



Radiant Gems International PLC

Head Office and Factory : Dehigahapitiya, Getahetta, Sri Lanka.

Telephones: General - 0094 (0)36-2230616 Direct : 0094 (0)36-4925222 Fax: 0094 (0)36-2230990

Emails: radiantgem@sltnet.lk radifac@sltnet.lk

Company Registration No. PQ 197

Nilupa Perera (Ms.)

Senior Vice President -Trading Operations, Market Surveillance & Corporate Affairs

Colombo Stock Exchange

04-01, West Block,

World Trade Center,

Echelon Square,

Colombo 01.

02nd January 2023,

Dear Madam,

Market Announcement on Emphasis of Matter on going concern in the Audited Financial Statements of the Annual Report for the year ended 31st March 2021 and 31st March 2022-Radiant Gems International PLC

As per the Listing Rule 7.5 (d) ii A4, we hereby announce that the Securities of the Company transferred to the Watch List by the Exchange with effect from 04th March 2022 and 08th September 2022.

Further we wish to bring to your attention the reasons for such emphasis of matter and the remedial actions taken by the Company to resolve the matters giving rise to the Emphasis of matter on going concern.

Material Uncertainty relating to Going Concern

As stated in the audit report, the material uncertainty has arisen due to the net loss of Rs.11,567,676/- reported as at 31st March 2021 and also the net loss of Rs. 19,950,567/- reported as at 31st March 2022, which in turn caused negative net assets of Rs.4,601,265/- and Rs. 25,591,905/- in two years respectively, the main reason for this loss is the re-valuation of Loan (USD 204,213/-) taken from Bank of Ceylon to the existed exchange rates as at 31.03.2021 and 31.03.2022, the exchange loss on the loan capital for the years were Rs.1,823,042/- and Rs.19,548,702/-, beside less revenue reported in 2020/2021 due to pandemic also effected for the same.

Directors: Sidath Munasinghe (Chairman / Managing Director), Mihindu Munasinghe (Director / General Manager)¹
Sunil Abhayawardhane, Dinesh Madushanka.

However, we wish to bring to your attention on the following remedial actions taken by the management to improve the financial position, revenue, net asset and net current asset of the Company.

- To increase the orders we receive by negotiating with our current clients, in the next few months by 5% to 10%
- Finding new clients to get more orders, expecting at least two new clients.
- We have started increasing the production efficiency by finding out the staff idling, bottle necks, and areas where training is needed to increase the efficiency.
- Immediately introducing cost controls and cost cutting to minimize the production cost

As a result of floating the rupee against the dollar in mid of March 2022, our export revenue has increased by 20% to 25%, while the expenses increased by 8% to 12%, and this will help the company to make more profits from exports in the future.

With the intention of increasing the volume of the production, the management has introduced a new group attendance incentive scheme for the production staff along with a monthly target based incentive scheme, with these two new implementations, production has increased from May, and we hope this will help us to meet with the current demand.

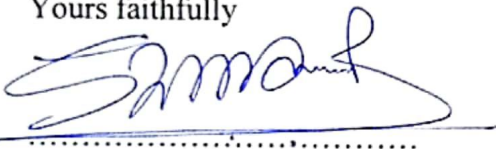
For the first quarter of the year 2022/23 the company's revenue was recorded Rs.46.5 Mn, when compared with the last year it was 130% significant increase, in the second quarter of the year we were able achieve a revenue of Rs.61.15Mn. and it is 242% increase than the last year.

- 1) Further, we hereby announce that, in the event of any deviation from the proposed remedial action, the extent of the deviation shall be communicated to the investors by way of a subsequent announcement to the Market via the Exchange within one (01) Market Day from the date of obtaining the approval of the Board of Directors of the Entity for such deviation.

- 2) Further we announce that, in the event the matters giving rise to the emphasis of matter on going concern are not resolved within a period of fifteen (15) months from the date of transferring the Securities of the Company to the Watch List, the trading of Securities of the Company shall be suspended. In the event the trading suspension continues for a period in excess of twelve (12) months, the securities of the Company shall be delisted by the Board of Directors of the CSE in terms of Rule 11.3 (a) of the Listing Rules.
- 3) In the event the matters giving rise to the emphasis of matter on going concern are resolved and such fact is independently verified by an auditor during the period the Securities of the entity are on the Watch List, It shall be announced to the market via the CSE.

Thanking you,

Yours faithfully

A handwritten signature in blue ink, appearing to read 'S.H. Munasinghe', is written over a horizontal line.

S.H.Munasinghe
Chairman / Managing Director