

# SINGER<sup>®</sup>

**SINGER (SRI LANKA) PLC**

INTERIM FINANCIAL STATEMENTS FOR THE  
THREE MONTHS ENDED 30TH JUNE 2023

## Statement of Profit or Loss and Other Comprehensive Income

For the Three Months ended 30th June	Group			Company		
	2023 Rs. '000	2022 Rs. '000	Change %	2023 Rs. '000	2022 Rs. '000	Change %
Revenue	12,994,985	14,374,811	(10%)	11,329,162	12,552,966	(10%)
Cost of Sales	(8,480,768)	(7,784,028)	(9%)	(8,350,117)	(7,628,815)	(9%)
Direct Interest Cost	(1,235,116)	(875,197)	(41%)	-	-	
<b>Gross Profit</b>	<b>3,279,101</b>	<b>5,715,586</b>	<b>(43%)</b>	<b>2,979,045</b>	<b>4,924,151</b>	<b>(40%)</b>
Other Income	48,158	69,019	(30%)	17,406	19,130	(9%)
Selling and Administrative Expenses	(3,234,598)	(3,132,139)	(3%)	(2,705,615)	(2,596,945)	(4%)
Impairment Loss on Trade and Other Receivables	(188,517)	(150,949)	(25%)	(110,132)	(83,377)	(32%)
<b>Operating Profit / (Loss)</b>	<b>(95,856)</b>	<b>2,501,517</b>	<b>(104%)</b>	<b>180,704</b>	<b>2,262,959</b>	<b>(92%)</b>
Finance Cost	(1,402,612)	(2,491,058)	44%	(1,368,926)	(2,058,929)	34%
Finance Income	491,756	299,502	64%	126,155	82,434	53%
Net Finance Cost	(910,856)	(2,191,556)	58%	(1,242,771)	(1,976,495)	37%
Value Added Tax on Financial Services	(71,973)	(80,982)	11%	(14,000)	(25,000)	44%
<b>Profit / (Loss) Before Tax</b>	<b>(1,078,685)</b>	<b>228,979</b>	<b>(571%)</b>	<b>(1,076,067)</b>	<b>261,464</b>	<b>(512%)</b>
Income Tax (Expense)/ Reversal	174,173	(94,472)	284%	191,516	(56,751)	437%
<b>Profit / (Loss) for the Period</b>	<b>(904,512)</b>	<b>134,507</b>	<b>(772%)</b>	<b>(884,551)</b>	<b>204,713</b>	<b>(532%)</b>
<b>Total Comprehensive Income for the Period, Net of Tax</b>	<b>(904,512)</b>	<b>134,507</b>		<b>(884,551)</b>	<b>204,713</b>	
<b>Profit / (Loss) Attributable to -</b>						
Owners of the Company	(893,798)	120,599		(884,551)	204,713	
Non - Controlling Interests	(10,714)	13,908		-	-	
Profit / (Loss) for the Period	(904,512)	134,507		(884,551)	204,713	
<b>Total Comprehensive Income Attributable to -</b>						
Owners of the Company	(893,798)	120,599		(884,551)	204,713	
Non - Controlling Interests	(10,714)	13,908		-	-	
<b>Total Comprehensive Income for the Period Net of Tax</b>	<b>(904,512)</b>	<b>134,507</b>		<b>(884,551)</b>	<b>204,713</b>	
Basic / Diluted Earnings Per Share (Rs.)	(0.79)	0.11		(0.78)	0.18	

Above figures are provisional and subject to audit.

Share Prices	For the Three Months ended 30th June 2023 Rs.	For the Three Months ended 30th June 2022 Rs.
Highest	15.80	14.60
Lowest	10.90	8.50
Last Traded Price	14.20	8.80

## Statement of Financial Position

As at	Group			Company		
	30th June	30th June	31st March	30th June	30th June	31st March
	2023	2022	2023	2023	2022	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>ASSETS</b>						
Non-Current Assets						
Property, Plant and Equipment	7,631,127	7,461,775	7,652,258	3,844,797	3,740,252	3,852,273
Right-of-Use Assets	4,230,152	4,611,000	4,469,010	3,550,699	3,921,858	3,788,867
Intangible Assets	510,842	539,012	521,068	402,586	417,422	408,576
Investment in Subsidiaries	-	-	-	2,963,023	2,968,023	2,963,023
Other Non-Current Assets	-	58,990	-	-	-	-
Other Investments	23,645	22,900	23,645	21,524	22,858	21,524
Trade and Other Receivables	7,327,402	10,833,324	7,773,775	738,654	571,054	737,681
Deferred Tax Assets	1,690,829	1,325,009	1,485,221	1,562,598	1,127,072	1,371,082
	21,413,997	24,852,010	21,924,977	13,083,881	12,768,539	13,143,026
<b>Current Assets</b>						
Inventories	18,251,275	24,859,122	20,227,338	16,292,744	21,873,342	17,928,926
Loans due from Related Parties	-	-	-	268,000	307,500	268,000
Income Tax Receivables	518,823	111,501	502,200	480,659	58,128	480,658
Trade and Other Receivables	27,215,758	32,916,581	28,236,228	11,250,531	15,018,865	10,659,760
Amounts Due from Related Parties	4,902	35,399	91,133	56,088	34,394	154,824
Deposits with Banks	361,659	3,066,981	1,413,997	-	-	-
Short term Investments	2,159,425	2,003,826	2,013,992	-	-	-
Cash and Cash Equivalents	7,838,387	4,162,770	4,388,050	2,486,284	2,654,357	1,829,445
	56,350,229	67,156,180	56,872,938	30,834,306	39,946,586	31,321,613
<b>Total Assets</b>	<b>77,764,226</b>	<b>92,008,190</b>	<b>78,797,915</b>	<b>43,918,187</b>	<b>52,715,125</b>	<b>44,464,639</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	1,344,679	1,630,995	1,350,892	1,195,137	1,287,665	1,199,234
Other Component of Equity	5,165	4,437	5,165	3,503	4,437	3,503
Statutory Reserve	244,215	223,763	244,215	-	-	-
Revenue Reserves	7,029,175	7,955,974	7,916,760	3,938,276	5,098,551	4,818,730
<b>Total Equity Attributable to Owners of the Company</b>	<b>9,249,282</b>	<b>10,441,217</b>	<b>10,143,080</b>	<b>5,762,964</b>	<b>7,016,701</b>	<b>6,647,515</b>
<b>Non-Controlling Interest</b>	<b>1,936,190</b>	<b>1,952,181</b>	<b>1,946,904</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>11,185,472</b>	<b>12,393,398</b>	<b>12,089,984</b>	<b>5,762,964</b>	<b>7,016,701</b>	<b>6,647,515</b>
<b>Non-Current Liabilities</b>						
Interest - Bearing Loans and Borrowings	10,386,433	9,823,677	10,242,000	9,050,000	5,850,000	7,550,000
Lease Liability	4,039,127	4,417,006	4,229,569	3,389,495	3,759,666	3,603,078
Employee Benefit Obligations	1,079,192	1,073,979	1,060,341	745,302	742,349	724,718
Security Deposits	1,474,207	1,452,308	1,468,392	1,474,207	1,391,740	1,468,392
Deferred Tax Liability	690,032	461,968	741,265	-	-	-
Other Financial Liabilities	3,709,117	5,467,121	5,844,248	-	-	-
Deferred Revenue	67,739	100,189	76,231	67,739	100,189	76,231
Other Non-Current Liabilities	193,553	189,193	188,342	193,553	189,193	188,342
	21,639,400	22,985,441	23,850,388	14,920,296	12,033,137	13,610,761
<b>Current Liabilities</b>						
Trade and Other Payables	7,697,505	20,133,244	7,123,531	6,711,862	13,953,844	6,055,831
Deferred Revenue	223,949	201,882	216,230	223,893	199,380	216,165
Dividends Payable	64,105	56,049	64,143	49,146	50,491	49,183
Amounts Due to Related Parties	563,603	620,179	829,668	962,388	2,976,398	1,231,688
Income Tax Payable	312,030	306,455	269,241	-	-	-
Other Financial Liabilities	17,394,556	10,195,448	13,351,357	-	-	-
Lease Liability	1,053,279	897,832	1,024,003	935,209	834,383	907,649
Interest - Bearing Loans and Borrowings	16,326,346	22,268,501	18,399,811	13,366,964	14,129,693	14,271,246
Bank Overdrafts	1,303,981	1,949,761	1,579,559	985,465	1,521,098	1,474,601
	44,939,354	56,629,351	42,857,543	23,234,927	33,665,287	24,206,363
<b>Total Liabilities</b>	<b>66,578,754</b>	<b>79,614,792</b>	<b>66,707,931</b>	<b>38,155,223</b>	<b>45,698,424</b>	<b>37,817,124</b>
<b>Total Equity and Liabilities</b>	<b>77,764,226</b>	<b>92,008,190</b>	<b>78,797,915</b>	<b>43,918,187</b>	<b>52,715,125</b>	<b>44,464,639</b>
<b>Net Assets per Share (Rs.)</b>	<b>8.2</b>	<b>9.3</b>	<b>9.0</b>	<b>5.1</b>	<b>6.2</b>	<b>5.9</b>

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

(Sgd.)

Shalinika Seresinha  
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,  
03rd August 2023

(Sgd.)

Mahesh Wijewardene  
Director/Group Chief Executive Officer

## Statement of Changes in Equity

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			
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	-	-	-	-	-	(1,023,548)	(1,023,548)	(32,808)	(1,056,356)
Adjusted Balance as at 1st April 2022	626,048	223,763	1,635,092	4,437	2,700,000	5,356,656	10,545,996	1,938,274	12,484,270
Realisation of Revaluation Surplus	-	-	(4,097)	-	-	4,097	-	-	-
Profit for the period	-	-	-	-	-	120,598	120,598	13,907	134,505
Total comprehensive income for the year	-	-	-	-	-	120,598	120,598	13,907	134,505
Transactions with Owners of the Company, Recognised Directly in Equity									-
Final Dividend - 2021/2022						(225,377)	(225,377)	-	(225,377)
Total Distributions to Owners of the Company						(225,377)	(225,377)	-	(225,377)
Balance at 30th June 2022	626,048	223,763	1,630,995	4,437	2,700,000	5,255,974	10,441,217	1,952,181	12,393,398
Realisation on Revaluation Surplus	-	-	(19,388)	-	-	19,388	-	-	-
Transferred to/(from) during the year	-	20,452	-	-	-	(20,452)	-	-	-
Profit/ (Loss) for the Period						(113,516)	(113,516)	74,942	(38,574)
Total comprehensive income for the year	-	-	-	-	-	(113,516)	(113,516)	74,942	(38,574)
Other Comprehensive Income							-		-
Actuarial Loss on Employee Benefit Obligations	-	-	-	-	-	107,440	107,440	8,352	115,792
Fair Value Change in Equity instruments designated at fair value through other comprehensive income	-	-	-	328	-	-	328	417	745
Related Taxes							-		-
Impact of Deferred Tax Rate change on Revaluation Reserve	-	-	(260,715)	-	-	-	(260,715)	(54,148)	(314,863)
Deferred Tax on Actuarial loss on Employee Benefit Obligations	-	-	-	-	-	(32,074)	(32,074)	(2,391)	(34,465)
Deferred Tax on Equity Investments at FVOCI-change in fair value	-	-	-	400	-	-	400	-	400
Total Other Comprehensive Income for the Year	-	-	(260,715)	728	-	75,366	(184,621)	(47,770)	(232,391)
Total Comprehensive Income for the Year	-	-	(260,715)	728	-	(38,150)	(298,137)	27,172	(270,965)
Transactions with Owners of the Company, Recognised Directly in Equity							-		-
Distributions to Owners of the Company	-	-	-	-	-	-	-	-	-
Final Dividend - 2021/2022	-	-	-	-	-	-	-	(32,449)	(32,449)
Total Distributions to Owners of the Company	-	-	-	-	-	-	-	(32,449)	(32,449)
Balance at 31st March 2023	626,048	244,215	1,350,892	5,165	2,700,000	5,216,760	10,143,080	1,946,904	12,089,984
Realisation of Revaluation Surplus	-	-	(6,213)	-	-	6,213	-	-	-
Loss for the period	-	-	-	-	-	(893,798)	(893,798)	(10,714)	(904,512)
Total comprehensive income for the year	-	-	-	-	-	(893,798)	(893,798)	(10,714)	(904,512)
Balance at 30th June 2023	626,048	244,215	1,344,679	5,165	2,700,000	4,329,175	9,249,282	1,936,190	11,185,472

## 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 2022</b>	626,048	1,291,762	4,437	2,700,000	3,219,944	7,842,191
Charge Relating to surcharge Tax	-	-	-	-	(804,826)	(804,826)
<b>Adjusted Balance as at 1st April 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>Total comprehensive income for the year</b>	-	-	-	-	204,713	204,713
						-
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>						-
Final Dividend - 2021/2022					(225,377)	(225,377)
<b>Total Distributions to Owners of the Company</b>					(225,377)	(225,377)
						-
<b>Balance at 30th June 2022</b>	626,048	1,287,665	4,437	2,700,000	2,398,551	7,016,701
						-
Realisation on Revaluation Surplus	-	(10,925)	-	-	10,925	-
Transferred to/(from) during the year	-	-	-	-	-	-
						-
Profit for the Period					15,886	15,886
<b>Total comprehensive income for the year</b>	-	-	-	-	15,886	15,886
						-
<b>Other Comprehensive Income</b>						-
Actuarial Loss on Employee Benefit Obligations	-	-	-	-	85,305	85,305
Fair Value Change in Equity instruments designated at fair value through other comprehensive income	-	-	(1,334)	-	-	(1,334)
						-
<b>Related Taxes</b>						-
Impact of Deferred Tax Rate change on Revaluation Reserve		(77,506)				
Deferred Tax on Actuarial loss on Employee Benefit Obligations	-	-	-	-	(25,591)	(25,591)
Deferred Tax on Equity Investments at FVOCI-change in fair value	-	-	400	-	-	400
Total Other Comprehensive Income for the Year	-	(77,506)	(934)	-	59,714	(18,726)
Total Comprehensive Income for the Year	-	(77,506)	(934)	-	75,600	(2,840)
						-
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>						-
Amalgamation- Singer Digital Media (Private) Limited	-	-	-	-	(366,346)	(366,346)
<b>Balance at 31st March 2023</b>	626,048	1,199,234	3,503	2,700,000	2,118,730	6,647,515
						-
Realisation of Revaluation Surplus	-	(4,097)	-	-	4,097	-
						-
Loss for the period	-	-	-	-	(884,551)	(884,551)
<b>Total comprehensive income for the year</b>	-	-	-	-	(884,551)	(884,551)
						-
<b>Balance at 30th June 2023</b>	626,048	1,195,137	3,503	2,700,000	1,238,276	5,762,964

## STATEMENT OF CASH FLOWS

For the Three Months ended 30th June	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Cash Flows from Operating Activities</b>				
Net Profit before Income Tax Expense	(1,078,685)	228,979	(1,076,067)	261,464
<b>Adjustment for:</b>				
Depreciation on Property, Plant and Equipment	199,533	185,270	140,071	132,257
Amortization of Intangible Assets	13,813	13,875	9,577	8,990
Amortization of Leasehold Right	-	325	-	-
Amortization of Right of Use Assets	251,666	257,731	217,086	226,237
Loss ( Gain) on Disposal of Property, Plant and Equipment	399	(111)	399	91
Interest Expense	1,428,559	1,056,331	1,368,926	1,060,297
Interest Income	(400,802)	(378,265)	(63,605)	(82,434)
Impairment of Inventories	144,374	64,307	36,484	21,651
Impairment on Trade and Other Receivables	188,517	150,949	109,426	83,377
Provision for Retiring Gratuity	34,254	47,199	22,499	35,870
<b>Operating Profit before Working Capital Changes</b>	<b>781,628</b>	<b>1,626,590</b>	<b>764,796</b>	<b>1,747,800</b>
(Increase)/Decrease in Inventories	1,831,689	(1,901,238)	1,599,698	(1,370,213)
(Increase)/Decrease in Debtors falling Due after one Year	257,856	1,348,764	(110,399)	124,394
(Increase)/Decrease in Debtors falling Due within one year	1,020,470	2,217,034	(590,771)	3,254,722
(Increase) / Decrease in Dues from Related Parties	86,231	(11,241)	98,738	164,217
Increase/(Decrease) in Dues to Related Parties	(266,065)	(454,082)	(276,415)	(1,161,496)
Increase/(Decrease) in Security Deposits	(29,103)	(10,039)	(29,103)	(15,251)
Increase/(Decrease) in Trade and Other Payables	555,130	(236,246)	640,410	(614,792)
Increase / (Decrease) in Deferred Liabilities	(772)	(9,837)	(765)	(9,002)
<b>Cash Generated from Operations</b>	<b>4,237,064</b>	<b>2,569,705</b>	<b>2,096,189</b>	<b>2,120,379</b>
Finance Costs Paid	(1,299,516)	(792,677)	(1,258,121)	(817,198)
Retiring Gratuity Paid	(15,403)	(14,373)	(1,915)	(12,534)
Income Tax Paid	(56,502)	(630,599)	-	(550,251)
<b>Net Cash from Operating Activities</b>	<b>2,865,643</b>	<b>1,132,056</b>	<b>836,153</b>	<b>740,396</b>
<b>Cash Flows from Investing Activities</b>				
Acquisition of Property, Plant and Equipment and Intangible Assets	(179,658)	(129,724)	(136,744)	(69,403)
Proceeds from Disposal of Property Plant and Equipment	163	186	163	-
Acquisition of Marketable Securities	(145,433)	(590,847)	-	-
(Investment)/ Withdrawal in Bank Deposits	1,052,338	(2,889,532)	-	-
Net Cashflows from Loans Given to Related Companies	-	-	-	(197,500)
Interest Income Received	400,802	378,265	63,605	82,434
<b>Net Cash Flows from /(Used in) Investing Activities</b>	<b>1,128,212</b>	<b>(3,231,652)</b>	<b>(72,976)</b>	<b>(184,469)</b>
<b>Cash Flow from Financing Activities</b>				
Net proceeds from interest - bearing Loans and Borrowings	(1,874,061)	(365,765)	650,690	(166,512)
Net settlements to Lease Creditors	(301,910)	(383,146)	(267,855)	(318,721)
Increase in Customer Deposit Liabilities	1,908,068	3,516,056	-	-
Dividends Paid	(38)	(250,806)	(37)	(242,856)
<b>Net Cash Flow from /(Used in) Financing Activities</b>	<b>(267,941)</b>	<b>2,516,339</b>	<b>382,798</b>	<b>(728,089)</b>
<b>Net Increase /(Decrease) in Cash and Cash Equivalents</b>	<b>3,725,914</b>	<b>416,743</b>	<b>1,145,975</b>	<b>(172,162)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>2,808,492</b>	<b>1,796,266</b>	<b>354,844</b>	<b>1,305,421</b>
<b>Cash and Cash Equivalents as at the end of Period</b>	<b>6,534,406</b>	<b>2,213,009</b>	<b>1,500,819</b>	<b>1,133,259</b>
<b>ANALYSIS OF CASH &amp; CASH EQUIVALENTS</b>				
<b>Favourable balances</b>				
Cash in hand and at bank	7,838,387	4,162,770	2,486,284	2,654,357
<b>Unfavourable balances</b>				
Bank overdrafts	(1,303,981)	(1,949,761)	(985,465)	(1,521,098)
	<b>6,534,406</b>	<b>2,213,009</b>	<b>1,500,819</b>	<b>1,133,259</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 2023 have been prepared in accordance with LKAS 34 Interim Financial Reporting

The Financial Statements for the period ended 30th June 2023, 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 2023

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

1.1	Group		Company		Level	
	2023 June	2023 March	2023 June	2023 March		
	Rs. '000	Rs.'000"	Rs. '000	Rs.'000"		
<b>Recurring Fair Value Measurements</b>	23,645	23,645	21,524	21,524	3	Financial Assets at FVOCI
Investment in Equity Securities	23,645	23,645	21,524	21,524		

### 1.2 Impact of Recent Economic Conditions

The Directors are continuously monitoring the existing and the anticipated effects from 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

LKR and USD interest rates in the domestic market moderated during the quarter ended June 30, 2023 with the policy measures adopted by CBSL. However, the elevated market interest rates during the quarter, results in adverse implications on the interest cost of the Group and the company. The LKR interest rates are expected to decline further in the coming months with the deceleration of inflation in the domestic economy, coupled with resultant improvement of the economic condition of the country with the engagement of the IMF program and Domestic Debt Optimization program.

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
- A focused effort to reduce Inventory thereby reducing borrowings

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

The LKR appreciated during the quarter ended June 30, 2023 from LKR/USD 325 levels to 300 levels due to the prudent policy measures adopted by CBSL, along with the resultant decline in importer demand and improvement of the Balance of Payment of the country. The sudden appreciation of Rupee during the quarter, adversely affected export companies to be competitive in the international market place, given the tax amendments, high cost of operations and inflation. However, we envisage the cost adjustments will ease the immediate challenges in the months to come. Further, Government initiatives to lighten import restrictions and floating of exchange rates might result in some volatilities in the months ahead.

## 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 prices 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

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

	Three months ended 30th June 2023 Rs. '000	Three months ended 30th June 2022 Rs'000
Consumer Electronics	916,039	1,280,158
Financial Services	1,068,822	719,075
Furniture	951,287	1,001,274
Home Appliances	4,574,268	5,548,435
IT products	2,500,259	2,568,429
Sewing Machines	426,245	573,930
Other	892,242	861,665
	11,329,162	12,552,966

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

	Three months ended 30th June 2023 Rs. '000	Three months ended 30th June 2022 Rs'000
Consumer Electronics	(8,765)	310,146
Financial Services	351,253	273,774
Furniture	(4,479)	155,156
Home Appliances	(29,342)	1,059,891
IT products	(11,228)	364,954
Sewing Machines	(4,385)	82,274
Other	(2,218)	100,141
Impairment Loss on Trade and Other Receivables	(110,132)	(83,377)
<b>Operating Profit</b>	180,704	2,262,959
Net Finance Cost	(1,242,771)	(1,976,495)
VAT on Financial Services	(14,000)	(25,000)
<b>Profit/ (Loss ) Before Tax</b>	(1,076,067)	261,464



## Notes to the Financial Statements

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

	Three months ended 30th June 2023 Rs. '000	Three months ended 30th June 2022 Rs'000
Consumer Electronics	916,039	1,280,157
Financial Services	2,722,045	2,127,445
Furniture	951,287	1,001,273
Home Appliances	4,579,336	5,554,167
IT products	2,500,259	2,970,557
Sewing Machines	426,302	573,957
Other	899,717	867,255
	12,994,985	14,374,811

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

	Three months ended 30th June 2023 Rs'000	Three months ended 30th June 2022 Rs'000
Consumer Electronics	(8,765)	310,146
Financial Services	284,911	385,863
Furniture	(4,479)	155,156
Home Appliances	(85,489)	1,272,217
IT Products	(11,228)	338,085
Sewing Machines	(84,868)	85,723
Other	2,579	105,276
Impairment Loss on Trade and Other Receivables	(188,517)	(150,949)
<b>Operating Profit/ (Loss)</b>	<b>(95,856)</b>	<b>2,501,517</b>
Net Finance Cost	(910,856)	(2,191,556)
VAT on Financial Services	(71,973)	(80,982)
<b>Profit /(Loss) Before Tax</b>	<b>(1,078,685)</b>	<b>228,979</b>

## 3 STATED CAPITAL

### 3.1

	30th June 2023	30th June 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 during the period 1st January 2014 to 30th September 2015. The assessments were for a Deemed VAT payment of Rs. 1,076 million and penalty of Rs. 423 million, totaling to Rs. 1,499 million. The assessments were appealed against and in due course the Commissioner General of Inland Revenue issued the determination on the appeal. In terms of the same, Rs. 791 million of Deemed VAT liability and penalty of Rs. 395 million totaling to Rs. 1,186 million was held to be a Deemed VAT liability for the seven quarters for the period from 1st January 2014 to 30th September 2015. The Company after carefully reviewing the situation and based on the advice of tax consultants, was of the opinion that there is no basis for the Company to be made liable for Deemed VAT. Accordingly Company decided to appeal to the Tax Appeals Commission against the determination. Further, the Company had previously provided bank guarantees amounting to Rs. 297 million to the Commissioner General of Inland Revenue - Tax Appeals Commission.

The Tax Appeals Commission hearings were concluded on 28th February 2023, and the determinations were consequently issued on the 17th of May 2023 and 23rd May 2023 for all seven quarters for the period from 1st January 2014 to 30th September 2015 – Though the Company was not informed of such determinations for a period of approximately one month from such dates. The Tax Appeals Commission in determining the case has confirmed the purported determinations made by the Commissioner General of Inland Revenue for all seven quarters. Accordingly at the time of receiving the said determinations on the 20th of June 2023, the company deposited 10% of the pending assessed value amounting to Rs. 108 Mn in lieu of renewing the bank guarantees which were previously given.

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, the Company has decided to seek the judicial review in the Appellate Court against the determination issued by the Tax Appeals Commission by making an application for a case stated on the 19th of July 2023. Hence, no provision has been made in the Financial Statements.

- b) Commissioner General of Inland Revenue has issued an assessment notice on Singer (Sri Lanka) PLC pertaining to an additional VAT on Financial Services Liability for the taxable period of 01st January 2016 to 31 December 2016. The assessment was for a VAT on Financial Services payment of Rs. 27 million and penalty of Rs. 16 million, totaling to Rs. 43 million. Subsequently, Commissioner General of Inland Revenue had given the determination on the appeal. As per the same, Rs. 26 million of VAT on Financial Services liability and a penalty of Rs. 26 million totaling to Rs. 52 million is payable as a VAT on Financial Services liability for the period 1st January 2016 to 31st December 2016. The Company after carefully reviewing the situation and based on the advice of tax consultants, was of the opinion that the Company has strong grounds on which to contest the CGIR's determination. Accordingly, the Company decided to appeal to the Tax Appeal Commission against the determination on 17th August 2021. Further, the Company has provided a bank guarantee amounting to Rs. 13 million to the Commissioner General of Inland Revenue - Tax Appeal Commission on 03rd December 2021.
- c) Commissioner General of Inland Revenue has issued assessment notices on Singer Digital Media (Pvt) Ltd which has been amalgamated with Singer (Sri Lanka) PLC pertaining to an additional Income Tax Liability for the Year of Assessment 2018/2019. The assessment was for an income tax payment of Rs. 86 Mil and interest and penalty of Rs. 44 mil and Rs. 16 Mil respectively, totaling Rs. 147 million. Since, the Commissioner General of Inland Revenue has failed to make the determination on the appeal, the Company has decided to appeal to the Tax Appeal Commission against the assessment dated 25th May 2022. Further, Company has provided a bank guarantee amounting of Rs. 37 million to the Commissioner General of Inland Revenue - Tax Appeal Commission on 02nd March 2023.
- d) 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 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
- e) Singer Finance (Lanka) PLC has provided letters of guarantee totalling to Rs. 1.5 million against fixed deposits of Rs. 1.5 million.
- f) 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 case will be called on 31st July 2023 for further trial. Further, the Company has received summons for case number 004674/21DMR claiming Rs. 3.8 million as damages. The case will be called on 25th January 2024 for proxy and answer. The lawyers of the Company are of the view that the ultimate resolution of these litigations would not likely to have a material impact.

## Notes to the Financial Statements

- g) 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
- h) Regnis (Lanka) PLC cleared a shipment of imported goods during the year 2008 on provision of a bank guarantee to the Director of Custom amounting to Rs. 7 million. 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

There have been no material events occurring after the balance sheet date that require disclosure in the financial statements.

### 6 Top 20 Shareholders as at 30th June 2023

	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	J.b. Cocoshell (Pvt) Ltd	2,881,986	0.26
10	Citibank Newyork S/A Norges Bank Account 2	2,711,008	0.24
11	Mrs. Saraswathy Vasudevan & Mr. S. Vasudevan	1,615,048	0.14
12	Commercial Bank Of Ceylon Plc/Andaradeniya Estate (Pvt) Ltd	1,500,000	0.13
13	Mrs. Anoma Kamalika Amarasuriya	1,200,000	0.11
14	Miss Nai Kaluge Ruvani Hemamala De Silva	1,192,914	0.11
15	People's Leasing & Finance Plc/Mr. D.m.p. Disanayake	1,028,909	0.09
16	Mr. Abeysiri Hemapala Munasinghe & Mr. A.R.R. Munasinghe	810,268	0.07
17	People's Leasing & Finance Plc/Mr. R. Kannan	750,033	0.07
18	Mr. Shyamsunder Ramanathan	749,678	0.07
19	Hatton National Bank Plc-Arpico Ataraxia Equity Income Fund	682,989	0.06
20	Mrs. Giyani Venya De Silva	662,385	0.06
20	Miss. Shayari Hiranya De Silva	662,385	0.06
	Sub Total	1,062,294,221	94.3
	Others	64,592,269	5.7
	Total Issued Shares	1,126,886,490	100

## Notes to the Financial Statements

### 7 Director's and CEO's Shareholding as at

Name of the Director	30th June 2023 Number of Shares	30th June 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. Brindhini Perera	-	-
Mr. Sujeewa Perera (Alternate Director to Mr. Mahesh Wijewardene)	-	-
Mr. Kapila Perera (Alternate Director to Mr. Hisham Jamaldeen)	3,000	3,000

### 8 Public Holding

Shares held by public as at 30th June 2023

	Number of share holders	Number of shares	Percentage
	4,117	86,956,872	7.72%

Float adjusted market capitalization - Rs. 1,217,938,918/-

The Company is not in compliance with option 5 of the Listing Rule 7.14.1 (i) (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 Explanatory Note

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