

INTERIM FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

SIYAPATHA FINANCE PLC

Siyapatha
F I N A N C E

member  ***Sampath Bank Group***

	Audited		Change %	Audited		Change %
	For the year ended			For the quarter ended		
	31.12.2015 LKR.000	31.12.2014 LKR.000		31.12.2015 LKR.000	31.12.2014 LKR.000	
Income	2,212,489	1,989,172	11%	606,669	497,036	22%
Interest income	1,973,921	1,837,546	7%	525,682	444,255	18%
Interest expenses	(824,699)	(778,661)	6%	(242,866)	(165,843)	46%
Net interest income	1,149,222	1,058,885	9%	282,816	278,412	2%
Fee and commission income	86,385	46,534	86%	39,077	18,832	108%
Fee and commission expenses	(6,252)	(12,271)	-49%	(1,203)	(2,536)	-53%
Net fee and commission income	80,133	34,263	134%	37,874	16,296	132%
Net gain/(loss) from trading	-	-	-	-	-	-
other operating income	152,182	105,091	45%	41,910	33,949	23%
Total operating income	1,381,537	1,198,239	15%	362,600	328,657	10%
Impairment (charge)/reversal for loans & other losses	(49,275)	(183,217)	-73%	(2,366)	(30,989)	-92%
Individual impairment (charge)/reversal & other losses	(87,551)	(97,138)	-10%	(24,221)	(25,492)	-5%
Collective impairment (charge)/reversal	38,276	(86,079)	-144%	21,855	(5,498)	-498%
Net operating income	1,332,262	1,015,021	31%	360,234	297,668	21%
Operating expenses	(679,804)	(547,930)	24%	(176,503)	(133,256)	32%
Personnel expenses	(329,553)	(234,721)	40%	(83,826)	(64,060)	31%
Depreciation of property, plant & equipment	(25,355)	(22,606)	12%	(7,428)	(5,917)	26%
Amortization of intangible assets	(7,087)	(5,330)	33%	(1,895)	(1,525)	24%
Other operating expenses	(317,810)	(285,273)	11%	(83,354)	(61,754)	35%
Operating profit before VAT & NBT on financial services	652,458	467,091	40%	183,731	164,412	12%
VAT & NBT on financial services	(93,305)	(61,536)	52%	(27,181)	(19,954)	36%
Profit before taxation	559,153	405,555	38%	156,549	144,457	8%
Tax expenses	(174,629)	(145,379)	20%	(41,037)	(46,745)	-12%
Profit after taxation	384,524	260,177	48%	115,512	97,713	18%
Other comprehensive income/(expenses)						
Other comprehensive income not to be reclassified to profit or loss						
Actuarial losses on defined benefit plan	(2,749)	(1,263)	118%	(2,749)	(1,263)	118%
Deferred tax effect on actuarial losses	770	354	118%	770	354	118%
Other comprehensive income, net of taxes	(1,979)	(909)	118%	(1,980)	(909)	118%
Total comprehensive income, net of taxes	382,545	259,268	48%	113,532	96,803	17%
Basic earnings per share-(LKR.)	7.32	4.96		2.20	1.86	

SIYAPATHA FINANCE PLC

STATEMENT OF FINANCIAL POSITION

As at	Audited 31-12-2015 LKR'000	Audited 31-12-2014 LKR'000
Assets		
Cash and bank balances	130,070	88,655
Securities purchased under repurchase agreements	601,679	489,685
Loans and receivables	13,529,244	9,593,309
Financial investments- Available for sale	56	56
Financial investments- Held to maturity	4,274	4,198
Other assets	234,417	127,074
Intangible assets	14,889	17,097
Property, plant and equipment	124,697	97,716
Total Assets	14,639,326	10,417,790
Liabilities		
Due to banks	9,968,710	6,466,594
Due to other customers	1,233,041	-
Debt issued and other borrowed funds	1,120,294	2,146,249
Deferred tax liabilities	102,306	69,983
Current tax liabilities	75,663	111,179
Retirement benefit obligations	19,259	12,535
Other liabilities	508,921	299,606
Total Liabilities	13,028,194	9,106,146
Shareholders' Funds		
Stated capital	525,000	525,000
Reserves		
Statutory reserve fund	70,059	50,831
Retained earnings	1,016,073	735,813
Total Shareholders' Funds	1,611,132	1,311,644
Non controlling interest	-	-
Total Equity	1,611,132	1,311,644
Total Liabilities and Shareholders' Funds	14,639,326	10,417,790
Net asset value per share(LKR.)	30.69	24.98
Commitments & contingencies	315,071	228,058

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 December 2015 and its profits for the year ended 31 December 2015.

(Sgd)
Group Chief Financial Officer

(Sgd)
Chief Executive Officer

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

(Sgd)
Chairman

(Sgd)
Director

23 February 2016

STATEMENT OF CHANGES IN EQUITY

Audited

LKR.000

	Stated Capital	Statutory Reserve Fund	Investment Reserve Fund	Retained Earnings	Total Shareholders' Funds
For the year ended 31 December 2014					
Balance as at 31 December 2013	525,000	37,787	58,488	452,627	1,073,902
Dividend declared				(21,525)	(21,525)
Net profit for the year	-	-	-	260,177	260,177
Other comprehensive income, net of tax	-	-	-	(909)	(909)
Transfers to Investment Reserve Fund			8,331	(8,331)	-
Transfer of Investment Reserve Fund Balance			(66,819)	66,819	-
Transfer to Statutory Reserve Fund	-	13,044	-	(13,044)	-
Balance as at 31 December 2014	525,000	50,832	-	735,813	1,311,644
For the year ended 31 December 2015					
Balance as at 31 December 2014	525,000	50,832	-	735,813	1,311,644
Super Gain Tax	-	-	-	(51,558)	(51,558)
Dividend declared				(31,500)	(31,500)
Net profit for the year	-	-	-	384,524	384,524
Other comprehensive income, net of tax	-	-	-	(1,979)	(1,979)
Transfer to Statutory Reserve Fund	-	19,227		(19,227)	-
Balance as at 31 December 2015	525,000	70,059	-	1,016,073	1,611,132

For the year ended 31 December	Audited	Audited
	2015 LKR'000	2014 LKR'000
Cash flow from operating activities		
Profit before taxation	559,153	405,555
Interest expenses	824,699	778,661
Fee and commission expenses	6,252	12,271
Provision for impairment	49,275	183,217
Provision for /(Reversal of) staff gratuity	4,309	3,581
Provision for depreciation	25,355	22,606
Amortization of software	7,087	5,330
(Profit)/Loss on sale of motor vehicle	-	(91)
Write off of provisions	-	(18,442)
	916,977	987,134
Operating profit before working capital changes	1,476,130	1,392,689
(Increase)/decrease in Leased receivables	(5,832,238)	(598,395)
(Increase)/decrease in Hire purchase receivables	2,312,656	(885,332)
(Increase)/decrease in Factoring receivables	(199,542)	60,181
(Increase)/decrease in Pawning receivables	456,193	(58,242)
(Increase)/decrease in Gold loan receivables	(773,198)	-
(Increase)/decrease in Loan receivables	218,433	62,442
(Increase)/decrease in Other assets	(274,858)	30,226
Increase/(decrease) in Other payables	150,209	67,771
	(3,942,345)	(1,321,348)
Cash generated from operations	(2,466,215)	71,341
Interest paid	(779,294)	(804,443)
Gratuity paid	(334)	(143)
Income tax paid	(169,503)	(70,452)
Net cash inflow/(outflow) from operating activities	(3,415,346)	(803,697)
Cash flow from investing activities		
Investments in government treasury bonds	(76)	(4,198)
Purchase of property, plant, equipment & intangible assets	(57,213)	(44,446)
Proceeds from sale of property, plant & equipment	-	2,087
Net cash inflow/(outflow) from investing activities	(57,289)	(46,557)
Net cash inflow/(outflow) before financing activities	(3,472,635)	(850,254)
Cash flow from financing activities		
Net proceeds from long term loans/Securitizations	3,018,370	349,358
Net proceeds from debentures	1,206,628	-
Net proceeds from short term borrowings	(259,000)	914,500
Net proceeds from term deposits	(388,116)	(222,848)
Dividend paid	(31,500)	(21,525)
Net cash inflow/(outflow) from financing activities	3,546,382	1,019,485
Net increase/(decrease) in cash and cash equivalents	73,747	169,230
Cash & cash equivalents at the beginning of the period	494,419	325,188
Cash and cash equivalents at end of the period	568,166	494,419
Analysis of the cash and cash equivalents at the end of the period		
Securities purchased under repurchase agreements	601,679	489,685
Cash and bank balances	130,070	88,655
Bank overdraft	(163,583)	(83,921)
	568,166	494,419

SIYAPATHA FINANCE PLC

SELECTED PERFORMANCE INDICATORS

	As at 31.12.2015	As at 31.12.2014
<u>Capital Adequacy</u>		
Core Capital Ratio(Minimum Requirement -5%)	12.20%	13.98%
Total Risk Weighted Capital Ratio (Minimum Requirement- 10%)	18.26%	20.98%
Capital Funds to Deposit Liabilities Ratio(Minimum Requirement-10%)*	222.78%	-
<u>Profitability</u>		
Return on Average Assets (After Tax)	2.87%	2.52%
Return on Average Shareholders' Funds	25.91%	21.83%
<u>Asset Quality (LKR'000)</u>		
Total Accommodation(Gross)	13,775,020	9,837,818
Non-Performing Accommodation	304,065	371,902
Net Total Accommodation(Net of Allowance for Impairment Losses)	13,529,244	9,593,309
<u>Liquidity (LKR'000)</u>		
Required Minimum Amount of Liquid Assets**	475,478	172,469
Required Minimum Amount of Government Securities***	590,992	469,343
Available Amount of Liquid Assets	632,165	495,179
Available Amount of Government Securities	593,429	481,819

*** 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.

This ratio did not apply to the company as at 31 December 2014, since it had not commenced mobilization of fixed deposits

**** Required minimum amount of liquid assets equals to 10 % of total liabilities less Shareholders' Funds and Secured Borrowings as at 31 December 2015 & 31 December 2014 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 2014 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.
3. The Interim Financial Statements for the year ended 31 December 2015 are drawn up from unaudited accounts of the company unless indicated as audited.
4. The following comparative information for year 2014 is re-classified as follows to conform to the current year's presentation of Financial Statements.

4.1 Statement of Comprehensive Income

	Re-classified LKR.000	As disclosed in 2014 LKR.000	Adjustment LKR.000
Other Operating Expenses	285,273	282,690	2,584
Crop Insurance Levy	-	2,584	(2,584)

4.1.1 Crop Insurance Levy amounting to LKR.2.58 Million has been re-classified under Other Operating Expenses.

4.2 Statement of Financial Position

	Re-classified LKR.000	As disclosed in 2014 LKR.000	Adjustment LKR.000
Other Assets	127,074	125,327	1,747
Inventories	-	1,747	(1,747)

4.2.1 Inventories amounting to LKR.1.75 Million have been re-classified under Other Assets.

5. There have been no material events subsequent to the reporting date, which require adjustments to or disclosures in the interim financial statements other than those disclosed in Note 10 below.

6. The dividend of LKR 0.60 per share (totaling to LKR 31.50 Million) for the financial year 2014 was approved at the Annual General Meeting held on 26 May 2015. This dividend was paid on 05 June 2015.
7. Fitch Ratings Lanka Ltd has downgraded Siyapatha Finance PLC's (SLFL) National Long-Term Rating to 'A-(lka)' from 'A (lka)'. The credit rating agency has also downgraded SLFL's outstanding senior unsecured debentures to 'A-(lka)' from 'A (lka)' and outstanding subordinated debentures to 'BBB+(lka)' from 'A-(lka)'. The downgrading of company's (SLFL) rating follows the downgrading of the parent company, Sampath Bank PLC's National Long Term Rating to 'A+(lka)' from AA-(lka).
8. Mr.L.T.Ranwala was appointed to the Board of Siyapatha Finance PLC as a Non Independent Non Executive Director with effect from 28 July 2015.
9. As per the provisions of PART III of the Finance Act, No.10 of 2015 which was certified on 30 October 2015, the Company was liable for Super Gain Tax of LKR.51.56 Million. According to the Act, the Super Gain Tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 January 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standards, hence the expense of Super Gain Tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24 November 2015. The above said liability was fully settled as at 31 December 2015.
10. The Board of Directors of the Company has approved to purchase a land for the proposed Head Office of the Company for a total value of LKR. 195.27 Million. This approval was made by way of a Board Resolution dated 26 January 2016.

INFORMATION ON SHARES

Stated Capital as at 31 December 2015 was represented by the number of shares in issue as given below.

	As at 31 December 2015		As at 31 December 2014	
	Number	LKR.	Number	LKR.
Ordinary Shares	52,500,000	525,000,000/-	52,500,000	525,000,000/-
Total	52,500,000	525,000,000/-	52,500,000	525,000,000/-

SHAREHOLDER INFORMATION

Shareholders' list as at 31 December 2015

	Name	No: of Shares	%
(01).	Sampath Bank PLC	52,499,993	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. M.Y.A.Perera	01	0.00%
(07).	Mr. Ranjith Samaranayake	01	0.00%
(08).	Mr.S. Sudarshan	01	0.00%
		52,500,000	100.00%

Public Holdings

The percentage of ordinary shares held by the public as at 31 December 2015 was 0%.

Directors'/ CEO's Holding in Shares as at 31 December 2015

Name	Position	No: of Shares
Mr. M.A.Abeynaike	Director	01
Mr. S.G. Wijesinha	Director	01
Dr.H.S.D.Soysa	Director	01
Mr. W.M.P.L. De Alwis	Director	01
Mr. M.Y.A. Perera	Director	01
Mr. Ranjith Samaranayake	Director	01

INFORMATION ON LISTED DEBENTURES

(i).Market Values

	Highest (LKR.)		Lowest (LKR.)		Period End (LKR.)	
	2015	2014	2015	2014	2015	2014
Debentures - 2014/2019	99.98	Not Traded	99.98	Not Traded	99.98	Not Traded

(ii).Interest Rates

	2015		2014	
	Coupon Rate	Effective Rate	Coupon Rate	Effective Rate
Debentures -2014/2019	8.90%	8.90%	8.90%	8.90%

(iii).Interest rate of comparable Government Securities

	31-12-2015	31-12-2014
6 months treasury bill	7.43%	6.49%
1 year treasury bill	7.90%	6.67%
5 year treasury bond	10.88%	9.92%

(iv).Current Yield & Yield to maturity

	2015		2014	
	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%	8.88%	Not Traded	Not Traded

(v).Ratios

	31-12-2015	31-12-2014
Debt to Equity Ratio (Times)	4.42	3.61
Interest Cover(Times)	1.84	1.73
Quick Asset Ratio (%)	110.25%	117.27%