

**INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30th SEPTEMBER 2018**



**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 30th September		For the six months ended 30th September		Growth
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)	
	Rs.	Rs.	Rs.	Rs.	%
Income	140,516,857	169,523,033	290,694,765	348,290,507	-17%
Interest income	139,114,994	168,278,629	288,133,977	344,040,340	-16%
Interest expenses	(63,137,444)	(114,686,308)	(180,155,523)	(229,265,234)	-21%
Net interest income	75,977,550	53,592,321	107,978,454	114,775,106	-6%
Net gain/(loss) from financial instruments at fair value through profit or loss	(201,406)	(74,274)	(294,411)	117,206	-351%
Other income	1,603,269	1,318,678	2,855,199	4,132,961	-31%
Operating income	77,379,413	54,836,726	110,539,242	119,025,273	-7%
Operating expenses					
Personnel expenses	(24,007,705)	(25,940,930)	(51,032,709)	(52,230,428)	-2%
Other expenses	(36,741,886)	(34,842,311)	(68,994,930)	(68,315,214)	1%
Impairment (charges)/reversal & fair value adjustment for loans and advances	(8,801,957)	(2,578,824)	(22,929,228)	1,085,805	2212%
Operating profit before value added tax	7,827,864	(8,525,340)	(32,417,625)	(434,565)	7360%
Value added tax on financial services	(2,386,549)	(2,241,499)	(2,386,549)	(6,640,495)	-64%
Profit/(Loss) from operation before taxation	5,441,315	(10,766,839)	(34,804,174)	(7,075,060)	392%
Income tax expense	-	805,559	-	-	-100%
Profit/(Loss) for the period	5,441,315	(9,961,280)	(34,804,174)	(7,075,060)	392%
Total Comprehensive Income/(Expense) for the Period	5,441,315	(9,961,280)	(34,804,174)	(7,075,060)	392%
Basic Earning /(Loss) per Share	0.011	(0.020)	(0.070)	(0.014)	

SWARNAMAHAL FINANCIAL SERVICES PLC
STATEMENT OF FINANCIAL POSITION

	30th September 2018 (Unaudited)	31st March 2018 (Audited)	Growth
	Rs.	Rs.	%
ASSETS			
Cash and cash equivalents	428,236,084	270,540,554	58.3%
Other Investments	32,704,869	439,008,677	-92.6%
Financial assets held at fair value through profit and loss	1,600,850	1,895,262	-15.5%
Financial assets available-for-sale	2,500	2,500	0.0%
Loans and advances to customers	1,326,279,340	1,559,782,952	-15.0%
Investment property	128,000,000	128,000,000	0.0%
Property, plant and equipment	25,288,502	32,320,048	-21.8%
Current tax receivable	29,248,477	28,039,543	4.3%
Other assets	68,715,228	99,591,012	-31.0%
TOTAL ASSETS	2,040,075,851	2,559,180,549	-20.3%
LIABILITIES			
Deposits from customers	2,725,822,564	3,539,344,527	-23.0%
Bank overdrafts	344,633,927	2,562,225	13350.6%
Employee benefits	14,432,260	14,977,260	-3.6%
Other liabilities	52,424,689	64,729,951	-19.0%
TOTAL LIABILITIES	3,137,313,439	3,621,613,963	-13.4%
EQUITY			
Stated capital	250,000,070	250,000,070	0.0%
Statutory reserve fund	143,349,119	143,349,119	
Retained losses	(1,490,586,777)	(1,455,782,603)	2.4%
Total equity	(1,097,237,588)	(1,062,433,414)	-3.3%
TOTAL LIABILITIES AND EQUITY	2,040,075,851	2,559,180,549	-20.3%

Net Asset Value per Share

(2.19)

(2.12)

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


Wishva Wickramaarachchi
General Manager - Finance & Administration

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


Director


Director

Colombo, Sri Lanka
23rd Oct 2018

Interim Financial Statements for the quarter ended 30.09.2018

SWARNAMAHAL FINANCIAL SERVICES PLC
STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.	Statutory Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01.04.2017	250,000,070	143,349,119	(1,388,177,371)	(994,828,182)
Net Loss for the Period	-	-	(7,075,060)	(7,075,060)
Total Comprehensive income/(Expense)	-	-	(7,075,060)	(7,075,060)
Balance as at 30.09.2017	250,000,070	143,349,119	(1,395,252,431)	(1,001,903,242)
Balance as at 01.04.2018	250,000,070	143,349,119	(1,455,782,603)	(1,062,433,414)
Net Profit for the Period	-	-	(34,804,174)	(34,804,174)
Total Comprehensive income/(Expense)	-	-	(34,804,174)	(34,804,174)
Balance as at 30.09.2018	250,000,070	143,349,119	(1,490,586,777)	(1,097,237,588)

SWARNAMAHAL FINANCIAL SERVICES PLC
CASH FLOW STATEMENT

	For the six months ended	
	30th September	
	2018	2017
	Rs.	Rs.
Profit (Loss) before taxation	(34,804,174)	(7,075,060)
Adjustment for;		
Depreciation	7,243,290	7,292,300
Impairment charge / (reversal) for loan losses	28,960,702	9,527,204
Provision for gratuity	900,000	900,000
Unwinding of interest	(6,031,474)	(10,613,009)
Fair value loss / (gain) on investments	294,412	(117,206.45)
	(3,437,244)	(85,771)
Changes in;		
- loans and advances to customers	210,574,384	225,305,464
- other assets	29,666,850	(480,540)
- deposit from customers	(813,521,963)	(265,868,386)
- other liabilities	(12,305,262)	(15,224,968)
Cash generated from / (Used in) operating activities	(589,023,236)	(56,354,202)
Tax paid	-	-
Employee benefit paid	(1,445,000)	(2,409,500)
Net cash from operating activities	(590,468,236)	(58,763,702)
Cash flows from / (used in) investment activities		
Withdrawal of Investment in government securities	406,303,808	(45,963,699)
Additions to Property Plant and Equipment	(211,744)	(1,819,979)
Net Proceeds from disposal of equity share investment	-	-
Net cash flow from (used in) investment activities	406,092,064	(47,783,677)
Cash flow from / (used in) financing activities		
Net proceeds / (repayments) of borrowings	-	-
Net cash used in / (used in) financing activities	-	-
	(184,376,172)	(106,547,379)
Cash and cash equivalents at the beginning of the year	267,978,329	228,570,485
Cash and cash equivalent at the end of the year	83,602,158	122,023,105
Reconciliation of cash and cash equivalents		
Cash in hand and bank balances	428,236,084	142,986,851
Bank overdrafts	(344,633,927)	(20,963,745)
	83,602,158	122,023,105

SWARNAMAHAL FINANCIAL SERVICES PLC
SEGMENTAL INFORMATION

	Gold Loan Rs.	Term Loan Rs.	Others Rs.	Total Rs.
For the Six Months ended 30th September 2018				
Income				
Interest Income	211,025,516	50,306,752	26,801,709	288,133,977
Other Income	-	-	2,560,788	2,560,788
Total Income	<u>211,025,516</u>	<u>50,306,752</u>	<u>29,362,497</u>	<u>290,694,765</u>
Percentage	73%	17%	9%	100%
Less :				
Interest	(131,943,523)	(31,454,254)	(16,757,746)	(180,155,523)
Other Expenses	(89,654,533)	(21,372,905)	(11,386,750)	(122,414,188)
Impairment (charges)/reversal	-	(21,399,652)	(1,529,575)	(22,929,228)
Total Expenses	<u>(221,598,057)</u>	<u>(74,226,812)</u>	<u>(29,674,071)</u>	<u>(325,498,939)</u>
Profit Before Taxation	(10,572,541)	(23,920,059)	(311,574)	(34,804,174)
Less : Income Tax	-	-	-	-
Profit After Taxation	<u>(10,572,541)</u>	<u>(23,920,059)</u>	<u>(311,574)</u>	<u>(34,804,174)</u>
Segment Assets	1,067,243,322	246,566,159	726,266,370.00	2,040,075,851
Percentage	52%	12%	36%	100%
Segment Liabilities	<u>1,641,251,140.18</u>	<u>379,179,688.02</u>	<u>1,116,882,611.14</u>	<u>3,137,313,439</u>
For the Six Months ended 30th September 2017				
Income				
Interest Income	236,842,470	80,736,173	26,461,698	344,040,340
Other Income	-	-	4,250,167	4,250,167
Total Income	<u>236,842,470</u>	<u>80,736,173</u>	<u>30,711,864</u>	<u>348,290,507</u>
Percentage	69%	23%	8%	100%
Less :				
Interest	(157,829,585)	(53,801,823)	(17,633,825)	(229,265,234)
Other Expenses	(87,556,823)	(29,846,855)	(9,782,461)	(127,186,138)
Impairment (charges)/reversal	-	929,541	156,264	1,085,805
Total Expenses	<u>(245,386,408)</u>	<u>(82,719,137)</u>	<u>(27,260,022)</u>	<u>(355,365,567)</u>
Profit Before Taxation	(8,543,938)	(1,982,964)	3,451,842	(7,075,060)
Less : Income Tax	-	-	-	-
Profit After Taxation	<u>(8,543,938)</u>	<u>(1,982,964)</u>	<u>3,451,842</u>	<u>(7,075,060)</u>
Segment Assets	1,187,707,810	616,645,360	790,573,808	2,594,926,978
Percentage	46%	24%	30%	100%
Segment Liabilities	<u>1,646,282,682</u>	<u>854,732,594</u>	<u>1,095,814,944</u>	<u>3,596,830,220</u>

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 2018 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 2018 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 2018, 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 2018
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 2018.
7. The gold loan granted to Swarnamahala Jewellers Ltd is unsecured and Rs. 60,706,730/- was outstanding as at 30th September 2018. 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. 4,266,430/- as at 30th September 2018.
8. The company is in compliance with the minimum public holding requirement in terms of the section 7.13.1 (b) 2 of the Listing Rules of the Colombo Stock Exchange.
9. The payment of second tranche of 10% deposit capital of the company has already been adjusted as at 30th September 2018 in the financial statements.
10. Information on Ordinary Shares

a.) Share price during the Quarter	For the Quarter Ended	
	30th Sept 2018 (Rs.)	30th Sept 2017 (Rs.)
Highest	-	1.40
Lowest	-	1.00
Closing	-	1.10

No. of Ordinary Voting Shares	500,000,140	500,000,140
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Share transaction has suspended by Colombo Stock Exchange (CSE) with effect from 01.07.2018 due to continuous noncompliance with CSE listing rules

10. b) Directors shareholding as at 30th September 2018

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

10. c) Twenty Largest shareholders as at 30th September 2018

	Name of the Shareholder	No. of Shares	Percentage (%)
1	ETI Finance Ltd	450,000,100	90.00
2	Mrs. S.E.Melluish	3,428,541	0.69
3	Mr. V.S.Rajasooriyar	2,512,906	0.50
4	Mr. K.L.G. Udayananda	2,506,694	0.50
5	Mrs. N.Muljie	2,148,580	0.43
6	Mr. R.E. Rambukwelle	2,095,000	0.42
7	Mrs. T.H.Fernando	1,700,000	0.34
8	Mr. J.F.I.Abeydeera	1,426,802	0.29
9	MBSL/D.L.J.Priyadharshana	1,400,000	0.28
10	MBSL/J.V.G.Sumithra	1,215,617	0.24
11	Mr. U.G.R.S.V.Dharmasiri	1,013,500	0.20
12	Mr. U.G.R.S.H.Dharmasiri	928,500	0.19
13	Mr. M.S.M. Iqbal	900,000	0.18
14	Seylan Bank/R.P.Sugathadasa	803,325	0.16
15	Peoples' Leasing & Finance/ K.L.Udayananda	802,590	0.16
16	Mr. R.A.Priyadharshana	743,712	0.15
17	Mr. R.R.H.Perera	461,730	0.09
18	Mr. A.Y.Gunawardane	450,000	0.09
19	Mr. M.S.D. Perera	442,538	0.09
20	Mrs. L.J.Weerasinghe	400,000	0.08
20	Mrs. M. Arudpragasam	400,000	0.08
	Others	24,220,005	4.84
Total		500,000,140	100.00

10. d) Public Holding

Public holdings as a Percentage of issued share capital as at 30th September 2018 was 10% comprising of 1,943 Shareholders

SELECTED PERFORMANCE INDICATORS

	As at 30th September 2018	As at 30th September 2017
	Rs.'000	Rs.'000
Asset Quality		
Total Accommodation (Net of Interest in Suspense)	1,467,269	1,953,938
Net Total Accommodations (Net of Provision for Bad & Doubtful Debts)	1,326,279	1,835,399
Non -Performing Accommodations (Net of Interest in Suspense)	143,389	99,849
Liquidity		
Required Minimum Amount of Liquid Assets	274,420	353,348
Available Amount of Liquid Assets	83,602	463,368
Required Minimum Amount of Government Securities	266,624	289,661
Available Amount of Government Securities	249,330	388,802
Capital Adequacy		
Core Capital to Risk weighted Assets Ratio (Minimum 5%)	-140.90%	-88.10%
Total Capital to Risk weighted Assets Ratio (Minimum 10%)	-140.90%	-88.10%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	-40.50%	-29.42%
Profitability		
Return on Assets (After Tax)	-2.18%	-0.52%
Return on Equity	-	-

SWARNAMAHAL FINANCIAL SERVICES PLC

CORPORATE INFORMATION

Name of Company

Swarnamahala Financial Services PLC

Secretaries

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

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.

Bankers

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

Company Registration

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

Branches & Gold Loan Centers

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

Registered Office/Head 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.