

**INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2017**

**SIYAPATHA FINANCE PLC**

***Siyapatha***  
**F I N A N C E**

member  ***Sampath Bank Group***

	For the quarter ended		Change %
	31.03.2017 LKR.000	31.03.2016 LKR.000	
<b>Income</b>	<b>1,043,304</b>	<b>656,559</b>	<b>59%</b>
Interest income	946,297	591,934	60%
Interest expenses	(566,742)	(295,574)	92%
<b>Net interest income</b>	<b>379,555</b>	<b>296,360</b>	<b>28%</b>
Fee and commission income	51,547	28,222	83%
Fee and commission expenses	(286)	(754)	-62%
<b>Net fee and commission income</b>	<b>51,261</b>	<b>27,468</b>	<b>87%</b>
Net gain/(loss) from trading	-	-	-
Other operating income	45,460	36,403	25%
<b>Total operating income</b>	<b>476,276</b>	<b>360,231</b>	<b>32%</b>
<b>Impairment (charge)/reversal for loans</b>	<b>(28,802)</b>	<b>(16,883)</b>	<b>71%</b>
Individual impairment (charge)/reversal	(403)	(10,432)	-96%
Collective impairment (charge)/reversal	(28,399)	(6,451)	340%
<b>Net operating income</b>	<b>447,474</b>	<b>343,348</b>	<b>30%</b>
<b>Operating expenses</b>	<b>(252,955)</b>	<b>(217,349)</b>	<b>16%</b>
Personnel expenses	(142,011)	(113,152)	26%
Depreciation of property, plant & equipment	(11,455)	(8,493)	35%
Amortization of intangible assets	(2,096)	(1,861)	13%
Other operating expenses	(97,393)	(93,843)	4%
<b>Operating profit before VAT &amp; NBT on financial services</b>	<b>194,519</b>	<b>125,999</b>	<b>54%</b>
VAT & NBT on financial services	(47,489)	(25,292)	88%
<b>Profit before taxation</b>	<b>147,030</b>	<b>100,707</b>	<b>46%</b>
Tax expenses	(54,954)	(32,570)	69%
<b>Profit after taxation</b>	<b>92,076</b>	<b>68,137</b>	<b>35%</b>
<b>Other comprehensive income/(expenses)</b>			
<b>Other comprehensive income not to be reclassified to profit or loss</b>			
Actuarial losses on defined benefit plan	-	-	-
Deferred tax effect on actuarial losses	-	-	-
<b>Other comprehensive income, net of taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income, net of taxes</b>	<b>92,076</b>	<b>68,137</b>	<b>35%</b>
<b>Basic earnings per share-(LKR.)</b>	<b>1.70</b>	<b>1.30</b>	

## SIYAPATHA FINANCE PLC

## STATEMENT OF FINANCIAL POSITION

As at	31-03-2017 LKR'000	Audited 31-12-2016 LKR'000
<b>Assets</b>		
Cash and bank balances	192,627	169,333
Securities purchased under repurchase agreements	1,168,617	777,438
Loans and receivables	21,866,434	19,181,355
Financial investments- Available for sale	56	56
Financial investments- Held to maturity	4,354	4,288
Other assets	326,395	291,648
Property, plant and equipment	349,629	358,131
Intangible assets	12,093	8,489
<b>Total Assets</b>	<b>23,920,205</b>	<b>20,790,738</b>
<b>Liabilities</b>		
Bank overdraft	299,797	460,494
Due to other customers	3,924,457	3,362,662
Debt issued and other borrowed funds	16,642,202	14,187,266
Other payables	759,618	595,597
Deferred tax liabilities	190,171	170,088
Current tax liabilities	61,618	61,257
Retirement benefit obligations	26,454	23,013
<b>Total Liabilities</b>	<b>21,904,317</b>	<b>18,860,377</b>
<b>Shareholders' Funds</b>		
Stated capital	635,917	576,975
Reserves		
Statutory reserve fund	91,026	86,422
Retained earnings	1,288,945	1,266,964
<b>Total Shareholders' Funds</b>	<b>2,015,888</b>	<b>1,930,361</b>
Non controlling interest	-	-
<b>Total Equity</b>	<b>2,015,888</b>	<b>1,930,361</b>
<b>Total Liabilities and Shareholders' Funds</b>	<b>23,920,205</b>	<b>20,790,738</b>
Net asset value per share(LKR.)	36.14	35.67
Commitments & contingencies	1,289,250	1,045,384

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 2017 and its profits for the period then ended 31 March 2017.

(Sgd)  
Group Finance Director

(Sgd)  
Managing Director

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)  
Director

(Sgd)  
Director

25 April 2017

## SIYAPATHA FINANCE PLC

## STATEMENT OF CHANGES IN EQUITY

LKR.000

	Stated Capital	Statutory Reserve Fund	Retained Earnings	Total Shareholders' Funds
<b>For the period ended 31 March 2016</b>				
<b>Balance as at 31 December 2015</b>	<b>525,000</b>	<b>70,059</b>	<b>1,016,073</b>	<b>1,611,132</b>
Scrip dividend paid	-	-	-	-
Cash Dividend paid	-	-	-	-
Net profit for the period	-	-	68,137	68,137
Other comprehensive income, net of tax	-	-	-	-
Transfer to Statutory Reserve Fund	-	3,406	(3,406)	-
<b>Balance as at 31 March 2016</b>	<b>525,000</b>	<b>73,465</b>	<b>1,080,802</b>	<b>1,679,267</b>
<b>For the period ended 31 March 2017</b>				
<b>Balance as at 31 December 2016</b>	<b>576,975</b>	<b>86,422</b>	<b>1,266,964</b>	<b>1,930,361</b>
Scrip dividend paid	58,942	-	(65,491)	(6,549)
Net profit for the period	-	-	92,076	92,076
Other comprehensive income, net of tax	-	-	-	-
Transfer to Statutory Reserve Fund	-	4,604	(4,604)	-
<b>Balance as at 31 March 2017</b>	<b>635,917</b>	<b>91,026</b>	<b>1,288,945</b>	<b>2,015,888</b>

For the period ended 31 March	2017 LKR'000	2016 LKR'000
<b>Cash flow from operating activities</b>		
<b>Profit before taxation</b>	<b>147,030</b>	<b>100,707</b>
Interest expenses	566,742	295,574
Fee and commission expenses	286	754
Provision for impairment	28,802	16,883
Provision for /(Reversal of) staff gratuity	3,442	2,700
Provision for depreciation	11,455	8,493
Amortization of software	2,096	1,861
(Profit)/Loss on sale of motor vehicle	-	-
Write off of provisions	-	(14,775)
	612,823	311,491
<b>Operating profit before working capital changes</b>	<b>759,853</b>	<b>412,198</b>
(Increase)/decrease in Lease receivables	(1,612,214)	(1,412,425)
(Increase)/decrease in Hire purchase receivables	181,324	365,226
(Increase)/decrease in Factoring receivables	(66,901)	(372,073)
(Increase)/decrease in Pawning receivables	-	14,775
(Increase)/decrease in Gold loan receivables	(215,346)	(206,358)
(Increase)/decrease in Loan receivables	(1,000,850)	47,642
(Increase)/decrease in Other assets	(34,645)	(102,976)
Increase/(decrease) in Other payables	160,848	190,714
	<b>(2,587,784)</b>	<b>(1,475,475)</b>
<b>Cash generated from operations</b>	<b>(1,827,931)</b>	<b>(1,063,277)</b>
Interest paid	(493,197)	(296,328)
Gratuity paid	-	(301)
Income tax paid	(24,273)	(32,555)
Dividend tax paid	(6,549)	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(2,351,950)</b>	<b>(1,392,461)</b>
<b>Cash flow from investing activities</b>		
Investments in government treasury bonds & government securities	(258)	(100)
Purchase of property, plant, equipment & intangible assets	(8,653)	(233,537)
Proceeds from sale of property, plant & equipment	-	-
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(8,911)</b>	<b>(233,637)</b>
<b>Net cash inflow/(outflow) before financing activities</b>	<b>(2,360,861)</b>	<b>(1,626,098)</b>
<b>Cash flow from financing activities</b>		
Proceeds from long term loans/Securitizations	1,025,000	481,772
Repayments of long long term loans/ Securitizations	(768,896)	(660,344)
Net proceeds from Customer deposits	554,730	1,159,589
Proceeds from debentures	-	-
Debentures redeemed	-	-
Net proceeds from short term borrowings	2,125,000	965,000
Cash Dividend paid	-	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>2,935,834</b>	<b>1,946,018</b>
Net increase/(decrease) in cash and cash equivalents	574,973	319,918
Cash & cash equivalents at the beginning of the period	478,178	568,166
<b>Cash and cash equivalents at end of the period</b>	<b>1,053,151</b>	<b>888,084</b>
<b>Analysis of the cash and cash equivalents at the end of the period</b>		
Securities purchased under repurchase agreements	1,160,321	776,008
Cash and bank balances	192,627	292,290
Bank overdraft	(299,797)	(180,213)
	<b>1,053,151</b>	<b>888,084</b>

**SIYAPATHA FINANCE PLC**

**SELECTED PERFORMANCE INDICATORS**

	<b>As at 31.03.2017</b>	<b>As at 31.12.2016</b>
<b><u>Capital Adequacy</u></b>		
Core Capital Ratio(Minimum Requirement -5%)	9.36%	10.62%
Total Risk Weighted Capital Ratio (Minimum Requirement- 10%)	12.27%	13.93%
Capital Funds to Deposit Liabilities Ratio(Minimum Requirement-10%)*	71.00%	86.74%
<b><u>Profitability</u></b>		
Return on Average Assets (After Tax)	1.65%	1.81%
Return on Average Shareholders' Funds	18.86%	18.35%
<b><u>Asset Quality (LKR'000)</u></b>		
Total Accommodation(Gross)	22,189,159	19,475,509
Non-Performing Accommodation	563,509	538,312
Net Total Accommodation(Net of Allowance for Impairment Losses)	21,866,434	19,181,355
<b><u>Liquidity (LKR'000)</u></b>		
Required Minimum Amount of Liquid Assets**	898,022	735,129
Required Minimum Amount of Government Securities***	1,153,393	762,830
Available Amount of Liquid Assets	1,210,877	817,852
Available Amount of Government Securities	1,160,322	769,234

**\* 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 2017 & 31 December 2016 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 2016 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 prospectus as at 31 January 2017. The details of utilization of debenture proceeds are given in table below.

<b>Objective as per Prospectus</b>	<b>Amount allocated as per Prospectus(LKR)</b>	<b>Proposed date of utilization as per Prospectus</b>	<b>Amount Allocated from proceeds in LKR</b>	<b>% of total proceeds</b>	<b>Amount utilized in LKR</b>	<b>% of utilization against allocation</b>
"To expand the Company's loan book via diverse lending products in the ordinary course of business over a period of 6 to 9 months.	2.5 Billion	Within 6 to 9 months (Between 20 September 2016 to 19 June 2017)	2.5 Billion	100%	2.5 Billion	100%

3. The Interim Financial Statements for the period ended 31 March 2017 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.1.21 per share on 54,124,726 Ordinary shares was approved at the Annual General Meeting held on 28 March 2017. This was paid in the form of scrip dividend and relevant provisions were made in the Financial Statements for the period ended 31 March 2017.

## INFORMATION ON SHARES

Stated Capital as at 31 March 2017 was represented by the number of shares in issue as given below.

	As at 31 March 2017		As at 31 March 2016	
	Number	LKR.	Number	LKR.
Ordinary Shares	55,777,146	635,916,827	52,500,000	525,000,000/-
<b>Total</b>	<b>55,777,146</b>	<b>635,916,827</b>	<b>52,500,000</b>	<b>525,000,000/-</b>

## SHAREHOLDER INFORMATION

**Shareholders' list as at 31 March 2017**

	Name	No: of Shares	%
(01).	Sampath Bank PLC	55,777,139	100.00%
(02).	Mr. M.A.Abeynaike	01	0.00%
(03).	Mr. S.G. Wijesinha	01	0.00%
(04).	Dr.H.S.D.Soyasa	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%
		<b>55,777,146</b>	<b>100.00%</b>

### **Public Holdings**

The percentage of ordinary shares held by the public as at 31 March 2017 was 0%.

**Directors'/ CEO's Holding in Shares as at 31 March 2017**

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



## INFORMATION ON LISTED DEBENTURES

### (i).Market Values

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

N/A-Not Applicable

### (ii).Interest Rates

	2017		2016	
	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%

N/A-Not Applicable

### (iii).Interest rate of comparable Government Securities

	31-03-2017	31-12-2016
6 months treasury bill	11.80%	10.70%
1 year treasury bill	12.20%	11.30%
5 year treasury bond	14.32%	13.07%

### (iv).Current Yield & Yield to maturity

	2017		2016	
	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%	13.90%	13.00%	12.93%
Debentures Issued-September 2016 5 year Fixed rated(13.50% p.a. payable annually)	13.50%	13.43%	13.50%	13.49%

N/A-Not Applicable

### (v).Ratios

	31-03-2017	31-12-2016
Debt to Equity Ratio (Times)	4.96	4.92
Interest Cover(Times)	1.26	1.32
Quick Asset Ratio (%)	99.37%	105.95%