

**INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30th SEPTEMBER 2016**



SWARNAMAHAL FINANCIAL SERVICES PLC
No 5, R.A. De Mel Mawatha, Colombo 04.

SWARNAMAHAL FINANCIAL SERVICES PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the quarter ended 30 th September		For the quarter ended 30 th September		Growth
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Audited)	
	Rs.	Rs.	Rs.	Rs.	%
Income	178,570,291	149,825,309	347,377,255	301,722,835	15%
Interest income	177,350,929	146,615,422	344,107,469	295,587,932	16%
Interest expenses	(108,089,683)	(106,467,552)	(213,220,803)	(213,244,256)	0%
Net interest income	69,261,246	40,147,870	130,886,666	82,343,676	59%
Net gain/(loss) from financial instruments at fair value through profit or loss	-	81,695	-	81,695	-100%
Other income	1,219,362	3,209,887	3,269,786	6,134,903	-47%
Operating income	70,480,608	43,439,452	134,156,452	88,560,274	51%
Operating expenses					
Personnel expenses	(23,777,635)	(18,132,464)	(47,093,926)	(34,256,979)	37%
Other expenses	(36,726,762)	(32,609,370)	(69,354,340)	(61,049,029)	14%
Impairment (charges)/reversal & fair value adjustment for loans and advances	(30,117,263)	1,338,736	(35,842,138)	18,587,772	-293%
Operating profit before value added tax	(20,141,052)	(5,963,646)	(18,133,951)	11,842,038	-253%
Value added tax on financial services	(2,590,475)	(15,056,724)	(5,100,000)	(15,056,724)	-66%
Profit/(Loss) from operation before taxation	(22,731,527)	(21,020,370)	(23,233,951)	(3,214,686)	623%
Income tax expense	(1,815,670)	(2,771,405)	(3,222,890)	(7,089,065)	-55%
Profit/(Loss) for the period	(24,547,197)	(23,791,775)	(26,456,841)	(10,303,751)	157%
Net change in fair value on available-for-sale financial assets	-	(1,608,071)	-	(1,548,587)	-100%
Total Comprehensive Income for the Period	(24,547,197)	(25,399,846)	(26,456,841)	(11,852,338)	123%
Basic Loss per Share	(0.05)	(0.05)	(0.05)	(0.02)	

SWARNAMAHAL FINANCIAL SERVICES PLC
STATEMENT OF FINANCIAL POSITION

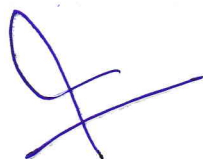
	30 th September 2016 (Unaudited)	31 st March 2016 (Audited)	Growth
	Rs.	Rs.	% ±
ASSETS			
Cash and cash equivalents	252,816,192	304,659,520	-17%
Other Investments	289,940,084	277,883,705	4%
Financial assets held at fair value through profit and loss	1,938,555	1,919,917	1%
Financial assets available-for-sale	2,500	2,500	0%
Loans and advances to customers	2,157,474,549	2,237,282,970	-4%
Investment property	64,300,000	64,300,000	0%
Property, plant and equipment	44,851,476	42,665,480	5%
Current tax receivable	10,884,711	10,574,972	3%
Other assets	88,842,131	84,051,918	6%
Total Assets	2,911,050,197	3,023,340,982	-4%
LIABILITIES			
Deposits from customers	3,881,768,669	4,015,255,430	-3%
Bank overdrafts	42,175,412	3,518,974	1099%
Deferred tax liabilities	3,842,092	3,842,092	0%
Employee benefits	10,784,461	10,619,711	2%
Other liabilities	51,291,213	42,459,583	21%
Total Liabilities	3,989,861,847	4,075,695,790	-2%
Equity			
Stated capital	250,000,070	250,000,070	0%
Reserves	(1,328,811,719)	(1,302,354,878)	2%
Total equity	(1,078,811,649)	(1,052,354,808)	-3%
Total liabilities and equity	2,911,050,197	3,023,340,982	-4%

Net Asset Value per Share

(2.16)

(2.10)

The Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.



R.M.G. Ratnayake
Senior Manager - Finance

The Board of Directors is responsible for the preparation & presentation of these Financial Statements. Approved and Signed for and on behalf of the Board.



N. P. Edirisinghe
Executive Director



A. S. Edirisinghe
Executive Director

Colombo, Sri Lanka
25th October 2016

SWARNAMAHAL FINANCIAL SERVICES PLC
STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.	Statutory Reserve Rs.	Investment Fund Rs.	Available for sale reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01.04.2015	250,000,070	105,972,056	-	2,357,203	(1,423,467,681)	(1,065,138,352)
Net Profit / (Loss) for the Period	-	-	-	-	(10,303,751)	(10,303,751)
Other Comprehensive income/(Expense)						
Net Change in Fair value of Available for sale Financial Assets	-	-	-	(1,548,587)	-	(1,548,587)
Total Comprehensive income/(Expense)	-	-	-	(1,548,587)	(10,303,751)	(11,852,338)
Balance as at 30.09.2015	250,000,070	105,972,056	-	808,616	(1,433,771,432)	(1,076,990,690)
Balance as at 01.04.2016	250,000,070	114,007,300	-	-	(1,416,362,178)	(1,052,354,808)
Net Profit / (Loss) for the Period	-	-	-	-	(26,456,841)	(26,456,841)
Other Comprehensive income/(Expense)						
Net Change in Fair value of Available for sale Financial Assets	-	-	-	-	-	-
Total Comprehensive income/(Expense)	-	-	-	-	(26,456,841)	(26,456,841)
Balance as at 30.09.2016	250,000,070	114,007,300	-	-	(1,442,819,019)	(1,078,811,649)

SWARNAMAHAL FINANCIAL SERVICES PLC
CASH FLOW STATEMENT

	For the Period ended 30th September	
	2016	2015
	Rs.	Rs.
Profit (Loss) before taxation	(23,233,951)	(3,214,686)
Adjustment for;		
Depreciation	5,934,758	4,904,104
Impairment charge / (reversal) for loan losses	40,897,963	(627,331)
Other provisions reversal	-	(125,000)
Provision for gratuity	720,000	600,000
Unwinding of interest	(5,055,825)	(17,960,441)
Fair value Change in available for sale	-	(1,377,675)
Fair value loss / (gain) on investments	(18,638)	(81,695)
	19,244,307	(17,882,724)
Changes in;		
- loans and advances to customers	43,966,283	(24,394,780)
- other assets	(5,742,333)	24,494,620
- deposit from customers	(133,486,761)	(166,924,715)
- other liabilities	8,831,630	16,183,793
Cash generated from / (Used in) operating activities	(67,186,874)	(168,523,806)
Tax paid	(2,580,509)	(4,317,660)
Employee benefit paid	(555,250)	(742,150)
Net cash from operating activities	(70,322,633)	(173,583,616)
Cash flows from / (used in) investment activities		
Withdrawal / (Investment) of government securities	(12,056,379)	176,304,754
Disposal / (Addition) of Property Plant and Equipment	(8,120,754)	(2,916,904)
Net investment in shares	-	2,809,030
Net cash flow from (used in) investment activities	(20,177,133)	176,196,880
Cash flow from / (used in) financing activities		
Net proceeds / (repayments) of borrowings	-	-
Net cash used in / (used in) financing activities	-	-
	(90,499,767)	2,613,264
Cash and cash equivalents at the beginning of the year	301,140,546	85,076,847
Cash and cash equivalent at the end of the year	210,640,779	87,690,111
Reconciliation of cash and cash equivalents		
Cash in hand and bank balances	252,816,192	95,198,139
Bank overdrafts	(42,175,412)	(7,508,028)
	210,640,779	87,690,111

SWARNAMAHAL FINANCIAL SERVICES PLC
SEGMENTAL INFORMATION

	Gold Loan Rs.	Term Loan Rs.	Others Rs.	Total Rs.
For the Period Ended 30th September 2016				
Income				
Interest Income	247,605,996	70,143,132	26,358,342	344,107,469
Other Income	-	-	3,269,786	3,269,786
Total Income	247,605,996	70,143,132	29,628,127	347,377,255
Percentage	71.96%	20.38%	7.66%	100.00%
Less :				
Interest	(153,425,177)	(43,463,093)	(16,332,533)	(213,220,803)
Other Expenses	(87,461,279)	(24,776,492)	(9,310,495)	(121,548,265)
Impairment (charges)/reversal	-	(36,645,560)	803,422	(35,842,138)
Total Expenses	(240,886,456)	(104,885,145)	(24,839,606)	(370,611,206)
Profit Before Taxation	6,719,540	(34,742,013)	4,788,521	(23,233,951)
Less : Income Tax	(2,319,063)	(656,956)	(246,871)	(3,222,890)
Profit After Taxation	4,400,477	(35,398,970)	4,541,651	(26,456,841)
Segment Assets	1,401,644,002	694,412,582	814,993,613	2,911,050,197
Percentage	48%	23.85%	28.00%	100.00%
Segment Liabilities	1,921,081,929	951,756,266	1,117,023,652	3,989,861,847
For the Period Ended 30th September 2015				
Income				
Interest Income	212,000,510	52,772,248	30,815,174	295,587,932
Other Income	1,504,599	-	4,711,999	6,216,598
Total Income	213,505,109	52,772,248	35,527,173	301,804,530
Percentage	71.72%	17.85%	10.43%	100.00%
Less :				
Interest	(152,942,276)	(38,071,171)	(22,230,809)	(213,244,256)
Other Expenses	(65,822,506)	(16,384,874)	(9,567,581)	(91,774,960)
Total Expenses	(218,764,781)	(54,456,045)	(31,798,390)	(305,019,216)
Profit Before Taxation	(5,259,672)	(1,683,797)	3,728,783	(3,214,686)
Less : Income Tax	-	-	-	(7,089,065)
Profit After Taxation	(5,259,672)	(1,683,797)	3,728,783	(10,303,751)
Segment Assets	1,576,568,250	569,445,910	841,060,044	2,987,074,204
Percentage	52.78%	19.06%	28.16%	100.00%
Segment Liabilities	2,145,000,506	774,759,840	1,144,304,549	4,064,064,894

Note: Segment expenses were apportioned based on interest income

SWARNAMAHAL FINANCIAL SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS

1. The figures given in the Financial Statements for the quarter ended 30th September 2016 are provisional and subject to audit.
2. The Accounting policies and methods of computation disclosed in the financial statements for the year ended 31st March 2016 were consistently followed during the said period.
3. The Financial Statements for the period have been presented in the same format adopted in the audited & published accounts as at 31st March 2016, and are in accordance with the Sri Lanka Accounting Standards, LKAS 34 interim Financial Reporting.
4. Stated Capital comprised of issued and fully paid up Ordinary Voting Shares of 500,000,140 as at 30th September 2016.
5. No circumstances have arisen since the statement of financial position date, which would require adjustments to or disclosure in the Financial Statements.
6. There are no material contingencies existing as at 30th September 2016.
7. The gold loan granted to Swarnamahala Jewellers Ltd is unsecured and Rs. 378,389,744/- was outstanding as at 30th September 2016. It's stated at amortised cost based on the original Effective Interest Rate (EIR) of 24%.p.a and the loss on change in carrying value of the loan was Rs.51,482,739/- as at 30th September 2016.
8. The company has provided a 100% impairment provisioning of Rs. 33,686,212/- against the Secured Term loan and this was adjusted to the financial statements for the quarter ended 30th June 2016 and 30th September 2016 amounting to Rs. 7,655,051/- and Rs. 26,031,161/- respectively. However this loan is under legal process to recover the due amounts in full.
9. Information on Ordinary Shares

a. Share price during the Quarter	For the Quarter Ended	
	30 th Sept 2016 (Rs.)	30 th Sept 2015 (Rs.)
Highest	2.00	2.20
Lowest	1.30	1.70
Closing	1.90	1.70
No. of Ordinary Voting Shares	500,000,140	500,000,140

11. SELECTED PERFORMANCE INDICATORS

	As at 30th September 2016	As at 30th September 2015
	Rs.'000	Rs.'000
Asset Quality		
Total Accommodation (Net of Interest in Suspense)	2,300,736	2,387,417
Net Total Accommodations (Net of Provision for Bad & Doubtful Debts)	2,157,475	2,250,317
Non -Performing Accommodations (Net of Interest in Suspense)	68,511	61,497
Liquidity		
Required Minimum Amount of Liquid Assets	391,298	403,255
Available Amount of Liquid Assets	515,001	468,007
Required Minimum Amount of Government Securities	301,803	355,384
Available Amount of Government Securities	403,129	372,809
Capital Adequacy		
Core Capital to Risk weighted Assets Ratio (Minimum 5%)	-86.10%	-91.49%
Total Capital to Risk weighted Assets Ratio (Minimum 10%)	-86.10%	-91.49%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	-27.79%	-26.91%
Profitability		
Return on Assets (After Tax)	-0.89%	-0.33%
Return on Equity	-	-

11. a) Directors shareholding as at 30th September 2016

Name of the Director	No. of Shares	Percentage (%)
Mr. Sameera Maulika Ganegoda	20,020	0.004

11.b) Twenty Largest shareholders as at 30th September 2016

	Name of the Shareholder	No. of Shares	Percentage (%)
1	ETI Finance Ltd	450,000,100	90.00
2	Mr.W.A.S.P. De Seram	11,934,604	2.39
3	Mrs. N.Muljie	2,148,580	0.43
4	Mrs. T.H.Fernando	2,144,615	0.43
5	Seylan bank PLC/ K.L.Udayananda	1,743,916	0.35
6	Bimputh Finance PLC	1,487,028	0.30
7	Mr. R.E. Rambukwelle	1,095,000	0.22
8	Bansei Securities Finance/P.A.Anil	1,019,999	0.20
9	Mr. U.G.R.H.V Dharmasiri	1,000,000	0.20
10	Mr. M.A.Bary	864,903	0.17
11	Mr. R.M.I.Rajakaksa	451,964	0.09
12	Mr. A.Y.Gunawardena	450,000	0.09
13	Mr. W.A.K.D.Saparamadu	448,916	0.09
14	Mrs. D.S.A.K Piyaseele	440,000	0.09
15	Mrs. F.F.Hamid	417,780	0.08
16	Mr. H.W.M.Woodward	390,400	0.08
17	Mr. T.Rajasekaran	375,000	0.07
18	Mr. S.N.C.W.M.B.C.Kandegedara	350,000	0.07
19	Mr. W.G.S Wickramasinghe	320,080	0.06
20	Mr. N.A.Bamunusinghe Archchige	305,000	0.06
	Others	22,612,255	4.52
Total		500,000,140	100.00

11. c) Public Holding

Public holdings as a Percentage of issued share capital as at 30th September 2016 was 10% comprising of 2,035 Shareholders

SWARNAMAHAL FINANCIAL SERVICES PLC

CORPORATE INFORMATION

Name of Company

Swarnamahala Financial Services PLC

Statutory Status

A Public Limited Liability Company
Incorporated in Sri Lanka on 14th January 2004,
under the Companies Act No.17 of 1982,
and re-registered on 16th September 2008 under
the Companies Act No.7 of 2007.
The Company licensed under the Finance Business
Act, No. 42 of 2011.

Company Registration

Registered under the companies Act No 7
of 2007.
Company registration number is PQ 594

Registered Office

No.676, Galle Road, Colombo 03.

Business Office

No. 5, R.A. De Mel Mawatha, Colombo 04
Te.l. 011 2556160-4 Fax: 011 2595062
E-mail : info@sfs.lk

Board of Directors

Mr. Jeewka Edirisinghe
Mr. Nalaka Edirisinghe
Mrs. Deepa Edirisinghe
Mr. Asanka Edirisinghe
Mr. Sameera Ganegoda

Auditors

KPMG
Chartered Accountants
32 A, Sir Mohamed Macan Markar Mawatha
Colombo 3.

Secretaries

SSP Corporate Services (Pvt) Ltd
101, Inner Flower Road, Colombo 03.

Bankers

Commercial Bank of Ceylon PLC
Sampath Bank PLC
Seylan Bank PLC
Hatton National Bank PLC

Branches & Gold Loan Centers

Bambalapitiya, Negombo, Nugegoda, Ratnapura,
Ragama, Wattala, Ja-ela, Gampaha, Jampettah,
Hatton, Kandy, Chilaw, Trincomalee, Jaffna
Vauniya, Batticaloa & Aluthgama.