

**INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

**SIYAPATHA FINANCE PLC**

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

member  ***Sampath Bank Group***

	For 9 months ended		Change	For the quarter ended		Change
	30.09.2015 LKR.000	30.09.2014 LKR.000		30.09.2015 LKR.000	30.09.2014 LKR.000	
<b>Income</b>	<b>1,605,819</b>	<b>1,492,136</b>	<b>8%</b>	<b>570,154</b>	<b>503,538</b>	<b>13%</b>
Interest income	1,448,239	1,393,292	4%	515,410	462,260	11%
Interest expenses	(581,833)	(612,818)	-5%	(217,767)	(183,172)	19%
<b>Net interest income</b>	<b>866,407</b>	<b>780,473</b>	<b>11%</b>	<b>297,643</b>	<b>279,088</b>	<b>7%</b>
Fee and commission income	47,308	27,702	71%	17,736	10,200	74%
Fee and commission expenses	(5,049)	(9,735)	-48%	(1,426)	(2,891)	-51%
<b>Net fee and commission income</b>	<b>42,259</b>	<b>17,967</b>	<b>135%</b>	<b>16,310</b>	<b>7,309</b>	<b>123%</b>
Net gain/(loss) from trading	-	-	-	-	-	-
other operating income	110,272	71,142	55%	37,008	31,079	19%
<b>Total operating income</b>	<b>1,018,938</b>	<b>869,582</b>	<b>17%</b>	<b>350,961</b>	<b>317,476</b>	<b>11%</b>
<b>Impairment (charge)/reversal for loans &amp; other losses</b>	<b>(46,909)</b>	<b>(152,228)</b>	<b>-69%</b>	<b>(19,485)</b>	<b>(56,265)</b>	<b>-65%</b>
Individual impairment (charge)/reversal & other losses	(63,330)	(71,646)	-12%	(29,454)	(23,278)	27%
Collective impairment (charge)/reversal	16,421	(80,581)	-120%	9,968	(32,987)	-130%
<b>Net operating income</b>						
<b>Operating expenses</b>	<b>(500,560)</b>	<b>(412,840)</b>	<b>21%</b>	<b>(178,010)</b>	<b>(129,105)</b>	<b>38%</b>
Personnel expenses	(245,727)	(170,661)	44%	(85,418)	(63,146)	35%
Depreciation of property, plant & equipment	(17,927)	(16,689)	7%	(6,488)	(6,959)	-7%
Amortization of intangible assets	(5,192)	(3,804)	36%	(1,854)	(1,351)	37%
Other operating expenses	(231,714)	(221,686)	5%	(84,250)	(57,649)	46%
<b>Operating profit before VAT &amp; NBT on financial services &amp; Crop insurance levy</b>	<b>471,469</b>	<b>304,515</b>	<b>55%</b>	<b>153,466</b>	<b>132,105</b>	<b>16%</b>
VAT & NBT on financial services	(66,124)	(41,581)	59%	(23,489)	(18,365)	28%
Crop insurance levy	(2,741)	(1,834)	49%	(878)	(785)	12%
<b>Profit before taxation</b>	<b>402,604</b>	<b>261,099</b>	<b>54%</b>	<b>129,099</b>	<b>112,956</b>	<b>14%</b>
Tax expenses	(133,592)	(98,634)	35%	(41,723)	(35,188)	19%
<b>Profit after taxation</b>	<b>269,012</b>	<b>162,466</b>	<b>66%</b>	<b>87,376</b>	<b>77,768</b>	<b>12%</b>
<b>Other comprehensive income/(expenses)</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>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income, net of taxes</b>	<b>269,012</b>	<b>162,466</b>	<b>66%</b>	<b>87,376</b>	<b>77,768</b>	<b>12%</b>
<b>Basic earnings per share-(LKR.)</b>	<b>5.12</b>	<b>3.09</b>		<b>1.66</b>	<b>1.48</b>	

## SIYAPATHA FINANCE PLC

## STATEMENT OF FINANCIAL POSITION

As at	30-09-2015 LKR'000	Audited 31-12-2014 LKR'000
<b>Assets</b>		
Cash and bank balances	72,295	88,655
Securities purchased under repurchase agreements	601,717	489,685
Loans and receivables	12,631,122	9,593,309
Financial investments- Available for sale	56	56
Financial investments- Held to maturity	4,208	4,198
Intangible assets	15,470	17,097
Property, plant and equipment	111,135	97,716
Inventories	2,783	1,747
Other assets	165,888	125,327
<b>Total Assets</b>	<b>13,604,675</b>	<b>10,417,790</b>
<b>Liabilities</b>		
Due to banks	8,956,826	6,466,594
Due to other customers	842,988	-
Other borrowings	1,372,752	2,146,249
Current tax liabilities	74,802	111,179
Deferred tax liabilities	95,921	69,983
Retirement benefit obligations	17,501	12,535
Other liabilities	694,728	299,606
<b>Total Liabilities</b>	<b>12,055,518</b>	<b>9,106,146</b>
<b>Shareholders' Funds</b>		
Stated capital	525,000	525,000
Reserves		
Statutory Reserve Fund	55,700	50,831
Retained Earnings	968,457	735,813
<b>Total Shareholders' Funds</b>	<b>1,549,157</b>	<b>1,311,644</b>
Non controlling interest	-	-
<b>Total Equity</b>	<b>1,549,157</b>	<b>1,311,644</b>
<b>Total Liabilities and Shareholders' Funds</b>	<b>13,604,675</b>	<b>10,417,790</b>
<b>Net assets value per share(LKR.)</b>	<b>29.51</b>	<b>24.98</b>

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 2015 and its profits for the nine months ended 30 September 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)  
Deputy Chairman

(Sgd)  
Director

09 November 2015

## SIYAPATHA FINANCE PLC

## STATEMENT OF CHANGES IN EQUITY

LKR.000

	Stated Capital	Statutory Reserve Fund	Investment Reserve Fund	Retained Earnings	Total Shareholders' Funds
<b>For the period ended 30 September 2015</b>					
<b>Balance as at 31 December 2014</b>	<b>525,000</b>	<b>50,831</b>	<b>-</b>	<b>735,813</b>	<b>1,311,644</b>
Dividend declared				(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)	-
<b>Balance as at 30 September 2015</b>	<b>525,000</b>	<b>55,700</b>	<b>-</b>	<b>968,457</b>	<b>1,549,157</b>
<b>For the period ended 30 September 2014</b>					
<b>Balance as at 31 December 2013</b>	<b>525,000</b>	<b>37,787</b>	<b>58,488</b>	<b>452,627</b>	<b>1,073,902</b>
Dividend declared				(21,525)	(21,525)
Net profit for the period	-	-	-	162,466	162,466
Other comprehensive income, Net of Tax	-	-	-	-	-
Transfers to Investment Reserve Fund			8,330	(8,330)	-
Transfer to Statutory Reserve Fund	-	2,115	-	(2,115)	-
<b>Balance as at 30 September 2014</b>	<b>525,000</b>	<b>39,902</b>	<b>66,818</b>	<b>583,122</b>	<b>1,214,843</b>

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

For the period ended 30 September	2015 LKR'000	2014 LKR'000
<b>Cash Flow from Operating Activities</b>		
<b>Profit before Taxation (after OCI Adjustments)</b>	<b>402,604</b>	<b>261,099</b>
Interest Expenses	581,833	612,818
Fee and Commission Expenses	5,049	9,735
Provision for Impairment	46,909	152,228
Provision for /(Reversal of) Staff Gratuity	5,300	3,476
Provision for Depreciation	17,927	16,689
Amortization of Software	5,192	3,804
(Profit)/Loss on sale of motor vehicle	-	1
Write off of Provisions	-	-
	662,209	798,752
<b>Operating Profit before Working Capital Changes</b>	<b>1,064,813</b>	<b>1,059,852</b>
(Increase)/Decrease in Leased Assets	(4,596,902)	36,167
(Increase)/Decrease in Hire Purchase Debtors	1,684,763	(921,465)
(Increase)/Decrease in Factoring Debtors	(118,245)	48,106
(Increase)/Decrease in Pawning Receivables	(186,031)	(23,197)
(Increase)/Decrease in Loan Receivables	171,165	32,472
(Increase)/Decrease in Inventories	(1,037)	(572)
(Increase)/Decrease in Other Receivables	(80,033)	(11,285)
Increase/(Decrease) in Other Payables	387,573	136,115
	<b>(2,738,746)</b>	<b>(703,659)</b>
<b>Cash Generated from Operations</b>	<b>(1,673,934)</b>	<b>356,193</b>
Interest paid	(510,922)	(636,065)
Gratuity Paid	(334)	(143)
Income Tax Paid	(136,483)	(59,899)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>(2,321,672)</b>	<b>(339,913)</b>
<b>Cash Flow from Investing Activities</b>		
Investments in Government Treasury Bonds/Fixed Deposits	(9)	(4,196)
Purchase of Property,Plant,Equipment & Intangible Assets	(34,911)	(25,852)
Proceeds from Sale of Property, Plant & Equipment	-	-
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>(34,920)</b>	<b>(30,048)</b>
<b>Net Cash Inflow/(Outflow) before Financing Activities</b>	<b>(2,356,593)</b>	<b>(369,961)</b>
<b>Cash Flow from Financing Activities</b>		
Net Proceeds from Long Term Loans/ Securitizations	1,601,341	155,050
Net Proceeds from Debenture	(95,000)	-
Net Proceeds from Short Term Borrowings	(40,818)	278,075
Net Proceeds from Term Deposits	831,082	-
Dividend Paid	(31,500)	(21,525)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>2,265,105</b>	<b>411,600</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(91,488)	41,640
Cash & Cash Equivalents at the beginning of the period	494,419	325,188
<b>Cash and Cash Equivalents at end of the Period</b>	<b>402,931</b>	<b>366,828</b>
<b>Analysis of the Cash and Cash Equivalents at the end of the period</b>		
Investment in REPOs	601,717	499,411
Cash and Bank balances	72,295	90,146
Bank Overdraft	(271,081)	(222,729)
	<b>402,931</b>	<b>366,828</b>

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

	As at 30.09.2015	As at 31.12.2014
<b><u>Capital Adequacy</u></b>		
Core Capital Ratio(Minimum Requirement -5%)	11.47%	13.98%
Total Risk Weighted Capital Ratio (Minimum Requirement- 10%)	17.20%	20.98%
Capital Funds to Deposit Liabilities Ratio(Minimum Requirement-10%)*	199.98%	-
<b><u>Profitability</u></b>		
Return on Average Assets (After Tax)	2.81%	2.52%
Return on Average Shareholders' Funds	24.81%	21.83%
<b><u>Asset Quality (LKR'000)</u></b>		
Total Accommodation(Gross)	12,879,384	9,837,818
Non-Performing Accommodation	277,590	371,902
Net Total Accommodation(Net of Allowance for Impairment Losses)	12,631,122	9,593,309
<b><u>Liquidity (LKR'000)</u></b>		
Required Minimum Amount of Liquid Assets**	463,146	172,469
Required Minimum Amount of Government Securities***	590,992	469,343
Available Amount of Liquid Assets	616,999	495,179
Available Amount of Government Securities	597,934	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 September 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 nine months ended 30 September 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 8 below.
5. 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.
6. 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).
7. 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.
8. As per the Finance Act No 10 of 2015, an additional tax of 25% has been imposed on the profit before tax of the groups which have earned in excess of LKR. 2,000 Mn for the year of assessment 2013 / 2014.

Sampath Group earned a profit in excess of such amount for such year. Accordingly the company being a subsidiary of Sampath Bank will be liable to pay an amount of LKR.51,558,108/- as the Super Gain Tax in three equal installments falling due on 30 October, 30 November and 31 December 2015.

## **INFORMATION ON SHARES**

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

	As at 30 September 2015		As at 30 September 2014	
	Number	LKR.	Number	LKR.
Ordinary Shares	52,500,000	525,000,000/-	52,500,000	525,000,000/-
<b>Total</b>	<b>52,500,000</b>	<b>525,000,000/-</b>	<b>52,500,000</b>	<b>525,000,000/-</b>

## **SHAREHOLDER INFORMATION**

### **Shareholders' list as at 30 September 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.Soyso	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>52,500,000</b>	<b>100.00%</b>

### **Public Holdings**

The percentage of ordinary shares held by the public as at 30 September 2015 was 0%.

### **Directors'/ CEO's Holding in Shares as at 30 September 2015**

Name	Position	No: of Shares
Mr. M.A.Abeynaike	Director	01
Mr. S.G. Wijesinha	Director	01
Dr.H.S.D.Soyso	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**

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

### **(ii).Interest Rates**

	<b>2015</b>		<b>2014</b>	
	<b>Coupon Rate</b>	<b>Effective Rate</b>	<b>Coupon Rate</b>	<b>Effective Rate</b>
Debentures -2014/2019	8.90%	8.90%	8.90%	8.90%

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

	<b>30-09-2015</b>	<b>31-12-2014</b>
6 months treasury bill	7.86%	6.49%
1 year treasury bill	7.98%	6.67%
5 year treasury bond	10.64%	9.92%

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

	<b>2015</b>		<b>2014</b>	
	<b>Current Yield (%)</b>	<b>Yield to Maturity (%)</b>	<b>Current Yield (%)</b>	<b>Yield to Maturity (%)</b>
Debentures Issued-December 2014 5 year Fixed rated(8.90% p.a. payable annually)	8.90%	8.88%	Not Traded	Not Traded

### **(v).Ratios**

	<b>30-09-2015</b>	<b>31-12-2014</b>
Debt to Equity Ratio (Times)	3.86	3.61
Interest Cover(Times)	1.84	1.73
Quick Asset Ratio (%)	99.14%	117.27%