

INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

SIYAPATHA FINANCE PLC



STATEMENT OF COMPREHENSIVE INCOME

	For the 9 Months ended		Change %	For the quarter ended		Change %
	30.09.2016 LKR.000	30.09.2015 LKR.000		30.09.2016 LKR.000	30.09.2015 LKR.000	
Income	2,224,115	1,605,819	39%	821,950	570,154	44%
Interest income	1,996,802	1,448,239	38%	734,923	515,410	43%
Interest expenses	(1,103,051)	(581,833)	90%	(440,585)	(217,767)	102%
Net interest income	893,751	866,407	3%	294,338	297,643	-1%
Fee and commission income	97,238	47,308	106%	37,459	17,736	111%
Fee and commission expenses	(1,774)	(5,049)	-65%	(454)	(1,426)	-68%
Net fee and commission income	95,464	42,259	126%	37,005	16,310	127%
Net gain/(loss) from trading	-	-	-	-	-	-
other operating income	130,075	110,272	18%	49,568	37,008	34%
Total operating income	1,119,290	1,018,938	10%	380,911	350,961	9%
Impairment (charge)/reversal for loans	(50,767)	(46,909)	8%	(12,302)	(19,485)	-37%
Individual impairment (charge)/reversal	(16,195)	(21,599)	-25%	2,564	(11,847)	-122%
Collective impairment (charge)/reversal	(34,572)	(25,310)	37%	(14,866)	(7,639)	95%
Net operating income	1,068,523	972,029	10%	368,609	331,476	11%
Operating expenses	(629,448)	(503,301)	25%	(209,637)	(178,888)	17%
Personnel expenses	(340,388)	(245,727)	39%	(116,844)	(85,418)	37%
Depreciation of property, plant & equipment	(30,824)	(17,927)	72%	(12,683)	(6,488)	95%
Amortization of intangible assets	(5,865)	(5,192)	13%	(1,982)	(1,854)	7%
Other operating expenses	(252,371)	(234,456)	8%	(78,128)	(85,128)	-8%
Operating profit before VAT & NBT on financial services	439,075	468,728	-6%	158,972	152,588	4%
VAT & NBT on financial services	(84,465)	(66,124)	28%	(30,424)	(23,489)	30%
Profit before taxation	354,609	402,604	-12%	128,548	129,099	0%
Tax expenses	(123,142)	(133,592)	-8%	(44,916)	(41,723)	8%
Profit after taxation	231,467	269,012	-14%	83,632	87,376	-4%
Other comprehensive income/(expenses)						
Other comprehensive income not to be reclassified to profit or loss						
Actuarial losses on defined benefit plan	-	-	-	-	-	-
Deferred tax effect on actuarial losses	-	-	-	-	-	-
Other comprehensive income, net of taxes	-	-	-	-	-	-
Total comprehensive income, net of taxes	231,467	269,012	-14%	83,632	87,376	-4%
Basic earnings per share-(LKR.)	4.36	5.12		1.55	1.66	

SIYAPATHA FINANCE PLC

STATEMENT OF FINANCIAL POSITION

As at	30-09-2016 LKR'000	Audited 31-12-2015 LKR'000
Assets		
Cash and bank balances	136,695	130,070
Securities purchased under repurchase agreements	777,785	601,679
Loans and receivables	17,266,667	13,529,244
Financial investments- Available for sale	56	56
Financial investments- Held to maturity	4,381	4,274
Other assets	268,481	234,417
Intangible assets	10,377	14,889
Property, plant and equipment	357,522	124,697
Total Assets	18,821,964	14,639,326
Liabilities		
Bank overdraft	208,362	163,583
Due to other customers	2,648,124	1,233,041
Debt issued and other borrowed funds	13,368,619	10,925,421
Deferred tax liabilities	126,412	102,306
Current tax liabilities	77,073	75,663
Retirement benefit obligations	23,034	19,259
Other liabilities	533,516	508,921
Total Liabilities	16,985,140	13,028,194
Shareholders' Funds		
Stated capital	576,975	525,000
Reserves		
Statutory reserve fund	73,465	70,059
Retained earnings	1,186,384	1,016,073
Total Shareholders' Funds	1,836,824	1,611,132
Non controlling interest	-	-
Total Equity	1,836,824	1,611,132
Total Liabilities and Shareholders' Funds	18,821,964	14,639,326
Net asset value per share(LKR.)	33.94	30.69
Commitments & contingencies	520,793	315,071

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 September 2016 and its profits for the period then ended 30 September 2016.

(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

26 October 2016

LKR.000

	Stated Capital	Statutory Reserve Fund	Retained Earnings	Total Shareholders' Funds
For the period ended 30 September 2015				
Balance as at 31 December 2014	525,000	50,831	735,813	1,311,644
Cash dividend paid	-	-	(31,500)	(31,500)
Net profit for the period	-	-	269,012	269,012
Other comprehensive income, net of tax	-	-	-	-
Transfer to Statutory Reserve Fund	-	4,869	(4,869)	-
Balance as at 30 September 2015	525,000	55,700	968,457	1,549,157
For the period ended 30 September 2016				
Balance as at 31 December 2015	525,000	70,059	1,016,073	1,611,132
Scrip dividend paid	51,975	-	(57,750)	(5,775)
Net profit for the period	-	-	231,467	231,467
Other comprehensive income, net of tax	-	-	-	-
Transfer to Statutory Reserve Fund	-	3,406	(3,406)	-
Balance as at 30 September 2016	576,975	73,465	1,186,384	1,836,824

For the period ended 30 September	2016 LKR'000	2015 LKR'000
Cash flow from operating activities		
Profit before taxation	354,609	402,604
Interest expenses	1,103,051	581,833
Fee and commission expenses	1,774	5,049
Provision for impairment	50,767	46,909
Provision for /(Reversal of) staff gratuity	8,100	5,300
Provision for depreciation	30,824	17,927
Amortization of software	5,865	5,192
(Profit)/Loss on sale of motor vehicle	32	-
Write off of provisions	(14,775)	-
	1,185,638	662,209
Operating profit before working capital changes	1,540,247	1,064,813
(Increase)/decrease in Leased receivables	(3,443,456)	(4,596,902)
(Increase)/decrease in Hire purchase receivables	996,746	1,684,763
(Increase)/decrease in Factoring receivables	(515,798)	(118,245)
(Increase)/decrease in Revolving Loan receivables	(58,753)	-
(Increase)/decrease in Pawning receivables	14,775	(186,031)
(Increase)/decrease in Gold loan receivables	(650,207)	-
(Increase)/decrease in Loan receivables	(108,621)	171,165
(Increase)/decrease in Other assets	(42,163)	(81,070)
Increase/(decrease) in Other payables	282,869	390,723
	(3,524,608)	(2,735,596)
Cash generated from operations	(1,984,361)	(1,670,784)
Interest paid	(1,239,243)	(510,922)
Gratuity paid	(4,325)	(334)
Income tax & dividend tax paid	(92,841)	(139,633)
Net cash inflow/(outflow) from operating activities	(3,320,770)	(2,321,672)
Cash flow from investing activities		
Investments in government treasury bonds	(106)	(9)
Purchase of property, plant, equipment & intangible assets	(265,758)	(34,911)
Proceeds from sale of property, plant & equipment	725	-
Net cash inflow/(outflow) from investing activities	(265,139)	(34,920)
Net cash inflow/(outflow) before financing activities	(3,585,909)	(2,356,593)
Cash flow from financing activities		
Net proceeds from long term loans/Securitizations	668,924	1,601,341
Net proceeds from debentures	2,500,000	(95,000)
Net proceeds from short term borrowings	(800,206)	(40,818)
Net proceeds from term deposits	1,355,146	831,082
Dividend paid	-	(31,500)
Net cash inflow/(outflow) from financing activities	3,723,864	2,265,105
Net increase/(decrease) in cash and cash equivalents	137,953	(91,488)
Cash & cash equivalents at the beginning of the period	568,166	494,419
Cash and cash equivalents at end of the period	706,119	402,931
Analysis of the cash and cash equivalents at the end of the period		
Securities purchased under repurchase agreements	777,785	601,717
Cash and bank balances	136,695	72,295
Bank overdraft	(208,362)	(271,081)
	706,119	402,931

SIYAPATHA FINANCE PLC

SELECTED PERFORMANCE INDICATORS

	As at 30.09.2016	As at 31.12.2015
<u>Capital Adequacy</u>		
Core Capital Ratio(Minimum Requirement -5%)	10.17%	12.25%
Total Risk Weighted Capital Ratio (Minimum Requirement- 10%)	15.02%	18.34%
Capital Funds to Deposit Liabilities Ratio(Minimum Requirement-10%)*	100.11%	222.78%
<u>Profitability</u>		
Return on Average Assets (After Tax)	1.79%	2.87%
Return on Average Shareholders' Funds	17.84%	25.91%
<u>Asset Quality (LKR'000)</u>		
Total Accommodation(Gross)	17,531,873	13,775,020
Non-Performing Accommodation	367,120	304,065
Net Total Accommodation(Net of Allowance for Impairment Losses)	17,266,667	13,529,244
<u>Liquidity (LKR'000)</u>		
Required Minimum Amount of Liquid Assets**	575,177	475,478
Required Minimum Amount of Government Securities***	762,830	590,992
Available Amount of Liquid Assets	805,275	632,165
Available Amount of Government Securities	769,234	593,429

*** 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 30 September 2016 & 31 December 2015 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 2015 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 period ended 30 September 2016 are drawn up from unaudited accounts of the Company unless indicated as audited.
4. The following comparative information for the year 2015 is re-classified as follows to conform with the current year's presentation of Financial Statements.

Statement of Comprehensive Income

	Note	Re-classified LKR.000	As disclosed in 2015 LKR.000	Adjustment LKR.000
Individual impairment	4.1	21,599	63,330	(41,731)
Collective impairment	4.1	25,310	(16,421)	41,731
Other operating expenses	4.2	234,456	231,714	2,741
Crop Insurance Levy	4.2	-	(2,741)	(2,741)

- 4.1** Following provision/losses amounting to LKR.41.73 Million which was previously classified under "Individual impairment charges" have been re-classified under "Collective impairment charges".

- Losses on sale of repossessed vehicles LKR.38.95 Million
- Interest losses incurred at pawning auctions LKR. 1.10 Million
- Provision for NPA on insurance premium receivables LKR. 1.68 Million

- 4.2** Crop Insurance Levy amounting to LKR.2.74 Million has been re-classified under Other Operating Expenses.

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 12 below.
6. The dividend of LKR.1.10 per share on 52.5 Million shares was approved at the Annual General Meeting held on 28 June 2016. This was paid in the form of scrip dividend and relevant provisions were made in the financial statements for the period ended 30 September 2016.

7. The Company has acquired a plot of land for the proposed Head Office of the Company for a total value of LKR. 195.27 Million with the approval of Board of Directors of the Company.
8. Mr.K.M.Saman Priyantha Herath was appointed as the Managing Director of Siyapatha Finance PLC with effect from 05 April 2016.
9. Mr.A.Roshan Nanayakkara has resigned from the position of Chief Executive Officer of Siyapatha Finance PLC with effect from 30 April 2016.
10. The Company issued Rated, Unsecured, Senior, Redeemable debentures to the value of LKR.2,500 Mn in the month of September 2016. These debentures are listed on the Colombo Stock Exchange.
11. Fitch Ratings Lanka Ltd has revised Siyapatha Finance PLC's Outlook to Negative from Stable while affirming National Long-Term Rating at 'A-(lka)' in line with the revision of rating for the parent company. The agency has also affirmed Siyapatha's senior unsecured debt at 'A-(lka)' and outstanding subordinated debentures at 'BBB+ (lka)'.
12. The Board of Directors of the Company has appointed Mr.Mahawaduge Yasalal Aravinda Perera as the Chairman of the Company with effect from 07 October 2016. Further, Mr.Channa Prabodha Palansuriya, former Chairman of the Company continues to serve as a Non Executive Director of the Company.

INFORMATION ON SHARES

Stated Capital as at 30 September 2016 was represented by the number of shares in issue as given below.

	As at 30 September 2016		As at 30 September 2015	
	Number	LKR.	Number	LKR.
Ordinary Shares	54,124,726	576,975,000/-	52,500,000	525,000,000/-
Total	54,124,726	576,975,000/-	52,500,000	525,000,000/-

SHAREHOLDER INFORMATION

Shareholders' list as at 30 September 2016

	Name	No: of Shares	%
(01).	Sampath Bank PLC	54,124,719	100.00%
(02).	Mr. M.A.Abeynaike	01	0.00%
(03).	Mr. S.G. Wijesinha	01	0.00%
(04).	Dr.H.S.D.Soyas	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%
		54,124,726	100.00%

Public Holdings

The percentage of ordinary shares held by the public as at 30 September 2016 was 0%.

Directors'/ CEO's Holding in Shares as at 30 September 2016

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

INFORMATION ON LISTED DEBENTURES

(i).Market Values

	Highest (LKR.)		Lowest (LKR.)		Period End (LKR.)	
	2016	2015	2016	2015	2016	2015
Debentures - 2014/2019	Not Traded	99.98	Not Traded	99.98	Not Traded	99.98
Debentures- 2016/2019	Not Traded	N/A	Not Traded	N/A	Not Traded	N/A
Debentures- 2016/2021	Not Traded	N/A	Not Traded	N/A	Not Traded	N/A

N/A-Not Applicable

(ii).Interest Rates

	2016		2015	
	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%	N/A	N/A
Debentures -2016/2021	13.50%	13.50%	N/A	N/A

N/A-Not Applicable

(iii).Interest rate of comparable Government Securities

	30-09-2016	31-12-2015
6 months treasury bill	10.43%	7.43%
1 year treasury bill	11.23%	7.90%
5 year treasury bond	13.07%	10.88%

(iv).Current Yield & Yield to maturity

	2016		2015	
	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%	8.88%
Debentures Issued-September 2016 3 year Fixed rated(13.00% p.a. payable annually)	13.00%	Not Traded	N/A	
Debentures Issued-September 2016 5 year Fixed rated(13.50% p.a. payable annually)	13.50%	Not Traded	N/A	

N/A-Not Applicable

(v).Ratios

	30-09-2016	31-12-2015
Debt to Equity Ratio (Times)	5.95	4.42
Interest Cover(Times)	1.32	1.84
Quick Asset Ratio (%)	124.89%	110.25%