

# SINGER<sup>®</sup>

**SINGER (SRI LANKA) PLC**

INTERIM FINANCIAL STATEMENTS FOR THE THREE  
MONTHS ENDED 30TH JUNE 2022

## Statement of Profit or Loss and Other Comprehensive Income

For the three months ended 30th June	Group		Company		Variance		Variance	
	2022/2023 Rs. '000	2021/2022 Rs. '000	2022/2023 Rs. '000	2021/2022 Rs. '000	Group Rs. '000	%	Company Rs. '000	%
Revenue	14,374,811	14,899,897	12,552,966	13,428,270	525,086	-	875,304	-
Cost of Sales	(7,784,028)	(10,083,087)	(7,628,815)	(9,749,029)	(2,299,059)	-	(2,120,214)	-
Direct Interest Cost	(875,197)	(435,880)	-	-	(439,317)	>	-	-
<b>Gross Profit</b>	<b>5,715,586</b>	<b>4,380,930</b>	<b>4,924,151</b>	<b>3,679,241</b>	<b>1,334,656</b>	<b>+</b>	<b>1,244,910</b>	<b>+</b>
Other Income	69,019	52,099	19,130	146,575	16,920	+	127,445	-
Selling and Administrative Expenses	(3,132,139)	(2,755,658)	(2,596,945)	(2,319,788)	(376,481)	+	(277,157)	+
Impairment Loss on Trade and Other Receivables	(150,949)	(464,074)	(83,377)	(294,281)	(313,125)	-	(210,904)	-
<b>Operating Profit</b>	<b>2,501,517</b>	<b>1,213,297</b>	<b>2,262,959</b>	<b>1,211,747</b>	<b>1,288,220</b>	<b>+</b>	<b>1,051,212</b>	<b>+</b>
Finance Cost	(2,491,058)	(526,473)	(2,058,929)	(519,789)	(1,964,585)	>	(1,539,140)	>
Finance Income	299,502	20,724	82,434	8,462	278,778	>	73,972	>
Net Finance Cost	(2,191,556)	(505,749)	(1,976,495)	(511,327)	(1,685,807)	>	(1,465,168)	>
Value Added Tax on Financial Services	(80,982)	(69,639)	(25,000)	(21,000)	(11,343)	+	(4,000)	+
<b>Profit Before Tax</b>	<b>228,979</b>	<b>637,909</b>	<b>261,464</b>	<b>679,420</b>	<b>408,930</b>	<b>-</b>	<b>417,956</b>	<b>-</b>
Income Tax Expense	(94,472)	(190,449)	(56,751)	(150,162)	(95,977)	-	(93,411)	-
<b>Profit for the Period</b>	<b>134,507</b>	<b>447,460</b>	<b>204,713</b>	<b>529,258</b>	<b>312,953</b>	<b>-</b>	<b>324,545</b>	<b>-</b>
<b>Total Comprehensive Income for the Period, Net of Tax</b>	<b>134,507</b>	<b>447,460</b>	<b>204,713</b>	<b>529,258</b>				
<b>Profit Attributable to -</b>								
Owners of the Company	120,599	439,260	204,713	529,258				
Non - Controlling Interests	13,908	8,200	-	-				
	134,507	447,460	204,713	529,258				
<b>Total Comprehensive Income Attributable to -</b>								
Owners of the Company	120,599	439,260	204,713	529,258				
Non - Controlling Interests	13,908	8,200	-	-				
<b>Total Comprehensive Income for the Period Net of Tax</b>	<b>134,507</b>	<b>447,460</b>	<b>204,713</b>	<b>529,258</b>				
Basic / Diluted Earnings Per Share (Rs.)	0.11	0.39	0.18	0.47				
Above figures are provisional and subject to audit.								
Share Prices	For the Three Months ended 30th June 2022		For the Three Months ended 30th June 2021					
	Rs.		Rs.					
Highest	14.60		21.50					
Lowest	8.50		16.60					
Last Traded Price	8.80		17.50					

## Statement of Financial Position

	Group			Company		
	30th June 2022 Rs. '000	30th June 2021 Rs. '000	31st March 2022 Rs. '000	30th June 2022 Rs. '000	30th June 2021 Rs. '000	31st March 2022 Rs. '000
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property, Plant and Equipment	7,461,775	6,695,925	7,521,444	3,740,252	3,486,518	3,807,243
Right-of-Use Assets	4,611,000	4,149,484	4,807,413	3,921,858	3,600,300	4,148,096
Intangible Assets	539,012	308,341	548,839	417,422	218,924	422,366
Investment in Subsidiaries	-	-	-	2,968,023	2,968,023	2,968,023
Other Non-Current Assets	58,990	60,291	59,315	-	-	-
Other Investments	22,900	24,990	22,900	22,858	24,948	22,858
Trade and Other Receivables	10,833,324	11,380,057	12,182,088	571,054	627,514	695,448
Deferred Tax Assets	1,325,009	877,390	1,269,800	1,127,072	828,567	1,125,639
	24,852,010	23,496,478	26,411,799	12,768,539	11,754,794	13,189,673
<b>Current Assets</b>						
Inventories	24,859,122	20,285,836	23,022,192	21,873,342	17,904,208	20,524,781
Loans due from Related Parties	-	-	-	307,500	75,000	110,000
Income Tax Receivables	111,501	76,134	45,145	58,128	56,322	-
Trade and Other Receivables	32,916,581	24,902,212	35,284,564	15,018,865	13,483,241	18,356,963
Amounts Due from Related Parties	35,399	7,772	24,157	34,394	7,772	198,611
Deposits with Banks	3,066,981	60,901	177,450	-	-	-
Short term Investments	2,003,826	2,819,060	1,412,979	-	-	-
Cash and Cash Equivalents	4,162,770	4,328,422	2,972,394	2,654,357	3,624,239	1,732,553
	67,156,180	52,480,337	62,938,881	39,946,586	35,150,782	40,922,908
<b>Total Assets</b>	<b>92,008,190</b>	<b>75,976,815</b>	<b>89,350,680</b>	<b>52,715,125</b>	<b>46,905,576</b>	<b>54,112,581</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	1,630,995	1,227,142	1,635,092	1,287,665	1,166,706	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	7,955,974	5,555,929	8,056,655	5,098,551	2,724,547	5,115,118
<b>Total Equity Attributable to Owners of the Company</b>	<b>10,441,217</b>	<b>7,614,084</b>	<b>10,545,995</b>	<b>7,016,701</b>	<b>4,523,327</b>	<b>7,037,365</b>
<b>Non-Controlling Interest</b>	<b>1,952,181</b>	<b>1,721,486</b>	<b>1,938,274</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>12,393,398</b>	<b>9,335,570</b>	<b>12,484,269</b>	<b>7,016,701</b>	<b>4,523,327</b>	<b>7,037,365</b>
<b>Non-Current Liabilities</b>						
Interest - Bearing Loans and Borrowings	9,823,677	9,872,583	12,112,183	5,850,000	4,250,000	6,500,000
Lease Liability	4,417,006	4,301,916	4,570,731	3,759,666	3,781,301	3,925,205
Employee Benefit Obligations	1,073,979	963,745	1,041,152	742,349	661,989	719,014
Security Deposits	1,452,308	1,325,505	1,462,347	1,391,740	1,244,432	1,406,991
Deferred Tax Liability	461,968	374,697	468,501	-	-	-
Other Financial Liabilities	5,467,121	2,268,879	2,317,848	-	-	-
Deferred Revenue	100,189	106,587	110,358	100,189	106,587	110,358
Other Non-Current Liabilities	189,193	155,170	187,707	189,193	155,170	187,706
	22,985,441	19,369,082	22,270,827	12,033,137	10,199,479	12,849,274
<b>Current Liabilities</b>						
Trade and Other Payables	20,133,244	19,592,024	20,370,977	13,953,844	15,627,112	14,570,124
Deferred Revenue	201,882	198,018	201,549	199,380	185,669	198,212
Dividends Payable	56,049	54,408	81,478	50,491	44,998	67,969
Amounts Due to Related Parties	620,179	430,193	1,074,261	2,976,398	5,927,868	4,137,893
Income Tax Payable	306,455	228,381	714,483	-	-	433,940
Other Financial Liabilities	10,195,448	9,405,442	9,828,666	-	-	-
Lease Liability	897,832	622,322	912,300	834,383	554,678	854,484
Interest - Bearing Loans and Borrowings	22,268,501	16,109,809	20,235,742	14,129,693	9,708,569	13,536,188
Bank Overdrafts	1,949,761	631,566	1,176,128	1,521,098	133,876	427,132
	56,629,351	47,272,163	54,595,584	33,665,287	32,182,770	34,225,942
<b>Total Liabilities</b>	<b>79,614,792</b>	<b>66,641,245</b>	<b>76,866,411</b>	<b>45,698,424</b>	<b>42,382,249</b>	<b>47,075,216</b>
<b>Total Equity and Liabilities</b>	<b>92,008,190</b>	<b>75,976,815</b>	<b>89,350,680</b>	<b>52,715,125</b>	<b>46,905,576</b>	<b>54,112,581</b>
<b>Net Assets per Share (Rs.)</b>	<b>9.3</b>	<b>6.8</b>	<b>9.4</b>	<b>6.2</b>	<b>4.0</b>	<b>6.2</b>

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

(Sgd.)

Ramesh Chitrasiri

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,  
8th August 2022

(Sgd.)

Mahesh Wijewardene

Director/Group Chief Executive Officer

## Statement of Changes in Equity

For the Three Months ended 30th June Group			Attributable to equity holders of the Company								
			Capital Reserve	Other Component of Equity	Revenue Reserve		Total	Non -Controlling Interest	Total Equity		
					Revaluation Reserves	Fair Value Reserve				General Reserves	Retained Earnings
Stated Capital	Reserve Fund	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	1,232,580	6,026	2,700,000	3,716,501	8,480,094	1,778,543	10,258,638		
Charge Relating to Surcharge Tax (Note 1.2)	-	-	-	-	-	(1,023,548)	(1,023,548)	(32,808)	(1,056,356)		
Adjusted Balance as at 1st April 2021	626,048	198,939	1,232,580	6,026	2,700,000	2,692,953	7,456,546	1,745,735	9,202,282		
Realisation on Revaluation Surplus	-	-	(5,438)	-	-	5,438	-	-	-		
Profit for the Period	-	-	-	-	-	439,260	439,260	8,200	447,460		
Total Comprehensive Income for the Period	-	-	-	-	-	439,260	439,260	8,200	447,460		
Transactions with Owners of the Company, Recognised Directly in Equity											
Distributions to Owners of the Company											
Final Dividend – 2020/2021	-	-	-	-	-	(281,722)	(281,722)	(32,449)	(314,171)		
Balance as at 30th June 2021	626,048	198,939	1,227,142	6,026	2,700,000	2,855,929	7,614,084	1,721,486	9,335,570		
Realisation on Revaluation Surplus	-	-	(21,567)	-	-	21,567	-	-	-		
Transferred to/(from) during the period	-	24,824	-	-	-	(24,824)	-	-	-		
Profit for the Period	-	-	-	-	-	3,518,888	3,518,888	143,443	3,662,331		
Other Comprehensive Income for the Period											
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)		
Revaluation Gain on Land and Buildings	-	-	546,539	-	-	-	546,539	93,572	640,111		
Related Taxes											
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	-	-	-	502	-	-	502	-	502		
Deferred Tax on Revaluation Gain on Land and Buildings	-	-	(117,022)	-	-	-	(117,022)	(17,776)	(134,798)		
Total Other Comprehensive Income for the Period, Net of Tax	-	-	429,516	(1,588)	-	(57,052)	370,876	73,344	444,220		
Transactions with Owners of the Company, Recognised Directly in Equity											
Distributions to Owners of the Company											
Interim Dividend – 2021/22	-	-	-	-	-	(957,854)	(957,854)	-	(957,854)		
Total Distributions to Owners of the Company	-	-	-	-	-	(957,854)	(957,854)	-	(957,854)		
Balance as at 31st March 2022	626,048	223,763	1,635,092	4,437	2,700,000	5,356,655	10,545,995	1,938,274	12,484,269		
Realisation of Revaluation Surplus	-	-	(4,097)	-	-	4,097	-	-	-		
Profit for the Period	-	-	-	-	-	120,599	120,599	13,908	134,507		
Transactions with Owners of the Company, Recognised Directly in Equity											
Distributions to Owners of the Company											
Final Dividend - 2021/2022	-	-	-	-	-	(225,377)	(225,377)	-	(225,377)		
Balance as at 30th June 2022	626,048	223,763	1,630,995	4,437	2,700,000	5,255,974	10,441,217	1,952,182	12,393,398		

## Statement of Changes in Equity

For the Three Months ended 30th June 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
<b>Balance as at 31st March 2021</b>	626,048	1,170,908	6,026	2,700,000	577,635	5,080,616
Charge Relating to Surcharge Tax (Note 1.2)	-	-	-	-	(804,826)	(804,826)
<b>Adjusted Balance as at 1st April 2021</b>	626,048	1,170,908	6,026	2,700,000	(227,191)	4,275,791
Realisation of Revaluation Surplus	-	(4,202)	-	-	4,202	-
Profit for the Period	-	-	-	-	529,258	529,258
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>						
<b>Distributions to Owners of the Company</b>						
Final Dividend – 2020/2021	-	-	-	-	(281,722)	(281,722)
<b>Balance as at 30th June 2021</b>	626,048	1,166,706	6,026	2,700,000	24,547	4,523,327
Realisation of Revaluation Surplus	-	(12,606)	-	-	12,606	-
Profit for the Period	-	-	-	-	3,379,383	3,379,383
<b>Other Comprehensive Income</b>						
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)
Revaluation Gain on Land and Buildings	-	181,135	-	-	-	181,135
<b>Related Taxes</b>						
Deferred Tax on Actuarial loss on Employee Benefit Obligations	-	-	-	-	13,754	13,754
Deferred Tax on Equity investments at FVOCI – change in fair value	-	-	502	-	-	502
Deferred Tax on Revaluation Gain on Land and Buildings	-	(43,472)	-	-	-	(43,472)
<b>Total Other Comprehensive Income Net of tax</b>	-	137,663	(1,588)	-	3,335,818	3,471,892
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>						
<b>Distributions to Owners of the Company</b>						
Interim Dividend – 2021/2022	-	-	-	-	(957,853)	(957,853)
Total Distributions to Owners of the Company	-	-	-	-	(957,853)	(957,853)
<b>Balance as at 31st March 2022</b>	626,048	1,291,762	4,437	2,700,000	2,415,118	7,037,365
Realisation of Revaluation Surplus	-	(4,097)	-	-	4,097	-
Profit for the Period	-	-	-	-	204,713	204,713
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>						
<b>Distributions to Owners of the Company</b>						
Final Dividend - 2021/2022	-	-	-	-	(225,377)	(225,377)
<b>Total Distributions to Owners of the Company</b>	-	-	-	-	(225,377)	(225,377)
<b>Balance as at 30th June 2022</b>	626,048	1,287,665	4,437	2,700,000	2,398,551	7,016,701

## STATEMENT OF CASH FLOWS

For the Three Months ended 30th June	Group		Company	
	2022/2023 Rs. '000	2021/2022 Rs. '000	2022/2023 Rs. '000	2021/2022 Rs. '000
<b>Cash Flows from Operating Activities</b>				
Net Profit before Income Tax Expense	228,979	637,909	261,464	679,420
<b>Adjustment for:</b>				
Depreciation on Property, Plant and Equipment	185,270	166,249	132,257	120,664
Amortisation of Intangible Assets	13,875	7,311	8,990	3,694
Amortisation of Leasehold Right	325	325	-	-
Amortisation of Right-of-Use Assets	257,731	278,998	226,237	262,848
(Gain)/Loss on Disposal of Property, Plant and Equipment	(111)	(1,619)	91	(1,619)
Interest Expense	1,056,331	473,448	1,060,297	477,981
Interest Income	(378,265)	(20,724)	(82,434)	(8,463)
Provision on Inventories	64,307	22,278	21,651	22,247
Impairment Loss on Trade and Other Receivables	150,949	464,075	83,377	294,281
Dividend Income	-	-	-	(129,210)
Provision for Retiring Gratuity	47,199	44,446	35,870	30,525
<b>Operating Profit before Working Capital Changes</b>	<b>1,626,590</b>	<b>2,072,696</b>	<b>1,747,800</b>	<b>1,752,368</b>
(Increase)/Decrease in Inventories	(1,901,238)	(2,127,430)	(1,370,213)	(1,775,558)
(Increase)/Decrease in Debtors falling Due after one Year	1,348,764	481,097	124,394	175,293
(Increase)/Decrease in Debtors falling Due within one year	2,217,034	(1,392,115)	3,254,722	(815,760)
(Increase) / Decrease in Dues from Related Parties	(11,241)	3,048	164,217	31,042
Increase/(Decrease) in Dues to Related Parties	(454,082)	88,889	(1,161,496)	1,668,640
Increase/(Decrease) in Security Deposits	(10,039)	(41,060)	(15,251)	(49,312)
Increase/(Decrease) in Trade and Other Payables	(236,246)	(206,381)	(614,792)	1,275,447
Increase / (Decrease) in Deferred Liabilities	(9,837)	(12,078)	(9,002)	1,178
<b>Cash Generated from Operations</b>	<b>2,569,705</b>	<b>(1,133,334)</b>	<b>2,120,379</b>	<b>2,263,338</b>
Finance Costs Paid	(792,677)	(254,380)	(817,198)	(276,562)
Retiring Gratuity Paid	(14,373)	(24,024)	(12,534)	(19,723)
Income Tax Paid	(630,599)	(305,083)	(550,251)	(227,688)
<b>Net Cash from/(used in) Operating Activities</b>	<b>1,132,056</b>	<b>(1,716,821)</b>	<b>740,396</b>	<b>1,739,365</b>
<b>Cash Flows from Investing Activities</b>				
Acquisition of Property, Plant and Equipment and Intangible Assets	(129,724)	(60,580)	(69,403)	(32,415)
Proceeds from Disposal of Property Plant and Equipment	186	5,145	-	5,119
Acquisition of Marketable Securities	(590,847)	(2,005,797)	-	-
Net Investment in Bank Deposits	(2,889,532)	34	-	-
Net Cashflows from Loans Given to Related Party Companies	-	-	(197,500)	(75,000)
Interest Income Received	378,265	20,724	82,434	8,463
Dividends Received	-	-	-	129,210
<b>Net Cash Flows from Investing Activities</b>	<b>(3,231,652)</b>	<b>(2,040,474)</b>	<b>(184,469)</b>	<b>35,377</b>
<b>Cash Flow from Financing Activities</b>				
Net proceeds from interest - bearing Loans and Borrowings	(365,765)	6,742,160	(166,512)	2,800,306
Net settlements to Lease Creditors	(383,146)	(258,208)	(318,721)	(250,940)
Increase in Customer Deposit Liabilities	3,516,056	1,209,126	-	-
Net (Payment) to Minority Share holders	-	(32,449)	-	-
Dividends Paid	(250,806)	(359,986)	(242,856)	(295,547)
<b>Net Cash Flow from Financing Activities</b>	<b>2,516,339</b>	<b>7,300,643</b>	<b>(728,089)</b>	<b>2,253,819</b>
<b>Net Increase /(Decrease) in Cash and Cash Equivalents</b>	<b>416,743</b>	<b>3,543,348</b>	<b>(172,162)</b>	<b>4,028,561</b>
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>1,796,266</b>	<b>153,508</b>	<b>1,305,421</b>	<b>(538,198)</b>
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>2,213,009</b>	<b>3,696,856</b>	<b>1,133,259</b>	<b>3,490,363</b>

## Notes to the Financial Statements

### 1.0 BASIS OF PREPARATION AND GROUP'S ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the Three months ended 30th June 2022 have been prepared in accordance with LKAS 34 Interim Financial Reporting

The financial statements for the period ended 30th June 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 Fair Value measurement and related fair value disclosures - Financial Instruments

	Group		Company		Level	
	2022	2021	2022	2021		
	Rs. '000	Rs.'000"	Rs. '000	Rs.'000"		
<b>Recurring Fair Value Measurements</b>	<b>22,858</b>	<b>24,948</b>	<b>22,858</b>	<b>24,948</b>	<b>3</b>	<b>Financial Assets at FVOCI</b>
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 companies that have earned a Taxable Income in excess of LK 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 has been recognized in FY 2021/2022 on account of the one-off 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 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. 528 Million and Rs. 402 Million respectively on account of the first instalment of the Surcharge Tax liability and the balance paid subsequent to the reporting period on 19th July 2022.

### 1.3 Impact of Recent Economic Conditions

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

#### (i) Increase in interest rates

With the increase in interest rates, finance cost of the company and the group has increased by more than 100% compared to last quarter and a sharp increase in the Finance cost is anticipated in the coming months as well. This increment in finance cost was mainly due to higher working capital requirements in the company as a result of sharp depreciation of Rupee along with curtailing of supplier credits by foreign suppliers due to the downgrade of country's credit rating by international credit rating agencies subsequent to the weakening of economic stability of the country.

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

- Fixed the interest of short – term working capital loans for a longer period based on money market conditions.
- Minimised borrowings by reducing credit periods offered to the customers whilst encouraging advance payments, thereby improving the liquidity of the company.
- Taken aggressive actions to improve the recoveries from debtors in an attempt to reduce the borrowings.
- Strategic focus on capex planning to prioritise essential capex while deferring the other capex requirements.

## Notes to the Financial Statements

### ii) Fluctuation of foreign currency and significant rupee depreciation

With the significant rupee depreciation, cost of materials has increased significantly resulting in higher working capital requirements. Further, price revisions have adversely affected the consumer demand. The company was not in a position to mitigate the foreign exchange risk through forward forex contracts due to regulatory restrictions and shortages in forex liquidity in the market.

Following measures were taken to reduce the impact of fluctuation of foreign currency and significant rupee depreciation;

- Implemented prudent strategies to revise price in a timely manner based on market outlook
- Accelerated payments to avoid potential additional costs due to adverse currency rate movement in the absence of forward forex contracts
- Invoiced in foreign currency where ever possible whilst being compliant to regulations

Based on these proactive analyses and our operating model and financial strength, Group is confident that we are well placed. Group envisages no impact on the Group business continuity and expects to manage the above challenges effectively.

### 2.0 Segmental Analysis of Company Net Turnover is as follows:

	Three Months months ended 30th June 2022 Rs. '000	Three Months months ended 30th June 2021 Rs'000
Consumer Electronics	1,280,158	1,850,639
Financial Services	719,075	773,748
Furniture	1,001,274	718,394
Home Appliances	5,548,435	5,267,482
IT products	2,568,429	3,217,111
Sewing Machines	573,930	573,545
Other	861,665	1,027,351
	12,552,966	13,428,270

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

	Three Months months ended 30th June 2022 Rs. '000	Three Months months ended 30th June 2021 Rs'000
Consumer Electronics	310,146	282,001
Financial Services	273,774	177,280
Furniture	155,156	73,635
Home Appliances	1,059,891	549,467
IT products	364,954	176,706
Sewing Machines	82,274	61,853
Other	100,141	55,876
Intercompany Dividend	-	129,210
Impairment Loss on Trade and Other Receivables	(83,377)	(294,281)
<b>Operating Profit</b>	<b>2,262,959</b>	<b>1,211,747</b>
Net Finance Cost	(1,976,495)	(511,327)
Value Added Tax on Financial Services	(25,000)	(21,000)
<b>Profit Before Tax</b>	<b>261,464</b>	<b>679,420</b>



## 2.2 Segmental Analysis of Group Net Turnover is as follows:

	Three Months months ended 30th June 2022 Rs. '000	Three Months months ended 30th June 2021 Rs'000
Consumer Electronics	1,280,157	1,850,639
Financial Services	2,127,445	1,900,522
Furniture	1,001,273	718,394
Home Appliances	5,554,167	5,271,669
IT products	2,970,557	3,552,722
Sewing Machines	573,957	573,545
Other	867,255	1,032,406
	14,374,811	14,899,897

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

	Three Months months ended 30th June 2022 Rs. '000	Three Months months ended 30th June 2021 Rs'000
Consumer Electronics	310,146	282,001
Financial Services	385,863	499,666
Furniture	155,156	73,635
Home Appliances	1,272,217	538,050
IT Products	338,085	171,752
Sewing Machines	85,723	51,354
Other	105,276	60,913
Impairment Loss on Trade and Other Receivables	(150,949)	(464,074)
<b>Operating Profit</b>	<b>2,501,517</b>	<b>1,213,297</b>
Net Finance Cost	(2,191,556)	(505,749)
Value Added Tax on Financial Services	(80,982)	(69,639)
<b>Profit Before Tax</b>	<b>228,979</b>	<b>637,909</b>

## 3 STATED CAPITAL

	30th June 2022	30th June 2021
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 totaling 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 totaling 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 June 2022. The bank guarantee related 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 totaling to Rs. 4 million against Fixed Deposits of Rs. 4 million
- d) Case bearing No. 404 has been filled 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. The lawyers of the Company are of the view that the ultimate resolution of this litigation would not likely to have a material impact.
- e) 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.
- f) 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.

### 5 Events Occuring After The Balance Sheet Date

There have been no material events occurring after the Balance Sheet Date that require disclosure in the Financial Statements.

### 6 LISTED DEBENTURES

There were no issued listed Debentures to trade during the quarter ended 30th June 2022

	Group		Company	
	30th June 2022	31st March 2022	30th June 2022	31st March 2022
Debt Equity Ratio	4.10	3.56	3.34	3.00
Interest Cover	1.10	3.39	1.13	3.53
Quick Assets Ratio	0.75	0.75	0.54	0.61

## 7 Top 20 Shareholders as at 30th June 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	People's Leasing & Finance PLC/Mr. D.m.p. Disanayake	1,639,683	0.15
10	Commercial Bank of Ceylon PLC/Andaradeniya Estate (Pvt) Ltd	1,500,000	0.13
11	Mrs. Anoma Kamalika Amarasuriya	1,200,000	0.11
12	Miss Nai Kaluge Ruvani Hemamala De Silva	1,192,914	0.11
13	Jafferjee Brothers (Exports) Limited	1,126,800	0.10
14	Hatton National Bank PLC - Astrue Alpha Fund	1,009,335	0.09
15	Mrs. Vasudevan Saraswathi & Mr. S. Vasudevan	1,003,016	0.09
16	Hatton National Bank PLC/Hennasy Geeth Balasuriya	1,001,101	0.09
17	Mrs. Enoka Kamali Wickramasinghe	884,571	0.08
18	Mr. Abeysiri Hemapala Munasinghe	860,268	0.08
19	Mrs. Giyani Venya De Silva	662,385	0.06
	Miss. Shayari Hiranya De Silva	662,385	0.06
20	Sisira Investors Limited	651,348	0.06
		1,059,240,424	94.00
	Others	67,646,066	6.00
	Total Issued Shares	1,126,886,490	100.00

## 8 Directors' and CEO's Shareholding as at

Name of the Director	Shareholding 30th June 2022 Number of Shares	Shareholding 30th June 2021 Number of Shares
Mr. Mohan Pandithage	-	-
Mr. Dhammika Perera (resigned w.e.f. 10.06.2022)	20,807,739	20,807,739
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	-	-
Mr. Sujeewa Perera (Alternate Director to Mr. Mahesh Wijewardene)	-	-
Ms. Kawshi Amarasinghe (ceased to be Alternate Director to Mr. Dhammika Perera w.e.f. 10.06.2022)	-	-
Mr. Ramesh Chitrasiri (Alternate Director to Mr. Sarath Ganegoda) (appointed on 20.04.2022)	-	-
Mr. Kapila Perera (Alternate Director to Mr. Hisham Jamaldeen) (appointed on 20.04.2022)	3,000	-

## Notes to the Financial Statements

### 9 Public Holding

Shares held by public as at 30th June 2022

Number of share holders	Number of shares	Percentage
4,193	107,764,611	9.56%

Float adjusted market capitalization - Rs.958,800,101

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%

### 10 Explanatory Note

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