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Siyapatha Finance**

*( Finance Company of Sampath Bank Group )*

# **SIYAPATHA FINANCE PLC**

**INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

## STATEMENT OF COMPREHENSIVE INCOME

	For the 9 months ended 30 September		Change %	For the quarter ended 30 September		Change %
	2019 LKR.000	2018 LKR.000		2019 LKR.000	2018 LKR.000	
<b>Gross income</b>	5,847,288	5,095,887	15%	2,080,483	1,796,426	16%
Interest income	5,362,856	4,675,267	15%	1,902,776	1,649,597	15%
Less:Interest expenses	(3,193,575)	(2,667,887)	20%	(1,050,113)	(954,435)	10%
<b>Net interest income</b>	2,169,281	2,007,380	8%	852,663	695,162	23%
Fee and commission income	223,461	213,725	5%	75,163	71,851	5%
Less:Fee and commission expenses	-	(21)	-100%	-	-	0%
<b>Net fee and commission income</b>	223,461	213,704	5%	75,163	71,851	5%
Other operating income	260,971	206,895	26%	102,544	74,978	37%
<b>Total operating income</b>	2,653,713	2,427,979	9%	1,030,370	841,991	22%
Less:Credit loss expense on financial assets and other losses	(881,428)	(553,071)	59%	(330,001)	(248,835)	33%
<b>Net operating income</b>	1,772,285	1,874,908	-5%	700,369	593,156	18%
<b>Less:Operating expenses</b>						
Personnel expenses	(572,537)	(625,315)	-8%	(206,086)	(233,556)	-12%
Depreciation of property,plant & equipment	(42,861)	(39,477)	9%	(15,067)	(13,244)	14%
Amortization of intangible assets	(17,484)	(8,185)	114%	(5,817)	(5,914)	-2%
Other operating expenses	(451,730)	(403,407)	12%	(153,201)	(145,989)	5%
<b>Total operating expenses</b>	(1,084,612)	(1,076,384)	1%	(380,171)	(398,703)	-5%
<b>Operating profit before taxes on financial services</b>	687,673	798,524	-14%	320,198	194,453	65%
Less:Taxes on financial services						
VAT & NBT on financial services	(170,237)	(201,781)	-16%	(73,676)	(59,273)	24%
Debt repayment levy	(86,205)	-	100%	(36,558)	-	100%
<b>Profit before income taxation</b>	431,231	596,743	-28%	209,964	135,180	55%
Less:Income tax expense	(169,249)	(224,878)	-25%	(79,846)	(54,823)	46%
<b>Profit after taxation</b>	261,982	371,865	-30%	130,118	80,357	62%
<b>Other comprehensive income,net of taxes</b>	-	-	-	-	-	-
<b>Total comprehensive income,net of taxes</b>	261,982	371,865	-30%	130,118	80,357	62%
<b>Basic/Diluted earnings per share-(LKR.)</b>	3.60	6.23		1.77	1.26	

**SIYAPATHA FINANCE PLC**  
**STATEMENT OF FINANCIAL POSITION**

As at	30-09-2019 LKR'000	Audited 31-12-2018 LKR'000
<b>Assets</b>		
Cash and bank balances	144,899	191,556
Securities purchased under repurchase agreements	2,306,472	1,768,461
Loans and receivables	35,854,671	33,013,008
Other assets	606,607	489,556
Equity instruments at fair value through other comprehensive income	56	56
Debt instruments at amortised cost	4,428	4,319
Property, plant and equipment	918,150	615,402
Intangible assets	61,922	83,972
<b>Total Assets</b>	<b>39,897,205</b>	<b>36,166,330</b>
<b>Liabilities</b>		
Bank overdraft	417,528	321,821
Due to other customers	13,867,078	9,672,008
Debt issued and other borrowed funds	19,902,023	21,391,367
Other payables	1,280,954	600,736
Current tax liabilities	44,988	149,015
Deferred tax liabilities	530,410	449,603
Retirement benefit obligations	56,339	40,789
<b>Total Liabilities</b>	<b>36,099,320</b>	<b>32,625,339</b>
<b>Equity</b>		
Stated capital	1,379,922	948,666
Share application money pending allotment	-	400,000
Reserves		
Statutory reserve fund	139,000	139,000
Revaluation reserve	107,763	107,763
Retained earnings	2,171,200	1,945,562
<b>Total Equity</b>	<b>3,797,885</b>	<b>3,540,991</b>
<b>Total Liabilities and Equity</b>	<b>39,897,205</b>	<b>36,166,330</b>
Net asset value per share(LKR.)	51.80	55.68
Commitments & contingencies	1,218,030	609,673

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 2019 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)  
Director

(Sgd)  
Director

**SIYAPATHA FINANCE PLC**  
**STATEMENT OF CHANGES IN EQUITY**

**LKR.000**

	<b>Stated Capital</b>	<b>Share Application Money Pending Allotment</b>	<b>Statutory Reserve Fund</b>	<b>Revaluation Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>For the period ended 30 September 2018</b>						
<b>Balance as at 01 January 2018</b>	635,917	-	113,000	56,823	1,672,544	2,478,284
Profit for the period	-	-	-	-	371,865	371,865
Other comprehensive income, net of tax	-	-	-	-	-	-
Transfer to Statutory Reserve Fund	-	-	8,000	-	(8,000)	-
Scrip dividend paid	62,749	-	-	-	(69,721)	(6,972)
Rights issue of shares	250,000	-	-	-	-	250,000
<b>Balance as at 30 September 2018</b>	<u>948,666</u>	<u>-</u>	<u>121,000</u>	<u>56,823</u>	<u>1,966,688</u>	<u>3,093,177</u>
<b>For the period ended 30 September 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	-	-	-	-	261,982	261,982
Other comprehensive income, net of tax	-	-	-	-	-	-
Allotment of shares - Rights Issue	400,000	(400,000)	-	-	-	-
Scrip dividend paid	31,256	-	-	-	(36,344)	(5,088)
<b>Balance as at 30 September 2019</b>	<u>1,379,922</u>	<u>-</u>	<u>139,000</u>	<u>107,763</u>	<u>2,171,199</u>	<u>3,797,884</u>

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

<b>For the period ended 30 September</b>	<b>2019 LKR'000</b>	<b>2018 LKR'000</b>
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	431,231	596,743
Interest expenses	3,193,575	2,667,887
Fee and commission expenses	-	21
Provision for credit losses	881,428	553,071
Provision for staff gratuity	18,750	10,850
Provision for depreciation	42,861	39,477
Amortization of software	17,484	8,185
(Profit)/Loss on sale of motor vehicle	-	(84)
	4,154,098	3,279,407
<b>Operating profit before working capital changes</b>	4,585,329	3,876,150
(Increase)/decrease in lease receivables	(2,990,294)	(5,552,783)
(Increase)/decrease in hire purchase receivables	43,680	180,071
(Increase)/decrease in factoring receivables	263,117	(22,537)
(Increase)/decrease in gold loan receivables	(1,385,508)	(735,866)
(Increase)/decrease in loan receivables	507,779	(212,059)
Increase/(decrease) in due to other customers	4,142,117	364,133
(Increase)/decrease in other assets	(271,930)	(52,658)
Increase/(decrease) in other payables	481,622	164,045
	790,583	(5,867,654)
<b>Cash generated from operating activities</b>	5,375,912	(1,991,504)
Interest expense paid	(2,918,958)	(2,588,684)
Gratuity paid	(3,200)	(1,149)
Income tax paid	(164,915)	(39,761)
Dividend tax paid	(5,088)	(6,972)
<b>Net cash inflow/(outflow) from operating activities</b>	2,283,751	(4,628,070)
<b>Cash flow from investing activities</b>		
Investments in government treasury bonds and government securities	(1,745,491)	(580,966)
Purchase of property, plant, equipment and intangible assets	(345,608)	(153,823)
Proceeds from sale of property, plant and equipment	-	100
<b>Net cash inflow/(outflow) from investing activities</b>	(2,091,099)	(734,689)
<b>Net cash inflow/(outflow) before financing activities</b>	192,652	(5,362,759)
<b>Cash flow from financing activities</b>		
Proceeds from long term loans	3,000,000	7,750,000
Repayments of long term loans	(4,020,398)	(4,473,455)
Proceeds from debentures	1,500,000	-
Debentures redeemed	(1,421,990)	-
Proceeds for rights issue of sharers	-	250,000
Net proceeds from short term borrowings	(600,000)	1,800,000
<b>Net cash inflow/(outflow) from financing activities</b>	(1,542,388)	5,326,545
Net increase/(decrease) in cash and cash equivalents	(1,349,736)	(36,214)
Cash & cash equivalents at the beginning of the period	1,077,107	(92,461)
<b>Cash and cash equivalents as at end of the period</b>	(272,629)	(128,675)
<b>Analysis of the cash and cash equivalents at the end of the period</b>		
Cash and bank balances	144,899	241,393
Bank overdraft	(417,528)	(370,068)
	(272,629)	(128,675)

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

	<b>As at 30.09.2019</b>	<b>As at 31.12.2018</b>
<b><u>Capital Adequacy</u></b>		
Core Capital Ratio(Minimum Requirement -6.5%)	8.64%	9.40%
Total Risk Weighted Capital Ratio (Minimum Requirement- 10.5%)	13.18%	12.21%
Capital Funds to Deposit Liabilities Ratio(Minimum Requirement-10%)*	46.37%	47.77%
<b><u>Profitability</u></b>		
Return on Average Assets (After Tax)	0.90%	1.50%
Return on Average Shareholders' Funds	9.57%	16.84%
<b><u>Asset Quality (LKR'000)</u></b>		
Total Accommodation(Gross)	37,769,350	34,532,955
Non-Performing Accommodation	3,880,162	2,679,866
Net Total Accommodation(Net of allowance for expected credit losses/impairment)	35,854,671	33,013,008
<b><u>Liquidity (LKR'000)</u></b>		
Required Minimum Amount of Liquid Assets**	1,867,222	1,440,739
Required Minimum Amount of Government Securities***	2,254,033	1,717,655
Available Amount of Liquid Assets	2,391,586	1,821,523
Available Amount of Government Securities	2,295,956	1,758,728

**\* 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 2019 & 31 December 2018 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. 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. Sri Lanka Accounting Standard – SLFRS 9 (Financial Instruments)

The Sri Lanka Accounting Standard – SLFRS 9 (Financial Instruments) is effective for financial periods commencing on or after 01 January 2018. However, as permitted by the 'Statement of Alternative Treatment (SoAT)', company has prepared the Interim Financial Statements for the period ended 30 September 2018 based on LKAS 39 (Financial Instruments: Recognition and Measurement). Accordingly, information for the period ended 30 September 2018 does not reflect the requirements of SLFRS 9 and therefore not comparable with the information presented for the period ended 30 September 2019 under SLFRS 9.

3. There are no changes to the accounting policies and methods of computation since the publication of the Audited Financial Statements for the year 2018, except for the Accounting Policies and methods of computation adopted to be in compliance with the requirements of the Sri Lanka Accounting Standard SLFRS – 16 on Leasing, which became effective for Annual Financial periods from January 01, 2019.

4. There are no material changes during the period in the composition of assets, liabilities, contingent liabilities. All known expenditure items have been provided for.

### 5. 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%	651.43 Million	90.90%	Note A
		200.00 Million	31 Oct 2019	200.00 Million	13.33%			
		200.00 Million	31 Dec 2019	200.00 Million	13.33%			
		383.39 Million	31 Oct 2020	383.39 Million	25.57%			
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.651.43 Million. However, the balance LKR.65.18 Million will be utilized by 31 October 2019.

6. The Interim Financial Statements for the period ended 30 September 2019 are drawn up from unaudited financial statements of the Company unless indicated as audited.
7. There have been no material events subsequent to the reporting date, which require adjustments to or disclosures in the interim financial statements.
8. The Shareholders of the Company have approved by way of a special resolution passed on 30 April 2019 to issue up to 9,090,910 ordinary shares for the purpose of increasing the total number of ordinary shares in issue to 72,687,298 through a rights issue of shares in the proportion of One (01) new ordinary share for every existing six decimal Nine Nine Five Six Zero Two (6.995602) shares (1:6.995602) held at an issue price of Rupees Forty Four (LKR44/-) per ordinary share.
9. The dividend of LKR.0.50 per share on 72,687,298 Ordinary shares was approved at the Annual General Meeting held on 28 May 2019. This was paid in the form of scrip dividend and relevant provisions were made in the Financial Statements for the period ended 30 September 2019.
10. The Company issued 15,000,000 listed, rated, unsecured, subordinated redeemable debentures at a par value of LKR.100/-. The debenture issue was opened on 01 August 2019 and closed at 4.30 p.m. on same day (01 August 2019), as the issue was oversubscribed. The date of allotment of the said debenture issue was 08 August 2019.
11. Mr. Jayantha Harischandra Gunawardena was appointed as an Independent, Non-Executive Director to the Board of Directors of the Company with effect from 29 January 2019.
12. Mr. Kothwala Mudiyansele Saman Priyantha Herath, Managing Director relinquished his duties at the end of his contract with effect from 28 February 2019. Accordingly, the Board of Directors resolved to appoint Mr. Hettiveediye Mudiyansele Ananda Seneviratne as the Managing Director with effect from 1 March 2019.
13. Ms. Aroshi Nanayakkara tendered her resignation as an independent, Non Executive Director with effect from 30 May 2019. The required regulatory approval for the aforesaid resignation has been duly obtained from the Central Bank of Sri Lanka by the letter dated 19 June 2019.



## INFORMATION ON SHARES

Stated Capital as at 30 September 2019 was represented by the number of shares in issue as given below.

	As at 30 September 2019		As at 31 December 2018	
	Number	LKR.	Number	LKR.
Ordinary Shares	73,312,409	1,379,921,654/-	63,596,388	948,666,116/-
<b>Total</b>	<b>73,312,409</b>	<b>1,379,921,654/-</b>	<b>63,596,388</b>	<b>948,666,116/-</b>

## SHAREHOLDER INFORMATION

### Shareholders' list as at 30 September 2019

	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).	Ms.AroshiNanayakkara	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 30 September 2019 was 0%.

### Directors'/ CEO's Holding in Shares as at 30 September 2019

Name	Position	No: of Shares
Mr. C.P.Palansuriya	Chairman	01
Dr.H.S.D.Soyasa	Director	01
Mr. W.M.P.L. De Alwis	Director	01
Mr. P.S.Cumaranatunga	Director	01
Mr.Y.S.H.R.S.Silva	Director	01

## INFORMATION ON LISTED DEBENTURES

### (i).Market Values

	Highest (LKR.)		Lowest (LKR.)		Period End (LKR.)	
	2019	2018	2019	2018	2019	2018
Debentures -2014/2019	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
Debentures-2016/2019	100.00	100.50	99.50	99.50	99.50	99.70
Debentures-2016/2021	103.00	Not Traded	103.00	Not Traded	103.00	Not Traded
Debentures-2017/2022	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
Debentures-2019/2024	Not Traded	N/A	Not Traded	N/A	Not Traded	N/A

N/A-Not Applicable

**(ii).Interest Rates**

	2019		2018	
	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%	13.00%	13.00%
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%	N/A	N/A

N/A – Not Applicable

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

	30-09-2019	31-12-2018
6 months treasury bill	7.70%	10.02%
1 year treasury bill	8.22%	11.01%
5 year treasury bond	10.27%	11.56%

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

	2019		2018	
	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%	Not Traded
Debentures Issued-September 2016 3 year Fixed rated(13.00% p.a. payable annually)	13.00%	11.78%	13.00%	13.14%
Debentures Issued-September 2016 5 year Fixed rated(13.50% p.a. payable annually)	13.11%	11.81%	13.50%	Not Traded
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	N/A	N/A

N/A – Not Applicable

**(v).Ratios**

	30-09-2019	31-12-2018
Debt to Equity Ratio (Times)	3.17	3.38
Interest Cover(Times)	1.14	1.23
Quick Asset Ratio (%)	71.49%	88.44%