

INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

SIYAPATHA FINANCE PLC

Siyapatha
F I N A N C E

member  ***Sampath Bank Group***

STATEMENT OF COMPREHENSIVE INCOME

	For the 6 Months ended		Change %	For the quarter ended		Change %
	30.06.2016 LKR.000	30.06.2015 LKR.000		30.06.2016 LKR.000	30.06.2015 LKR.000	
Income	1,402,164	1,035,665	35%	745,606	529,533	41%
Interest income	1,261,879	932,829	35%	669,945	472,579	42%
Interest expenses	(662,466)	(364,066)	82%	(366,893)	(192,976)	90%
Net interest income	599,413	568,763	5%	303,052	279,603	8%
Fee and commission income	59,779	29,572	102%	31,558	15,894	99%
Fee and commission expenses	(1,320)	(3,623)	-64%	(566)	(1,671)	-66%
Net fee and commission income	58,459	25,949	125%	30,991	14,223	118%
Net gain/(loss) from trading	-	-	-	-	-	-
other operating income	80,506	73,264	10%	44,104	41,060	7%
Total operating income	738,378	667,976	11%	378,147	334,886	13%
Impairment (charge)/reversal for loans	(38,465)	(27,424)	40%	(21,581)	(13,115)	65%
Individual impairment (charge)/reversal	(18,759)	(9,752)	92%	(8,327)	(5,264)	58%
Collective impairment (charge)/reversal	(19,706)	(17,672)	12%	(13,254)	(7,851)	69%
Net operating income	699,913	640,553	9%	356,566	321,772	11%
Operating expenses	(419,811)	(324,413)	29%	(202,462)	(171,925)	18%
Personnel expenses	(223,544)	(160,309)	39%	(110,392)	(85,208)	30%
Depreciation of property, plant & equipment	(18,141)	(11,439)	59%	(9,648)	(5,748)	68%
Amortization of intangible assets	(3,883)	(3,337)	16%	(2,022)	(1,706)	19%
Other operating expenses	(174,243)	(149,328)	17%	(80,400)	(79,264)	1%
Operating profit before VAT & NBT on financial services	280,102	316,140	-11%	154,104	149,847	3%
VAT & NBT on financial services	(54,042)	(42,635)	27%	(28,749)	(20,652)	39%
Profit before taxation	226,061	273,505	-17%	125,355	129,195	-3%
Tax expenses	(78,226)	(91,869)	-15%	(45,656)	(44,932)	2%
Profit after taxation	147,835	181,636	-19%	79,699	84,264	-5%
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	147,835	181,636	-19%	79,699	84,264	-5%
Basic earnings per share-(LKR.)	2.82	3.46		1.52	1.61	

SIYAPATHA FINANCE PLC

STATEMENT OF FINANCIAL POSITION

As at	30-06-2016 LKR'000	Audited 31-12-2015 LKR'000
Assets		
Cash and bank balances	180,007	130,070
Securities purchased under repurchase agreements	776,971	601,679
Loans and receivables	15,756,664	13,529,244
Financial investments- Available for sale	56	56
Financial investments- Held to maturity	4,280	4,274
Other assets	247,416	234,417
Intangible assets	12,119	14,889
Property, plant and equipment	358,445	124,697
Total Assets	17,335,958	14,639,326
Liabilities		
Bank overdraft	115,044	163,583
Due to other customers	2,871,815	1,233,041
Debt issued and other borrowed funds	11,905,451	10,925,421
Deferred tax liabilities	117,429	102,306
Current tax liabilities	67,088	75,663
Retirement benefit obligations	21,421	19,259
Other liabilities	484,517	508,921
Total Liabilities	15,582,765	13,028,194
Shareholders' Funds		
Stated capital	576,975	525,000
Reserves		
Statutory reserve fund	73,465	70,059
Retained earnings	1,102,753	1,016,073
Total Shareholders' Funds	1,753,193	1,611,132
Non controlling interest	-	-
Total Equity	1,753,193	1,611,132
Total Liabilities and Shareholders' Funds	17,335,958	14,639,326
Net asset value per share(LKR.)	32.39	30.69
Commitments & contingencies	524,715	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 June 2016 and its profits for the period then ended 30 June 2016.

(Sgd)
Group Chief Financial Officer

(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 July 2016

LKR.000

	Stated Capital	Statutory 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
Cash dividend paid	-	-	(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 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	-	-	147,835	147,835
Other comprehensive income, net of tax	-	-	-	-
Transfer to Statutory Reserve Fund	-	3,406	(3,406)	-
Balance as at 30 June 2016	576,975	73,465	1,102,753	1,753,193

For the period ended 30 June	2016 LKR'000	2015 LKR'000
Cash flow from operating activities		
Profit before taxation	226,061	273,505
Interest expenses	662,466	364,066
Fee and commission expenses	1,320	3,623
Provision for impairment	38,465	27,424
Provision for /(Reversal of) staff gratuity	5,400	3,200
Provision for depreciation	18,141	11,439
Amortization of software	3,883	3,337
(Profit)/Loss on sale of motor vehicle	-	-
Write off of provisions	(14,775)	-
	714,900	413,089
Operating profit before working capital changes	940,961	686,594
(Increase)/decrease in Leased receivables	(2,364,534)	(2,855,573)
(Increase)/decrease in Hire purchase receivables	694,606	1,140,980
(Increase)/decrease in Factoring receivables	(318,276)	(103,895)
(Increase)/decrease in Pawning receivables	14,775	(71,554)
(Increase)/decrease in Gold loan receivables	(347,905)	-
(Increase)/decrease in Loan receivables	70,408	107,062
(Increase)/decrease in Other assets	(13,181)	(42,455)
Increase/(decrease) in Other payables	177,915	292,004
	(2,086,192)	(1,533,430)
Cash generated from operations	(1,145,231)	(846,836)
Interest paid	(773,114)	(328,243)
Gratuity paid	(3,238)	(334)
Income tax paid	(61,117)	(23,239)
Net cash inflow/(outflow) from operating activities	(1,982,700)	(1,198,652)
Cash flow from investing activities		
Investments in government treasury bonds	(6)	(6)
Purchase of property, plant, equipment & intangible assets	(253,002)	(16,323)
Proceeds from sale of property, plant & equipment	-	-
Net cash inflow/(outflow) from investing activities	(253,008)	(16,329)
Net cash inflow/(outflow) before financing activities	(2,235,708)	(1,214,981)
Cash flow from financing activities		
Net proceeds from long term loans/Securitized assets	(355,499)	2,211,964
Net proceeds from debentures	-	-
Net proceeds from short term borrowings	1,299,794	(1,032,023)
Net proceeds from term deposits	1,565,182	109,591
Dividend paid	-	(31,500)
Net cash inflow/(outflow) from financing activities	2,509,477	1,258,032
Net increase/(decrease) in cash and cash equivalents	273,768	43,051
Cash & cash equivalents at the beginning of the period	568,166	494,419
Cash and cash equivalents at end of the period	841,934	537,469
Analysis of the cash and cash equivalents at the end of the period		
Securities purchased under repurchase agreements	776,971	601,580
Cash and bank balances	180,007	125,039
Bank overdraft	(115,044)	(189,150)
	841,934	537,469

SIYAPATHA FINANCE PLC

SELECTED PERFORMANCE INDICATORS

	As at 30.06.2016	As at 31.12.2015
<u>Capital Adequacy</u>		
Core Capital Ratio(Minimum Requirement -5%)	11.00%	12.25%
Total Risk Weighted Capital Ratio (Minimum Requirement- 10%)	16.24%	18.34%
Capital Funds to Deposit Liabilities Ratio(Minimum Requirement-10%)*	91.92%	222.78%
<u>Profitability</u>		
Return on Average Assets (After Tax)	1.77%	2.87%
Return on Average Shareholders' Funds	17.49%	25.91%
<u>Asset Quality (LKR'000)</u>		
Total Accommodation(Gross)	16,025,640	13,775,020
Non-Performing Accommodation	517,127	304,065
Net Total Accommodation(Net of Allowance for Impairment Losses)	15,756,664	13,529,244
<u>Liquidity (LKR'000)</u>		
Required Minimum Amount of Liquid Assets**	746,812	475,478
Required Minimum Amount of Government Securities***	762,830	590,992
Available Amount of Liquid Assets	925,900	632,165
Available Amount of Government Securities	768,522	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 June 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 June 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 to 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	9,752	33,876	(24,124)
Collective impairment	4.1	17,672	(6,452)	24,124
Other operating expenses	4.2	149,328	147,465	1,863
Crop Insurance Levy	4.2	-	1,863	(1,863)

- 4.1** Following provision/losses amounting to LKR.24.12 Million which was previously classified under "Individual impairment charges" have been re-classified under "Collective impairment charges".

- Losses on sale of repossessed vehicles LKR.23.52 Million
- Interest losses incurred at pawning auctions LKR. 0.28 Million
- Provision for NPA on insurance premium receivables LKR. 0.32 Million

- 4.2** Crop Insurance Levy amounting to LKR.1.86 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.
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 June 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.

INFORMATION ON SHARES

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

	As at 30 June 2016		As at 30 June 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 June 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.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%
		54,124,726	100.00%

Public Holdings

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

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

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 (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

(ii).Interest Rates

	2016		2015	
	Coupon Rate	Effective Rate	Coupon Rate	Effective Rate
Debentures -2014/2019	8.90%	8.90%	8.90%	8.90%

(iii).Interest rate of comparable Government Securities

	30-06-2016	31-12-2015
6 months treasury bill	10.92%	7.43%
1 year treasury bill	11.72%	7.90%
5 year treasury bond	13.30%	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%

(v).Ratios

	30-06-2016	31-12-2015
Debt to Equity Ratio (Times)	4.06	4.42
Interest Cover(Times)	1.34	1.84
Quick Asset Ratio (%)	88.68%	110.25%