

SINGER[®]

SINGER (SRI LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
NINE MONTHS ENDED 31ST DECEMBER

Statement of Profit or Loss and Other Comprehensive Income

For the Nine Months ended 31st December	Group			Company		
	2022 Rs. '000	2021 Rs. '000	Change %	2022 Rs. '000	2021 Rs. '000	Change %
Revenue	41,766,208	55,397,359	(25)	36,695,458	49,660,979	(26)
Cost of Sales	(22,828,108)	(38,225,207)	40	(23,070,365)	(36,483,999)	37
Direct Interest Cost	(3,344,422)	(1,389,156)	(141)	-	-	-
Gross Profit	15,593,678	15,782,996	(1)	13,625,093	13,176,980	3
Other Income	183,795	152,354	21	190,456	178,530	7
Selling and Administrative Expenses	(9,280,626)	(9,864,088)	6	(7,650,490)	(8,359,257)	8
Impairment Loss on Trade and Other Receivables	(214,041)	(918,142)	77	(173,048)	(491,919)	65
Operating Profit	6,282,806	5,153,120	22	5,992,011	4,504,334	33
Finance Cost	(5,707,630)	(1,681,946)	(239)	(5,078,068)	(1,525,678)	(233)
Finance Income	790,037	960,089	(18)	252,569	633,024	(60)
Net Finance Cost	(4,917,593)	(721,857)	(581)	(4,825,499)	(892,654)	(441)
Value Added Tax on Financial Services	(265,998)	(254,972)	(4)	(64,000)	(67,000)	4
Profit Before Tax	1,099,215	4,176,291	(74)	1,102,512	3,544,680	(69)
Income Tax Expense	(246,123)	(1,021,845)	76	(66,013)	(774,957)	91
Profit for the Period	853,092	3,154,446	(73)	1,036,499	2,769,723	(63)
Other Comprehensive Income						
Other Comprehensive Income Items that will not be Reclassified to Profit or Loss						
Income Tax Rate Change impact on Revaluation of Property, Plant and Equipment	(301,437)	-		(64,972)	-	
Total Comprehensive Income for the Period, Net of Tax	551,655	3,154,446		971,527	2,769,723	
Profit Attributable to -						
Owners of the Company	787,627	3,051,684		1,036,499	2,769,723	
Non - Controlling Interests	65,465	102,762		-	-	
	853,092	3,154,446		1,036,499	2,769,723	
Total Comprehensive Income Attributable to -						
Owners of the Company	539,965	3,051,684		971,527	2,769,723	
Non - Controlling Interests	11,690	102,762		-	-	
Total Comprehensive Income for the Period Net of Tax	551,655	3,154,446		971,527	2,769,723	
Basic / Diluted Earnings Per Share (Rs.)	0.70	2.71		0.92	2.46	
Above figures are provisional and subject to audit.						
Share Prices	For the Nine Months ended 31st December 2022 Rs.		For the Nine Months ended 31st December 2021 Rs.			
Highest			14.60			
Lowest			7.40			
Last Traded Price			8.50			

Statement of Profit or Loss and Other Comprehensive Income

For the Three months ended 31st December	Group			Company		
	2022 Rs. '000	2021 Rs. '000	Change %	2022 Rs. '000	2021 Rs. '000	Change %
Revenue	14,530,728	23,799,878	(39)	13,030,517	21,559,307	(40)
Cost of Sales	(8,203,944)	(16,540,704)	50	(8,580,180)	(15,807,705)	46
Direct Interest Cost	(1,264,772)	(479,997)	(163)	-	-	-
Gross Profit	5,062,012	6,779,177	(25)	4,450,337	5,751,602	(23)
Other Income	52,623	56,326	(7)	13,788	19,794	(30)
Selling and Administrative Expenses	(3,126,805)	(4,064,284)	23	(2,567,890)	(3,477,339)	26
Impairment (Loss) / Reversal on Trade and Other Receivables	(308,906)	185,314	(267)	(300,954)	289,803	(204)
Operating Profit	1,678,924	2,956,533	(43)	1,595,281	2,583,860	(38)
Finance Cost	(1,828,625)	(549,888)	(233)	(1,634,293)	(544,343)	(200)
Finance Income	270,285	387,658	(30)	101,528	280,149	(64)
Net Finance Cost	(1,558,340)	(162,230)	(861)	(1,532,765)	(264,194)	(480)
Value Added Tax on Financial Services	(93,886)	(102,338)	8	(14,000)	(25,000)	44
Profit Before Tax	26,698	2,691,965	(99)	48,516	2,294,666	(98)
Income Tax Expense	73,418	(604,183)	112	144,194	(488,952)	129
Profit for the Period	100,116	2,087,782	(95)	192,710	1,805,714	(89)
Other Comprehensive Income						
Other Comprehensive Income Items that will not be Reclassified to Profit or Loss						
Income Tax Rate Change impact on Revaluation of Property, Plant and Equipment	(301,437)	-		(64,972)	-	
Total Comprehensive Income for the Period	(201,321)	2,087,782		127,738	1,805,714	
Profit Attributable to -						
Owners of the Company	92,241	2,029,161		192,710	1,805,714	
Non- Controlling Interests	7,875	58,621		-	-	
Profit for the Period	100,116	2,087,782		192,710	1,805,714	
Total Comprehensive Income Attributable to -						
Owners of the Company	(155,421)	2,029,161		127,738	1,805,714	
Non - Controlling Interests	(45,900)	58,621		-	-	
Total Comprehensive Income for the Period Net of Tax	(201,321)	2,087,782		127,738	1,805,714	
Basic / Diluted Earnings Per Share (Rs.)	0.08	1.80		0.17	1.60	

Above figures are provisional and subject to audit.

Share Prices	For the Three Months ended 31st December 2022 Rs.	For the Three Months ended 31st December 2021 Rs.
Highest	9.90	21.20
Lowest	8.00	15.70
Last Traded Price	8.50	19.90

Statement of Financial Position

As at	Group			Company		
	31st December	31st December	31st March	31st December	31st December	31st March
	2022	2021	2022	2022	2021	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	7,670,505	6,653,631	7,521,444	3,855,607	3,443,744	3,807,243
Right-of-Use Assets	4,642,708	4,925,575	4,807,413	3,940,985	4,335,331	4,148,096
Intangible Assets	534,965	561,101	548,839	400,581	429,479	422,366
Investment in Subsidiaries	-	-	-	2,968,023	2,968,023	2,968,023
Other Non-Current Assets	-	59,641	59,315	-	-	-
Other Investments	22,900	24,990	22,900	22,858	24,948	22,858
Trade and Other Receivables	8,992,831	11,991,482	12,182,088	881,602	576,994	695,448
Deferred Tax Assets	1,599,549	1,076,606	1,269,800	1,355,484	984,976	1,125,639
	23,463,458	25,293,026	26,411,799	13,425,140	12,763,495	13,189,673
Current Assets						
Inventories	22,727,390	24,171,512	23,022,192	19,788,796	21,258,501	20,524,781
Loans due from Related Parties	-	-	-	333,000	185,000	110,000
Income Tax Receivables	159,215	12,892	45,145	117,707	-	-
Trade and Other Receivables	28,481,781	28,896,966	35,284,564	9,900,291	14,094,718	18,356,963
Amounts Due from Related Parties	21,112	11,719	24,157	854,026	755,164	198,611
Deposits with Banks	1,222,908	171,490	177,450	-	-	-
Short term Investments	1,761,016	1,504,194	1,412,979	-	103,020	-
Cash and Cash Equivalents	3,707,824	2,375,690	2,972,394	2,983,600	1,200,992	1,732,553
	58,081,246	57,144,463	62,938,881	33,977,420	37,597,395	40,922,908
Total Assets	81,544,704	82,437,489	89,350,680	47,402,560	50,360,890	54,112,581
EQUITY AND LIABILITIES						
Equity						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	1,376,504	1,215,807	1,635,092	1,215,864	1,158,302	1,291,762
Other Component of Equity	4,437	6,026	4,437	4,437	6,026	4,437
Statutory Reserve	223,763	198,939	223,763	-	-	-
Revenue Reserves	8,629,831	8,470,760	9,080,204	5,937,165	5,045,766	5,919,944
Total Equity Attributable to Owners of the Company	10,860,583	10,517,580	11,569,544	7,783,514	6,836,142	7,842,191
Non-Controlling Interest	1,917,515	1,848,857	1,971,082	-	-	-
Total Equity	12,778,098	12,366,437	13,540,626	7,783,514	6,836,142	7,842,191
Non-Current Liabilities						
Interest - Bearing Loans and Borrowings	7,474,363	11,180,923	12,112,183	4,250,000	5,150,000	6,500,000
Lease Liability	4,598,389	4,954,769	4,570,731	3,892,538	4,400,703	3,925,205
Employee Benefit Obligations	1,116,306	1,010,073	1,041,152	771,241	697,674	719,014
Security Deposits	1,458,431	1,393,702	1,462,347	1,411,654	1,326,384	1,406,991
Deferred Tax Liability	739,466	369,695	468,501	-	-	-
Other Financial Liabilities	5,339,869	2,199,468	2,317,848	-	-	-
Deferred Revenue	84,457	109,133	110,358	84,457	109,133	110,358
Other Non - Current Liabilities	182,962	175,428	187,707	182,962	175,428	187,706
	20,994,243	21,393,191	22,270,827	10,592,852	11,859,322	12,849,274
Current Liabilities						
Trade and Other Payables	8,750,919	19,141,670	19,314,620	6,877,549	14,904,468	13,765,298
Deferred Revenue	195,890	199,066	201,549	194,752	186,737	198,212
Dividends Payable	54,742	100,803	81,478	49,183	91,678	67,969
Amounts Due to Related Parties	574,322	1,110,499	1,074,261	1,708,051	5,470,648	4,137,893
Income Tax Payable	214,436	509,296	714,483	-	283,639	433,940
Other Financial Liabilities	11,841,961	10,115,569	9,828,666	-	-	-
Lease Liability	914,214	730,514	912,300	842,523	654,679	854,484
Interest - Bearing Loans and Borrowings	23,945,436	15,411,105	20,235,742	18,327,394	9,220,562	13,536,188
Bank Overdrafts	1,280,443	1,359,339	1,176,128	1,026,742	853,015	427,132
	47,772,363	48,677,861	53,539,227	29,026,194	31,665,426	33,421,116
Total Liabilities	68,766,606	70,071,052	75,810,054	39,619,046	43,524,748	46,270,390
Total Equity and Liabilities	81,544,704	82,437,489	89,350,680	47,402,560	50,360,890	54,112,581
Net Assets per Share (Rs.)	9.64	9.33	10.27	6.91	6.07	6.96

I certify that the above Financial Statements of the Company comply with the requirements of the Companies Act No.07 of 2007.

(Sgd.)

Shalinka Seresinhe
Finance Director

Above figures are provisional and subject to audit.

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.M. Pandithage
Chairman

Colombo,
06th February 2023

(Sgd.)

Mahesh Wijewardene
Director/Group Chief Executive Officer

Statement of Changes in Equity

For the Nine Months ended 31st December Group	Attributable to equity holders of the Company								
	Stated Capital	Reserve Fund	Capital Reserve	Other Component of Equity	Revenue Reserve		Total	Non -Controlling Interest	Total Equity
			Revaluation Reserves	Fair Value Reserve	General Reserves	Retained Earnings			
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Balance as at 31st March 2021	626,048	198,939	1,232,581	6,026	2,700,000	3,716,501	8,480,094	1,778,543	10,258,638
Realisation on Revaluation Surplus	-	-	(16,773)	-	-	16,773	-	-	
Profit for the Period	-	-	-	-	-	3,051,684	3,051,684	102,762	3,154,446
Total Comprehensive Income for the Period	-	-	-	-	-	3,051,684	3,051,684	102,762	3,154,446
Transactions with Owners of the Company, Recognised Directly in Equity									
Distributions to Owners of the Company									
Final Dividend – 2020/21	-	-	-	-	-	(281,722)	(281,722)	(32,449)	(314,171)
Interim Dividend – 2021/2022	-	-	-	-	-	(732,476)	(732,476)	-	(732,476)
Total Distributions to Owners of the Company	-	-	-	-	-	(1,014,198)	(1,014,198)	(32,449)	(1,046,647)
Balance as at 31st December 2021	626,048	198,939	1,215,808	6,026	2,700,000	5,770,760	10,517,580	1,848,857	12,366,437
Realisation on Revaluation Surplus	-	-	(10,232)	-	-	10,232	-	-	-
Transferred to/(from) during the period	-	24,824	-	-	-	(24,824)	-	-	-
Profit for the Period	-	-	-	-	-	906,464	906,464	48,881	955,345
Other Comprehensive Income for the Period									
Revaluation Gain on Property , Plant and Equipment	-	-	546,538	-	-	-	546,538	93,572	640,110
Actuarial loss on Employee Benefit Obligations	-	-	-	-	-	(73,978)	(73,978)	(3,054)	(77,032)
Fair Value Change in equity instruments designated at fair value through other comprehensive income	-	-	-	(2,090)	-	-	(2,090)	-	(2,090)
Related Taxes									
Deferred Tax on Revaluation Gain	-	-	(117,022)	-	-	-	(117,022)	(17,776)	(134,798)
Deferred Tax on Actuarial loss on Employee Benefit Obligations	-	-	-	-	-	16,926	16,926	602	17,528
Deferred Tax on Equity investments at FVOCI – change in fair value	-	-	-	501	-	-	501	-	501
Total Other Comprehensive Income for the Period, Net of Tax	-	-	429,516	(1,589)	-	(57,052)	370,875	73,344	444,219
Transactions with Owners of the Company, Recognised Directly in Equity									
Distributions to Owners of the Company									
Interim Dividend – 2021/22	-	-	-	-	-	(225,377)	(225,377)	-	(225,377)
Total Distributions to Owners of the Company	-	-	-	-	-	(225,377)	(225,377)	-	(225,377)
Balance as at 31st March 2022	626,048	223,763	1,635,092	4,437	2,700,000	6,380,204	11,569,544	1,971,082	13,540,626
Charge Relating to Surcharge Tax (Note 1.2)	-	-	-	-	-	(1,023,548)	(1,023,548)	(32,808)	(1,056,356)
Realisation of Revaluation Surplus	-	-	(10,925)	-	-	10,925	-	-	-
Profit for the Period	-	-	-	-	-	787,627	787,627	65,465	853,092
Income Tax Rate Change impact on Revaluation of Property, Plant and Equipment	-	-	(247,662)	-	-	-	(247,662)	(53,776)	(301,437)
Transactions with Owners of the Company, Recognised Directly in Equity									
Distributions to Owners of the Company									
Final Dividend - 2021/2022	-	-	-	-	-	(225,377)	(225,377)	(32,449)	(257,826)
Balance as at 31st December 2022	626,048	223,763	1,376,504	4,437	2,700,000	5,929,831	10,860,583	1,917,515	12,778,098

Statement of Changes in Equity

For the Nine Months ended 31st December Company	Capital Reserve		Other Component of Equity	Revenue Reserve		Total Equity
	Stated Capital	Revaluation Reserves		General Reserves	Retained Earnings	
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Balance as at 31st March 2021	626,048	1,170,908	6,026	2,700,000	577,635	5,080,617
Realisation of Revaluation Surplus	-	(12,606)	-	-	12,606	-
Profit for the Period	-	-	-	-	2,769,723	2,769,723
Transactions with Owners of the Company, Recognised Directly in Equity						
Final Dividend – 2020/21	-	-	-	-	(281,722)	(281,722)
Interim Dividend – 2021/22	-	-	-	-	(732,476)	(732,476)
Total Distributions to Owners of the Company					(1,014,198)	(1,014,198)
Balance as at 31st December 2021	626,048	1,158,302	6,026	2,700,000	2,345,766	6,836,142
Realisation of Revaluation Surplus	-	(4,202)	-	-	4,202	-
Profit for the Period	-	-	-	-	1,138,918	1,138,918
Other Comprehensive Income						
Revaluation Gain on Property, Plant and Equipment	-	181,134	-	-	-	181,134
Actuarial loss on Employee Benefit Obligations	-	-	-	-	(57,319)	(57,319)
Fair Value Change in equity instruments designated at fair value through other comprehensive income	-	-	(2,090)	-	-	(2,090)
Related Taxes						
Deferred Tax on Actuarial loss on Employee Benefit Obligations	-	-	-	-	13,754	13,754
Deferred Tax on Equity investments at FVOCI – change in fair value	-	-	501	-	-	501
Deferred Tax on Revaluation gain on Land and Building	-	(43,472)	-	-	-	(43,472)
Total Other Comprehensive Income Net of tax	-	137,662	(1,589)	-	(43,565)	92,508
Total Comprehensive Income Net of tax	-	137,662	(1,589)	-	1,095,353	1,231,426
Transactions with Owners of the Company, Recognised Directly in Equity						
Interim Dividend – 2021/22	-	-	-	-	(225,377)	(225,377)
Total Distributions to Owners of the Company	-	-	-	-	(225,377)	(225,377)
Balance as at 31st March 2022	626,048	1,291,762	4,437	2,700,000	3,219,944	7,842,191
Charge Relating to Surcharge Tax (Note 1.2)	-	-	-	-	(804,826)	(804,826)
Realisation of Revaluation Surplus	-	(10,925)	-	-	10,925	-
Profit for the Period	-	-	-	-	1,036,499	1,036,499
Income Tax Rate Change impact on Revaluation of Property, Plant and Equipment	-	(64,972)	-	-	-	(64,972)
Transactions with Owners of the Company, Recognised Directly in Equity						
Distributions to Owners of the Company						
Final Dividend - 2021/2022	-	-	-	-	(225,377)	(225,377)
Total Distributions to Owners of the Company	-	-	-	-	(225,377)	(225,377)
Balance as at 31st December 2022	626,048	1,215,864	4,437	2,700,000	3,237,165	7,783,514

STATEMENT OF CASH FLOWS

For the Nine Months ended 31st December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Cash Flows from Operating Activities				
Net Profit before Income Tax Expense	1,099,215	4,176,291	1,102,512	3,544,680
Adjustment for:				
Depreciation on Property, Plant and Equipment	555,635	541,109	398,740	401,886
Amortization of Intangible Assets	41,600	32,218	26,829	20,199
Amortization of Leasehold Right	-	976	-	-
Amortization of Right of Use Assets	769,153	754,812	671,552	748,801
Loss (Gain) on Disposal of Property, Plant and Equipment	75	(1,622)	95	(1,622)
Interest Expense	4,676,025	1,500,945	4,492,282	1,525,678
Interest Income	(790,038)	(53,597)	(252,569)	(27,258)
Impairment of Inventories	40,643	25,714	10,431	(3,021)
Impairment on Trade and Other Receivables	214,041	918,143	173,048	491,919
Dividend Income	(240)	(240)	(129,210)	(129,210)
Provision for Retiring Gratuity	144,776	134,569	108,364	92,327
Operating Profit before Working Capital Changes	6,750,885	8,029,318	6,602,074	6,664,379
(Increase)/Decrease in Inventories	254,158	(6,016,543)	725,554	(5,104,583)
(Increase)/Decrease in Debtors falling Due after one Year	3,189,257	(130,328)	(186,154)	225,812
(Increase)/Decrease in Debtors falling Due within one year	6,588,743	(5,837,486)	8,283,626	(1,621,423)
(Increase) / Decrease in Dues from Related Parties	3,044	(898)	(655,415)	(716,351)
Increase/(Decrease) in Dues to Related Parties	(499,938)	769,195	(2,622,567)	1,211,423
Decrease in Security Deposits	(108,193)	(70,977)	(95,668)	(60,218)
Increase/(Decrease) in Trade and Other Payables	(11,565,487)	419,880	(7,697,318)	1,377,890
Increase / (Decrease) in Deferred Liabilities	(31,560)	(8,485)	(29,361)	4,792
Cash Generated from/(used in) Operation Activities	4,580,908	(2,846,324)	4,324,771	1,981,721
Finance Costs Paid	(3,957,490)	(921,245)	(3,582,873)	(947,653)
Retiring Gratuity Paid	(69,623)	(71,270)	(56,137)	(49,292)
Income Tax Paid	(1,220,461)	(995,968)	(912,477)	(668,931)
Net Cash from/(used in) Operating Activities	(666,666)	(4,834,807)	(226,716)	315,845
Cash Flows from Investing Activities				
Acquisition of Property, Plant and Equipment and Intangible Assets	(738,004)	(671,900)	(457,750)	(499,040)
Proceeds from Disposal of Property Plant and Equipment	5,507	6,238	5,507	6,238
Investments in Short term Deposits	-	(103,020)	-	(103,020)
Acquisition of Marketable Securities	(348,037)	(587,912)	-	-
Investment in Bank Deposits	(1,045,459)	(110,555)	-	-
Loans Given to Related Companies (Net)	-	-	(223,000)	(185,000)
Interest Income Received	790,038	53,597	252,569	27,258
Dividends Received	240	240	129,210	129,210
Net Cash Flows used in Investing Activities	(1,335,715)	(1,413,312)	(293,464)	(624,354)
Cash Flow from Financing Activities				
Net proceeds from interest - bearing Loans and Borrowings	(1,139,140)	7,361,955	2,330,190	3,222,458
Net settlements to Lease Creditors	(978,117)	(1,022,316)	(914,408)	(1,046,430)
Increase in Customer Deposit Liabilities	5,035,317	1,849,839	-	-
Net payment to Minority Share holders	(32,449)	(32,449)	-	-
Dividends Paid	(252,115)	(1,046,067)	(244,164)	(981,342)
Net Cash Flow from Financing Activities	2,633,495	7,110,962	1,171,618	1,194,686
Net Increase in Cash and Cash Equivalents	631,115	862,843	651,438	886,175
Cash and Cash Equivalents at the Beginning of the Year	1,796,266	153,508	1,305,420	(538,198)
Cash and Cash Equivalents as at the end of Period	2,427,381	1,016,351	1,956,858	347,977
ANALYSIS OF CASH & CASH EQUIVALENTS				
Favourable balances				
Cash in hand and at bank	3,707,824	2,375,690	2,983,600	1,200,992
Unfavourable balances				
Bank overdrafts	(1,280,443)	(1,359,339)	(1,026,742)	(853,015)
	2,427,381	1,016,351	1,956,858	347,977

Notes to the Financial Statements

1.0 BASIS OF PREPARATION AND GROUP'S ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the Nine months ended 31st December 2022 have been prepared in accordance with LKAS 34 Interim Financial Reporting

The financial statements for the period ended 31st December 2022, includes "the Company" referring to Singer (Sri Lanka) PLC, as the holding company and "the Group" referring to the companies whose accounts have been consolidated therein

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 March 2022.

The presentation and classification of the financial statements of the previous period have been amended, where relevant, for better presentation and to be comparable with those of the current period.

The interim condensed financial statements are presented in Sri Lankan Rupees (LKR) and all values are rounded to the nearest thousand except when otherwise indicated

1.1	Group		Company		Level	
	2022	2021	2022	2021		
	Rs. '000	Rs. '000"	Rs. '000	Rs. '000"		
Recurring Fair Value Measurements	22,858	24,948	22,858	24,948	3	Financial Assets at FVOCI
Investment in Equity Securities	22,858	24,948	22,858	24,948		

- 1.2** 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 any company that has earned a Taxable Income in excess of LKR Rs. 2,000 million for the Year of Assessment 2020/2021. 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. As the Act was certified by the Speaker of Parliament after the financial reporting date, no liability was recognized in the FY 2021/2022 on account of the oneoff Surcharge Tax as the law had not been enacted as at 31 March 2022.

The total Surcharge Tax liability of Rs.1,056 Million and Rs. 805 Million has been recognized in the financial statements of the FY 2022/2023 for the Group and the Company respectively 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 On 19th April 2022, the Group and the Company paid Rs. 1,056 Million and Rs. 805 Million respectively on account of Surcharge Tax liability.

1.3 Impact of Recent Economic Conditions

The Directors are continuously monitoring the existing and the anticipated effects of the economic crisis, the circumstances of the external environment, as well as the resulting consequences to the company in order to take appropriate measures to manage the impact.

(i) Increase in interest rates

The sharp increase in LKR market interest rates, adversely impacted the interest cost of the group and the company. This increment in finance cost was mainly due to higher working capital requirements in the group as a result of the sharp depreciation of the Rupee along with curtailing of supplier credits by foreign suppliers due to the downgrade of the country's credit rating by international credit rating agencies subsequent to the weakening of the economic stability of Sri Lanka. The LKR interest rates are expected to decrease marginally in the coming months with the recent policy measures adopted by CBSL.

The following measures were taken to reduce the impact of increase in interest rates;

- Minimised borrowings by reducing credit periods offered to the customers whilst encouraging advance payments, thereby improving the liquidity of the company
- Continuous control and monitoring measures taken to improve the recoveries from debtors to reduce the borrowings
- Strategic initiatives driven by the management to prioritise essential capital expenditure

(ii) Fluctuation of foreign currency and significant rupee depreciation

With the significant rupee depreciation, cost of materials have increased significantly resulting in higher working capital requirements. Further, price revisions have adversely affected the consumer demand.

Notes to the Financial Statements

The following measures were taken to reduce the impact of a significant depreciation of the Rupee;

- Implemented prudent strategies to revise price in a timely manner based on market outlook
- Entering into forward rate contracts to mitigate foreign currency risk

(III). Other Considerations

Despite the current slowdown of the economy, the marketing and business development teams of the group continues to pursue new businesses to diversify the risk arising due to negative externalities, whilst the operational teams focus on improving production efficiencies and reducing costs in order to increase the gross profit margins.

- 1.4** Pursuant to the Inland Revenue (Amendment) Act, No. 45 of 2022 certified on 19th of December, 2022, corporate income tax arising from business income has been increased from 18%/24% to 30% w.e.f. 1st October 2022 for the company and the Group (Excluding Regnis Appliances (Private) Limited, which company's tax rates changed from 18% to 20% as their tax structure is determined by a BOI agreement). As a result of this amendment, 3rd quarter income tax has been calculated based on a tax rate of 30% for all companies excluding Regnis Appliances (Private) Limited and at the rate of 20% for Regnis Appliances (Private) Limited.

As deferred tax is calculated based on the liability method as per LKAS 12 - Income Taxes, the new tax rate of 30% for all companies excluding Regnis Appliances (Private) Limited and 20% for Regnis Appliances (Private) Limited was applied to the cumulative temporary differences as at 1st October 2022. This change in income tax rates resulted in a deferred tax reversal of Rs. 309 million and Rs. 72 million for the Company and the Group respectively as at 31st December 2022.

2.0 Segmental Analysis of Company Net Turnover is as follows:

	Three months ended 31st December 2022	Three months ended 31st December 2021	Nine Months ended 31st December 2022	Nine Months ended 31st December 2021
	Rs. '000	Rs'000	Rs. '000	Rs'000
Consumer Electronics	1,361,124	2,545,172	3,642,353	6,158,171
Financial Services	876,935	803,811	2,256,029	2,244,241
Furniture	1,248,734	1,277,621	3,205,503	2,444,149
Home Appliances	4,801,646	8,474,580	14,579,786	19,311,238
IT products	2,572,761	5,441,573	7,981,718	13,202,163
Sewing Machines	861,302	1,474,361	2,033,354	2,655,656
Other	1,308,015	1,542,189	2,996,715	3,645,361
	13,030,517	21,559,307	36,695,458	49,660,979

2.1 Segmental Analysis of Company Profits Before Tax is as follows:

	Three months ended 31st December 2022	Three months ended 31st December 2021	Nine Months ended 31st December 2022	Nine Months ended 31st December 2021
	Rs. '000	Rs'000	Rs. '000	Rs'000
Consumer Electronics	222,363	273,494	692,947	722,190
Financial Services	360,119	283,226	664,769	590,102
Furniture	99,760	160,367	439,356	267,399
Home Appliances	657,423	926,195	2,527,648	2,020,543
IT products	264,586	395,698	1,059,353	807,920
Sewing Machines	105,289	145,526	242,278	254,386
Other	186,695	109,551	409,498	204,503
Intercompany Dividend	-	-	129,210	129,210
Impairment (Loss) / Reversal on Trade and Other				
Receivables	(300,954)	289,803	(173,048)	(491,919)
Operating Profit	1,595,281	2,583,860	5,992,011	4,504,334
Net Finance Cost	(1,532,765)	(264,194)	(4,825,499)	(892,654)
VAT on Financial Services	(14,000)	(25,000)	(64,000)	(67,000)
Profit Before Tax	48,516	2,294,666	1,102,512	3,544,680

Notes to the Financial Statements

2.2 Segmental Analysis of Group Net Turnover is as follows:

	Three months ended 31st December 2022	Three months ended 31st December 2021	Nine Months ended 31st December 2022	Nine Months ended 31st December 2021
	Rs. '000	Rs'000	Rs. '000	Rs'000
Consumer Electronics	1,361,124	2,545,172	3,642,353	6,158,171
Financial Services	2,615,947	2,160,408	6,965,617	5,977,220
Furniture	1,248,734	1,277,621	3,205,503	2,444,149
Home Appliances	4,340,454	8,480,622	14,041,721	19,326,158
IT products	2,847,920	6,311,496	8,921,514	15,169,442
Sewing Machines	803,186	1,474,465	1,975,297	2,655,760
Other	1,313,363	1,550,094	3,014,203	3,666,459
	14,530,728	23,799,878	41,766,208	55,397,359

2.3 Segmental Analysis of Group Profits Before Tax is as follows:

	Three months ended 31st December 2022	Three months ended 31st December 2021	Nine Months ended 31st December 2022	Nine Months ended 31st December 2021
	Rs. '000	Rs'000	Rs. '000	Rs'000
Consumer Electronics	222,363	273,494	692,947	722,190
Financial Services	356,143	698,369	683,185	1,717,512
Furniture	99,760	160,367	439,356	267,399
Home Appliances	731,388	1,005,900	2,914,523	2,123,067
IT Products	272,140	368,699	1,064,564	774,420
Sewing Machines	115,333	148,975	279,142	244,066
Other	190,703	115,415	422,890	222,608
Intercompany Dividend	-	-	240	-
Impairment (Loss) / Reversal on Trade and Other Receivables	(308,906)	185,314	(214,041)	(918,142)
Operating Profit	1,678,924	2,956,533	6,282,806	5,153,120
Net Finance Cost	(1,558,340)	(162,230)	(4,917,593)	(721,857)
VAT on Financial Services	(93,886)	(102,338)	(265,998)	(254,972)
Profit Before Tax	26,698	2,691,965	1,099,215	4,176,291

3 STATED CAPITAL

	31st December 2022	31st March 2022
Value-Ordinary Shares (Rs.)	626,048,050	626,048,050
Weighted Average Number of Ordinary Shares	1,126,886,490	1,126,886,490
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

Notes to the Financial Statements

4 CONTINGENCIES

- a) Commissioner General of Inland Revenue has issued assessment notices on Singer (Sri Lanka) PLC pertaining to an additional VAT Liability/ Payment on account of Deemed VAT for seven quarters for the period 1st January 2014 to 30th September 2015. The assessment was for a Deemed VAT payment of Rs. 1,076 million and penalty of Rs. 423 million totalling to Rs. 1,499 million. Commissioner General of Inland Revenue has given the determination on the appeal. Accordingly, Rs. 791 million of Deemed VAT liability and penalty of Rs. 395 million totalling to Rs. 1,186 million is payable as a Deemed VAT liability for seven quarters for the period 1st January 2014 to 30th September 2015. The Company after carefully reviewing the situation and based on the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for Deemed VAT. Accordingly Company has decided to appeal to the Tax Appeal Commission against the determination. Hence, no provision has been made in the Financial Statements. The Company previously sought a clarification from the Inland Revenue Department on the interpretation of the Act and did not receive the required clarification. Deemed VAT is removed with effect from 1st January 2016 under VAT Amendment Act No. 20 of 2016.
- b) Singer (Sri Lanka) PLC has provided bank guarantees amounting to Rs. 337 million to Director General of Customs to clear imports during the years 2008 to December 2022. The bank guarantee relate to alleged additional duty payable on imports, claimed by the customs and is being contested by the Company in courts. The Court of Appeal ordered that the Director General of Customs continue with the investigations. The Company being aggrieved by the decision has filed an appeal, which is pending before the Supreme Court. The Company lawyers are of the opinion that there is no basis that the Company is liable for the additional duty. Based on assessment of the probability is higher that the Company would not be required to settle the liabilities. Hence, no provision is made in the Financial Statements.
- c) Singer Finance (Lanka) PLC has provided letters of guarantee totalling to Rs. 2 million against fixed deposits of Rs. 2 million.
- d) Case bearing No. 404 has been filed against Singer Finance (Lanka) PLC by a customer in the District Court of Ampara claiming Rs. 2 million as damages caused by repossessing and selling of a vehicle leased through the Company.
- e) Further, Singer Finance (Lanka) PLC has received summons for case number 004674/21DMR, where the case is fixed for proxy and answer on 06th April 2023.
- f) Regnis (Lanka) PLC has provided corporate guarantees to banks on behalf of Regnis Appliances (Private) Limited amounting to Rs. 410 million for the purpose of obtaining banking facilities.
- g) Regnis (Lanka) PLC cleared a shipment of imported goods during the year 2008 on provision of a bank guarantee amounting to Rs. 7 million to the Director of Customs. The bank guarantee relates to alleged additional duty payable on imports which is contested by the Company. The customs inquiry initiated in 2008 is still pending. The Management is of the opinion that there is no basis that the Company is liable for the additional duty and hence, no provision is made in the Financial Statements for the additional duty payable on imports which is contested by the Company. The customs inquiry initiated in 2008 is still pending. The Management is of the opinion that there is no basis that the Company is liable for the additional duty and hence, no provision is made in the Financial Statements.

5 Events Occuring After The Balance Sheet Date

The Board of Directors of Singer (Sri Lanka) PLC passed a circular resolution on the 09th of December 2022 to amalgamate its fully owned subsidiary, Singer Digital Media (Private) Ltd with Singer (Sri Lanka) PLC (The Company). In accordance with Section 244(i)(a) of the Companies Act No 7 of 2007, Singer Digital Media (Private) Limited was amalgamated with Singer (Sri Lanka) PLC on the 30th of January 2023, confirmation of which was received via the Certificate of Amalgamation issued by the Registrar of Companies dated 30th January 2023. As a result, the values in the books of Singer Digital Media (Private) Limited and the Company were amalgamated and the investment in subsidiary of Rs. 5 million recorded in the Company was set off against the equity of Singer Digital Media (Private) Limited on the 30th of January 2023.

The Amalgamation of Singer Digital Media (Private) Limited with Singer (Sri Lanka) PLC was recognised as a Common Control Combination in accordance with the Statement of Recommended Practice (SORP) for Merger Accounting for Common Control Business Combinations issued by CA Sri Lanka.

There is no impact on the Consolidated Financial Statements since Singer Digital Media (Private) Limited was a fully owned subsidiary of Singer (Sri Lanka) PLC and continued to be consolidated with Singer (Sri Lanka) PLC up to the date of amalgamation.

Except for the above there have been no material events occurring after the balance sheet date that require disclosure in the financial statements.

Notes to the Financial Statements

6 Top 20 Shareholders as at 31st December 2022

	Name	Number of Shares	Percentage
1	Hayleys PLC	783,801,111	69.55
2	Hayleys Advantis Limited	111,382,980	9.88
3	Volanka (Pvt) Limited	34,787,235	3.09
4	Hayleys Aventura (Private) Limited	31,595,745	2.80
5	Carbotels (Pvt) Limited	29,042,553	2.58
6	Hayleys Agriculture Holdings Limited	28,404,255	2.52
7	Mr. Kulappuarachchige Don Dammika Perera	20,807,739	1.85
8	Mrs. Mihiri Virani Fernando	6,025,000	0.53
9	Mrs. Vasudevan Saraswathi & Mr. S. Vasudevan	1,615,048	0.14
10	Commercial Bank of Ceylon PLC/Andaradeniya Estate (Pvt) Ltd	1,500,000	0.13
11	Hatton National Bank PLC-Arpico Ataraxia Equity Income Fund	1,250,195	0.11
12	Mrs. Anoma Kamalika Amarasuriya	1,200,000	0.11
13	Miss Nai Kaluge Ruvani Hemamala De Silva	1,192,914	0.11
14	Jafferjee Brothers (Exports) Limited	1,126,800	0.10
15	Mr. Wanigasooriya Arachchige Kelum Kumara	1,000,000	0.09
16	People's Leasing & Finance PLC/Mr. D.M.P. Disanayake	928,909	0.08
17	Mrs. Enoka Kamali Wickramasinghe	884,571	0.08
18	Mr. Abeysiri Hemapala Munasinghe	860,268	0.08
19	Mr. Narawala Gamage Mahinda	676,909	0.06
20	Mrs. Giyani Venya De Silva	662,385	0.06
	Miss. Shayari Hiranya De Silva	662,385	0.06
	Sub Total	1,059,407,002	94.01
	Others	67,479,488	5.99
	Total Issued Shares	1,126,886,490	100.00

7 Directors' and CEO's Shareholding as at

Name of the Director	Shareholding 31st December 2022 Number of Shares	Shareholding 31st March 2022 Number of Shares
Mr. Mohan Pandithage	-	-
Mr. Deepal Sooriyaarachchi	-	-
Mr. Dumith Fernando	-	-
Mr. Mahesh Wijewardene (CEO)	-	-
Mr. Hisham Jamaldeen	-	-
Mr. Sarath Ganegoda	-	-
Mr. Dilip De Silva Wijeyeratne	-	-
Ms. Gayani De Alwis	-	-
Ms. Brindhiini Perera (appointed on 19.10.2022)	-	-
Mr. Sujeewa Perera (Alternate Director to Mr. Mahesh Wijewardene)	-	-
Mr. Kapila Perera (Alternate Director to Mr. Hisham Jamaldeen)	3,000	3,000

Notes to the Financial Statements

8 Public Holding

Shares held by public as at 31st December 2022

	Number of share holders	Number of shares	Percentage
	4,482	107,764,611	9.56%

Float adjusted market capitalization - Rs. 904,934,927

The Company is not in compliance with option 5 of the Listing Rule 7.14.1 (a) which requires a Company with a Float Adjusted Market Capitalization of less than Rs. 2.5 Bn. to maintain a minimum public Holding of 20%.

9 Corporate Information

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