



**INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30<sup>th</sup> SEPTEMBER 2022**

# HSENIID BUSINESS SOLUTIONS PLC

## Chief Executive Officer's Review

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Dear Shareholders,

The new financial year continues to progress on a positive note, recording favourable growth across our key business segments and regional operations.

hSenid Business Solutions (hBS) recorded a revenue of LKR 397.2 million for the three months ending 30 September 2022, compared to LKR 209.7 million in the corresponding quarter of the previous financial year. This amounts to a year-over-year growth of 89% (27% growth in USD terms on constant currency basis), driven by improvements in operations across all segments, in particular the core PeoplesHR products. Recurring revenues came in at 44%, driven by PeoplesHR Cloud. For the first six months, cumulative revenues were LKR 704.9 million, recording a 71.7 percent year-over-year growth.

Group earnings before interest, taxes, depreciation and amortisation (EBITDA) came in at LKR 56.8 million for the quarter, compared to LKR 37.9 million in the previous financial year. Growth in revenues helped offset the impact from an increase in operational expenses for the quarter. Cumulative EBITDA for the first six months was LKR 268.2 million, up from 69.1 million in the previous financial year.

Net profits for the quarter under review came in at LKR 57.9 million, compared to a profit of LKR 15.3 million in the corresponding quarter of the previous financial year. Earnings were also aided by favourable interest income for the quarter. This results in an earnings per share (EPS) of LKR 0.21 compared to LKR 0.07 in the second quarter of the previous financial year.

hBS secured LKR 131.0 million in new deals during the quarter under review, a growth of 49.3 percent year-over-year. PeoplesHR Cloud contributed to 59.0 percent of the new deals, while regionally Sri Lanka was the key contributor.

Expansion into Bangladesh is on track, with hBS closing several large ticket deals during 2Q FY23. In addition, the second phase of the Ugandan Government project is expected to be implemented during the second half of FY23. PeoplesHR Turbo continued to gain traction in India with the product being successful in onboarding a number of new clients during the quarter. We continue to focus on expanding the product within India and expect Turbo to be a key product catering to SME businesses in the APAC region.

We continue to focus on the strategic objectives set forth at our IPO, including product development initiatives, market expansion and exploring potential strategic acquisitions in APAC and East African Regions.

Sgd.

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Sampath K. Jayasundara  
Chief Executive Officer  
31 October 2022  
Colombo

HSENIID BUSINESS SOLUTIONS PLC  
STATEMENT OF FINANCIAL POSITION

AS AT	GROUP		COMPANY	
	Unaudited 30.09.2022 Rs.	Audited 31.03.2022 Rs.	Unaudited 30.09.2022 Rs.	Audited 31.03.2022 Rs.
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	33,182,992	20,060,449	32,508,373	19,717,549
Right of use Assets	32,716,060	28,233,890	27,934,970	20,478,877
Intangible assets	255,893,477	214,888,450	248,984,938	206,040,983
Goodwill on acquisition	2,008,131	2,008,131	-	-
Investments in subsidiaries	-	-	136,859,362	136,859,362
	<u>323,800,660</u>	<u>265,190,920</u>	<u>446,287,643</u>	<u>383,096,771</u>
<b>Current Assets</b>				
Inventories	27,450,867	29,685,786	27,450,867	29,685,786
Trade and other receivables	761,019,124	530,067,272	801,104,961	600,858,289
Advances and prepayments	93,105,290	66,315,496	24,951,381	8,389,732
Other current financial assets	1,114,785,090	1,083,462,924	1,114,785,090	1,083,462,924
Cash and bank balances	300,307,454	413,247,696	175,194,289	215,679,628
	<u>2,296,667,825</u>	<u>2,122,779,174</u>	<u>2,143,486,588</u>	<u>1,938,076,359</u>
<b>Total Assets</b>	<u><u>2,620,468,486</u></u>	<u><u>2,387,970,094</u></u>	<u><u>2,589,774,231</u></u>	<u><u>2,321,173,130</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Stated capital	922,748,205	922,748,205	922,748,205	922,748,205
Currency translation reserve	16,182,216	13,097,441	-	-
Retained earnings	1,103,850,726	926,700,879	1,198,427,380	1,007,913,613
<b>Total Equity</b>	<u>2,042,781,147</u>	<u>1,862,546,525</u>	<u>2,121,175,584</u>	<u>1,930,661,818</u>
<b>Non-Current Liabilities</b>				
Retirement benefit obligation	78,683,720	80,744,970	78,683,720	80,744,970
Interest bearing borrowings	2,312,995	4,277,354	2,312,995	3,658,420
Deferred tax liability	1,822,942	1,822,942	1,829,107	1,829,107
	<u>82,819,657</u>	<u>86,845,266</u>	<u>82,825,822</u>	<u>86,232,497</u>
<b>Current Liabilities</b>				
Trade and other payables	335,428,836	319,021,712	231,230,189	191,942,453
Deferred income	101,453,205	81,481,592	101,453,204	81,481,592
Interest bearing borrowings	46,432,858	31,989,169	41,536,650	24,768,940
Income tax payable	11,552,782	6,085,830	11,552,782	6,085,830
	<u>494,867,682</u>	<u>438,578,304</u>	<u>385,772,825</u>	<u>304,278,816</u>
<b>Total Equity and Liabilities</b>	<u><u>2,620,468,486</u></u>	<u><u>2,387,970,094</u></u>	<u><u>2,589,774,231</u></u>	<u><u>2,321,173,130</u></u>

These financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.  
Raveen Lasath  
**Head of Finance**

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by;

Sgd.  
Sampath Jayasundara  
**CEO/Director**

Sgd.  
Malinga Arsakularatne  
**Director**

October 31, 2022  
Colombo

HSENIID BUSINESS SOLUTIONS PLC  
STATEMENT OF COMPREHENSIVE INCOME - GROUP

	For the three Months ended			For the six Months ended		
	Unaudited 30.09.2022	Unaudited 30.09.2021	Change %	Unaudited 30.09.2022	Unaudited 30.09.2021	Change %
	Rs.	Rs.		Rs.	Rs.	
<b>Revenue</b>	397,242,791	209,742,480	89%	704,977,364	410,206,614	72%
Cost of sales	(208,000,242)	(117,975,393)	76%	(392,650,566)	(248,022,560)	58%
<b>Gross profit</b>	189,242,549	91,767,086	106%	312,326,799	162,184,054	93%
Other income	3,564,944	2,162,971	65%	197,035,012	3,791,037	5097%
Administrative expenses	(92,818,298)	(42,207,121)	120%	(160,186,128)	(74,462,948)	115%
Selling and marketing expenses	(53,142,961)	(17,959,442)	196%	(96,756,475)	(32,345,127)	199%
Finance cost	(2,949,538)	(2,371,319)	24%	(3,948,847)	(2,683,083)	47%
Finance income	49,741,591	3,249,025	1431%	71,970,431	3,952,719	1721%
Other operating expenses	(25,493,787)	(19,053,219)	34%	(48,768,212)	(37,045,536)	32%
<b>Profit before tax</b>	68,144,499	15,587,982	337%	271,672,580	23,391,116	1061%
Tax (expense)/reversal	(10,164,330)	(310,733)	3171%	(11,514,120)	(1,415,503)	713%
<b>Profit for the period</b>	57,980,169	15,277,249	280%	260,158,460	21,975,613	1084%
<b>Other comprehensive income</b>						
Exchange Gain/(Loss) on translation of foreign operations	(200,362)	5,719,293		3,084,775	2,079,280	
Re-measurements of defined benefit obligations	-	-		-	-	
Deferred tax on Re-measurements of defined benefit obligations	-	-		-	-	
<b>Total comprehensive income for the period</b>	<u>57,779,807</u>	<u>20,996,542</u>		<u>263,243,235</u>	<u>24,054,893</u>	
<b>Profit for the period</b>						
Equity holders of the Company	57,980,169	15,277,249		260,158,460	21,975,613	
Non-controlling interest	-	-		-	-	
<b>Total comprehensive income/profit for the period</b>						
Equity holders of the Company	57,779,807	20,996,542		263,243,235	24,054,893	
Non-controlling interest	-	-		-	-	
<b>Earnings Per Share - Basic</b>	0.21	0.07		0.94	0.10	

HSENIID BUSINESS SOLUTIONS PLC  
STATEMENT OF COMPREHENSIVE INCOME - COMPANY

	For the three Months ended			For the six Months ended		
	Unaudited 30.09.2022	Unaudited 30.09.2021	Change %	Unaudited 30.09.2022	Unaudited 30.09.2021	Change %
	Rs.	Rs.		Rs.	Rs.	
<b>Revenue</b>	311,171,347	159,961,132	95%	574,310,715	315,262,311	82%
Cost of sales	(150,620,962)	(75,304,624)	100%	(294,210,218)	(170,546,529)	73%
<b>Gross profit</b>	160,550,385	84,656,507	90%	280,100,497	144,715,782	94%
Other income	597,357	1,080,821	-45%	192,118,631	1,799,397	10577%
Administrative expenses	(78,047,084)	(31,848,386)	145%	(130,401,280)	(53,541,729)	144%
Selling and marketing expenses	(43,174,623)	(15,693,532)	175%	(77,824,811)	(28,476,545)	173%
Finance cost	(2,876,043)	(2,359,304)	22%	(3,774,950)	(2,647,230)	43%
Finance income	49,741,591	3,249,025	1431%	71,970,431	3,952,719	1721%
Other operating expenses	(24,669,549)	(18,322,804)	35%	(47,152,018)	(35,900,437)	31%
<b>Profit before tax</b>	62,122,035	20,762,326	199%	285,036,500	29,901,957	853%
Tax (expense)/reversal	(10,164,330)	-	N/A	(11,514,120)	(1,104,770)	942%
<b>Profit for the period</b>	51,957,705	20,762,326	150%	273,522,380	28,797,187	850%
<b>Other comprehensive income</b>						
Exchange Gain/(Loss) on translation of foreign operations	-	-		-	-	
Re-measurements of defined benefit obligations	-	-		-	-	
Deferred tax on Re-measurements of defined benefit obligations	-	-		-	-	
<b>Total comprehensive income for the period</b>	51,957,705	20,762,326		273,522,380	28,797,187	
<b>Profit for the period</b>						
Equity holders of the Company	51,957,705	20,762,326		273,522,380	28,797,187	
Non-controlling interest	-	-		-	-	
<b>Total comprehensive income/profit for the period</b>						
Equity holders of the Company	51,957,705	20,762,326		273,522,380	28,797,187	
Non-controlling interest	-	-		-	-	
<b>Earnings Per Share - Basic</b>	0.19	0.09		0.99	0.13	

HSENIID BUSINESS SOLUTIONS PLC

STATEMENT OF CASH FLOWS

	Group		Company	
	Unaudited 30.09.2022	Unaudited 30.09.2021	Unaudited 30.09.2022	Unaudited 30.09.2021
	Rs.	Rs.	Rs.	Rs.
<b>Cash flows from/(used in) operating activities</b>				
Profit before tax	271,672,580	23,391,116	285,036,500	29,901,957
Adjustment For				
Depreciation	4,743,230	2,142,035	4,743,230	2,142,035
Amortisation	61,690,093	42,271,289	54,444,042	41,580,706
Impairment/(writing back) of trade receivable	21,129,037	1,957,349	21,099,173	-
Finance income	(71,970,431)	(3,952,719)	(71,970,431)	(3,952,719)
Finance cost	3,948,847	2,683,083	3,774,950	2,647,230
Provision for defined benefit plan	4,500,000	3,900,000	4,500,000	3,900,000
Forex loss/(gain)	(193,411,143)	(1,798,897)	(192,118,631)	(1,798,897)
Operating profit before working capital changes	102,302,212	70,593,256	109,508,833	74,420,312
Decrease / (Increase) in inventories	2,234,918	(4,368,505)	2,234,918	(4,368,505)
Decrease / (Increase) in trade and other receivables	(252,080,888)	105,887,900	(221,345,845)	102,994,037
Decrease/(Increase) in advance and prepayment	(26,789,794)	16,002,866	(16,561,649)	(1,466,433)
Increase / (Decrease) in deferred income	19,971,613	(6,737,543)	19,971,612	(6,737,543)
Increase / (Decrease) in trade and other payables	16,407,124	(66,076,202)	39,287,736	(20,332,739)
Cash generated from operations	(137,954,815)	115,301,772	(66,904,395)	144,509,129
Finance cost paid	(726,939)	(514,105)	(726,939)	(514,105)
Defined benefit obligation paid	(6,561,250)	(2,501,250)	(6,561,250)	(2,501,250)
Tax paid	(6,047,168)	(6,958,653)	(6,047,168)	(6,609,570)
Net cash from operating activities	(151,290,172)	105,327,763	(80,239,752)	134,884,203
<b>Cash flows from/(used in) investing activities</b>				
Acquisition of property, plant and equipment	(17,821,737)	(5,412,529)	(17,534,054)	(5,412,529)
Acquisition of intangible assets	(83,960,408)	(50,280,886)	(83,960,408)	(48,227,446)
Finance income received	71,970,431	3,952,719	71,970,431	3,952,719
Net cash used in investing activities	(29,811,714)	(51,740,697)	(29,524,031)	(49,687,256)
<b>Cash flows from/(used in) financing activities</b>				
Issueance of shares	-	6,973,128	-	6,973,128
Payment of lease installments	(18,570,896)	(12,344,262)	(14,287,400)	(10,500,150)
Dividend paid	(83,008,613)	(30,004,113)	(83,008,613)	(30,004,113)
Repayment of bank loans	(4,166,650)	(11,145,840)	(4,166,650)	(11,145,840)
	(105,746,159)	(46,521,087)	(101,462,663)	(44,676,975)
Currency translation adjustment	195,285,328	4,345,117	192,118,631	1,798,897
<b>Net increase in cash and cash equivalents</b>	(91,562,717)	11,411,096	(19,107,815)	42,318,869
<b>Cash and cash equivalents at the beginning of the year</b>	1,266,407,907	431,231,727	1,068,839,840	277,457,429
<b>Cash and cash equivalents at the end of the period</b>	1,174,845,190	442,642,823	1,049,732,025	319,776,298

HSENIID BUSINESS SOLUTIONS PLC  
STATEMENT OF CHANGES IN EQUITY

Group	Stated	Currency	Retained	Total
	Capital	Translation	Earnings	Equity
	Rs.	Reserve	Rs.	Rs.
<b>Balance as at 01st April 2021</b>	224,036,627	17,775,308	527,476,218	769,288,153
Profit for the period	-	-	21,975,613	21,975,613
Dividends			(30,004,113)	(30,004,113)
Other comprehensive income	-	2,079,280	-	2,079,280
Total comprehensive income	-	2,079,280	(8,028,500)	(5,949,220)
Share Issue	6,973,128		-	6,973,128
<b>Balance as at 30th September 2021</b>	<u>231,009,755</u>	<u>19,854,588</u>	<u>519,447,718</u>	<u>770,312,061</u>
<b>Balance as at 01st April 2022</b>	922,748,205	13,097,441	926,700,879	1,862,546,525
Profit for the period	-	-	260,158,460	260,158,460
Dividends			(83,008,613)	(83,008,613)
Other comprehensive income	-	3,084,775	-	3,084,775
Total comprehensive income	-	3,084,775	177,149,847	180,234,622
<b>Balance as at 30th September 2022</b>	<u>922,748,205</u>	<u>16,182,216</u>	<u>1,103,850,726</u>	<u>2,042,781,147</u>
<b>Company</b>		<b>Stated</b>	<b>Retained</b>	<b>Total</b>
		<b>Capital</b>	<b>Earnings</b>	<b>Equity</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>Balance as at 01st April 2021</b>		224,036,627	679,757,364	903,793,990
Dividends			(30,004,113)	(30,004,113)
Profit for the period			28,797,187	28,797,187
Total comprehensive income		-	(1,206,927)	(1,206,927)
Re-statement of share capital in line with ROC		-	-	-
Share Issue		6,973,128	-	6,973,128
<b>Balance as at 30th September 2021</b>		<u>231,009,755</u>	<u>678,550,437</u>	<u>909,560,191</u>
<b>Balance as at 01st April 2022</b>		922,748,205	1,007,913,613	1,930,661,818
Dividends			(83,008,613)	(83,008,613)
Profit for the period		-	273,522,380	273,522,380
Total comprehensive income		-	190,513,767	190,513,767
<b>Balance as at 30th September 2022</b>		<u>922,748,205</u>	<u>1,198,427,380</u>	<u>2,121,175,584</u>

HSENIID BUSINESS SOLUTIONS PLC  
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1 Basis of Preparation

The consolidated interim financial statements have been prepared in accordance with the accounting policies set out in the Audited Accounts for the year ended 31 March 2022 and are in compliance with Sri Lanka Accounting Standards - LKAS 34 - Interim Financial Reporting.

2 The interim condensed financial statements of the Group and the Company for the period ended 30th September 2022 were authorised for issue by the Board of Directors on 31st October 2022.

3 Contingent Liabilities

There has not been a significant change in the nature of contingent liabilities, which were disclosed in the Audited Financial Statements for the year ended 31<sup>st</sup> March 2022.

4 Continuous Disclosure regarding status of utilization of funds raised via IPO

Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in (LKR Mn)	Proposed date of utilization as per Prospectus	Amount allocated in LKR Mn (A)	% of total proceeds	Amount utilized in LKR Mn (B)	% of utilized against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg: whether lent to related party/s etc)
1	Product Development Initiatives	202	January 2022 - December 2023	202	29%	43.30	21%	Unutilized funds have been temporarily invested with NDB Wealth Management Limited , Guardian Acuity Asset Management Limited and government securities
2	Market Development Initiatives	140	January 2022 - December 2023	140	20%	29.50	21%	
3	Potential Strategic Acquisitions in APAC and East African Regions	350	April 2022 - March 2024	350	51%	-	0%	
	<b>Total</b>	<b>692</b>		<b>692</b>		<b>72.80</b>	<b>11%</b>	

5 Market value per share for the quarter ended

	30.09.2022	30.09.2021
Highest	24.00	N/A
Lowest	18.60	N/A
Closing	21.50	N/A
Market Capitalization on 30th September, 2022	5,948,950,584	N/A

6 Public Holding as at 30th September, 2022

Issued Share Capital (No. of Shares)	276,695,376	N/A
Public Holding as % of Issued Share Capital	34.41%	N/A
Total Number of Shareholders	4,884	N/A
Number of Shareholders representing the Public Holding	95,210,887	N/A
Float Adjusted Market Capitalization - (LKR)	2,047,034,071	

The Company complies with the Minimum Public Holding requirement of the Main Board as per Option 5 of Section 7.13.1 (a) of the CSE Listing Rules.



HSENIID BUSINESS SOLUTIONS PLC  
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

**7 Shareholders' Information**

**7.1 Ordinary Voting Shares as at 30th September 2022**

No	Name	No of Shares	%
1	Hsenid Ventures (Private) Limited	68,839,540	24.88
2	Mr. K.P.R.B. De Silva	28,585,504	10.33
3	Mr. R.S.Captain	28,183,715	10.19
4	Mr. Dinesh Saparamadu	27,800,110	10.05
5	Mr. O.E.H. Kalvo	19,800,000	7.16
6	Ceylon Guardian Investment Trust PLC A/C # 02	17,976,090	6.50
7	Argent Capital (Private) Ltd	12,145,945	4.39
8	Timex Garments (Pvt) Ltd	11,235,070	4.06
9	Mrs. J.N. Ambani	6,511,211	2.35
10	GF Capital Global Limited	3,809,400	1.38
11	Mr. Sampath Jayasundara	3,303,300	1.19
12	Mr. Nilam Alawdeen	2,420,000	0.87
13	J.B Cocoshell (Pvt) Ltd	1,602,491	0.58
14	AIA Insurance Lanka Limited A/C No.07	1,310,000	0.47
15	Commercial Bank of Ceylon PLC A/C No. 03	1,020,900	0.37
16	MISS. M.M.Page	1,000,000	0.36
17	Cocoshell Activated Carbon Company (Pvt) Ltd	900,000	0.33
18	Peoples Leasing & Finance PLC /Mr.D.M.P.Disanayake	829,399	0.30
19	Mr. A.L.S. Kumara	762,190	0.28
20	Rosewood (Pvt) Limited-Account No.1	651,442	0.24
		<b>238,686,307</b>	<b>86.26</b>
	Others	<b>38,009,069</b>	<b>13.74</b>
		<b>276,695,376</b>	<b>100.00</b>

**7.2 Directors' and Chief Executive Officer's Shareholding as at 30th September 2022**

No	Name	No of Shares	%
1	Mr. Dinesh.Saparamadu	27,800,110	10.05
2	Mr. Sampath Jayasundara	3,303,300	1.19
3	Ms. Dishnira Saparamadu	Nil	
4	Mr. Apurva Udeshi	Nil	
5	Mr. Malinga Arsakularatne	Nil	
6	Mr. Madu Ratnayake	Nil	
7	Ms. Anarkali Moonesinghe	Nil	

HSENIID BUSINESS SOLUTIONS PLC  
CORPORATE INFORMATION

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NAME OF COMPANY	hSenid Business Solutions PLC
LEGAL FORM	A Limited liability company, incorporated in Sri Lanka in 2005. The ordinary shares of the Company were listed with the Colombo Stock Exchange of Sri Lanka on 21 December 2021.
BOARD OF DIRECTORS	Mr. Dinesh.Saparamadu Mr. Sampath Jayasundara Ms. Dishnira Saparamadu Mr. Apurva Udeshi Mr. Malinga Arakularatne Mr. Madu Ratnayake Ms. Anarkali Moonesinghe
SECRETARIES	Corporate Services (Pvt) Ltd 216, De Saram Place Colombo 10. Tel : +94 11 4718200
AUDITORS	Messrs Ernst & Young Chartered Accountants 201, De Saram Place Colombo 10
NATURE OF THE BUSINESS	Development of Human Capital Management Software Products and related services
REGISTERED OFFICE	50, Ward place Colombo 07 Tel : +94 11 4621111 Fax : +94 11 2394064 Email : info@hsenidbiz.com