

SINGER[®]

SINGER (SRI LANKA) PLC

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

Statement of Profit or Loss and Other Comprehensive Income

For the Six months ended 30th September	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	27,235,480	31,597,481	23,664,941	28,101,672	4,362,001	- 14	4,436,731	- 16
Cost of Sales	(14,624,164)	(21,684,503)	(14,490,185)	(20,676,294)	(7,060,339)	- 33	(6,186,109)	- 30
Direct Interest Cost	(2,079,650)	(909,159)	-	-	(1,170,491)	> 100	-	-
Gross Profit	10,531,666	9,003,819	9,174,756	7,425,378	1,527,847	+ 17	1,749,378	+ 24
Other Income	131,172	96,028	176,668	158,736	35,144	+ 37	17,932	+ 11
Selling and Administrative Expenses	(6,153,821)	(5,799,804)	(5,082,600)	(4,881,918)	(354,017)	+ 6	(200,682)	+ 4
Impairment (Loss) / Reversal on Trade and Other Receivables	94,865	(1,103,456)	127,906	(781,722)	(1,198,321)	> 100	(909,628)	> 100
Operating Profit	4,603,882	2,196,587	4,396,730	1,920,474	2,407,295	> 100	2,476,256	> 100
Finance Cost	(3,879,005)	(1,132,058)	(3,443,775)	(981,335)	(2,746,947)	> 100	(2,462,440)	> 100
Finance Income	519,752	572,431	151,041	352,875	52,679	- 9	201,834	- 57
Net Finance Cost	(3,359,253)	(559,627)	(3,292,734)	(628,460)	(2,799,626)	> 100	(2,664,274)	> 100
Value Added Tax on Financial Services	(172,112)	(152,634)	(50,000)	(42,000)	(19,478)	+ 13	(8,000)	+ 19
Profit Before Tax	1,072,517	1,484,326	1,053,996	1,250,014	411,809	- 28	196,018	- 16
Income Tax Expense	(319,541)	(417,661)	(210,207)	(286,005)	(98,120)	- 23	(75,798)	- 27
Profit for the Period	752,976	1,066,665	843,789	964,009	313,689	- 29	120,220	- 12
Total Comprehensive Income for the Period, Net of Tax	752,976	1,066,665	843,789	964,009				
Profit Attributable to -								
Owners of the Company	695,386	1,022,524	843,789	964,009				
Non - Controlling Interests	57,590	44,141	-	-				
	752,976	1,066,665	843,789	964,009				
Total Comprehensive Income Attributable to -								
Owners of the Company	695,386	1,022,524	843,789	964,009				
Non - Controlling Interests	57,590	44,141	-	-				
Total Comprehensive Income for the Period Net of Tax	752,976	1,066,665	843,789	964,009				
Basic / Diluted Earnings Per Share (Rs.)	0.62	0.91	0.75	0.86				
Above figures are provisional and subject to audit.								
Share Prices	For the Six Months ended 30th September 2022		For the Six Months ended 30th September 2021					
	Rs.		Rs.					
Highest	14.60		21.50					
Lowest	7.40		15.90					
Last Traded Price	9.90		16.40					

Statement of Profit or Loss and Other Comprehensive Income

For the quarter ended 30th September	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	12,860,669	16,697,584	11,111,975	14,673,402	3,836,915	- 23	3,561,427	- 24
Cost of Sales	(6,840,136)	(11,601,416)	(6,861,370)	(10,927,265)	(4,761,280)	- 41	(4,065,895)	- 37
Direct Interest Cost	(1,204,453)	(473,279)	-	-	(731,174)	> 100	-	-
Gross Profit	4,816,080	4,622,889	4,250,605	3,746,137	193,191	+ 4	504,468	+ 13
Other Income	62,153	43,929	157,538	12,161	18,224	+ 41	145,377	> 100
Selling and Administrative Expenses	(3,021,682)	(3,044,146)	(2,485,655)	(2,562,130)	(22,464)	- 1	(76,475)	- 3
Impairment (Loss) / Reversal on Trade and Other Receivables	245,814	(639,382)	211,283	(487,441)	(885,196)	> 100	(698,724)	> 100
Operating Profit	2,102,365	983,290	2,133,771	708,727	1,119,075	> 100	1,425,044	> 100
Finance Cost	(1,387,947)	(605,585)	(1,384,846)	(461,546)	(782,362)	> 100	(923,300)	> 100
Finance Income	220,250	551,707	68,607	344,413	331,457	- 60	275,806	- 80
Net Finance Cost	(1,167,697)	(53,878)	(1,316,239)	(117,133)	(1,113,819)	> 100	(1,199,106)	> 100
Value Added Tax on Financial Services	(91,130)	(82,995)	(25,000)	(21,000)	(8,135)	+ 10	(4,000)	+ 19
Profit Before Tax	843,538	846,417	792,532	570,594	2,879	- 0.3	221,938	+ 39
Income Tax Expense	(225,069)	(227,212)	(153,456)	(135,843)	(2,143)	- 1	(17,613)	+ 13
Profit for the Period	618,469	619,205	639,076	434,751	736	- 0.1	204,325	+ 47
Total Comprehensive Income for the Period	618,469	619,205	639,076	434,751				
Profit Attributable to -								
Owners of the Company	574,787	583,264	639,076	434,751				
Non- Controlling Interests	43,682	35,941	-	-				
Profit for the Period	618,469	619,205	639,076	434,751				
Total Comprehensive Income Attributable to -								
Owners of the Company	574,787	583,264	639,076	434,751				
Non - Controlling Interests	43,682	35,941	-	-				
Total Comprehensive Income for the Period Net of Tax	618,469	619,205	639,076	434,751				
Basic / Diluted Earnings Per Share (Rs.)	0.52	0.52	0.57	0.39				
Above figures are provisional and subject to audit.								
Share Prices	Quarter ended 30th September 2022 Rs.		Quarter ended 30th September 2021 Rs.					
Highest		12.40		19.20				
Lowest		7.40		15.90				
Last Traded Price		9.90		16.40				

Statement of Financial Position

As at	Group			Company		
	30th September	30th September	31st March	30th September	30th September	31st March
	2022	2021	2022	2022	2021	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	7,533,255	6,581,086	7,521,444	3,742,209	3,403,110	3,807,243
Right-of-Use Assets	4,395,995	4,986,527	4,807,413	3,693,976	4,462,447	4,148,096
Intangible Assets	541,489	575,437	548,839	408,475	439,372	422,366
Investment in Subsidiaries	-	-	-	2,968,023	2,968,023	2,968,023
Other Non-Current Assets	-	59,966	59,315	-	-	-
Other Investments	22,900	24,990	22,900	22,858	24,948	22,858
Trade and Other Receivables	9,846,731	11,547,999	12,182,088	596,492	566,362	695,448
Deferred Tax Assets	1,393,033	1,032,023	1,269,800	1,185,231	983,649	1,125,639
	23,733,403	24,808,028	26,411,799	12,617,264	12,847,911	13,189,673
Current Assets						
Inventories	25,123,684	24,118,245	23,022,192	22,550,213	21,386,175	20,524,781
Loans due from Related Parties	-	-	-	307,500	185,000	110,000
Income Tax Receivables	39,446	22,543	45,145	-	6,038	-
Trade and Other Receivables	29,256,086	26,655,431	35,284,564	9,933,885	12,912,069	18,356,963
Amounts Due from Related Parties	7,871	14,900	24,157	1,858,992	14,900	198,611
Deposits with Banks	2,020,621	120,747	177,450	-	-	-
Short term Investments	1,794,355	1,840,143	1,412,979	-	-	-
Cash and Cash Equivalents	2,756,385	3,117,980	2,972,394	2,118,961	2,309,332	1,732,553
	60,998,448	55,889,989	62,938,881	36,769,551	36,813,514	40,922,908
Total Assets	84,731,851	80,698,017	89,350,680	49,386,815	49,661,425	54,112,581
EQUITY AND LIABILITIES						
Equity						
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	1,623,910	1,221,398	1,635,092	1,284,934	1,162,504	1,291,762
Other Component of Equity	4,437	6,026	4,437	4,437	6,026	4,437
Statutory Reserve	223,763	198,939	223,763	-	-	-
Revenue Reserves	8,537,846	6,830,421	9,080,204	5,740,359	3,630,261	5,919,944
Total Equity Attributable to Owners of the Company	11,016,004	8,882,832	11,569,544	7,655,778	5,424,839	7,842,191
Non-Controlling Interest	1,963,415	1,790,236	1,971,082	-	-	-
Total Equity	12,979,419	10,673,068	13,540,626	7,655,778	5,424,839	7,842,191
Non-Current Liabilities						
Interest - Bearing Loans and Borrowings	8,476,603	11,162,513	12,112,183	4,900,000	5,900,000	6,500,000
Lease Liability	4,235,523	4,822,827	4,570,731	3,594,032	4,301,563	3,925,205
Employee Benefit Obligations	1,084,681	984,899	1,041,152	744,853	671,777	719,014
Security Deposits	1,449,748	1,367,478	1,462,347	1,389,130	1,299,331	1,406,991
Deferred Tax Liability	458,375	370,009	468,501	-	-	-
Other Financial Liabilities	5,232,190	2,489,870	2,317,848	-	-	-
Deferred Revenue	89,401	102,065	110,358	89,401	102,065	110,358
Other Non-Current Liabilities	181,439	154,143	187,707	181,439	154,143	187,706
	21,207,960	21,453,804	22,270,827	10,898,855	12,428,879	12,849,274
Current Liabilities						
Trade and Other Payables	9,559,348	18,431,923	19,314,620	6,969,975	15,253,064	13,765,298
Deferred Revenue	201,273	211,754	201,549	199,571	185,064	198,212
Dividends Payable	54,741	86,506	81,478	49,183	77,359	67,969
Amounts Due to Related Parties	539,200	881,302	1,074,261	2,668,152	3,893,066	4,137,893
Income Tax Payable	291,844	130,743	714,483	161,480	-	433,940
Other Financial Liabilities	10,735,171	9,662,982	9,828,666	-	-	-
Lease Liability	959,755	720,152	912,300	852,383	684,672	854,484
Interest - Bearing Loans and Borrowings	24,706,311	16,376,448	20,235,742	17,708,651	11,302,976	13,536,188
Bank Overdrafts	3,496,829	2,069,335	1,176,128	2,222,787	411,506	427,132
	50,544,472	48,571,145	53,539,227	30,832,182	31,807,707	33,421,116
Total Liabilities	71,752,432	70,024,949	75,810,054	41,731,037	44,236,586	46,270,390
Total Equity and Liabilities	84,731,851	80,698,017	89,350,680	49,386,815	49,661,425	54,112,581
Net Assets per Share (Rs.)	9.78	7.88	10.27	6.79	4.81	6.96

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

(Sgd.)

Pramila Liyanage
Finance Manager

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,
10th November 2022

(Sgd.)

Mahesh Wijewardene
Director/Group Chief Executive Officer

Statement of Changes in Equity

For the Six Months ended 30th September Group	Attributable to equity holders of the Company								
	Stated Capital	Reserve Fund	Capital Reserve	Other Component of Equity	Revenue Reserve		Total	Non -Controlling Interest	Total Equity
			Revaluation Reserves	Fair Value Reserve	General Reserves	Retained Earnings			
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Balance as at 31st March 2021	626,048	198,939	1,232,581	6,026	2,700,000	3,716,501	8,480,094	1,778,543	10,258,638
Realisation on Revaluation Surplus	-	-	(11,182)	-	-	11,182	-	-	-
Profit for the Period	-	-	-	-	-	1,022,524	1,022,524	44,141	1,066,665
Total Comprehensive Income for the Period	-	-	-	-	-	1,022,524	1,022,524	44,141	1,066,665
Transactions with Owners of the Company, Recognised Directly in Equity									
Distributions to Owners of the Company									
Final Dividend – 2020/21	-	-	-	-	-	(281,722)	(281,722)	(32,449)	(314,171)
Interim Dividend – 2021/2022	-	-	-	-	-	(338,065)	(338,065)	-	(338,065)
Total Distributions to Owners of the Company	-	-	-	-	-	(619,787)	(619,787)	(32,449)	(652,236)
Balance as at 30th September 2021	626,048	198,939	1,221,398	6,026	2,700,000	4,130,421	8,882,832	1,790,236	10,673,068
Realisation on Revaluation Surplus	-	-	(15,823)	-	-	15,823	-	-	-
Transferred to/(from) during the period	-	24,824	-	-	-	(24,824)	-	-	-
Profit for the Period	-	-	-	-	-	2,935,624	2,935,624	107,503	3,043,127
Other Comprehensive Income for the Period									
Revaluation Gain on Property , Plant and Equipment	-	-	546,538	-	-	-	546,538	93,572	640,110
Actuarial gain/(loss) on Employee Benefit Obligations	-	-	-	-	-	(73,978)	(73,978)	(3,054)	(77,032)
Fair Value Change in equity instruments designated at fair value through other comprehensive income	-	-	-	(2,090)	-	-	(2,090)	-	(2,090)
Related Taxes									
Deferred Tax on Revaluation Gain	-	-	(117,022)	-	-	-	(117,022)	(17,776)	(134,798)
Deferred Tax on Actuarial gain/(loss) on Employee Benefit Obligations	-	-	-	-	-	16,926	16,926	602	17,528
Deferred Tax on Equity investments at FVOCI – change in fair value	-	-	-	501	-	-	501	-	501
Total Other Comprehensive Income for the Period, Net of Tax	-	-	429,516	(1,589)	-	(57,052)	370,875	73,344	444,219
Transactions with Owners of the Company, Recognised Directly in Equity									
Distributions to Owners of the Company									
Interim Dividend – 2021/22	-	-	-	-	-	(619,788)	(619,788)	-	(619,788)
Total Distributions to Owners of the Company	-	-	-	-	-	(619,788)	(619,788)	-	(619,788)
Balance as at 31st March 2022	626,048	223,763	1,635,092	4,437	2,700,000	6,380,204	11,569,544	1,971,082	13,540,626
Charge Relating to Surcharge Tax (Note 1.2)	-	-	-	-	-	(1,023,548)	(1,023,548)	(32,808)	(1,056,356)
Realisation of Revaluation Surplus	-	-	(11,182)	-	-	11,182	-	-	-
Profit for the Period	-	-	-	-	-	695,386	695,386	57,590	752,976
Transactions with Owners of the Company, Recognised Directly in Equity									
Distributions to Owners of the Company									
Final Dividend - 2021/2022	-	-	-	-	-	(225,377)	(225,377)	(32,449)	(257,826)
Balance as at 30th September 2022	626,048	223,763	1,623,910	4,437	2,700,000	5,837,846	11,016,004	1,963,415	12,979,419

Statement of Changes in Equity

For the Six Months ended 30th September Company	Capital Reserve		Other Component of Equity	Revenue Reserve		Total Equity
	Stated Capital	Revaluation Reserves		General Reserves	Retained Earnings	
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Balance as at 31st March 2021	626,048	1,170,908	6,026	2,700,000	577,635	5,080,617
Realisation of Revaluation Surplus	-	(8,404)	-	-	8,404	-
Profit for the Period	-	-	-	-	964,009	964,009
Transactions with Owners of the Company, Recognised Directly in Equity						
Final Dividend – 2020/21	-	-	-	-	(281,722)	(281,722)
Interim Dividend – 2021/22	-	-	-	-	(338,065)	(338,065)
Total Distributions to Owners of the Company					(619,787)	(619,787)
Balance as at 30th September 2021	626,048	1,162,504	6,026	2,700,000	930,261	5,424,839
Realisation of Revaluation Surplus	-	(8,404)	-	-	8,404	-
Profit for the Period	-	-	-	-	2,944,633	2,944,633
Other Comprehensive Income						
Revaluation Gain on Property , Plant and Equipment	-	181,134	-	-	-	181,134
Actuarial loss on Employee Benefit Obligations	-	-	-	-	(57,319)	(57,319)
Fair Value Change in equity instruments designated at fair value through other comprehensive income	-	-	(2,090)	-	-	(2,090)
Related Taxes						
Deferred Tax on Actuarial loss on Employee Benefit Obligations	-	-	-	-	13,754	13,754
Deferred Tax on Equity investments at FVOCI – change in fair value	-	-	501	-	-	501
Impact of Deferred Tax Rate change on revaluation reserve	-	(43,472)	-	-	-	(43,472)
Total Other Comprehensive Income Net of tax	-	137,662	(1,589)	-	(43,565)	92,508
Total Comprehensive Income Net of tax	-	137,662	(1,589)	-	2,901,068	3,037,141
Transactions with Owners of the Company, Recognised Directly in Equity						
Distributions to Owners of the Company						
Interim Dividend – 2021/22	-	-	-	-	(619,788)	(619,788)
Total Distributions to Owners of the Company	-	-	-	-	(619,788)	(619,788)
Balance as at 31st March 2022	626,048	1,291,762	4,437	2,700,000	3,219,944	7,842,192
Charge Relating to Surcharge Tax (Note 1.2)	-	-	-	-	(804,826)	(804,826)
Realisation of Revaluation Surplus	-	(6,828)	-	-	6,828	-
Profit for the Period	-	-	-	-	843,789	843,789
Transactions with Owners of the Company, Recognised Directly in Equity						
Distributions to Owners of the Company						
Final Dividend - 2021/2022	-	-	-	-	(225,377)	(225,377)
Total Distributions to Owners of the Company	-	-	-	-	(225,377)	(225,377)
Balance as at 30th September 2022	626,048	1,284,934	4,437	2,700,000	3,040,359	7,655,778

STATEMENT OF CASH FLOWS

For the Six Months ended 30th September	Group		Company	
	2022/2023 Rs. '000	2021/2022 Rs. '000	2022/2023 Rs. '000	2021/2022 Rs. '000
Cash Flows from Operating Activities				
Net Profit before Income Tax Expense	1,072,517	1,484,326	1,053,996	1,250,014
Adjustment for:				
Depreciation on Property, Plant and Equipment	377,644	350,567	266,286	258,048
Amortization of Intangible Assets	27,646	17,860	17,937	10,306
Amortization of Leasehold Right	-	651	-	-
Amortization of Right of Use Assets	521,709	558,773	454,120	508,477
(Gain)/Loss on Disposal of Property, Plant and Equipment	(5,474)	(1,619)	(5,454)	(1,619)
Interest Expense	2,998,153	988,078	2,447,568	981,335
Interest Income	(519,752)	(53,597)	(151,042)	(12,835)
Impairment of Inventories	101,101	34,854	56,235	36,748
Loss / (Reversal) Impairment on Trade and Other Receivables	(94,866)	1,103,456	(127,906)	781,723
Dividend Income	-	-	(129,210)	(129,210)
Provision for Retiring Gratuity	97,048	87,059	72,306	62,930
Operating Profit before Working Capital Changes	4,575,726	4,570,408	3,954,836	3,745,916
(Increase)/Decrease in Inventories	(2,202,593)	(5,972,416)	(2,081,667)	(5,272,027)
(Increase)/Decrease in Debtors falling Due after one Year	2,335,356	313,155	98,956	236,446
(Increase)/Decrease in Debtors falling Due within one year	6,106,693	(3,781,263)	8,504,677	(728,578)
(Increase) / Decrease in Dues from Related Parties	16,286	(4,080)	(1,660,382)	23,914
Increase/(Decrease) in Dues to Related Parties	(535,060)	539,998	(1,469,741)	(366,160)
Increase/(Decrease) in Security Deposits	(12,599)	913	(17,861)	5,587
Increase/(Decrease) in Trade and Other Payables	(9,467,511)	(311,152)	(6,537,076)	1,705,199
Increase / (Decrease) in Deferred Liabilities	(21,233)	(2,864)	(19,598)	(3,948)
Cash Generated from Operations	795,065	(4,647,301)	772,144	(653,651)
Finance Costs Paid	(2,490,999)	(617,955)	(2,249,190)	(645,878)
Retiring Gratuity Paid	(7,053)	(48,935)	(137)	(45,792)
Income Tax Paid	(2,190,728)	(734,612)	(1,611,616)	(468,328)
Net Cash from/(used in) Operating Activities	(3,893,715)	(6,048,803)	(3,088,799)	(1,813,649)
Cash Flows from Investing Activities				
Acquisition of Property, Plant and Equipment and Intangible Assets	(404,463)	(408,165)	(199,845)	(313,939)
Proceeds from Disposal of Property Plant and Equipment	186	5,606	-	5,606
Acquisition of Marketable Securities	(381,375)	(1,026,881)	-	-
Investment in Bank Deposits	(1,843,171)	(59,813)	-	-
Net Cashflows from Loans Given to Related Companies	-	-	(197,500)	(185,000)
Interest Income Received	519,752	53,597	151,042	12,835
Dividends Received	-	-	129,210	129,210
Net Cash Flows from Investing Activities	(2,109,071)	(1,435,655)	(117,093)	(351,287)
Cash Flow from Financing Activities				
Net proceeds from interest - bearing Loans and Borrowings	636,610	8,309,960	2,642,233	6,055,937
Net settlements to Lease Creditors	(706,818)	(919,616)	(601,423)	(853,727)
Increase/(Decrease) in Customer Deposit Liabilities	3,820,847	1,687,654	-	-
Net payment to Minority Share holders	(32,449)	(32,449)	-	-
Dividends Paid	(252,114)	(665,954)	(244,164)	(601,251)
Net Cash Flow from Financing Activities	3,466,076	8,379,595	1,796,646	4,600,960
Net Increase /(Decrease) in Cash and Cash Equivalents	(2,536,710)	895,137	(1,409,246)	2,436,024
Cash and Cash Equivalents at the Beginning of the Year	1,796,266	153,508	1,305,420	(538,198)
Cash and Cash Equivalents as at the end of Period	(740,444)	1,048,645	(103,826)	1,897,826

Notes to the Financial Statements

1.0 BASIS OF PREPARATION AND GROUP'S ACCOUNTING POLICIES

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

The financial statements for the period ended 30th September 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"		
Recurring Fair Value Measurements	22,858	24,948	22,858	24,948	3	Financial Assets at FVOCI
Investment in Equity Securities	22,858	24,948	22,858	24,948		

1.2 The Government of Sri Lanka in its Budget for 2022 proposed a One-Time Tax, referred to as a Surcharge Tax, at the rate of 25% to be imposed on any 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 oneoff Surcharge Tax as the law had not been enacted as at 31 March 2022.

The total Surcharge Tax liability of Rs.1,056 Million and Rs. 805 Million has been recognized in the financial statements of FY 2022/2023 for the Group and the Company respectively as an adjustment to the 1st April 2022 retained earnings in the statement of Changes in Equity as per the addendum to the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka On 10th August 2022, the Group and the Company paid Rs. 1,056 Million and Rs. 805 Million respectively on account of Surcharge Tax liability.

1.3 Impact of Recent Economic Conditions

The Directors are continuously monitoring the existing and the anticipated effects of 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 year same period 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:

	Quarter ended 30th September 2022	Quarter ended 30th September 2021	Six Months months ended 30th September 2022	Six Months months ended 30th September 2021
	Rs. '000	Rs'000	Rs. '000	Rs'000
Consumer Electronics	1,001,071	1,762,360	2,281,229	3,612,999
Financial Services	660,019	666,682	1,379,094	1,440,430
Furniture	955,495	448,134	1,956,769	1,166,528
Home Appliances	4,229,705	5,569,176	9,778,140	10,836,658
IT products	2,840,528	4,543,479	5,408,957	7,760,590
Sewing Machines	598,122	607,750	1,172,052	1,181,295
Other	827,035	1,075,821	1,688,700	2,103,172
	11,111,975	14,673,402	23,664,941	28,101,672

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

	Quarter ended 30th September 2022	Quarter ended 30th September 2021	Six Months months ended 30th September 2022	Six Months months ended 30th September 2021
	Rs. '000	Rs'000	Rs. '000	Rs'000
Consumer Electronics	160,438	166,695	470,584	448,696
Financial Services	30,876	129,596	304,650	306,876
Furniture	184,440	33,397	339,596	107,032
Home Appliances	810,334	544,881	1,870,225	1,094,348
IT products	429,813	235,516	794,767	412,222
Sewing Machines	54,715	47,007	136,989	108,860
Other	122,662	39,076	222,803	94,952
Intercompany Dividend	129,210	-	129,210	129,210
Impairment (Loss) / Reversal on Trade and Other Receivables	211,283	(487,441)	127,906	(781,722)
Operating Profit	2,133,771	708,727	4,396,730	1,920,474
Net Finance Cost	(1,316,239)	(117,133)	(3,292,734)	(628,460)
VAT on Financial Services	(25,000)	(21,000)	(50,000)	(42,000)
Profit Before Tax	792,532	570,594	1,053,996	1,250,014

Notes to the Financial Statements

2.2 Segmental Analysis of Group Net Turnover is as follows:

	Quarter ended 30th September 2022	Quarter ended 30th September 2021	Six Months months ended 30th September 2022	Six Months months ended 30th September 2021
	Rs. '000	Rs'000	Rs. '000	Rs'000
Consumer Electronics	1,001,072	1,762,360	2,281,229	3,612,999
Financial Services	2,222,225	1,916,290	4,349,670	3,816,812
Furniture	955,496	448,134	1,956,769	1,166,528
Home Appliances	4,147,100	5,573,867	9,701,267	10,845,536
IT products	3,103,037	5,305,224	6,073,594	8,857,946
Sewing Machines	598,154	607,750	1,172,111	1,181,295
Other	833,585	1,083,959	1,700,840	2,116,365
	12,860,669	16,697,584	27,235,480	31,597,481

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

	Quarter ended 30th September 2022	Quarter ended 30th September 2021	Six Months months ended 30th September 2022	Six Months months ended 30th September 2021
	Rs. '000	Rs'000	Rs. '000	Rs'000
Consumer Electronics	160,438	166,695	470,584	448,696
Financial Services	(58,821)	519,477	327,042	1,019,143
Furniture	184,440	33,397	339,596	107,032
Home Appliances	910,918	579,117	2,183,135	1,117,167
IT Products	454,339	233,969	792,424	405,721
Sewing Machines	78,086	43,737	163,809	95,091
Other	127,151	46,280	232,427	107,193
Impairment Loss on Trade and Other Receivables	245,814	(639,382)	94,865	(1,103,456)
Operating Profit	2,102,365	983,290	4,603,882	2,196,587
Net Finance Cost	(1,167,697)	(53,878)	(3,359,253)	(559,627)
Value Added Tax on Financial Services	(91,130)	(82,995)	(172,112)	(152,634)
Profit Before Tax	843,538	846,417	1,072,517	1,484,326

3 STATED CAPITAL

	30th September 2022	31st March 2022
Value-Ordinary Shares (Rs.)	626,048,050	626,048,050
Weighted Average Number of Ordinary Shares	1,126,886,490	1,126,886,490
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share

Notes to the Financial Statements

4 CONTINGENCIES

- a) Commissioner General of Inland Revenue has issued assessment notices on Singer (Sri Lanka) PLC pertaining to an additional VAT Liability/ Payment on account of Deemed VAT for seven quarters for the period 1st January 2014 to 30th September 2015. The assessment was for a Deemed VAT payment of Rs. 1,076 million and penalty of Rs. 423 million totalling to Rs. 1,499 million. Commissioner General of Inland Revenue has given the determination on the appeal. Accordingly, Rs. 791 million of Deemed VAT liability and penalty of Rs. 395 million totalling to Rs. 1,186 million is payable as a Deemed VAT liability for seven quarters for the period 1st January 2014 to 30th September 2015. The Company after carefully reviewing the situation and based on the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for Deemed VAT. Accordingly Company has decided to appeal to the Tax Appeal Commission against the determination. Hence, no provision has been made in the Financial Statements. The Company previously sought a clarification from the Inland Revenue Department on the interpretation of the Act and did not receive the required clarification. Deemed VAT is removed with effect from 1st January 2016 under VAT Amendment Act No. 20 of 2016.
- b) Singer (Sri Lanka) PLC has provided bank guarantees amounting to Rs. 337 million to Director General of Customs to clear imports during the years 2008 to September 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 totalling to Rs. 3 million against fixed deposits of Rs. 3 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

The Debentures were not issued / traded during the six months period ended 30th September 2022

	Group		Company	
	30th September 2022	31st March 2022	30th September 2022	31st March 2022
Debt Equity Ratio	4.24	3.56	3.55	3.00
Interest Cover	1.32	3.39	1.32	3.53
Quick Assets Ratio	0.71	0.75	0.46	0.61

Notes to the Financial Statements

7 Top 20 Shareholders as at 30th September 2022

	Name	Number of Shares	Percentage
1	Hayleys PLC	783,801,111	69.55
2	Hayleys Advantis Limited	111,382,980	9.88
3	Volanka (Pvt) Limited	34,787,235	3.09
4	Hayleys Aventura (Private) Limited	31,595,745	2.80
5	Carbotels (Pvt) Limited	29,042,553	2.58
6	Hayleys Agriculture Holdings Limited	28,404,255	2.52
7	Mr. Kulappuarachchige Don Dammika Perera	20,807,739	1.85
8	Mrs. Mihiri Virani Fernando	6,025,000	0.53
9	Mrs. Vasudevan Saraswathi & Mr. S. Vasudevan	1,535,048	0.14
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	People's Leasing & Finance PLC/Mr. D.M.P. Disanayake	1,062,466	0.09
15	Mrs. Enoka Kamali Wickramasinghe	884,571	0.08
16	Mr. Abeysiri Hemapala Munasinghe	860,268	0.08
17	Mrs. Giyani Venya De Silva	662,385	0.06
	Miss. Shayari Hiranya De Silva	662,385	0.06
18	Sisira Investors Limited	651,348	0.06
19	Mrs. Lasita Walpita	639,693	0.06
20	Mr. Sivarajah Aravinthan	625,166	0.06
		1,058,449,662	93.93
	Others	68,436,828	6.07
	Total Issued Shares	1,126,886,490	100.00

8 Directors' and CEO's Shareholding as at

Name of the Director	Shareholding 30th September 2022 Number of Shares	Shareholding 31st March 2022 Number of Shares
Mr. Mohan Pandithage	-	-
Mr. Deepal Sooriyaarachchi	-	-
Mr. Dumith Fernando	-	-
Mr. Mahesh Wijewardene (CEO)	-	-
Mr. Hisham Jamaldeen	-	-
Mr. Sarath Ganegoda	-	-
Mr. Dilip De Silva Wijeyeratne	-	-
Ms. Gayani De Alwis	-	-
Ms. Brindhiini Perera (appointed on 19.10.2022)	-	-
Mr. Sujeewa Perera (Alternate Director to Mr. Mahesh Wijewardene)	-	-
Mr. Kapila Perera (Alternate Director to Mr. Hisham Jamaldeen)	3,000	3,000
Mr. Ramesh Chitrasiri (Alternate Director to Mr. Sarath Ganegoda) (resigned w.e.f. 30.09.2022)	-	-

Notes to the Financial Statements

9 Public Holding

Shares held by public as at 30th September 2022

Number of share holders	Number of shares	Percentage
4,484	107,764,611	9.56%

Float adjusted market capitalization - Rs.1,055,757,415/-

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

Hayleys Group Services (Private) Limited
400, Deans Road, Colombo 10, Sri Lanka
Contact No. 0112627650

