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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 2020**

## STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March		Change %
	2020 LKR'000	2019 LKR'000	
<b>Gross income</b>	2,034,124	1,846,300	10%
Interest income	1,852,571	1,692,835	9%
Less:Interest expenses	(1,043,767)	(1,046,931)	0%
<b>Net interest income</b>	808,804	645,904	25%
Fee and commission income	79,268	76,496	4%
Less:Fee and commission expenses	-	-	-
<b>Net fee and commission income</b>	79,268	76,496	4%
Other operating income	102,285	76,969	33%
<b>Total operating income</b>	990,357	799,369	24%
Less:Credit loss expense on financial assets and other losses	(350,342)	(224,353)	56%
<b>Net operating income</b>	640,015	575,016	11%
<b>Less:Operating expenses</b>			
Personnel expenses	(206,477)	(195,710)	6%
Depreciation of property,plant & equipment	(15,429)	(13,508)	14%
Amortization of intangible assets	(5,836)	(5,837)	0%
Other operating expenses	(147,752)	(162,105)	-9%
<b>Total operating expenses</b>	(375,494)	(377,160)	0%
<b>Operating profit before taxes on financial services</b>	264,521	197,856	34%
Less:Taxes on financial services			
VAT on financial services	(63,249)	(42,880)	48%
NBT on financial services	-	(6,351)	-100%
Debt repayment levy	-	(25,175)	-100%
<b>Profit before income taxation</b>	201,272	123,450	63%
Less:Income tax expense	(74,421)	(53,767)	38%
<b>Profit after taxation</b>	126,851	69,683	82%
<b>Other comprehensive income,net of taxes</b>	-	-	-
<b>Total comprehensive income,net of taxes</b>	126,851	69,683	82%
<b>Basic/Diluted earnings per share-(LKR.)</b>	1.73	1.10	

## STATEMENT OF FINANCIAL POSITION

As at	31-03-2020 LKR'000	Audited 31-12-2019 LKR'000
<b>Assets</b>		
Cash and bank balances	203,941	273,429
Securities purchased under repurchase agreements	2,628,337	2,304,392
Loans and receivables	37,765,944	36,226,753
Other assets	767,952	653,710
Equity instruments at fair value through other comprehensive income	56	56
Debt instruments at amortised cost	15,422	15,301
Property, plant and equipment	1,121,296	1,013,625
Right-of-use assets	397,895	403,653
Intangible assets	51,906	56,426
<b>Total Assets</b>	<b>42,952,749</b>	<b>40,947,345</b>
<b>Liabilities</b>		
Bank overdraft	234,748	361,586
Due to other customers	14,792,666	13,221,026
Debt issued and other borrowed funds	21,347,653	21,342,227
Other payables	1,732,394	1,301,543
Current tax liabilities	449,847	407,066
Deferred tax liabilities	178,818	230,107
Retirement benefit obligations	73,947	67,965
<b>Total Liabilities</b>	<b>38,810,073</b>	<b>36,931,520</b>
<b>Equity</b>		
Stated capital	1,379,922	1,379,922
Reserves		
Statutory reserve fund	164,000	164,000
Revaluation reserve	117,951	117,951
Retained earnings	2,480,803	2,353,952
<b>Total Equity</b>	<b>4,142,676</b>	<b>4,015,825</b>
<b>Total Liabilities and Equity</b>	<b>42,952,749</b>	<b>40,947,345</b>
Net asset value per share(LKR.)	56.51	54.78
Commitments & contingencies	726,753	728,983

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 2020 and its profits for the period then ended.

(Sgd)  
Managing Director

(Sgd)  
Head of Finance

The Board of Directors is responsible for these Financial Statements.

Approved and signed for and on behalf of the Board by,

(Sgd)  
Chairman

(Sgd)  
Director

## STATEMENT OF CHANGES IN EQUITY

						LKR'000
	Stated Capital	Share Application Money Pending Allotment	Statutory Reserve Fund	Revaluation Reserve	Retained Earnings	Total
<b>For the period ended 31 March 2019</b>						
<b>Balance as at 01 January 2019</b>	948,666	400,000	139,000	107,763	1,945,561	3,540,990
Profit for the period	-	-	-	-	69,683	69,683
Other comprehensive income, net of tax	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<u>948,666</u>	<u>400,000</u>	<u>139,000</u>	<u>107,763</u>	<u>2,015,244</u>	<u>3,610,673</u>
<b>For the period ended 31 March 2020</b>						
<b>Balance as at 01 January 2020</b>	1,379,922	-	164,000	117,951	2,353,951	4,015,824
Profit for the period	-	-	-	-	126,851	126,851
Other comprehensive income, net of tax	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<u><u>1,379,922</u></u>	<u><u>-</u></u>	<u><u>164,000</u></u>	<u><u>117,951</u></u>	<u><u>2,480,802</u></u>	<u><u>4,142,675</u></u>

**SIYAPATHA FINANCE PLC**  
**STATEMENT OF CASH FLOWS**

<b>For the period ended 31 March</b>	<b>2020</b> <b>LKR'000</b>	<b>2019</b> <b>LKR'000</b>
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	201,272	123,450
Interest expenses	1,043,767	1,046,931
Fee and commission expenses	-	-
Provision for credit losses	350,342	224,353
Provision for staff gratuity	6,876	6,250
Provision for depreciation	15,429	13,508
Amortization of software	5,836	5,837
(Profit)/Loss on sale of motor vehicle	(330)	-
	1,421,920	1,296,879
<b>Operating profit before working capital changes</b>	1,623,192	1,420,329
(Increase)/decrease in lease receivables	(1,624,078)	(1,701,616)
(Increase)/decrease in hire purchase receivables	448	21,029
(Increase)/decrease in factoring receivables	15,789	122,712
(Increase)/decrease in gold loan receivables	(317,004)	(626,151)
(Increase)/decrease in loan receivables	64,276	139,045
Increase/(decrease) in due to other customers	(137,517)	2,494,250
(Increase)/decrease in other assets	1,609,338	(103,499)
Increase/(decrease) in other payables	456,452	454,757
	67,704	800,527
<b>Cash generated from operating activities</b>	1,690,896	2,220,856
Interest expense paid	(966,586)	(853,232)
Gratuity paid	(893)	(2,046)
Income tax paid	(72,525)	(4,157)
<b>Net cash inflow from operating activities</b>	650,892	1,361,421
<b>Cash flow from investing activities</b>		
Investments in government treasury bonds and government securities	(324,066)	(1,752,682)
Purchase of property, plant, equipment and intangible assets	(124,413)	(234,986)
Proceeds from sale of property, plant and equipment	330	-
<b>Net cash outflow from investing activities</b>	(448,149)	(1,987,668)
<b>Net cash inflow/(outflow) before financing activities</b>	202,743	(626,247)
<b>Cash flow from financing activities</b>		
Proceeds from long term loans	1,650,000	-
Repayments of long term loans	(1,559,454)	(1,273,289)
Net proceeds from short term borrowings	(200,000)	550,000
Repayment of principal portion of lease liabilities	(35,939)	-
<b>Net cash outflow from financing activities</b>	(145,393)	(723,289)
Net increase/(decrease) in cash and cash equivalents	57,350	(1,349,536)
Cash & cash equivalents at the beginning of the period	(88,146)	1,077,107
<b>Cash and cash equivalents as at end of the period</b>	(30,796)	(272,429)
<b>Analysis of the cash and cash equivalents at the end of the period</b>		
Cash and bank balances	203,952	308,543
Bank overdraft	(234,748)	(580,972)
	(30,796)	(272,429)

**SIYAPATHA FINANCE PLC**  
**SELECTED PERFORMANCE INDICATORS**

	As at 31.03.2020	As at 31.12.2019
<b><u>Capital Adequacy</u></b>		
Core Capital Ratio(Minimum Requirement -6.5%)	8.80%	8.96%
Total Risk Weighted Capital Ratio (Minimum Requirement- 10.5%)	13.89%	14.16%
Capital Funds to Deposit Liabilities Ratio(Minimum Requirement-10%)*	45.53%	48.59%
<b><u>Profitability</u></b>		
Return on Average Assets (After Tax)	1.20%	1.22%
Return on Average Shareholders' Funds	12.41%	12.88%
<b><u>Asset Quality (LKR'000)</u></b>		
Total Accommodation(Gross)	39,734,747	37,878,257
Non-Performing Accommodation	4,134,854	3,811,971
Net Total Accommodation(Net of allowance for expected credit losses/impairment)	37,765,944	36,226,753
<b><u>Liquidity (LKR'000)</u></b>		
Required Minimum Amount of Liquid Assets**	1,820,824	1,651,440
Required Minimum Amount of Government Securities***	2,551,595	2,254,033
Available Amount of Liquid Assets	2,811,487	2,445,214
Available Amount of Government Securities	2,628,337	2,304,392

**\* 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 2020 & 31 December 2019 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.

**SEGMENT INFORMATION**

The following table presents income, profit, total assets and total liabilities of the Company's operating segments.

	Leasing and Hire Purchase		Gold Loan		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000
<b>For the period ended 31 March</b>								
Interest Income	1,457,340	1,310,561	307,865	220,850	87,366	161,424	1,852,571	1,692,835
Less: Interest expenses	(816,984)	(786,442)	(138,537)	(117,003)	(88,246)	(143,486)	(1,043,767)	(1,046,931)
Net interest income	640,356	524,119	169,328	103,847	(880)	17,938	808,804	645,904
Net fee and commission income	55,245	50,383	23,930	25,111	93	1,002	79,268	76,496
Other operating income	100,758	76,080	-	-	1,527	889	102,285	76,969
<b>Total operating income</b>	796,359	650,582	193,258	128,958	740	19,829	990,357	799,369
Less: Impairment (charges)/reversal on loans and losses	(271,975)	(98,743)	1,197	2,988	(79,564)	(128,598)	(350,342)	(224,353)
Net operating income	524,384	551,839	194,455	131,946	(78,824)	(108,769)	640,015	575,016
Less: Total operating expenses (Including taxes on financial services)	(297,704)	(347,559)	(67,818)	(56,330)	(73,221)	(47,677)	(438,743)	(451,566)
<b>Operating profit before taxes</b>	226,680	204,280	126,637	75,616	(152,045)	(156,446)	201,272	123,450
Less: Income tax expenses							(74,421)	(53,767)
<b>Profit for the period</b>							126,851	69,683
Non-controlling interest							-	-
<b>Profit attributable to equity holders of the Company</b>							126,851	69,683
<b>As at 31 March</b>								
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>	<b>LKR'000</b>
Segmental assets	30,361,034	27,272,120	5,252,658	4,177,805	7,339,057	7,518,467	42,952,749	38,968,392
<b>Total assets</b>	30,361,034	27,272,120	5,252,658	4,177,805	7,339,057	7,518,467	42,952,749	38,968,392
Segmental liabilities	27,432,795	24,745,181	4,746,053	3,790,704	6,631,225	6,821,833	38,810,073	35,357,718
<b>Total liabilities</b>	27,432,795	24,745,181	4,746,053	3,790,704	6,631,225	6,821,833	38,810,073	35,357,718

## EXPLANATORY NOTES

1. These Interim Financial Statements are presented in accordance with the requirements of Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting' and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
2. There are no changes to the accounting policies and methods of computation since the publication of the Audited Financial Statements for the year 2019 .
3. There are no material changes during the period in the composition of assets, liabilities and contingent liabilities. All known expenditure items have been provided for.

#### 4. The funds raised from debenture issue -2019

The details of utilization of debenture proceeds are given in table below.

Objective Number	Objective as per Prospectus	Amount allocated as per Prospectus (LKR)	Proposed date of utilization as per Prospectus	Amount Allocated from proceeds in (LKR) (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	To expand and strengthen the capital base of the Company	716.61 Million	08 Aug 2019	716.61 Million	47.77%	716.61 Million	100%	Fully Utilized
		200.00 Million	31 Oct 2019	200.00 Million	13.33%	200.00 Million	100%	
		200.00 Million	31 Dec 2019	200.00 Million	13.33%	200.00 Million	100%	
		383.39 Million	31 Oct 2020	383.39 Million	25.57%	232.32 Million	60.59%	<b>Note A</b>
2	To expand future operations and the asset base of the Company	1.5 Billion	08 Sep 2019	1.5 Billion	100.00%	1.5 Billion	100.00%	Fully Utilized

#### **Note A**

As per CBSL Capital Adequacy computation guidelines, the maximum eligible amount was limited to LKR.232.32 Million. However, the balance LKR.151.07 Million will be utilized by 31 October 2020.



5. There have been no material events subsequent to the reporting date, which require adjustments to or disclosures in the interim financial statements.

**6. Relief measures to assist COVID-19 affected businesses and individuals**

In order to implement the decisions taken by the Cabinet of Ministers at the Cabinet meeting held on 20<sup>th</sup> March 2020, the Central Bank of Sri Lanka has issued two consecutive circulars to the financial institutions titled “Circular No. 4 of 2020-Relief measures to assist COVID-19 affected businesses and individuals” and “Circular No.5 of 2020 –Rupees 50 billion, six- month re-financing facility to support COVID-19 hit businesses including self employment and individuals”. As such, the Company is eligible to participate in this re-financing facility to support COVID-19 hit businesses including self-employment businesses and individuals by implementing a debt moratorium (capital and interest) as per the guidelines issued by the Central Bank of Sri Lanka.

Accordingly, the customers are invited to submit their individual request to the Company on or before 15<sup>th</sup> May 2020 in order to accommodate their requests.

## INFORMATION ON SHARES

Stated Capital as at 31 March 2020 was represented by the number of shares in issue as given below.

	As at 31 March 2020		As at 31 December 2019	
	Number	LKR.	Number	LKR.
Ordinary Shares	73,312,409	1,379,921,654/-	73,312,409	1,379,921,654/-
<b>Total</b>	<b>73,312,409</b>	<b>1,379,921,654/-</b>	<b>73,312,409</b>	<b>1,379,921,654/-</b>

## SHAREHOLDER INFORMATION

Shareholders' list as at 31 March 2020

	Name	No: of Shares	%
(01).	Sampath Bank PLC	73,312,402	100.00%
(02).	Mr. C.P.Palansuriya	01	0.00%
(03).	Mr. W.M.P.L. De Alwis	01	0.00%
(04).	Dr.H.S.D.Soyasa	01	0.00%
(05).	Mr.Y.S.H.R.S.Silva	01	0.00%
(06).	Mr. P.S.Cumaranatunga	01	0.00%
(07).	Mr.J.H.Gunawardena	01	0.00%
(08).	Mr.S. Sudarshan	01	0.00%
		<b>73,312,409</b>	<b>100.00%</b>

### Public Holdings

The percentage of ordinary shares held by the public as at 31 March 2020 was 0%.

Directors'/ CEO's Holding in Shares as at 31 March 2020

Name	Position	No: of Shares
Mr. P.S.Cumaranatunga	Director	01
Mr.Y.S.H.R.S.Silva	Director	01
Mr.J.H.Gunawardena	Director	01

## INFORMATION ON LISTED DEBENTURES

(i).Market Values

	Highest (LKR.)		Lowest (LKR.)		Period End (LKR.)	
	2020	2019	2020	2019	2020	2019
Debentures-2016/2021	100.00	103.00	100.00	100.00	100.00	100.00
Debentures-2017/2022	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
Debentures-2019/2024	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded

(ii).Interest Rates

	2020		2019	
	Coupon Rate	Effective Rate	Coupon Rate	Effective Rate
Debentures -2016/2021	13.50%	13.50%	13.50%	13.50%
Debentures -2017/2022	12.50%	12.50%	12.50%	12.50%
Debentures -2019/2024	13.33%	13.33%	13.33%	13.33%

**(iii).Interest rates of comparable Government Securities**

	<b>31-03-2020</b>	<b>31-12-2019</b>
6 months treasury bill	7.25%	7.95%
1 year treasury bill	7.50%	8.47%
5 year treasury bond	9.27%	9.94%

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

	<b>2020</b>		<b>2019</b>	
	<b>Current Yield (%)</b>	<b>Yield to Maturity (%)</b>	<b>Current Yield (%)</b>	<b>Yield to Maturity (%)</b>
Debentures Issued-September 2016 5 year Fixed rated(13.50% p.a. payable annually)	13.50%	13.38%	13.50%	13.40%
Debentures Issued-October 2017 5 year Fixed rated(12.50% p.a. payable annually)	12.50%	Not Traded	12.50%	Not Traded
Debentures Issued-August 2019 5 year Fixed rated(13.33% p.a. payable annually)	13.33%	Not Traded	13.33%	Not Traded

**(v).Ratios**

	<b>31-03-2020</b>	<b>31-12-2019</b>
Debt to Equity Ratio (Times)	3.30	3.33
Interest Cover(Times)	1.19	1.19
Quick Asset Ratio (%)	72.93%	78.11%