

INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

SIYAPATHA FINANCE PLC

Siyapatha
F I N A N C E

member  ***Sampath Bank Group***

STATEMENT OF COMPREHENSIVE INCOME

	For 6 months ended		Change %	For the quarter ended		Change %
	30.06.2015 LKR.000	30.06.2014 LKR.000		30.06.2015 LKR.000	30.06.2014 LKR.000	
Income	1,035,665	988,598	5%	529,533	490,362	8%
Interest income	932,829	931,032	0%	472,579	460,292	3%
Interest expenses	(364,066)	(429,647)	-15%	(192,976)	(204,543)	-6%
Net interest income	568,763	501,385	13%	279,603	255,750	9%
Fee and commission income	29,572	17,503	69%	15,894	8,535	86%
Fee and commission expenses	(3,623)	(6,845)	-47%	(1,671)	(3,253)	-49%
Net fee and commission income	25,949	10,658	143%	14,223	5,283	169%
Net gain/(loss) from trading	-	-	-	-	-	-
other operating income	73,264	40,063	83%	41,060	21,535	91%
Total operating income	667,976	552,106	21%	334,886	282,567	19%
Impairment (charge)/reversal for loans & other losses	(27,424)	(95,963)	-71%	(13,115)	(46,255)	-72%
Individual impairment (charge)/reversal & other losses	(33,876)	(48,369)	-30%	(18,042)	(34,669)	-48%
Collective impairment (charge)/reversal	6,452	(47,594)	-114%	4,927	(11,586)	-143%
Net operating income						
Operating expenses	(322,549)	(283,734)	14%	(171,055)	(150,902)	13%
Personnel expenses	(160,309)	(108,598)	48%	(85,208)	(63,044)	35%
Depreciation of property, plant & equipment	(11,439)	(9,730)	18%	(5,748)	(5,243)	10%
Amortization of intangible assets	(3,337)	(2,453)	36%	(1,706)	(1,263)	35%
Other operating expenses	(147,464)	(162,953)	-10%	(78,394)	(81,351)	-4%
Operating profit before VAT & NBT on financial Services & Crop insurance levy	318,003	172,409	84%	150,717	85,410	76%
VAT & NBT on financial services	(42,635)	(23,217)	84%	(20,652)	(12,237)	69%
Crop insurance levy	(1,863)	(1,049)	78%	(870)	(379)	130%
Profit before taxation	273,505	148,144	85%	129,195	72,794	77%
Tax expenses	(91,869)	(63,446)	45%	(44,932)	(30,396)	48%
Profit after taxation	181,636	84,698	114%	84,264	42,397	99%
Other comprehensive income/(expenses)						
Actuarial losses on defined benefit plan	-	-	-	-	-	-
Deferred tax effect on actuarial losses	-	-	-	-	-	-
Other comprehensive income, net of taxes	-	-	-	-	-	-
Total comprehensive income, net of taxes	181,636	84,698	114%	84,264	42,397	99%
Basic earnings per share-(LKR.)	3.46	1.61		1.61	0.81	

STATEMENT OF FINANCIAL POSITION

As at	30-06-2015 LKR'000	Audited 31-12-2014 LKR'000
Assets		
Cash and bank balances	125,039	88,655
Securities purchased under repurchase agreements	601,580	489,685
Loans and receivables	11,372,706	9,593,309
Financial investments- Available for sale	56	56
Financial investments- Held to maturity	4,204	4,198
Intangible assets	17,324	17,097
Property, plant and equipment	99,035	97,716
Inventories	2,901	1,747
Other assets	142,788	125,327
Total Assets	12,365,633	10,417,790
Liabilities		
Due to banks	8,451,703	6,466,594
Other borrowings	1,595,347	2,146,249
Current tax liabilities	165,579	111,179
Deferred tax liabilities	84,213	69,983
Retirement benefit obligations	15,401	12,535
Other liabilities	591,610	299,606
Total Liabilities	10,903,852	9,106,146
Shareholders' Funds		
Stated capital	525,000	525,000
Reserves		
Statutory Reserve Fund	55,700	50,831
Retained Earnings	881,081	735,813
Total Shareholders' Funds	1,461,781	1,311,644
Non controlling interest	-	-
Total Equity	1,461,781	1,311,644
Total Liabilities and Shareholders' Funds	12,365,633	10,417,790
Net assets value per share(LKR.)	27.84	24.98

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 30 June 2015 and its profits for the six months ended 30 June 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

28 July 2015

LKR.000

	Stated Capital	Statutory Reserve Fund	Investment Reserve Fund	Retained Earnings	Total Shareholders' Funds
For the period ended 30 June 2015					
Balance as at 31 December 2014	525,000	50,831	-	735,813	1,311,644
Dividend declared				(31,500)	(31,500)
Net profit for the period	-	-	-	181,636	181,636
Other comprehensive income, Net of tax	-	-	-	-	-
Transfer to Statutory Reserve Fund	-	4,869		(4,869)	-
Balance as at 30 June 2015	525,000	55,700	-	881,081	1,461,781
For the period ended 30 June 2014					
Balance as at 31 December 2013	525,000	37,787	58,488	452,627	1,073,902
Dividend declared				-	-
Net profit for the period	-	-	-	84,698	84,698
Other comprehensive income, Net of Tax	-	-	-	-	-
Transfers to Investment Reserve Fund			2,764	(2,764)	-
Transfer to Statutory Reserve Fund	-	2,115	-	(2,115)	-
Balance as at 30 June 2014	525,000	39,902	61,252	532,446	1,158,600

For the period ended 30 June	2015 LKR'000	2014 LKR'000
Cash Flow from Operating Activities		
Profit before Taxation (after OCI Adjustments)	273,505	148,144
Interest Expenses	364,066	429,647
Fee and Commission Expenses	3,623	6,845
Provision for Impairment	27,424	83,281
Provision for /(Reversal of) Staff Gratuity	3,200	2,317
Provision for Depreciation	11,439	9,732
Amortization of Software	3,337	2,454
(Profit)/Loss on sale of motor vehicle	-	(39)
Write off of Provisions	-	-
	413,089	534,237
Operating Profit before Working Capital Changes	686,594	682,381
(Increase)/Decrease in Leased Assets	(2,855,573)	15,015
(Increase)/Decrease in Hire Purchase Debtors	1,140,980	(563,777)
(Increase)/Decrease in Factoring Debtors	(103,895)	110,929
(Increase)/Decrease in Pawning Receivables	(71,554)	(7,559)
(Increase)/Decrease in Loan Receivables	107,062	(6,980)
(Increase)/Decrease in Inventories	(1,154)	(224)
(Increase)/Decrease in Other Receivables	(41,300)	2,882
Increase/(Decrease) in Other Payables	292,004	40,344
	(1,533,430)	(409,370)
Cash Generated from Operations	(846,836)	273,011
Interest paid	(328,243)	(442,600)
Gratuity Paid	(334)	-
Income Tax Paid	(23,239)	(13,081)
Net Cash Inflow/(Outflow) from Operating Activities	(1,198,652)	(182,671)
Cash Flow from Investing Activities		
Investments in Government Treasury Bonds/Fixed Deposits	(6)	(4,192)
Purchase of Property, Plant, Equipment & Intangible Assets	(16,323)	(16,691)
Proceeds from Sale of Property, Plant & Equipment	-	39
Net Cash Inflow/(Outflow) from Investing Activities	(16,329)	(20,844)
Net Cash Inflow/(Outflow) before Financing Activities	(1,214,981)	(203,515)
Cash Flow from Financing Activities		
Net Proceeds from Long Term Loans/ Securitizations	2,211,964	(769,035)
Net Proceeds from Debenture	-	-
Net Proceeds from Short Term Borrowings	(1,032,023)	1,597,247
Net Proceeds from Term Deposits	109,591	-
Dividend Paid	(31,500)	-
Net Cash Inflow/(Outflow) from Financing Activities	1,258,032	828,212
Net Increase/(Decrease) in Cash and Cash Equivalents	43,051	624,697
Cash & Cash Equivalents at the beginning of the period	494,419	325,188
Cash and Cash Equivalents at end of the Period	537,469	949,885
Analysis of the Cash and Cash Equivalents at the end of the period		
Investment in REPOs	601,580	485,750
Cash and Bank balances	125,039	484,092
Bank Overdraft	(189,150)	(19,957)
	537,469	949,885

SIYAPATHA FINANCE PLC

SELECTED PERFORMANCE INDICATORS

	As at 30.06.2015	As at 31.12.2014
<u>Capital Adequacy</u>		
Core Capital Ratio(Minimum Requirement -5%)	12.68%	13.98%
Total Risk Weighted Capital Ratio (Minimum Requirement- 10%)	19.02%	20.98%
Capital Funds to Deposit Liabilities Ratio(Minimum Requirement-10%)*	3912%	-
<u>Profitability</u>		
Return on Avg Assets (After Tax)	3.00%	2.52%
Return on Avg Shareholders' Funds	25.80%	21.83%
<u>Asset Quality (LKR'000)</u>		
Total Accommodation(Gross)	11,617,352	9,837,818
Non-Performing Accommodation	341,641	371,902
Net Total Accommodation(Net of Allowance for Impairment Losses)	11,372,706	9,593,309
<u>Liquidity (LKR'000)</u>		
Required Minimum Amount of Liquid Assets**	353,848	172,469
Required Minimum Amount of Government Securities***	590,992	469,343
Available Amount of Liquid Assets	607,523	495,179
Available Amount of Government Securities	593,526	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 30 June 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 six months ended 30 June 2015 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 other than those disclosed in Note 5, 6, 7 & 8 below.
5. As per the interim budget 2015 passed in parliament of Sri Lanka on 07 February 2015, an additional one-off tax of 25% has been imposed on the profits of groups of companies which have earned in excess of LKR.2,000 Mn for the year of assessment 2013/2014.
Sampath bank group earned a profit in excess of such amount for the year of assessment 2013/2014 and accordingly the company, being a subsidiary of Sampath Bank group may be liable to pay such additional tax in the future.
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.

INFORMATION ON SHARES

Stated Capital as at 30 June 2015 was represented by the number of shares in issue as given below.

	As at 30 June 2015		As at 30 June 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 30 June 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 30 June 2015 was 0%.

Directors'/ CEO's Holding in Shares as at 30 June 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 (Rs.)		Lowest (Rs.)		Period End (Rs.)	
	2015	2014	2015	2014	2015	2014
Debentures - 2014/2019	97.43	Not Traded	97.43	Not Traded	97.43	Not Traded

(ii).Interest Rates

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

(iii).Interest rate of comparable Government Securities

	30-06-2015	31-12-2014
6 months treasury bill	6.87%	6.49%
1 year treasury bill	6.98%	6.67%
5 year treasury bond	9.01%	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)	9.13%	9.60%	Not Traded	Not Traded

(v).Ratios

	30-06-2015	31-12-2014
Debt to Equity Ratio (Times)	3.74	3.61
Interest Cover(Times)	1.93	1.73
Quick Asset Ratio (%)	128.75%	117.27%