

SINGER FINANCE

SINGER FINANCE (LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
NINE MONTHS ENDED 31ST DECEMBER 2022

SINGER[®]
Trusted Excellence

STATEMENT OF FINANCIAL POSITION

As At	31-December-2022	31-December-2021	31-Mar-2022
	Rs.'000	Rs.'000	(Audited) Rs.'000
ASSETS			
Cash and Cash Equivalents	700,739	714,309	837,562
Placement with Banks	1,222,908	171,490	177,450
Financial assets at amortised cost-Hire Purchase Receivables	-	218	-
Financial assets at amortised cost-Finance Lease Receivables	9,892,062	13,247,336	12,954,049
Financial assets at amortised cost-Loans and Advances	15,754,094	11,836,299	13,395,955
Financial assets measured at fair value through other comprehensive income	41	41	41
Financial assets at amortised cost-Debt and other financial instruments	1,761,016	1,401,174	1,412,979
Due from Related Companies	9,838	250,042	-
Other Debtors, and Prepayments	255,136	310,350	246,507
Deferred Tax Assets	167,742	61,901	78,675
Intangible Assets	83,581	71,750	69,459
Property, Plant & Equipment	620,049	375,710	444,453
Right-of-use assets / Lease assets	694,065	610,388	645,887
Total Assets	31,161,271	29,051,008	30,263,017
LIABILITIES			
Financial liabilities at amortised cost-Due to Customers	17,181,830	12,502,303	12,295,391
Financial liabilities at amortised cost-Interest Bearing Loans & Borrowings	7,671,381	9,856,331	10,777,766
Lease Liabilities	793,088	667,880	721,891
Trade & Other Payables	395,784	561,332	659,116
VAT Payable	2,864	-	-
Due to Related Companies	3,366	290,309	72,461
Bank Overdraft	425	315,816	599,909
Current Tax Liabilities	161,015	182,831	260,378
Retirement Benefit Obligations	118,177	97,035	101,458
Total Liabilities	26,327,930	24,473,837	25,488,370
SHAREHOLDERS' FUND			
Stated Capital	1,996,444	1,996,444	1,996,444
Reserve Fund	234,112	203,055	234,112
Retained Earnings	2,602,785	2,377,672	2,544,091
Total Equity	4,833,341	4,577,171	4,774,647
Total Liabilities & Equity	31,161,271	29,051,008	30,263,017
Net Assets per share (Rs)	23.92	22.65	23.63

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

(Sgd.)

Eraj Fernando
Head of Finance

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

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board by,

(Sgd.)

A.Perera
Chairman

Colombo
30th January 2023

(Sgd.)

Thushan Amarasuriya
Director/Chief Executive Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 31st December	2022	2021	Variance	
	Rs.'000	Rs.'000	Rs.'000	%
Gross Income	2,016,759	1,420,311	596,448	42%
Interest Income	1,912,723	1,334,859	577,864	43%
Less: Interest Expense	1,305,596	488,723	(816,873)	(167%)
Net Interest Income	607,127	846,136	(239,009)	(28%)
Net Fee and Commission Income	91,868	78,168	13,700	18%
Trading Income	246	16	230	1,438%
Other Operating Income	11,922	7,268	4,654	64%
Total Operating Income	711,163	931,588	(220,425)	(24%)
Less: Impairment charges and Other Credit Losses on Financial Assets	5,045	75,724	70,679	93%
Net Operating Income	706,118	855,864	(149,746)	(17%)
Less:- Expenses				
Personnel Cost	231,918	228,554	(3,364)	(1%)
Administration & Selling Expenses	287,685	264,609	(23,076)	(9%)
Operating Profit Before VAT on Financial Services & Social Security Contribution Levy	186,515	362,701	(176,186)	(49%)
Less: VAT on Financial Services	69,025	77,338	8,313	11%
Social Security Contribution Levy	10,860	-	(10,860)	(100%)
Profit Before Income Tax	106,630	285,363	(178,733)	(63%)
Less: Income Tax Expense	10,801	97,816	87,015	89%
Net profit for the Period	95,829	187,547	(91,718)	(49%)
Total Comprehensive Income for the Period	95,829	187,547	(91,718)	(49%)
Basic Earnings per Share (Rs)	0.47	0.93		

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Nine Months ended 31st December	2022	2021	Variance	
	Rs.'000	Rs.'000	Rs.'000	%
Gross Income	5,499,972	3,922,497	1,577,475	40%
Interest Income	5,187,790	3,703,809	1,483,981	40%
Less: Interest Expense	3,408,526	1,408,398	(2,000,128)	(142%)
Net Interest Income	1,779,264	2,295,411	(516,147)	(22%)
Net Fee and Commission Income	263,743	198,755	64,988	33%
Trading Income	495	47	448	953%
Other Operating Income	47,944	19,886	28,058	141%
Total Operating Income	2,091,446	2,514,099	(422,653)	(17%)
Less: Impairment charges and Other Credit Losses on Financial Assets	35,858	379,111	343,253	91%
Net Operating Income	2,055,588	2,134,988	(79,400)	(4%)
Less:- Expenses				
Personnel Cost	659,282	582,597	(76,685)	(13%)
Administration & Selling Expenses	807,034	723,133	(83,901)	(12%)
Operating Profit Before VAT on Financial Services & Social Security Contribution Levy	589,272	829,258	(239,986)	(29%)
Less: VAT on Financial Services	191,137	187,972	(3,165)	(2%)
Social Security Contribution Levy	10,860	-	(10,860)	(100%)
Profit Before Income Tax	387,275	641,286	(254,011)	(40%)
Less: Income Tax Expense	113,906	220,926	107,020	48%
Profit for the Period	273,369	420,360	(146,991)	(35%)
Other Comprehensive Income for the Period, Net of Tax	-	-	-	0%
Total Comprehensive Income for the Period	273,369	420,360	(146,991)	(35%)
Basic Earnings per Share (Rs)	1.35	2.08		

STATEMENT OF CHANGES IN EQUITY

For the Nine Months ended 31st December

	Attributable to Equity Holders of the Company			
	Stated Capital Rs.'000	Reserve Fund Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 31st March 2021	1,996,444	203,055	2,118,971	4,318,470
Total Comprehensive Income				
Profit for the Period	-	-	420,360	420,360
Total Comprehensive Income for the Period	-	-	420,360	420,360
Transactions with Owners, Recorded Directly in Equity				
Dividends	-	-	(161,659)	(161,659)
Total Transactions with Equity Owners	-	-	(161,659)	(161,659)
Balance as at 31st December 2021	1,996,444	203,055	2,377,672	4,577,171
Total Comprehensive Income				
Profit for the Period	-	-	200,778	200,778
Other Comprehensive Income				
Employee Benefit Plan Actuarial Loss			(4,345)	(4,345)
Tax on Other Comprehensive Income			1,043	1,043
Total Other Comprehensive Income for the Period	-	-	(3,302)	(3,302)
Total Comprehensive Income for the Period	-	-	197,476	197,476
Transactions with Owners, Recorded Directly in Equity				
Transferred to/(from) during the Period	-	31,057	(31,057)	-
Total Transactions with Equity Owners	-	31,057	(31,057)	-
Balance as at 31st March 2022	1,996,444	234,112	2,544,091	4,774,647
Surcharge Tax			(53,016)	(53,016)
Balance as at 01st April 2022	1,996,444	234,112	2,491,075	4,721,631
Transferred to/(from) During the Period	-	-	-	-
Total Comprehensive Income				
Profit for the Period	-	-	273,369	273,369
Total Comprehensive Income for the Period	-	-	273,369	273,369
Transactions with Owners, Recorded Directly in Equity				
Dividends	-	-	(161,659)	(161,659)
Total Transactions with Equity Owners	-	-	(161,659)	(161,659)
Balance as at 31st December 2022	1,996,444	234,112	2,602,785	4,833,341

CASH FLOW STATEMENT

For the Nine Months ended 31st December	2022	2021
	Rs.'000	Rs.'000
Cash Flows From Operating Activities		
Profit Before Tax	387,275	641,286
Adjustments for		
Non-Cash Items Included In Profit Before Tax		
Interest Income from Investing Activities	(353,578)	(62,163)
Interest Income from Placement with Banks	(304,323)	(15,260)
Finance Cost	3,310,586	1,359,232
Depreciation/Amortization	179,361	136,872
(Profit)/ Loss on disposal of Property, Plant and Equipment	(20)	2,892
Profit on disposal on modification of ROU Asset	(1,654)	-
Provision for Define Benefit Plans - Gratuity	18,000	18,000
Provision for Bad Debt	35,859	379,111
Securitization Issue Cost	41,735	25,821
Debenture Issue Cost	3,158	3,486
Operating Profit Before Changes In Operating Assets And Liabilities	3,316,399	2,489,277
Changes In;		
Decrease in Lease Rentals Receivables	3,112,900	340,167
Increase in Hire Debtors	-	(47)
Increase in Loans and Advances	(2,444,909)	(4,712,541)
Increase in Other Assets	(8,629)	(49,546)
(Increase)/ Decrease in Due from Related Companies	(9,839)	168,451
Increase In Public Deposits	4,308,164	1,783,758
Decrease in amounts due to Related Companies	(69,095)	(165,598)
Decrease in Other Liabilities	(262,175)	(26,227)
Cash from/(used in) Operations	7,942,816	(172,306)
Finance costs paid	(2,529,531)	(1,218,256)
Retiring Gratuity Paid	(3,421)	(4,210)
Gratuity Transfer	2,140	-
Income Tax Paid	(302,336)	(291,012)
Net Cash from/(used in) Operating Activities	5,109,668	(1,685,784)
Cash Flows from/(used in) Investing Activities		
Acquisition of Property Plant & Equipment	(258,561)	(65,109)
Proceeds from Sale of Property, Plant & Equipment	186	-
Incurred on Software Development	(22,733)	(33,852)
Increase Investment in Investment Securities	(257,112)	(581,412)
Investment in Bank Deposits	(1,023,835)	(110,042)
Interest Income Received	545,350	70,408
Net Cash Flows from/ (used in) Investing Activities	(1,016,705)	(720,007)
Cash Flows from/(used in) Financing Activities		
Issue of Debenture	-	2,000,000
Issue Of Securitization	2,000,000	1,200,000
Loans Obtained During the Period Other Than Related Party	2,450,000	2,200,000
Repayment of Loans Other Than Related Party	(5,354,986)	(1,355,532)
Repayment of Securitization	(2,403,662)	(1,676,101)
Securitization Issue Cost	(30,402)	(21,570)
Lease Rentals Paid	(131,298)	(101,123)
Dividends Paid	(159,954)	(160,578)
Net Cash Flows from/ (used in) Financing Activities	(3,630,302)	2,085,096
Net increase/(Decrease) in Cash and Cash Equivalents	462,661	(320,695)
Cash and Cash Equivalents at the beginning of the Period	237,653	719,188
Cash and Cash Equivalents at the end of the Period	700,314	398,493

Interim Financial Statements for the Quarter Ended 31st December 2022

Notes to the Financial Statements

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

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

The following table presents financial information regarding business segments:

Business Segments (Rs.'000)

For the quarter ended 31st December	Finance Lease		Loan & Advances		Other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Interest Income	580,117	829,489	1,091,620	473,358	240,986	32,012	1,912,723	1,334,859
Net Fee and Commission Income	14,359	35,185	77,300	42,973	209	10	91,868	78,168
Net Trading Income	-	-	-	-	246	16	246	16
Other Operating Income	1,797	1,684	8,636	5,429	1,489	155	11,922	7,268
Total Revenue	596,273	866,358	1,177,556	521,760	242,930	32,193	2,016,759	1,420,311
Interest Expense	(400,948)	(303,247)	(739,827)	(173,846)	(164,821)	(11,630)	(1,305,596)	(488,723)
Depreciation & Amortization	(21,607)	(30,407)	(41,734)	(17,424)	-	-	(63,341)	(47,831)
Period S&A	(155,867)	(284,160)	(300,395)	(161,172)	-	-	(456,262)	(445,332)
Impairment charges and Other Credit								
Losses on Financial Assets	41,264	17,513	(46,309)	(93,237)	-	-	(5,045)	(75,724)
Less: VAT on Financial Services	(20,788)	(48,287)	(39,550)	(27,151)	(8,687)	(1,900)	(69,025)	(77,338)
Social Security Contribution Levy	(3,991)	-	(5,455)	-	(1,414)	-	(10,860)	-
Profit Before Tax	34,336	217,770	4,286	48,930	68,008	18,663	106,630	285,363
Income Tax Expense	(3,478)	(74,647)	(435)	(16,773)	(6,888)	(6,396)	(10,801)	(97,816)
Profit After Tax	30,858	143,123	3,851	32,157	61,120	12,267	95,829	187,547
Segment Assets	10,762,907	14,303,125	17,141,002	12,779,866	3,257,362	1,968,017	31,161,271	29,051,008
Segment Liabilities	9,093,501	12,049,576	14,482,307	10,766,317	2,752,122	1,657,944	26,327,930	24,473,837
* Segment assets include the additions to non current assets	25,734	14,697	56,366	20,035	4,168	-	86,268	34,732

** Interest Income given under the business segment "other" includes investment income from government securities and bank deposits amounting to Rs. 235Mn (2022/23) and Rs. 24Mn (2021/22)

Interim Financial Statements for the Nine Months Ended 31st December 2022

Notes to the Financial Statements

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

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

The following table presents financial information regarding business segments:

Business Segments (Rs.'000)

For the Nine Months ended 31st December	Finance Lease		Loan & Advances		Other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Interest Income	1,906,388	2,357,879	2,605,959	1,245,726	675,443	100,204	5,187,790	3,703,809
Net Fee and Commission Income	45,655	93,377	217,861	105,306	227	72	263,743	198,755
Trading Income	-	-	-	-	495	47	495	47
Other Operating Income	6,224	6,728	19,490	12,517	22,230	641	47,944	19,886
Total Revenue	1,958,267	2,457,984	2,843,310	1,363,549	698,395	100,964	5,499,972	3,922,497
Interest Expense	(1,252,551)	(896,599)	(1,712,189)	(473,696)	(443,786)	(38,103)	(3,408,526)	(1,408,398)
Depreciation & Amortization	(75,776)	(89,557)	(103,584)	(47,315)	-	-	(179,360)	(136,872)
Period S&A	(543,715)	(764,796)	(743,241)	(404,062)	-	-	(1,286,956)	(1,168,858)
Impairment charges and Other Credit								
Losses on Financial Assets	50,913	(132,271)	(86,771)	(246,840)	-	-	(35,858)	(379,111)
Less: VAT on Financial Services	(70,238)	(119,665)	(96,013)	(63,222)	(24,886)	(5,085)	(191,137)	(187,972)
Social Security Contribution Levy	(3,991)	-	(5,455)	-	(1,414)	-	(10,860)	-
Profit Before Income Tax	62,909	455,096	96,057	128,414	228,309	57,776	387,275	641,286
Income Tax Expense	(18,503)	(156,783)	(28,252)	(44,239)	(67,151)	(19,904)	(113,906)	(220,926)
Profit After Tax	44,406	298,313	67,805	84,175	161,158	37,872	273,369	420,360
Segment Assets	10,762,907	14,303,125	17,141,002	12,779,866	3,257,362	1,968,017	31,161,271	29,051,008
Segment Liabilities	9,093,501	12,049,576	14,482,307	10,766,317	2,752,122	1,657,944	26,327,930	24,473,837
* Segment assets include the additions to non current assets	97,157	60,011	154,732	53,620	29,404	8,257	281,293	121,888

**** Interest Income given under the business segment "other" includes investment income from government securities and bank deposits amounting to Rs. 658Mn (2022/23) and Rs. 77Mn (2021/22)**

Notes to the Financial Statements

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

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

2 COMMITMENTS & CONTINGENCIES

There are no significant capital commitments which have been approved or contracted for by the company as at 31st December 2022 except following,

2.1 Operating Lease Commitments as at 31st December 2022

Within One Year Rs. 10.87 million

2.2 (a) As at 31st December 2022, the Company has provided letters of guarantee totalling to Rs. 2,200,000/- against Fixed Deposits of Rs. 2,200,000/-

2.3 Assets Pledged as Securities

Company has given a negative pledge amounting to Rs.11,876,800,316/- over the Company's Lease receivable and Loans for the following banks over Loans, Overdrafts, Securitization & Debentures having a carrying value of Rs.8,832,923,320/- as at 31st December 2022.

Bank	Exposure	Type of Facility	Carrying Value Rs.	Amount Pledged Rs.
Sampath Bank	130% of the Banks's exposure	Loan Overdraft Facility	500,000,000 300,000,000	1,040,000,000
Commercial Bank	150% of the Banks's exposure	Loan Overdraft Facility	20,000,000 200,000,000	330,000,000
Seylan Bank	130% of the Banks's exposure	Loan Overdraft Facility	1,345,990,000 250,000,000	2,074,787,000
Nations Trust Bank	130% of the Banks's exposure	Loan Overdraft Facility	1,006,000,000 200,000,000	1,567,800,000
National Development Bank	130% of the Banks's exposure	Loan Overdraft Facility	500,000,000 100,000,000	780,000,000
Cargills Bank	130% of the Banks's exposure	Loan	200,000,000	260,000,000
Bank of Ceylon	130% of the Banks's exposure	Loan	858,333,320	1,115,833,316
Pan Asia Bank Corporation	200% of the Company exposure	Loan	500,000,000	1,000,000,000
Trustee (Hatton National Bank & National Savings Bank)	130% of the Banks's exposure	Securitization	2,852,600,000	3,708,380,000
			<u>8,832,923,320</u>	<u>11,876,800,316</u>

- 2.4 (a)** Case bearing No. 404 has been filled against Singer Finance (Lanka) PLC by a customer in the District Court of Ampara claiming Rs. 2,000,000/- as damages caused by repossessing and selling of a vehicle leased through the Company. The case will be called on 06th February 2023 for further trial.

(b) Further, the Company has received summons for case number 004674/21DMR claiming Rs.3,800,000/- as damages. The case is fixed for proxy and answer on 06th April 2023.

The lawyers of the Company are of the view that the ultimate resolution of these litigations would not likely to have a material impact.

3 EVENTS AFTER THE REPORTING PERIOD

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

Notes to the Financial Statements

4 LISTED DEBENTURES

Details regarding the listed Debentures are as follows.

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

Interest rate of Comparable Government Securities as at 31st December 2022 were 29.27% (01 Year Treasury Bill) and 31.36% (05 Years Treasury Bond)

The Listed Debentures were not traded during the period 01st April 2022 to 31st December 2022. Therefore, Highest Traded price, Lowest Traded Price, Last Traded Price as at 31st December 2022, Interest Yield and Yield to Maturity of trade were not available.

4.1 Debenture Proceeds Utilization as at 31st December 2022

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

4.2 Ratios

	31st-December-2022	31st-December-2021
Debt Equity Ratio	5.31	5.10
Interest Cover	1.11	1.46
Quick Assets Ratio	1.27	1.06
Liquid Asset Ratio	12.92%	14.14%
Tier I Ratio	18.62%	12.15%
Total Capital Ratio	24.31%	17.88%

5 DIRECTORS' AND CEO'S DEBENTURE HOLDING AS AT 31ST DECEMBER 2022

Name of the Director	No of Debentures 31st-December-2022	No of Debentures 31-March-2022
Mr. Aravinda Perera	-	-
Mr. Jayanth Perera	-	-
Ms. D. Talpahewa	-	-
Mr. L.S. Sadeep Perera (Resigned w.e.f. 01st December 2022)	-	-
Mr. T.A.Amarasuriya (Chief Executive Officer/Executive Director)	-	-
Mr. Mahesh H. Wijewardene	-	-
Mr. Ranil De Silva	-	-
Mr. K.M.Saman Priyantha Herath	-	-

6 INFORMATION ON ORDINARY SHARES

a) Stated Capital

	31st-December-2022	31st-December-2021
Value-Ordinary Shares	Rs.1,996,444,457	Rs.1,996,444,457
No of Shares-Ordinary Shares	202,074,075	202,074,075
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

b) Share Price

	Quarter Ended	
	31st-December-2022	31st-December-2021
Highest	12.50	17.50
Lowest	9.20	14.40
Last Traded	10.20	17.50
	Nine Months Ended	
	31st-December-2022	31st-December-2021
Highest	14.00	17.50
Lowest	9.20	13.00
Last Traded	10.20	17.50

Notes to the Financial Statements

c) Twenty Largest holders of Shares as at 31st December 2022

Name	No of Shares	%
1 Singer (Sri Lanka) PLC	161,513,035	79.93
2 Employees Trust Fund Board	3,440,878	1.70
3 Mr. A. M. Weerasinghe	3,181,765	1.57
4 Associated Electrical Corporation Ltd	3,147,500	1.56
5 Mr. A. M. C. S. Atapattu	1,634,500	0.81
6 Mrs. U. D. D. N. Perera	1,391,086	0.69
7 Mr. M. L. Ajit Benedict	1,069,278	0.53
8 United Motors Lanka PLC	679,224	0.34
9 Mr. S. Vasudevan & Mrs. V. Saraswathi	625,000	0.31
10 Mr. Ram Pritamdas, Mr. D. Pritamdas & Miss. L.P. Hathiramani	605,000	0.30
11 Mrs. V. Saraswathi & Mr. S. Vasudevan	575,000	0.28
12 People's Leasing & Finance PLC/ L.P. Hapangama	570,738	0.28
13 Unimo Enterprises Ltd.	521,885	0.26
14 Mr. D. C. P. De Silva Siriwardane	480,152	0.24
15 A E C Properties (Pvt) Ltd.	440,000	0.22
16 Hatton National Bank PLC/ Mr. Arunasalam Sithampalam	420,944	0.21
17 Mr. L.N.S. Kumara Samarasinghe	355,000	0.18
18 Mr. W. V. N. B. Weragoda	303,438	0.15
19 Dialog Finance PLC/ K. E. H. De Alwis	302,952	0.15
20 Mercantile Investments and Finance PLC	296,760	0.15
	181,554,135	89.86
Others	20,519,940	10.14
	202,074,075	100.00

d) Directors' and CEO's Shareholding as at 31st December 2022

Name of the Director	Shareholding 31-December-2022 No of Shares	Shareholding 31-March-2022 No of Shares
Mr. Aravinda Perera	-	-
Mr. Jayanth Perera	-	-
Ms. D. Talpahewa	-	-
Mr. L.S. Sadeep Perera (Resigned w.e.f. 01st December 2022)	-	-
Mr. T.A.Amarasuriya (Chief Executive Officer/Executive Director)	50,155	50,155
Mr. Mahesh H. Wijewardene	-	-
Mr. Ranil De Silva	-	-
Mr. K.M.Saman Priyantha Herath	-	-
	50,155	50,155

e) Public Holding

	31st-December-2022	31st-December-2021
No of Share Holders	6,122	6,228
No of Shares	40,510,885	40,510,885
% of Public Holding	20.05%	20.05%
Float Adjusted Market Capitalization	Rs. 401,106,935/-	Rs. 696,872,655/-
The Company is Compliant with option 5 of the Listing Rules 7.14.1 (a) - Less than Rs.2.5Bn Float Adjusted Market Capitalization which requires		
20% minimum Public Holding		

Notes to the Financial Statements

7 FAIR VALUE MEASUREMENT HIERARCHY

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

As at 31st -December-2022	Amortised Cost Rs.'000	Fair value through OCI Rs.'000	Other Financial Liabilities Rs.'000	Total Rs.'000	Fair Value Rs.'000	Fair Value Measurement Level
Financial Assets						
Cash and Cash Equivalents	700,739	-	-	700,739	-	-
Placement with Banks	1,222,908	-	-	1,222,908	-	-
Financial assets at amortised cost-Hire Purchase Receivables	-	-	-	-	-	-
Financial assets at amortised cost-Finance Lease Receivables	9,892,062	-	-	9,892,062	-	-
Financial assets at amortised cost-Loans and Advances	15,754,094	-	-	15,754,094	-	-
Financial assets measured at fair value through other comprehensive income	-	41	-	41	41	Level 3
Financial assets at amortised cost-Debt and other financial instruments	1,761,016	-	-	1,761,016	1,764,079	Level 2
Due from Related Companies	9,838	-	-	9,838	-	-
Total Financial Assets	29,340,657	41	-	29,340,698	1,764,120	-
Financial Liabilities						
Other Financial Liabilities Due to Customers	-	-	17,181,830	17,181,830	-	-
Interest Bearing Loans & Borrowings-Debt	-	-	3,345,826	3,345,826	-	-
Interest Bearing Loans & Borrowings-Bank Loans	-	-	1,333,700	1,333,700	-	-
Interest Bearing Loans & Borrowings-Securitization	-	-	2,991,855	2,991,855	-	-
Due to Related Companies	-	-	3,366	3,366	-	-
Lease Liabilities	-	-	793,088	793,088	-	-
Bank Overdraft	-	-	425	425	-	-
Total Financial Liabilities	-	-	25,650,090	25,650,090	-	-
As at 31st-December-2021						
Financial Assets						
Cash and Cash Equivalents	714,309	-	-	714,309	-	-
Placement with Banks	171,490	-	-	171,490	-	-
Financial assets at amortised cost-Hire Purchase Receivables	218	-	-	218	-	-
Financial assets at amortised cost-Finance Lease Receivables	13,247,336	-	-	13,247,336	-	-
Financial assets at amortised cost-Loans and Advances	11,836,299	-	-	11,836,299	-	-
Financial assets measured at fair value through other comprehensive income	-	41	-	41	41	Level 3
Financial assets at amortised cost-Debt and other financial instruments	1,401,174	-	-	1,401,174	1,400,984	Level 2
Due from Related Companies	250,042	-	-	250,042	-	-
Total Financial Assets	27,620,868	41	-	27,620,909	1,401,025	-
Financial Liabilities						
Other Financial Liabilities Due to Customers	-	-	12,502,303	12,502,303	-	-
Interest Bearing Loans & Borrowings-Debt	-	-	3,175,700	3,175,700	-	-
Interest Bearing Loans & Borrowings-Bank Loans	-	-	3,394,164	3,394,164	-	-
Interest Bearing Loans & Borrowings-Securitization	-	-	3,286,467	3,286,467	-	-
Interest Bearing Loans - Related party	-	-	-	-	-	-
Due to Related Companies	-	-	290,309	290,309	-	-
Lease Liabilities	-	-	667,880	667,880	-	-
Bank Overdraft	-	-	315,816	315,816	-	-
Total Financial Liabilities	-	-	23,632,639	23,632,639	-	-

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

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

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

The Tax is imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on 7th April 2022. The total Surcharge Tax liability of Rs. 53 Million has been recognized in the financial statements of FY 2022/2023 for the Company as an adjustment to the 1st April 2022 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 10th August 2022.

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

9 IMPACT DUE TO CURRENT ECONOMIC CONDITION

The Company has prepared financial statements for the period ended 31st December 2022 on the basis that it will continue to operate as a going concern. The Company recorded profits in all three quarters of the current financial year owing to the effectiveness of business strategies adopted by the management.

In determining the basis of preparing the financial statements for the period ended 31st December 2022, based on available information, the management has assessed the prevailing macroeconomic conditions and its impact on the company and the appropriateness of the use of the going concern basis.

The Company is expected to encounter macro-economic challenges such as devaluation of the rupee, import restrictions, rise in general inflation (Year on Year inflation of 57.2% in December 2022), low foreign currency reserves, shortage of essential supplies, increase in policy rates (from 7th July 2022, the SDF Rate is 14.50% and SLF Rate is 15.50%. and the resultant pressure on disposable income levels of general public.

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

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

Based on these proactive analyses and our operating model, financial strength of the company and the backing of the group, the management is confident that the company has taken adequate steps to continue its business as a going concern and expects to manage the above challenges effectively.

10 IMPACT OF CHANGE IN INCOME TAX RATES

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 24% to 30% w.e.f. 1st October 2022. As a result of this amendment, 3rd quarter income tax has been calculated based on a tax rate of 30%.

As deferred tax is calculated based on the liability method as per LKAS 12 - Income Taxes, the new tax rate of 30% 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. 31,915,291 as at 31st December 2022.

11 INFORMATION OF THE COMPANY SECRETARY

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