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Siyapatha Finance

(Finance Company of Sampath Bank Group)

SIYAPATHA FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2018

STATEMENT OF COMPREHENSIVE INCOME

	For the quarter ended		Change %
	31.03.2018 LKR.000	31.03.2017 LKR.000	
Gross income	1,582,207	1,043,304	52%
Interest income	1,448,286	946,297	53%
Interest expenses	(822,173)	(566,742)	45%
Net interest income	626,113	379,555	65%
Fee and commission income	71,391	51,547	38%
Fee and commission expenses	(21)	(286)	-93%
Net fee and commission income	71,370	51,261	39%
Other operating income	62,530	45,460	38%
Total operating income	760,013	476,276	60%
Impairment (charge)/reversal for loans	(142,467)	(28,802)	395%
Individual impairment (charge)/reversal	(7,118)	(403)	1666%
Collective impairment (charge)/reversal	(135,349)	(28,399)	377%
Net operating income	617,546	447,474	38%
Operating expenses	(316,324)	(252,955)	25%
Personnel expenses	(183,078)	(142,011)	29%
Depreciation of property, plant & equipment	(13,702)	(11,455)	20%
Amortization of intangible assets	(1,144)	(2,096)	-45%
Other operating expenses	(118,400)	(97,393)	22%
Operating profit before Value Added Tax (VAT) & Nation Building Tax (NBT) on financial services	301,222	194,519	55%
VAT & NBT on financial services	(69,342)	(47,489)	46%
Profit before taxation	231,880	147,030	58%
Tax expenses	(84,585)	(54,954)	54%
Profit after taxation	147,295	92,076	60%
Other comprehensive income/(expenses)	-	-	-
Total comprehensive income, net of taxes	147,295	92,076	60%
Basic earnings per share-(LKR.)	2.57	1.61	

SIYAPATHA FINANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	31-03-2018 LKR'000	Audited 31-12-2017 LKR'000
Assets		
Cash and bank balances	300,932	297,858
Placements with banks	-	65,699
Securities purchased under repurchase agreements	1,765,645	1,200,981
Loans and receivables	29,799,789	27,313,300
Other assets	542,331	464,986
Financial investments- Available for sale	56	56
Financial investments- Held to maturity	4,403	4,303
Property, plant and equipment	462,624	455,140
Intangible assets	7,113	8,257
Total Assets	32,882,893	29,810,580
Liabilities		
Bank overdraft	466,912	456,018
Due to other customers	8,119,677	9,333,622
Debt issued and other borrowed funds	19,890,366	16,310,778
Other payables	1,008,324	775,445
Current tax liabilities	121,604	91,800
Deferred tax liabilities	372,740	331,469
Retirement benefit obligations	34,663	33,163
Total Liabilities	30,014,286	27,332,295
Shareholders' Funds		
Stated capital	698,666	635,917
Shares pending allotment	250,000	-
Reserves		
Statutory reserve fund	121,000	113,000
Revaluation Reserve	56,823	56,823
Retained earnings	1,742,118	1,672,545
Total Shareholders' Funds	2,868,607	2,478,285
Non controlling interest	-	-
Total Equity	2,868,607	2,478,285
Total Liabilities and Shareholders' Funds	32,882,893	29,810,580
Net asset value per share(LKR.)	50.02	43.22
Commitments & contingencies	829,383	772,657

The information contained in these financial statements have been extracted from the unaudited Financial Statements of the Company unless indicated as "Audited".

CERTIFICATION

We certify that the above Interim Financial Statements are in compliance with the requirements of the Companies Act No: 7 of 2007 and give true and fair view of the state of affairs of Siyapatha Finance PLC as at 31 March 2018 and its profits for the period then ended 31 March 2018.

(Sgd)
Managing Director

(Sgd)
Head of Finance

The Board of Directors is responsible for these Financial Statements.
Signed for and on behalf of the Board of Directors by,

(Sgd)
Director

(Sgd)
Director

24 April 2018

SIYAPATHA FINANCE PLC
STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Shares Pending Allotment	Statutory Reserve Fund	Revaluation Reserve	Retained Earnings	LKR.000 Total
For the period ended 31 March 2017						
Balance as at 31 December 2016	576,975	-	86,422	-	1,266,964	1,930,361
Profit for the period	-	-	-	-	92,076	92,076
Other comprehensive income, net of tax	-	-	-	-	-	-
Transfer to Statutory Reserve Fund	-	-	4,604	-	(4,604)	-
Scrip dividend paid	58,942	-	-	-	(65,491)	(6,549)
Balance as at 31 March 2017	<u>635,917</u>	<u>-</u>	<u>91,026</u>	<u>-</u>	<u>1,288,945</u>	<u>2,015,888</u>
For the period ended 31 March 2018						
Balance as at 31 December 2017	635,917	-	113,000	56,823	1,672,544	2,478,284
Profit for the period	-	-	-	-	147,295	147,295
Other comprehensive income, net of tax	-	-	-	-	-	-
Transfer to Statutory Reserve Fund	-	-	8,000	-	(8,000)	-
Right issue of shares (yet to be allotted)	-	250,000	-	-	-	250,000
Scrip dividend paid	62,749	-	-	-	(69,721)	(6,972)
Balance as at 31 March 2018	<u>698,666</u>	<u>250,000</u>	<u>121,000</u>	<u>56,823</u>	<u>1,742,118</u>	<u>2,868,607</u>

SIYAPATHA FINANCE PLC
STATEMENT OF CASH FLOWS

For the period ended 31 March	2018 LKR'000	2017 LKR'000
Cash flow from operating activities		
Profit before taxation	231,880	147,030
Interest expenses	822,173	566,742
Fee and commission expenses	21	286
Provision for impairment	142,467	28,802
Provision for /(Reversal of) staff gratuity	1,500	3,442
Provision for depreciation	13,702	11,455
Amortization of software	1,144	2,096
(Profit)/Loss on sale of motor vehicle	(84)	-
	980,923	612,823
Operating profit before working capital changes	1,212,803	759,853
(Increase)/decrease in Lease receivables	(2,154,079)	(1,612,214)
(Increase)/decrease in Hire purchase receivables	73,737	181,324
(Increase)/decrease in Factoring receivables	(86,960)	(66,901)
(Increase)/decrease in Gold loan receivables	(275,245)	(215,346)
(Increase)/decrease in Loan receivables	(180,377)	(1,000,850)
(Increase)/decrease in Other assets	(83,377)	(34,645)
Increase/(decrease) in Other payables	232,878	160,848
	(2,473,423)	(2,587,784)
Cash generated from operations	(1,260,620)	(1,827,931)
Interest paid	(749,646)	(493,197)
Gratuity paid	-	-
Income tax paid	(13,509)	(24,273)
Dividend tax paid	(6,972)	(6,549)
Net cash inflow/(outflow) from operating activities	(2,030,747)	(2,351,950)
Cash flow from investing activities		
Investments in government treasury bonds & government securities	61,267	(258)
Purchase of property, plant, equipment & intangible assets	(21,203)	(8,653)
Proceeds from sale of property, plant & equipment	100	-
Net cash inflow/(outflow) from investing activities	40,164	(8,911)
Net cash inflow/(outflow) before financing activities	(1,990,583)	(2,360,861)
Cash flow from financing activities		
Proceeds from long term loans	1,600,000	1,025,000
Repayments of long long term loans	(1,629,916)	(768,896)
Net proceeds from deposits	(1,176,988)	554,730
Proceeds from right issue of shares	250,000	-
Net proceeds from short term borrowings	3,500,000	2,125,000
Net cash inflow/(outflow) from financing activities	2,543,096	2,935,834
Net decrease in cash and cash equivalents	552,513	574,973
Cash & cash equivalents at the beginning of the period	(92,461)	478,178
Cash and cash equivalents at end of the period	460,052	1,053,151
Analysis of the cash and cash equivalents at the end of the period		
Cash and bank balances	300,932	192,627
Securities purchased under repurchase agreements	626,032	1,160,321
Bank overdraft	(466,912)	(299,797)
	460,052	1,053,151

SIYAPATHA FINANCE PLC

SELECTED PERFORMANCE INDICATORS

	As at 31.03.2018	As at 31.12.2017
<u>Capital Adequacy</u>		
Core Capital Ratio(Minimum Requirement -5%)	8.65%	9.44%
Total Risk Weighted Capital Ratio (Minimum Requirement- 10%)	12.98%	14.16%
Capital Funds to Deposit Liabilities Ratio(Minimum Requirement-10%)*	40.76%	40.40%
<u>Profitability</u>		
Return on Average Assets (After Tax)	1.87%	1.91%
Return on Average Shareholders' Funds	21.18%	23.05%
<u>Asset Quality (LKR'000)</u>		
Total Accommodation(Gross)	30,456,274	27,836,365
Non-Performing Accommodation	1,114,661	820,816
Net Total Accommodation(Net of Allowance for Impairment Losses)	29,799,789	27,313,300
<u>Liquidity (LKR'000)</u>		
Required Minimum Amount of Liquid Assets**	1,316,873	1,299,136
Required Minimum Amount of Government Securities***	1,717,655	1,153,393
Available Amount of Liquid Assets	1,825,948	1,311,674
Available Amount of Government Securities	1,756,554	1,192,090

*** Capital Funds to Deposit Liabilities Ratio**

The capital funds to deposit liabilities ratio is computed on the following basis:Capital funds as a percentage of average of month end deposit liabilities during last three months.

- ** Required minimum amount of liquid assets equals to 10 % of total liabilities less Shareholders' Funds and Secured Borrowings as at 31 March 2018 & 31 December 2017 respectively.
- *** Required minimum amount of government securities equals to 7.5% of the average of month end deposit liabilities and borrowings of the twelve months of the preceding financial year.

EXPLANATORY NOTES

1. The Interim Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards that came into effect from 01 January 2012.

Further, these Interim Financial Statements have been prepared in compliance with the requirements of Sri Lanka Accounting Standards - LKAS 34 on 'Interim Financial Reporting'.

The accounting policies and methods of computation followed in preparing the above interim financial statements are same as those disclosed in our Audited Financial Statements for the year ended 31 December 2017 and they provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.

2. There are no material changes during the period in the composition of assets, liabilities, contingent liabilities and use of funds raised through debentures. The funds raised through debentures were fully utilized for the objectives mentioned in the relevant prospectus.
3. The Interim Financial Statements for the period ended 31 March 2018 are drawn up from unaudited accounts of the Company unless indicated as audited.
4. There have been no material events subsequent to the reporting date, which require adjustments to or disclosures in the interim financial statements.
5. The dividend of LKR.1.25 per share on 55,777,146 Ordinary shares was approved at the Annual General Meeting held on 27 March 2018. This was paid in the form of scrip dividend and relevant provisions were made in the Financial Statements for the period ended 31 March 2018.
6. The rights issue of shares of LKR.250 Million was approved by the Board of Directors at the Board Meeting held on 27 March 2018. However, the shares relevant to rights issue are yet to be allotted and the total amount to be capitalized is shown under "Shares Pending Allotment Reserve" in the Financial Statements.

7. SLFRS-9 Financial Instruments

The Sri Lanka Accounting Standard –SLFRS 9 (Financial Instruments) is effective for annual periods beginning on or after 01 January 2018. However, CA Sri Lanka has granted the option, via the Statement of Alternative Treatment (SoAT) to prepare the interim financial statements continuing the application of LKAS 39 (Financial Instruments: Recognition and Measurement), with disclosures on impact to the Statement of Comprehensive Income for the period, if SLFRS 9 has been applied.

Accordingly, the accounting policies and method of computations adopted for the preparation and presentation of the financial statements for the quarter ended 31st March 2018 are consistent with LKAS 39 Financial Instruments: Measurement & Recognition.

The Company has performed provisional calculation for SLFRS 9 to identify the day 1 impact with the assistance of external consultant and has a fair view of the potential impact of SLFRS 9.

The models used for impairment computations are designed and being further tested and improvements will be made by the Company having obtained the assistance from the external consultant and the management.

INFORMATION ON SHARES

Stated Capital as at 31 March 2018 was represented by the number of shares in issue as given below.

	As at 31 March 2018		As at 31 December 2017	
	Number	LKR.	Number	LKR.
Ordinary Shares	57,346,388	698,666,116/-	55,777,146	635,916,827/-
Total	57,346,388	698,666,116/-	55,777,146	635,916,827/-

SHAREHOLDER INFORMATION

Shareholders' list as at 31 March 2018

	Name	No: of Shares	%
(01).	Sampath Bank PLC	57,346,381	100.00%
(02).	Mr. M.A.Abeynaike	01	0.00%
(03).	Mr. S.G. Wijesinha	01	0.00%
(04).	Dr.H.S.D.Soysa	01	0.00%
(05).	Mr. W.M.P.L. De Alwis	01	0.00%
(06).	Mr. C.P.Palansuriya	01	0.00%
(07).	Mr. Ranjith Samaranyake	01	0.00%
(08).	Mr.S. Sudarshan	01	0.00%
		57,346,388	100.00%

Public Holdings

The percentage of ordinary shares held by the public as at 31 March 2018 was 0%.

Directors'/ CEO's Holding in Shares as at 31 March 2018

Name	Position	No: of Shares
Mr. C.P.Palansuriya	Chairman	01
Dr.H.S.D.Soysa	Director	01
Mr. W.M.P.L. De Alwis	Director	01

INFORMATION ON LISTED DEBENTURES

(i).Market Values

	Highest (LKR.)		Lowest (LKR.)		Period End (LKR.)	
	2018	2017	2018	2017	2018	2017
Debentures -2014/2019	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
Debentures-2016/2019	100.00	98.00	99.80	98.00	99.80	98.00
Debentures-2016/2021	Not Traded	100.00	Not Traded	100.00	Not Traded	100.00
Debentures-2017/2022	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded

N/A-Not Applicable

(ii).Interest Rates

	2018		2017	
	Coupon Rate	Effective Rate	Coupon Rate	Effective Rate
Debentures -2014/2019	8.90%	8.90%	8.90%	8.90%
Debentures -2016/2019	13.00%	13.00%	13.00%	13.00%
Debentures -2016/2021	13.50%	13.50%	13.50%	13.50%
Debentures -2017/2022	12.50%	12.50%	12.50%	12.50%

N/A-Not Applicable

(iii).Interest rate of comparable Government Securities

	31-03-2018	31-12-2017
6 months treasury bill	9.47%	9.22%
1 year treasury bill	10.77%	9.89%
5 year treasury bond	10.49%	11.33%

(iv).Current Yield & Yield to maturity

	2018		2017	
	Current Yield (%)	Yield to Maturity (%)	Current Yield (%)	Yield to Maturity (%)
Debentures Issued-December 2014 5 year Fixed rated(8.90% p.a. payable annually)	8.90%	Not Traded	8.90%	Not Traded
Debentures Issued-September 2016 3 year Fixed rated(13.00% p.a. payable annually)	13.00%	13.00%	13.00%	13.90%
Debentures Issued-September 2016 5 year Fixed rated(13.50% p.a. payable annually)	13.50%	Not Traded	13.50%	13.43%
Debentures Issued-October 2017 5 year Fixed rated(12.50% p.a. payable annually)	12.50%	Not Traded	12.50%	Not Traded

N/A-Not Applicable

(v).Ratios

	31-03-2018	31-12-2017
Debt to Equity Ratio (Times)	4.38	4.95
Interest Cover(Times)	1.28	1.28
Quick Asset Ratio (%)	94.85%	99.74%