



Radiant Gems International PLC

Head Office and Factory : Dehigahapitiya, Gatahetta, 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

Radiant Gems International PLC

Dehigahapitiya, Gatahetta.

9th October 2019

Report by the Directors.

Dear Shareholders,

Intimation of a Serious Loss of Capital.

The Companies Act no 7 of 2007 which came into effect on 3rd May 2007 requires a company to call an Extraordinary General meeting of its shareholders in terms of section 220 of the Act in the event of the Company having had a serious loss of capital situation. In general terms a serious loss of capital has occurred when the net assets of the company are less than half of its stated capital. Section 220 further requires a report to be prepared by the Board to advise the shareholders on the matters referred to in subsection 2 of the said section.

Balance sheet reveals that the net assets of the Company are Rs 9,714,045/- whereas the stated capital of the Company as per the requirements of the Companies Act No 7 of 2007 would be Rs.12,000,000/-.Based on the above figures it is apparent to the Board that there has been a serious loss of capital and the shareholders should be appraised of such fact in terms of section 220 (2).

As per the Audited Financial statements of year 2019, the Company has incurred a net loss of Rs.16, 199,007/-resulting the cumulative net loss of Rs 116,334,538/- as at 31st March 2019.

A summary of net profit/ (Loss) for the last five years, together with the cumulative losses are as follows.

	31-Mar 2015 LKR	31-Mar 2016 LKR	31-Mar 2017 LKR	31-Mar 2018 LKR	31-Mar 2019 LKR
Profit/(Loss) for the Year	(17,113,746)	(3,800,581)	(1,797,596)	3,951,476	(16,199,007)
Retained Earnings	(109,780,033)	(113,026,841)	(113,772,045)	(110,420,642)	(116,334,538)

The losses have been incurred due to the following reasons;

1. The turnover of the company was reduced during 2018/2019 financial year caused by the reduction in orders received from regular buyers due to adverse economic condition in the international gem & jewelry market.
2. Significant depreciation of Sri Lankan Rupees during the financial year, hence, increasing the BOC term loan payable and interest payable on BOC term loan by 6,247,961 and resulting to increase exchange loss by 6,247,961 during the period.

Above two reasons for such serious loss of capital are out of the control of the management of the company, however, the company has taken actions to mitigate the risks.

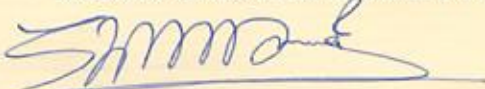
Actions taken by management to address the above issues includes,

1. The company has been able to increase the turnover of the company up to RS 46,700,903 during the first two quarters of the financial year 2019/20, while attracting new buyers and obtaining more orders.
2. The company has been able to earn a profit of Rs 4.86 Million during the first two quarters of the financial year 2019/20.
3. The company is also committed for cost cutting on continuous basis to improve the profitability.

Net Asset Status as at 30th September 2019

Due to the above actions taken and positive trend in international gem & jewelry market the company has improved net asset of the company as at 30th September 2019 up to Rs 14,583,703 so that the company is no longer suffering from serious loss of capital.

For and behalf of the Board of Directors of
Radiant Gems International PLC



S.H. Munaasinghe
Chairman/Managing Director.



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

RADIANT GEMS INTERNATIONAL PLC BALANCE SHEET

	As at 30-Sep-19	As at 31-Mar-19
ASSETS		
NON CURRENT ASSETS		
Property Plant & Equipment	51,914,451	53,217,769
	<u>51,914,451</u>	<u>53,217,769</u>
Furnace Process Stock	-	-
Investment in Stock of Gems Stones	7,828,534	7,743,064
	<u>7,828,534</u>	<u>7,743,064</u>
Stock	3,566,058	3,576,768
Trade & Other Receivables	10,465,986	8,515,225
Deposits & Prepayments	980,475	863,622
Cash in Hand	1,716,505	346,016
	<u>16,729,024</u>	<u>13,301,631</u>
	<u>76,472,010</u>	<u>74,262,466</u>
EQUITY LIABILITIES		
Stated Capital	24,000,000	24,000,000
Retained Earnings	(111,464,880)	(116,334,538)
Other component of Equity	102,048,583	102,048,583
	<u>14,583,703</u>	<u>9,714,045</u>
NON CURRENT LIABILITIES		
Loan bank of Ceylon - FCBU	26,557,653	26,508,502
Term loan	-	332,960
Deferred Liability- Gratuity Provision	8,042,940	7,783,440
Lease Creditor	3,620,655	-
	<u>38,221,248</u>	<u>34,624,902</u>
CURRENT LIABILITIES		
Bank overdraft	8,095,096	11,632,563
Creditors & Accrued Expenses	7,822,440	10,023,853
Term loan	832,745	1,800,080
Related party payables	301,541	1,122,825
Loan Bank of Ceylon - FCBU	5,970,622	5,344,195
Lease Creditor	644,614	-
	<u>23,667,057</u>	<u>29,923,516</u>
	<u>76,472,009</u>	<u>74,262,466</u>

Note

These Financial Statements are in compliance with the requirement of the Companies Act No. 7 of 2007.

RADIANT GEMS INTERNATIONAL PLC

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF RADIANT GEMS INTERNATIONAL PLC WILL BE HELD AT THE BOARD ROOM OF UNITED TRACTOR AND EQUIPMENT LIMITED, NO.683, NEGOMBO ROAD, MABOLE, WATTALA ON WEDNESDAY, 6TH NOVEMBER 2019 AT 9.00 A.M.

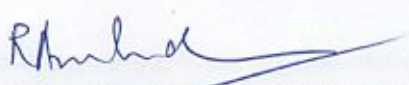
AGENDA

1. To receive and consider the Audited Financial Statements for the year ended 31st March 2019 together with the Annual Report of the Board of Directors and of the Auditors thereon.
2. To consider and if thought fit to pass the following resolution

As an Ordinary Resolution

"That having read, discussed and considered the Report prepared by the Directors of the Company dated 9th October 2019, in terms of Section 220 of the Companies Act No. 07 of 2007, the Directors of the Company be and are hereby authorised to carry on the business of the Company to the best advantage of all Stakeholders of the Company."

By Order of the Board of Directors of
RADIANT GEMS INTERNATIONAL PLC


S S P CORPORATE SERVICES (PRIVATE) LIMITED
SECRETARIES

Colombo

9th October 2019

NOTES:

- 1) A shareholder of the Company is entitled to appoint a Proxy to attend and vote on his or her behalf. A Proxy need not be a shareholder.
- 2) A Proxy form that is enclosed should be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

Shareholders attending the meeting are kindly requested to bring with them their National Identity Card or other similar form of identification for production at the reception desk.