
5 Mr. A. M. C. S. Atapattu	1,640,339	0.81
6 Mrs. U. D. D. N. Perera	1,238,097	0.61
7 Mr. M. L. Ajit Benedict	1,069,278	0.53
8 United Motors Lanka PLC	679,224	0.34
9 Mr. S. Vasudevan & Mrs. V. Saraswathi	625,000	0.31
10 Mr. Ram Pritamdas, Mr. D. Pritamdas & Miss. L.P. Hathiramani	605,000	0.30
11 People's Leasing & Finance PLC/ L.P. Hapangama	592,357	0.29
12 Mrs. V. Saraswathi & Mr. S. Vasudevan	575,000	0.28
13 Unimo Enterprises Ltd.	521,885	0.26
14 Mr. D. C. P. De Silva Siriwardane	480,152	0.24
15 A E C Properties (Pvt) Ltd.	440,000	0.22
16 Hatton National Bank PLC/ Mr. Arunasalam Sithampalam	420,944	0.21
17 Mr. L.N.S. Kumara Samarasinghe	355,000	0.18
18 Mr. W. V. N. B. Weragoda	303,438	0.15
19 Dialog Finance PLC/ K. E. H. De Alwis	303,122	0.15
20 Mercantile Investments and Finance PLC	296,760	0.15
	181,428,774	89.79
Others	20,645,301	10.21
	202,074,075	100.00

d) Directors' and CEO's Shareholding as at 30th September 2022

Name of the Director	Shareholding 30-September-2022 No of Shares	Shareholding 31-March-2022 No of Shares
Mr. Aravinda Perera	-	-
Mr. Jayanth Perera	-	-
Ms. D. Talpahewa	-	-
Mr. L.S. Sadeep Perera	-	-
Mr. T.A.Amarasuriya (Chief Executive Officer/Executive Director)	50,155	50,155
Mr. Mahesh H. Wijewardene	-	-
Mr. Ranil De Silva	-	-
Mr. K.M.Saman Priyantha Herath	-	-
	50,155	50,155

e) Public Holding

	30th-September-2022	30th-September-2021
No of Share Holders	6,161	6,339
No of Shares	40,510,885	40,510,885
% of Public Holding	20.05%	20.05%
Float Adjusted Market Capitalization	Rs. 465,932,298/-	Rs. 607,737,781/-
The Company is Compliant with option 5 of the Listing Rules 7.14.1 (a) - Less than Rs.2.5Bn Float Adjusted Market Capitalization which requires		
20% minimum Public Holding		

Notes to the Financial Statements

7 FAIR VALUE MEASUREMENT HIERARCHY

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 30-September-2022	Amortised Cost Rs.'000	Fair value through OCI Rs.'000	Other Financial Liabilities Rs.'000	Total Rs.'000	Fair Value Rs.'000	Fair Value Measurement Level
Financial Assets						
Cash and Cash Equivalents	468,333	-	-	468,333	-	-
Placement with Banks	2,020,621	-	-	2,020,621	-	-
Financial assets at amortised cost-Hire Purchase Receivables	-	-	-	-	-	-
Financial assets at amortised cost-Finance Lease Receivables	10,932,009	-	-	10,932,009	-	-
Financial assets at amortised cost-Loans and Advances	15,055,912	-	-	15,055,912	-	-
Financial assets measured at fair value through other comprehensive income	-	41	-	41	41	Level 3
Financial assets at amortised cost-Debt and other financial instruments	1,794,355	-	-	1,794,355	1,790,930,273	Level 2
Due from Related Companies	47,518	-	-	47,518	-	-
Total Financial Assets	30,318,748	41	-	30,318,789	1,790,930,314	-
Financial Liabilities						
Other Financial Liabilities Due to Customers	-	-	16,131,528	16,131,528	-	-
Interest Bearing Loans & Borrowings-Debenture	-	-	3,217,721	3,217,721	-	-
Interest Bearing Loans & Borrowings-Bank Loans	-	-	1,852,293	1,852,293	-	-
Interest Bearing Loans & Borrowings-Securitization	-	-	3,793,546	3,793,546	-	-
Due to Related Companies	-	-	7,223	7,223	-	-
Lease Liabilities	-	-	765,461	765,461	-	-
Bank Overdraft	-	-	906,190	906,190	-	-
Total Financial Liabilities	-	-	26,673,962	26,673,962	-	-
As at 30-September-2021						
Financial Assets						
Cash and Cash Equivalents	361,248	-	-	361,248	-	-
Placement with Banks	120,747	-	-	120,747	-	-
Financial assets at amortised cost-Hire Purchase Receivables	218	-	-	218	-	-
Financial assets at amortised cost-Finance Lease Receivables	13,419,654	-	-	13,419,654	-	-
Financial assets at amortised cost-Loans and Advances	9,913,485	-	-	9,913,485	-	-
Financial assets measured at fair value through other comprehensive income	-	41	-	41	41	Level 3
Financial assets at amortised cost-Debt and other financial instruments	1,840,143	-	-	1,840,143	1,817,359	Level 2
Due from Related Companies	516,636	-	-	516,636	-	-
Total Financial Assets	26,172,131	41	-	26,172,172	1,817,400	-
Financial Liabilities						
Other Financial Liabilities Due to Customers	-	-	12,337,007	12,337,007	-	-
Interest Bearing Loans & Borrowings-Debenture	-	-	3,098,561	3,098,561	-	-
Interest Bearing Loans & Borrowings-Bank Loans	-	-	1,874,613	1,874,613	-	-
Interest Bearing Loans & Borrowings-Securitization	-	-	2,694,718	2,694,718	-	-
Interest Bearing Loans - Related party	-	-	-	-	-	-
Due to Related Companies	-	-	316,996	316,996	-	-
Lease Liabilities	-	-	592,793	592,793	-	-
Bank Overdraft	-	-	1,318,933	1,318,933	-	-
Total Financial Liabilities	-	-	22,233,621	22,233,621	-	-

Amortized cost for Hire Purchase receivables , Lease receivables , Loans and Advances and Liabilities is computed using market interest rate. Therefore amortized cost is a reasonable approximation to its Fair value. The Company has used market yield rates published by Central Bank for the fair value computation of Financial assets at amortised cost-Debt and other financial instruments.

Notes to the Financial Statements**8 SURCHARGE TAX LEVIED UNDER SURCHARGE TAX ACT NO.14 OF 2022**

The Government of Sri Lanka in its Budget for 2022 proposed a One-Time Tax, referred to as a Surcharge Tax, at the rate of 25% to be imposed on companies that have earned a Taxable Income in excess of Rs. 2,000 Million for the Year of Assessment 2020/2021. Further, each company of a Group of companies would be liable if the aggregate taxable income of the group exceeds Rs. 2,000 Million for the Year of Assessment 2020/2021. The Group includes a holding company and its subsidiaries, as at March 31, 2021.

The Tax is imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on 7th April 2022. The total Surcharge Tax liability of Rs. 53 Million has been recognized in the financial statements of FY 2022/2023 for the Company as an adjustment to the 1st April 2021 retained earnings in the statement of Changes in Equity as per the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka.

The Company paid the aforesaid Surcharge Tax Liability of Rs. 53 Million in two equal instalments on 20th April 2022 and 19th July 2022.

9 IMPACT DUE TO CURRENT ECONOMIC CONDITION

The Company has prepared financial statements for the period ended 30th September 2022 on the basis that it will continue to operate as a going concern. The Company recorded profits in both quarters of the current financial year owing to the effectiveness of business strategies adopted by the management.

In determining the basis of preparing the financial statements for the period ended 30th September 2022, based on available information, the management has assessed the prevailing macroeconomic conditions and its impact on the company and the appropriateness of the use of the going concern basis.

The Company is expected to encounter macro-economic challenges such as the continuous devaluation of the rupee, import restrictions, rise in general inflation (Year on Year inflation of 69.8% in September 2022), depleting of foreign currency reserves, shortage of essential supplies, increase in policy rates (As at June 2022, the SDF Rate is 13.50% and SLF Rate is 14.50%. However, it has been escalated up to 14.50% and 15.50% respectively on 7th July 2022) and the resultant pressure on disposable income levels of general public.

Accordingly, the Company is expected to encounter numerous challenges in the form of subdued demand for credit and greater credit risk due to the potential loss of income of the customer base. The company has factored Macro economic variables when computing the impairment provision.

Towards, mitigating this risk, the company has taken steps to focus on asset backed short term lending, applying strict credit guidelines to minimize credit risk, secured additional financing through broad basing the deposit portfolio and floating debt instruments to manage possible liquidity issues. The company has adopted strict cost management measures.

Based on these proactive analyses and our operating model, financial strength of the company and the backing of the group, the management is confident that the company has no impact to its business continuity and expects to manage the above challenges effectively.

10 INFORMATION OF THE COMPANY SECRETARY

Hayleys Group Services (Pvt) Ltd
TP: 0112-627000