

**INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31<sup>st</sup> MARCH 2019**



**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 31st March		For the year ended 31st March		Growth
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Audited)	
	Rs.	Rs.	Rs.	Rs.	%
<b>Income</b>	127,946,651	168,907,336	546,596,537	682,702,604	-20%
<b>Interest income</b>	124,718,883	156,041,034	539,254,257	664,583,402	-19%
<b>Interest expenses</b>	(58,495,850)	(119,943,834)	(296,550,365)	(467,518,162)	-37%
<b>Net interest income</b>	66,223,033	36,097,200	242,703,892	197,065,240	23%
<b>Net gain/(loss) from financial instruments at fair value through profit or loss</b>	(237,312)	(83,941)	(408,503)	(69,468)	488%
<b>Other income</b>	3,465,080	12,950,243	7,750,783	18,188,669	-57%
<b>Operating income</b>	<b>69,450,801</b>	<b>48,963,501</b>	<b>250,046,172</b>	<b>215,184,442</b>	16%
<b>Operating expenses</b>					
Personnel expenses	(24,409,683)	(31,287,965)	(98,407,606)	(112,949,870)	-13%
Other expenses	(40,891,429)	(58,981,000)	(145,917,269)	(164,042,279)	-11%
Impairment (charges)/reversal & fair value adjustment for loans and advances	9,871,696	1,070,048	(20,530,286)	1,781,239	1253%
<b>Operating profit before value added tax</b>	<b>14,021,386</b>	<b>(40,235,416)</b>	<b>(14,808,989)</b>	<b>(60,026,469)</b>	-75%
Value added tax on financial services	(5,250,124)	1,374,343	(11,044,116)	(6,557,817)	68%
<b>Profit/(Loss) from operation before taxation</b>	<b>8,771,261</b>	<b>(38,861,073)</b>	<b>(25,853,104)</b>	<b>(66,584,286)</b>	-61%
Income tax expense	959,932	(1,188,808)	673,899	(1,188,808)	-100%
<b>Profit/(Loss) for the period</b>	<b>9,731,193</b>	<b>(40,049,881)</b>	<b>(25,179,205)</b>	<b>(67,773,094)</b>	-63%
Actuarial gain and (loss) on Employee Benefit	2,406,784	233,142	2,406,784	233,142	932%
Deferred tax on actuarial gain/(loss) on Employee Benefit	(673,899)	(65,280)	(673,899)	(65,280)	932%
<b>Total Comprehensive Income/(Expense) for the Period</b>	<b>11,464,078</b>	<b>(39,882,019)</b>	<b>(23,446,321)</b>	<b>(67,605,232)</b>	-65%
<b>Basic Earning /( Loss) per Share</b>	<b>0.019</b>	<b>(0.080)</b>	<b>(0.050)</b>	<b>(0.136)</b>	

SWARNAMAHAL FINANCIAL SERVICES PLC  
STATEMENT OF FINANCIAL POSITION

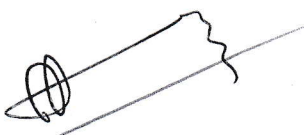
	31st March 2019 (Unaudited)	31st March 2018 (Audited)	Growth
	Rs.	Rs.	%
<b>ASSETS</b>			
Cash and cash equivalents	278,535,113	270,540,554	3.0%
Other Investments	34,133,903	439,008,677	-92.2%
Financial assets held at fair value through profit and loss	1,486,759	1,895,262	-21.6%
Financial assets available-for-sale	-	2,500	-100.0%
Loans and advances to customers	1,089,136,615	1,559,782,952	-30.2%
Investment property	130,300,000	128,000,000	1.8%
Property, plant and equipment	21,667,017	32,320,048	-33.0%
Current tax receivable	30,777,444	28,039,543	9.8%
Other assets	81,330,330	99,591,012	-18.3%
<b>TOTAL ASSETS</b>	<b>1,667,367,181</b>	<b>2,559,180,549</b>	<b>-34.8%</b>
<b>LIABILITIES</b>			
Deposits from customers	2,389,472,931	3,539,344,527	-32.5%
Bank overdrafts	342,319,933	2,562,225	13260.3%
Employee benefits	14,315,782	14,977,260	-4.4%
Other liabilities	79,192,570	64,729,951	22.3%
<b>TOTAL LIABILITIES</b>	<b>2,825,301,215</b>	<b>3,621,613,963</b>	<b>-22.0%</b>
<b>EQUITY</b>			
Stated capital	250,000,070	250,000,070	0.0%
Statutory reserve fund	143,349,119	143,349,119	
Retained losses	(1,551,283,223)	(1,455,782,603)	6.6%
Total equity	<b>(1,157,934,034)</b>	<b>(1,062,433,414)</b>	<b>-9.0%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,667,367,181</b>	<b>2,559,180,549</b>	<b>-34.8%</b>

Net Asset Value per Share

(2.32)

(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  
22nd May 2019

Interim Financial Statements for the quarter ended 31.03.2019

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	-	-	(67,773,094)	(67,773,094)
<b>Other Comprehensive income/(Expense)</b>				
Actuarial gain -Net of tax	-	-	167,862	167,862
<b>Total Comprehensive income/(Expense)</b>	-	-	<b>(67,605,232)</b>	<b>(67,605,232)</b>
<b>Balance as at 31.03.2018</b>	<b>250,000,070</b>	<b>143,349,119</b>	<b>(1,455,782,603)</b>	<b>(1,062,433,414)</b>
Balance as at 01.04.2018	250,000,070	143,349,119	(1,455,782,603)	(1,062,433,414)
Impact of adopting SLFRS 9 "Financial Instruments" as at 1 April 2018			(72,054,299)	
Net Loss for the Period	-	-	(25,179,205)	(25,179,205)
<b>Other Comprehensive income/(Expense)</b>				
Actuarial gain -Net of tax			1,732,884	1,732,884
<b>Total Comprehensive income/(Expense)</b>	-	-	<b>(23,446,321)</b>	<b>(23,446,321)</b>
<b>Balance as at 31.03.2019</b>	<b>250,000,070</b>	<b>143,349,119</b>	<b>(1,551,283,223)</b>	<b>(1,085,879,735)</b>

**SWARNAMAHAL FINANCIAL SERVICES PLC**  
**CASH FLOW STATEMENT**

	<b>For the Year ended 31st March</b>	
	<b>2019</b>	<b>2018</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Profit (Loss) before taxation</b>	<b>(25,853,104)</b>	<b>(66,584,286)</b>
<b>Adjustment for;</b>		
Impact of adopting SLFRS 9 “Financial Instruments” as at 1 April 2018	(72,054,299)	-
Depreciation	13,853,974	14,822,577
Impairment charge / (reversal) for loan losses	30,802,690	17,307,503
Other provisions reversal	-	(68,160)
Fair value gain on investment property	(2,300,000)	(12,950,000)
Provision for gratuity	3,418,305	3,624,473
Unwinding of interest	(10,297,904)	(19,020,582)
Reclassification of Financial assets available-for-sale	2,500	
Fair value loss / (gain) on investments	408,504	69,468
	<b>(62,019,334)</b>	<b>(62,799,008)</b>
Changes in;		
- loans and advances to customers	450,141,550	501,549,056
- other assets	15,522,782	(17,787,338)
- deposit from customers	(1,149,871,596)	(232,483,240)
- other liabilities	14,462,619	(7,700,182)
<b>Cash generated from / (Used in) operating activities</b>	<b>(731,763,979)</b>	<b>180,779,288</b>
Tax paid	-	-
Employee benefit paid	(1,673,000)	(2,625,500)
<b>Net cash from operating activities</b>	<b>(733,436,979)</b>	<b>178,153,788</b>
<b>Cash flows from / (used in) investment activities</b>		
Investment in government securities	-	(237,701,750)
Withdrawal of Investment in government securities	404,874,773	103,371,221
Proceeds from disposal of property, plant and equipment	-	
Additions to Property Plant and Equipment	(3,200,944)	(4,415,413)
Net Proceeds from disposal of equity share investment	-	-
<b>Net cash flow from (used in) investment activities</b>	<b>401,673,830</b>	<b>(138,745,942)</b>
<b>Cash flow from / (used in) financing activities</b>		
Net proceeds / (repayments) of borrowings	-	-
<b>Net cash used in / (used in) financing activities</b>	<b>-</b>	<b>-</b>
	<b>(331,763,149)</b>	<b>39,407,846</b>
Cash and cash equivalents at the beginning of the year	267,978,329	228,570,485
<b>Cash and cash equivalent at the end of the year</b>	<b>(63,784,820)</b>	<b>267,978,330</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash in hand and bank balances	278,535,113	270,540,555
Bank overdrafts	(342,319,933)	(2,562,225)
	<b>(63,784,820)</b>	<b>267,978,330</b>

**SWARNAMAHAL FINANCIAL SERVICES PLC**  
**SEGMENTAL INFORMATION**

	Gold Loan Rs.	Term Loan Rs.	Others Rs.	Total Rs.
<b>For the Year ended 31st March 2019</b>				
<b>Income</b>				
Interest Income	416,373,525	82,642,537	40,238,195	539,254,257
Other Income	-	-	7,342,280	7,342,280
Total Income	<u>416,373,525</u>	<u>82,642,537</u>	<u>47,580,475</u>	<u>546,596,537</u>
Percentage	77%	15%	7%	100%
<b>Less :</b>				
Interest	(228,974,958)	(45,447,346)	(22,128,062)	(296,550,365)
Other Expenses	(197,177,649)	(39,136,161)	(19,055,181)	(255,368,990)
Impairment (charges)/reversal	-	(19,355,896)	(1,174,390)	(20,530,286)
<b>Total Expenses</b>	<u>(426,152,607)</u>	<u>(103,939,403)</u>	<u>(42,357,632)</u>	<u>(572,449,642)</u>
Profit Before Taxation	(9,779,082)	(21,296,865)	5,222,843	(25,853,104)
<b>Less : Income Tax</b>	520,337	103,277	50,285	673,899
Profit After Taxation	<u>(9,258,745)</u>	<u>(21,193,588)</u>	<u>5,273,128</u>	<u>(25,179,205)</u>
Segment Assets	998,895,545	84,816,523	583,655,114.21	1,667,367,181
Percentage	60%	5%	35%	100%
Segment Liabilities	<u>1,692,597,064</u>	<u>143,718,928</u>	<u>988,985,223</u>	<u>2,825,301,215</u>
<b>For the Year ended 31st March 2018</b>				
<b>Income</b>				
Interest Income	455,678,096	147,498,437	61,406,868	664,583,402
Other Income	-	-	18,119,202	18,119,202
Total Income	<u>455,678,096</u>	<u>147,498,437</u>	<u>79,526,070</u>	<u>682,702,604</u>
Percentage	69%	22%	9%	100%
<b>Less :</b>				
Interest	(320,558,391)	(103,761,542)	(43,198,229)	(467,518,162)
Other Expenses	(194,418,802)	(62,931,420)	(26,199,745)	(283,549,967)
Impairment (charges)/reversal	-	34,182	1,747,057	1,781,239
<b>Total Expenses</b>	<u>(514,977,193)</u>	<u>(166,658,779)</u>	<u>(67,650,918)</u>	<u>(749,286,890)</u>
Profit Before Taxation	(59,299,097)	(19,160,342)	11,875,152	(66,584,286)
<b>Less : Income Tax</b>	(815,117.84)	(263,845)	(109,845)	(1,188,808)
Profit After Taxation	<u>(60,114,215)</u>	<u>(19,424,187)</u>	<u>11,765,308</u>	<u>(67,773,094)</u>
Segment Assets	1,070,548,274	467,012,404	1,021,619,871	2,559,180,549
Percentage	42%	18%	40%	100%
Segment Liabilities	<u>1,514,982,043</u>	<u>660,890,708</u>	<u>1,445,741,212</u>	<u>3,621,613,963</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 31<sup>st</sup> March 2019 are provisional and subject to audit.
2. There are no significant changes in the accounting policies and methods of computation since the publication of financial statements in the annual report for the year 2017/18 ,except for financial assets and liabilities within the scope of Sri Lanka Accounting Standard SLFRS 9 on “Financial Instruments” (SLFRS9) for which comparative information for 2017/2018 is reported under Sri Lanka Accounting Standard LKAS39 on “Financial Instruments: Recognition and Measurement” (LKAS39) in accordance with the option given in paragraph 7.2.15 SLFRS 9 not to restate the comparatives.
3. The Financial Statements for the period have been presented in the same format adopted in the audited & published accounts as at 31<sup>st</sup> 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 31<sup>st</sup> March 2019.
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 31<sup>st</sup> March 2019.
7. The total additional impairment provision on Loans and receivables based on SLFRS9 for the year 2017/18 has been recognized in the statements of changes in equity of Rs. 72,054,299. The total additional impairment provision arising from SLFRS9 for the year 2018/2019 has been recognised in its entirety in the 4th quarter of 2019.
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. Information on Ordinary Shares

a.) Share price during the Quarter	For the Quarter Ended	
	31 <sup>st</sup> Mar 2019 (Rs.)	31 <sup>st</sup> Mar 2018 (Rs.)
Highest	-	2.80
Lowest	-	0.60
Closing	-	2.40
No. of Ordinary Voting Shares	500,000,140	500,000,140

Share transaction has been 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 31<sup>st</sup> March 2019

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

10. c) Twenty Largest shareholders as at 31<sup>st</sup> March 2019

	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
<b>Total</b>		<b>500,000,140</b>	<b>100.00</b>

10. d) Public Holding

Public holdings as a Percentage of issued share capital as at 31<sup>st</sup> March 2019 was 10% comprising of 1,942 Shareholders



**SELECTED PERFORMANCE INDICATORS**

	<b>As at 31<sup>st</sup> March 2019</b>	<b>As at 31<sup>st</sup> March 2018</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Asset Quality</b>		
Total Accommodation (Net of Interest in Suspense)	1,299,736	1,677,769
Net Total Accommodations (Net of Provision for Bad & Doubtful Debts)	1,089,137	1,559,783
Non -Performing Accommodations (Net of Interest in Suspense)	161,107	114,225
<b>Liquidity</b>		
Required Minimum Amount of Liquid Assets	240,620	356,136
Available Amount of Liquid Assets	-29,653	677,956
Required Minimum Amount of Government Securities	266,624	289,661
Available Amount of Government Securities	-	407,415
<b>Capital Adequacy</b>		
Core Capital to Risk weighted Assets Ratio (Minimum 5%)	-189.10%	-105.52%
Total Capital to Risk weighted Assets Ratio (Minimum 10%)	-189.10%	-105.52%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	-48.81%	-29.97%
<b>Profitability</b>		
Return on Assets (After Tax)	-1.11%	-2.43%
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 14<sup>th</sup> January 2004,  
under the Companies Act No.17 of 1982,  
and re-registered on 16<sup>th</sup> 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](mailto: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.