

SERENDIB ENGINEERING GROUP PLC

PQ 230

**INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31ST MARCH 2019**



SERENDIB ENGINEERING GROUP PLC

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1. Corporate Information

NAME OF THE COMPANY	Serendib Engineering Group PLC
LEGAL FORM	A Public Company with Limited Liability incorporated on 7 th September 1992, and re-registered under the Companies Act 07 of 2007. Listed on the Diri Savi Board of the Colombo Stock Exchange.
REGISTRATION NUMBER	PQ 230
REGISTERED OFFICE	No.64,Kuruppu Road Colombo 8
ACCOUNTING YEAR END	31 st March
BOARD OF DIRECTORS	Mr.K.R.C.K Krishnan-Non Independent Non Executive Director(Chairman) Mr.D.K.Senanayake-Executive Vice Chairman Mr.R.M.Balendra-Independent Non Executive Director Mr.N.D.Rathnayaka-Independent Non Executive Director Mr.G.T.Jayaseelan-Non Executive Director Mr.A.I.Lovel-Independent Non Executive Director
SUBSIDIARIES	Serendib Investment Holdings Limited Serendib Engineering & Agencies (Pvt) Limited CCC Plantation Engineering Limited
SECRETARIES	P.W.Corporate Secretarial (Pvt) Ltd No 3/17,Kynsey Road Colombo 08
AUDITORS	V. S. & Associates Chartered Accountants 20/62, Fairfield Gardens Colombo- 08
BANKERS	Hatton National Bank PLC National Development Bank PLC Nations Trust Bank PLC Pan Asia Banking Corporation PLC Bank Of Ceylon Seylan Bank PLC

2. Group Financials
2.1 Statement of Comprehensive Income - Group

SERENDIB ENGINEERING GROUP PLC
STATEMENT OF COMPREHENSIVE INCOME

GROUP	Quarter ended 31st March		Year ended 31st March	
	2019	2018	2019	2018
	Unaudited Rs.	Unaudited Rs.	Unaudited Rs.	Audited Rs.
Revenue	34,936,479	72,217,067	218,093,064	298,036,955
Cost of sales	(15,164,604)	(45,800,178)	(159,225,904)	(227,227,804)
Gross profit	19,771,875	26,416,888	58,867,160	70,809,151
Other income	694,895	1,012,929	6,612,607	1,570,906
Administration expenses	(23,086,052)	(22,651,545)	(89,922,828)	(81,325,628)
Other Expenses	(5,246,864)	-	(5,246,864)	(45,369,105)
Profit from operating activities	(7,866,145)	4,778,273	(29,689,924)	(54,314,676)
Finance income	20,294	34,875	307,784	2,353,896
Finance expenses	(3,320,212)	(4,258,931)	(14,256,775)	(15,249,312)
Profit from ordinary activities before taxation	(11,166,063)	554,217	(43,638,915)	(67,210,092)
Taxation	2,946,692	192,836	14,388,438	13,445,248
Profit/(loss) for the period	(8,219,372)	747,053	(29,250,477)	(53,764,844)
Total comprehensive income	(8,219,372)	747,053	(29,250,477)	(53,764,844)
Other Comprehensive Income/Expense				
Items that will not be reclassified to Profit or loss				
Actuarial Gain/Loss on Employee Benefit Obligation	-	-	-	(773,581)
Total Other Comprehensive Income/expense for the period	-	-	-	(773,581)
Total Comprehensive Income/Expense for the period	(8,219,372)	747,053	(29,250,477)	(54,538,425)
Profit Attributable to				
Equity holders of the parent company	(7,690,574)	695,836	(27,789,181)	(50,934,038)
Non-controlling interest	(528,797)	51,217	(1,613,296)	(2,830,806)
	(8,219,372)	747,052	(29,402,477)	(53,764,844)
Total Comprehensive Income/expense attributable to				
Equity holders of the parent company	(7,690,574)	703,948	(27,789,181)	(51,662,983)
Non controlling Interest	(528,797)	43,105	(1,613,296)	(2,875,442)
Total comprehensive income/expense for the period	(8,219,372)	747,052	(29,402,477)	(54,538,425)
Basic earnings per share (Rs)	(0.24)	0.02	(0.86)	(1.57)

2.2 Statement of Financial Position - Group

SERENDIB ENGINEERING GROUP PLC STATEMENT OF FINANCIAL POSITION - GROUP

	As at 31st March	
	2019 Unaudited Rs.	2018 Audited Rs.
ASSETS		
NON - CURRENT ASSETS		
Property plant & equipment	10,324,209	12,146,788
Intangible assets	21,669,723	21,669,723
Deferred tax asset	35,210,709	20,783,652
TOTAL NON - CURRENT ASSETS	67,204,641	54,600,163
CURRENT ASSETS		
Inventories	22,766,503	21,884,271
Financial assets at FVTPL	608,598	8,669,655
Trade & other receivables	215,902,845	220,759,033
Cash and cash equivalents	4,414,054	35,144,287
TOTAL CURRENT ASSETS	243,692,001	286,457,246
TOTAL ASSETS	310,896,642	341,057,409
EQUITY & LIABILITIES		
Equity Attributable to the Equity Holders of the Parent		
Stated capital	178,107,910	178,107,910
Capital reserve	-	-
Revaluation Reserve	-	-
Retained earnings	(72,346,733)	(44,557,552)
SHAREHOLDERS' FUNDS	105,761,177	133,550,358
Non-controlling interest	(1,724,888)	(111,592)
TOTAL EQUITY	104,036,289	133,438,766
NON - CURRENT LIABILITIES		
Retirement benefit obligations	4,792,104	5,704,742
Deferred tax liabilities	58,488	39,058
Finance lease obligations	-	473,425
TOTAL NON - CURRENT LIABILITIES	4,850,592	6,217,225
CURRENT LIABILITIES		
Trade & other payables	121,530,441	107,910,796
Finance lease obligations	473,425	2,662,018
Short term loan	47,340,128	64,994,012
Amounts due to related parties	-	433,374
Income tax liabilities	129,108	129,150
Bank overdrafts	32,536,660	25,272,068
TOTAL CURRENT LIABILITIES	202,009,761	201,401,418
TOTAL EQUITY & LIABILITIES	310,896,642	341,057,409
Net asset per share (Rs.)	3.27	4.12

Notes:

1. The above figures are provisional and subject to audit.
2. The Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange.
3. These financial statements have been prepared in accordance with SLFRS/LKAS 34-Interim Financial Reporting.
4. In preparing financial statements of Serendib Engineering Group PLC and its subsidiaries for the quarter ended 31st March 2019, a full provision of Rs.16,337,249/- has been made against the related party receivable balances from CCC Plantation Engineering Ltd to Serendib Engineering Group PLC (Rs.3,542,347)/- and Serendib Engineering & Agencies (Pvt) Ltd (Rs.12,794,902)/- as at 31st March 2019.
5. There were no changes to the Accounting Policies and methods of computation since the publication of Annual Report for the Year ended 31st March 2018.

I certify that these financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.



.....
G.W.R.Preethisinghe
Finance Manager

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Board by,



.....
D.K.Senanayake
Director



.....
R.M.Balendra
Director

Colombo
29th May 2019

2.3 Cash Flow Statement - Group

SERENDIB ENGINEERING GROUP PLC CASH FLOW STATEMENT - GROUP

	Year ended 31st March	
	2019	2018
	Unaudited Rs.	Audited Rs.
Cash flows from operating activities		
Net profit / (loss) before interest & taxation	(30,043,495)	(52,979,669)
Adjustment for		
Depreciation	4,552,628	6,460,352
Gratuity Provision / (Reversal)	600,000	1,053,536
Dividend Income	(6,930)	(13,612)
Interest Income	(300,854)	-
Profit on Disposal of Plant & Equipment	(6,510,000)	(1,367,512)
(Profit)/ loss on disposal of financial assets	31,937	(2,200,785)
Fair Value changes on Financial Assets	596,707	942,978
Provision for diminution in value of investment	-	35,000,000
Operating profit/ (loss) before working capital changes	(31,080,008)	(13,104,712)
Changes in working capital		
(Increase) / decrease in inventories	(882,232)	10,080,896
(Increase) / decrease in trade and other receivables	5,760,390	31,304,226
Increase / (decrease) in trade and other payables	13,603,371	(745,974)
(Increase) / decrease in amounts due from related parties	-	-
Increase / (decrease) in amounts due to related parties	(433,374)	-
Cash generated from / (used in) operating activities	(13,031,853)	27,534,436
Tax paid	(907,167)	(263,861)
Interest paid	(13,561,184)	(14,302,095)
Gratuity Paid	(1,512,638)	(696,125)
Net cash flow from / (used in) operating activities	(29,012,841)	12,272,355
Cash flow from / (used in) investing activities		
Acquisition of financial assets	-	(4,526,549)
Proceeds from disposal of financial assets	7,432,413	4,077,155
Purchase of Plant & Equipment	(2,730,049)	(2,054,507)
Proceeds from Disposal of Plant & Equipment	6,510,000	2,576,326
Dividend received	6,930	13,612
Interest received	300,854	71,672
Net cash flow from / (used in) investing activities	11,520,148	157,709

	Rs.	Rs.
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Interest Bearing Borrowings	117,952,372	27,914,622
Repayment of Interest Bearing Borrowings	(135,606,249)	(13,980,218)
Finance Lease Payment	(2,848,254)	(4,080,335)
Net Cash Flows from / (used in) Financing Activities	(20,502,130)	9,854,069
Net increase / (decrease) in cash & cash equivalents	(37,994,823)	22,284,133
Cash & cash equivalents at the beginning of the year	9,872,219	(12,411,915)
Cash & cash equivalents at the end of the period (Note: A)	(28,122,606)	9,872,219
Note: A		
Cash & cash equivalents at the end of the period		
Savings Accounts	443,576	431,218
Cash in hand & at bank	3,970,479	34,713,069
Bank overdraft	(32,536,660)	(25,272,068)
	(28,122,606)	9,872,219

2.4 Statement of Changes in Equity – Group

SERENDIB ENGINEERING GROUP PLC STATEMENT OF CHANGES IN EQUITY - GROUP

Description	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.	Non-Controlling Interest Rs.	Total Equity Rs.
Balance as at 01st April, 2018	178,107,910	(44,557,552)	133,550,358	(111,592)	133,438,766
Net Profit/ (Loss) for the period	-	(27,789,181)	(27,789,181)	(1,613,296)	(29,402,477)
Balance as at 31st March, 2019	178,107,910	(72,346,733)	105,761,177	(1,724,888)	104,036,289
Balance as at 01st April, 2017	178,107,910	7,105,431	185,213,341	2,763,850	187,977,191
Net Profit/ (Loss) for the Period	-	(51,662,983)	(51,662,983)	(2,875,442)	(54,538,425)
Balance as at 31st March, 2018	178,107,910	(44,557,552)	133,550,358	(111,592)	133,438,766

3. Company Financials

3.1 Statement of Comprehensive Income – Company

SERENDIB ENGINEERING GROUP PLC
STATEMENT OF COMPREHENSIVE INCOME - COMPANY

	Quarter Ended 31st March		Year Ended 31st March	
	2019 Unaudited Rs.	2018 Unaudited Rs.	2019 Unaudited Rs.	2018 Audited Rs.
Revenue	-	3,954,700	4,771,690	13,216,450
Cost of Sales	(13,572)	(3,436,295)	(4,624,794)	(11,991,933)
Gross Profit	(13,572)	518,405	146,896	1,224,517
Other Income	69,895	-	110,110	203,394
Administration Expenses	556,567	(628,876)	(6,231,787)	(1,580,613)
Other Expenses	-	-	-	(78,957)
Profit from Operating Activities	612,890	(110,471)	(5,974,782)	(231,660)
Finance Income/(Loss)	69	(83,183)	(176,974)	848,015
Finance Expenses	-	-	-	(382,772)
Profit from Ordinary Activities before Taxation	612,958	(193,654)	(6,151,755)	233,583
Taxation	(4,889)	5,759	(19,456)	1,498
Profit/(Loss) for the period	608,069	(187,895)	(6,171,211)	235,081
Total Comprehensive Income	608,069	(187,895)	(6,171,211)	235,081
Basic earnings per share (Rs.)	0.02	(0.01)	(0.19)	0.01

3.2 Statement of Financial Position- Company

SERENDIB ENGINEERING GROUP PLC STATEMENT OF FINANCIAL POSITION - COMPANY

As at 31st March

	2019 Unaudited Rs.	2018 Audited Rs.
ASSETS		
NON - CURRENT ASSETS		
Property Plant & Equipment	253,493	309,510
Investments in Subsidiaries	146,737,890	146,737,890
Total Non Current Asset	146,991,383	147,047,400
CURRENT ASSETS		
Inventories	125,935	3,142,094
Financial Assets at FVTPL	-	740,000
Advances & Prepayments	41,979	41,979
Prepayment	-	-
Trade & Other Receivables	800,015	-
Amounts Due from Related Parties	55,380	3,597,727
Cash and Cash Equivalents	109,897	5,226,345
Total Current Asset	1,133,206	12,748,146
TOTAL ASSETS	148,124,589	159,795,545
EQUITY & LIABILITIES		
Equity Attributable to the Equity Holders of the Parent		
Stated Capital	178,107,910	178,107,910
Retained Earnings	(64,149,548)	(57,978,336)
SHAREHOLDERS' FUNDS	113,958,362	120,129,574
Non-Controlling Interest	-	-
TOTAL EQUITY	113,958,362	120,129,573
NON - CURRENT LIABILITIES		
Deferred Tax Liability	58,488	39,058
TOTAL NON - CURRENT LIABILITIES	58,488	39,058
CURRENT LIABILITIES		
Trade & Other Payables	5,739,201	6,206,441
Amounts Due to Related Parties	28,368,537	33,420,450
Bank Overdraft	-	-
Income Tax Liabilities	-	23
	34,107,738	39,626,914
Total Equity & Liability	148,124,589	159,795,545
Net assets per share (Rs.)	3.52	3.71

Notes:

1. The above figures are provisional and subject to audit.
2. The Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange.
3. These financial statements have been prepared in accordance with SLFRS/LKAS 34-Interim Financial Reporting.
4. In preparing the financial statements of Serendib Engineering Group PLC for the quarter ended 31st March 2018, a full provision of Rs.3,542,347/- has been made against the related party receivable balance from CCC plantation Engineering Ltd as at 31st March 2019
5. There were no changes to the Accounting Policies and methods of computation since the publication of Annual Report for the Year ended 31st March 2018.

I certify that these financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.



.....
G.W.R.Preethisinghe
Finance Manager

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Board by,



.....
D.K.Senanayake
Director



.....
R.M.Balendra
Director

Colombo
29th May 2019

3.3 Cash Flow Statement – Company

SERENDIB ENGINEERING GROUP PLC CASH FLOW STATEMENT - COMPANY

	Year ended 31st March	
	2019 Unaudited Rs.	2018 Audited Rs.
Cash flows from operating activities		
Net profit / (loss) before interest & taxation	(6,151,755)	233,316
Adjustment for		
Depreciation	56,016	178,007
Interest Income	(276)	-
Dividend Income	-	(508,244)
Fair value changes in financial assets FVtPL	177,250	380,000
(Profit)/ loss on disposal of financial assets	(32,712)	(339,504)
Operating profit/ (loss) before working capital changes	(5,951,477)	(56,425)
Changes in working capital		
(Increase) / decrease in inventories	3,016,159	539,859
(Increase) / decrease in trade and other receivables	(800,015)	-
(Increase) / decrease in prepayment	-	69,297
Increase / (decrease) in trade and other payables	(467,241)	(93,176)
(Increase) / decrease in amounts due from related parties	3,542,347	-
Increase / (decrease) in amounts due to related parties	(5,051,912)	2,515,495
Cash generated from / (used in) operating activities	(5,712,139)	2,975,050
Tax paid	(49)	(182,043.00)
Interest paid	-	-
Net cash flow from / (used in) operating activities	(5,712,188)	2,793,007
Cash flow from / (used in) investing activities		
Acquisition of financial assets	-	(247,500)
Proceeds from disposal of financial assets	595,462	997,304
Acquisition of property plant & equipment	-	(133,820)
Dividend received	-	508,243.68
Interest received	276	267.74
Net cash flow from / (used in) investing activities	595,738	1,124,495
Net increase / (decrease) in cash & cash equivalents	(5,116,449)	3,917,502
Cash & cash equivalents at the beginning of the year	5,226,346	1,308,844
Cash & cash equivalents at the end of the period (Note: A)	109,897	5,226,346
Note: A		
Cash & cash equivalents at the end of the period		
Savings Accounts	8,631	8,368.82
Cash in hand & at bank	101,266	5,217,977
	109,897	5,226,346

3.4 Statement of Changes in Equity – Company

SERENDIB ENGINEERING GROUP PLC STATEMENT OF CHANGES IN EQUITY -COMPANY

Description	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01st April, 2018	178,107,910	(57,978,336)	119,999,602
Net Profit/ (Loss) for the period	-	(6,171,211)	(6,171,211)
Balance as at 31st March, 2019	178,107,910	(64,149,548)	113,828,391
Balance as at 01st April, 2017	178,107,910	(58,213,418)	119,894,492
Net Profit/ (Loss) for the period	-	235,081	105,110
Balance as at 31st March, 2018	178,107,910	(57,978,336)	119,999,602

4. Notes to the Financial Statements

1. Serendib Engineering Group PLC is a Public Limited Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange.

2. The Interim Financial Statements of the Group and the Company have been prepared for the three months ended 31st March 2019

3. Basis of Preparation

These interim financial statements have been prepared in accordance with LKAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements. Further the requirements of the Colombo Stock Exchange and the Companies Act No.7 of 2007 has been considered. The information for the preparation of these interim financial statements has been drawn up from the unaudited financial records of the Company.

4. Contingencies, Capital and Other Commitments

4.1 Contingent Liabilities

There were no contingent liabilities as at the reporting Date.

4.2 Capital Commitments

There were no capital commitments as at the reporting Date.

5. Events after the reporting period

There have been no events subsequent to the reporting date, which require disclosure in the interim condensed financial statements.

5. Shareholder Information

The Stated Capital of the Company as at 31st March 2019 was Rs. 178,107,910/-representing 32,383,250 Ordinary Voting Shares. All shares are issued and fully paid.

5.1 Major Shareholders Details

Twenty largest shareholders of the Company are as follows;

No	Name of the Shareholder	As at 31st March 2019	
		No of Shares	Holding %
1	Serendib Holdings PTE. Ltd	27,241,287	84.122%
2	Flyasia sdn.Bhd	1,175,625	3.630%
3	Mrs.S.E.Melluish	345,973	1.068%
4	Mr P.A.G.Weerakoon Banda	301,699	0.932%
5	Ceylon Cereals (Private) Limited	175,547	0.542%
6	Mr.R.E.Rambukwella	128,500	0.397%
7	Mr.A.Rajaratnam	125,297	0.387%
8	Mr.M.Z.Mohamed Ghouse	103,964	0.321%
9	South Asian Investment (pvt) Ltd	102,090	0.315%
10	Mr.K.Arasaratnam & Mis C.G.Fernandopulle	92,413	0.285%
11	Mis G.N.S.Ariyaratna	92,000	0.284%
12	Mr.R.D.Kalubowila	70,286	0.217%
13	Mr.T.M.N.Peiris	55,300	0.171%
14	T R L Holdings (Pvt) Limited	54,600	0.169%
15	Mr.H.J.E.J.Fonseka	51,001	0.157%
16	Mrs.H.P.Gin	50,920	0.157%
17	Mrs T.S.Perera	46,000	0.142%
18	Mr R.A.D.Rupasinghe	45,000	0.139%
19	Mr T.A.D.De Silva	40,681	0.126%
20	Mr D.Ramachandran	40,000	0.124%
	Total	30,338,183	93.685%
	Others	2,045,067	6.315%
	Total	32,383,250	100.000%

5.2 Public Shareholdings

The percentage of shares held by the public as at 31st March 2019 was 15.88% Which represented 737 no of share holders.

As at	31st March 2019	
	Number of Shares	Holding %
Shares held by the Public	5,141,963	15.88%
Shares held by the Others	27,241,287	84.12%
Total	32,383,250	100.00%

The Float adjusted market capitalization as at 31st March 2019 -Rs.34,451,152.10

The Float adjusted market capitalization of the Company falls under Option 2 of Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said Option.

5.3 CEO's and Directors Shareholdings

The number of shares held by the Board of Directors and company CEO is as follows;

Directors and CEO's Shareholdings As at	31st March 2019		31st March 2018	
	No of Shares	Holding %	No of Shares	Holding %
Mr. H. N. De Silva (resigned w.e.f 3.5.2018)	Nil	0.00%	Nil	0.00%
Mrs. D. L. De Silva (resigned w.e.f.3.5.2018)	Nil	0.00%	Nil	0.00%
Mr. H G S Kariyawasam (resigned w.e.f 3.5.2018)	Nil	0.00%	Nil	0.00%
Mr. R W T M R Bandara (resigned w.e.f 3.5.2018)	Nil	0.00%	Nil	0.00%
Mr. A G P A Gunawansa (resigned w.e.f 3.5.2018)	Nil	0.00%	Nil	0.00%
Mr. A. C. De Silva (resigned w.e.f 3.5.2018)	Nil	0.00%	Nil	0.00%
Mr. A. N. D. De Silva (CEO) (resigned w.e.f 30.11.2018)	Nil	0.00%	Nil	0.00%
Mr.A.W.B.Mohtar(resigned w.e.f 28.12.2018)	Nil	0.00%	Nil	0.00%
Mr. K R C K Krishnan (appointed w.e.f 3.5.2018)	Nil	0.00%	Nil	0.00%
Mr.D K Senanayake (appointed w.e.f 3.5.2018)	Nil	0.00%	Nil	0.00%
Mr. R M Balendra (appointed w.e.f 3.5.2018)	Nil	0.00%	Nil	0.00%
Mr.N.D.Rathnayake (appointed w.e.f 04.10.2018)	Nil	0.00%	Nil	0.00%
Mr.G.T.Jayaseelan (appointed w.e.f 09.01.2019)	Nil	0.00%	Nil	0.00%
Mr.A.I.Lovell (appointed w.e.f 09.01.2019)	Nil	0.00%	Nil	0.00%
Total	Nil	0.00%	Nil	0.00%

5.4 Share price Information

Share Price information during the Interim Period is as follows;

Market Price of the Share	Quarter Ended	Quarter Ended
	31st March 2019	31st March 2018
Highest Price per Share (Rs.)	10.10	9.40
Lowest Price per Share (Rs.)	6.20	5.10
Closed Price per Share (Rs.)	6.70	7.90