

Ernst & Young Chartered Accountants 201 De Saram Place P.O. Box 101 Colombo 10 Sri Lanka

: +94 11 2463500 Fax Gen : +94 11 2697369 Tax : +94 11 5578180

eysl@lk.ey.com

ey.com

SPF/TK

Board of Directors Siyapatha Finance PLC No 46/12 "Sayuru Sevana" Nawam Mawatha, Colombo 02.

10 June 2020

# Accountants' Report Sivapatha Finance PLC

Dear Sirs/Mesdames

#### Introduction

This report has been prepared for the purpose of prospectus issued in connection with an initial issue of ten million (10,000,000) Senior Unsecured Listed Redeemable Rated Debentures of the par value of LKR 100/- each to raise Sri Lanka rupees one billion (LKR 1,000,000,000/-) with an option to issue further five million (5,000,000) of said Debentures to raise up to Sri Lanka rupees five hundred million (LKR 500,000,000/-) in the event of an oversubscription of the initial issue and with a further option to issue further five million (5,000,000) of said debentures to raise up to Sri Lanka rupees five hundred million (LKR 500,000,000/-), in the event of an oversubscription of initial issue and second tranche at the discretion of the company. A maximum of twenty million (20,000,000) debentures each with a par value of LKR 100/- to raise maximum of Sri Lanka rupees two billion (LKR 2,000,000,000/-).

We have examined the Financial Statements of Siyapatha Finance PLC (the "Company") for the years ended 31 December 2015 to 31 December 2019, and report as follows.

#### Incorporation 1.

Siyapatha Finance PLC (the "Company"), formerly known as Siyapatha Finance Limited is a domiciled, Public Limited Company incorporated in Sri Lanka on 03 March 2005. The Company was re-registered under the Companies Act No.07 of 2007. It is a Licensed Finance Company under the Finance Business Act No.42 of 2011 and amendments thereto. The debentures of the Company were initially listed on the Colombo Stock Exchange on 31 December 2014.

#### 2. Financial Information

# 2.1 Five-year Summary of Audited Financial Statements

A summary of Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow of the Company for the financial years ended 31 December 2015 to 31 December 2019, based on the audited Financial Statements are out on Annexure 1 of the Accountants' Report.

W.R.H.Fernando F.C.A.F.CMA R.N. de Saram A.C.A.F.CMA Ms. N.A. De Silva F.C.A. Ms. Y.A. De Silva F.C.A. W.R.H.De Silva A.C.A.A.CMA W.K.B.S.P.Fernando F.C.A.F.CMA Ms. K.R.M. Fernando F.C.A. A.C.MA Ms. L.K.H.L.F.Fonseka F.C.A. A.P.A. Gunasekera F.C.A.F.CMA A.H.F.Parta A.C.A.A.CMA Ms. G.G.S. Manatunga F.C.A. F.C.MA Ms. A.A. L.L. De Wijesuriya F.C.A. A.C.MA A.A. L.R. Parta A.C.A. A.C.MA T.P.M. Pubber F.C.MA F.C.A. G.G.S. Manatunga F.C.A. A.C.MA T.P.M. Pubber F.C.MA F.C.A. G.G.S. Manatunga F.C.A. A.C.MA T.P.M. Pubber F.C.MA F.C.A. F.C.C.A. T.P.M. Pubber F.C.MA F.C



# 2.2 Audited Financial Statements for the Year Ended 31 December 2019

Our audit report on the Financial Statements of the Company for the year ended 31 December 2019 together with such Financial Statements comprising the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow along with the accounting policies and notes thereon is available on the websites of CSE, www.cse.lk, where the management is responsible for the electronic presentation of the financial report and to ensure the electronic version of the audited financial report and the auditor's report on the website is identical to the final signed hard copy version.

### 2.3 Audit Reports

We have audited the Financial Statements of the Company for the years ended 31 December 2015 to 31 December 2019. Unmodified audit opinions have been issued for the said financial years by our reports dated 15 February 2016, 07 February 2017, 20 February 2018, 26 February 2019 and 12 February 2020 respectively.

## 2.4 Accounting Policies

The Financial Statements of the Company for the years ended 31 December 2015 to 31 December 2019 comply with Sri Lanka Accounting Standards.

The accounting policies of the Company are stated in detail in the audited Financial Statements of Siyapatha Finance PLC for the year ended 31 December 2019 and changes in the accounting policies of the Company from 31 December 2015 to 31 December 2019 are given below.

The Company has adopted SLFRS 9 - Financial Instruments, SLFRS 7 (Revised) - Financial Instruments Disclosures, SLFRS 15 - Revenue from Contracts with Customers, effective for annual periods beginning on or after 01 January 2018, and SLFRS 16 - Leases, IFRIC 23 - Uncertainty over Income Tax Treatment, effective for annual periods beginning on or after 01 January 2019 for the first time.

#### 2.5 Dividends

The Company has declared dividend during the years ended 31 December 2015 to 31 December 2019 as follows.

(Rs.000)	(Rs.)	method
57.750	1.10	Scrip dividend
	1.21	Scrip dividend
		Scrip dividend
		Scrip dividend
		Scrip dividend
	57,750 65,491 69,721 36,343 142,959	65,491 1.21 69,721 1.25 36,343 0.50



(Contd...3/)



## 2.6 Events after Reporting Date

There were no significant events occurred after the last audit report date except COVID-19 pandemic related disclosure mentioned in the section 5.2 of the prospectus.

### 3. Restriction on Use

This report is made solely for the purpose of the Board of Directors of Siyapatha Finance PLC in usage in the application for the purpose of an initial issue of ten million (10,000,000) Senior Unsecured Listed Redeemable Rated Debentures of the par value of LKR 100/- each to raise Sri Lanka rupees one billion (LKR 1,000,000,000/-) with an option to issue further five million (5,000,000) of said Debentures to raise up to Sri Lanka rupees five hundred million (LKR 500,000,000/-) in the event of an oversubscription of the initial issue and with a further option to issue further five million (5,000,000) of said debentures to raise up to Sri Lanka rupees five hundred million (LKR 500,000,000/-), in the event of an oversubscription of initial issue and second tranche at the discretion of the company. A maximum of twenty million (20,000,000) debentures each with a par value of LKR 100/- to raise maximum of Sri Lanka rupees two billion (LKR 2,000,000,000/-).

Yours faithfully,

Emmut

& Janny



Year ended 31 December	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000
Interest income	7,229,612	6,395,898	4,599,470	2,838,995	1,973,921
Less: Interest expenses	(4,230,657)	(3,680,060)	(2,764,290)	(1,620,783)	(824,699)
Net interest income	2,998,955	2,715,838	1,835,180	1,218,212	1,149,222
Fee and commission income	311,765	278,637	243,899	139,442	86,385
Less: Fee and commission expenses	-	(21)	(680)	(2,139)	(6,252)
Net fee and commission income	311,765	278,616	243,219	137,303	80,133
Other operating income	378,528	288,844	222,685	175,471	152,182
Total operating income	3,689,248	3,283,298	2,301,084	1,530,986	1,381,537
Less:Credit loss expense on financial assets and other losses	(1,050,938)	(829,751)	(236,744)	(79,189)	(49,275)
Net operating income	2,638,310	2,453,547	2,064,340	1,451,797	1,332,262
Less: Operating expenses					
Personnel expenses	(777,688)	(733,266)	(611,373)	(439,718)	(329,553)
Other operating expenses	(655,723)	(595,233)	(436,917)	(368,393)	(350,251)
Operating profit before taxes on financial services	1,204,899	1,125,048	1,016,050	643,686	652,458
Less: Taxes on financial services	(406,369)	(291,259)	(230,810)	(128,500)	(93,305)
Profit before income tax	798,530	833,789	785,240	515,186	559,153
Less: Income tax expense	(318,336)	(317,268)	(286,378)	(187,904)	(174,629)
Profit for the year	480,194	516,521	498,862	327,282	384,524
Paris/Diluted couries a result of Paris		2.12			
Basic/Diluted earnings per share (Rs.)	6.83	8.43	8.70	6.14	7.32
Dividend per share (Rs.)	0.50	1.25	1.21	1.10	0.60

Above summarized financial information and its extraction from the Audited Financial Statements, Signed for and on behalf of the Management by,

Managing Director

SIYAPATHA	FINANCE PLC
STATEMENT	OF FINANCIAL POSITION

Annexure I(Contd.)

As at 31 December	2017 Rs. '000	2016 Rs. '000	2015 Rs. '000
Assets			
Cash and bank balances	297,858	169,333	130,070
Placements with banks	65,699		.50,070
Securities purchased under repurchase agreements	1,200,981	777,438	601,679
Factoring receivables	1,899,702	1,979,243	1,157,136
Gold loan receivables	2,563,352	1,768,922	770,839
Loan receivables	2,724,776	743,740	286,968
Lease receivables	19,873,470	13,851,890	9,230,730
Hire purchase receivables	252,000	837,560	2,083,571
Other assets	464,986	291,648	234,417
Financial instruments- available for sale	56	56	56
Financial investments held to maturity	4,303	4,288	4,274
Property, plant & equipment	455,140	358,131	124,697
Intangible assets	8,257	8,489	14,889
Total Assets	29,810,580	20,790,738	14,639,326
Liabilities			
Bank overdraft	456,018	460,494	163,583
Due to other customers	9,333,622	3,362,662	1,233,041
Debt issued and other borrowed funds	16,310,778	14,187,266	10,925,421
Other payables	775,445	595,597	508,921
Current tax liabilities	91,800	61,257	75,663
Deferred taxation liability	331,469	170,088	102,306
Retirement benefit obligations	33,163	23,013	19,259
Total Liabilities	27,332,295	18,860,377	13,028,194
Equity			
Stated capital	635,917	576,975	525 000
Statutory reserve fund	113,000	86,422	525,000
Revaluation reserve	56,823	00,422	70,059
Retained earnings	1,672,545		1.01/.073
Total Equity	2,478,285	1,266,964	1,016,073
Total Liabilities and Equity	29,810,580	1,930,361 20,790,738	1,611,132
Net asset value per share (Rs.)			
Commitments and contingencies	44.43 772,657	35.67 1,045,384	30.69 558,986

Above summarized financial information and its extraction from the Audited Financial Statements, Signed for and on behalf of the Management by,

Managing Director

As at 31 December	2019 Rs. '000	2018 Rs. '000
	KS. 000	Ks. 000
Assets		
Cash and bank balances	273,429	191,556
Securities purchased under repurchase agreements	2,304,392	1,768,461
Factoring receivables	655,141	1,332,310
Gold loan receivables	5,011,268	3,548,666
Loan receivables	1,533,713	2,481,575
Lease receivables	29,023,194	25,601,932
Hire purchase receivables	3,437	48,525
Other assets	653,710	489,556
Equity instruments at fair value through other comprehensive income	56	56
Debt instruments at amortised cost	15,301	4,319
Property, plant & equipment	1,013,625	615,402
Right-of-use assets	403,653	
Intangible assets	56,426	83,972
Total Assets	40,947,345	36,166,330
Liabilities		
Bank overdraft	361,586	221 921
Due to other customers	13,221,026	321,821 9,672,008
Debt issued and other borrowed funds	21,342,227	21,391,367
Other payables	1,301,543	600,736
Current tax liabilities	407,066	149,015
Deferred tax liabilities	230,107	449,603
Retirement benefit obligations	67,965	40,789
Total Liabilities	36,931,520	32,625,339
***************************************	30,731,320	32,023,337
Equity		
Stated capital	1,379,922	948,666
Share application money pending allotment	-	400,000
Statutory reserve fund	164,000	139,000
Revaluation reserve	117,951	107,763
Retained earnings	2,353,952	1,945,562
Total Equity	4,015,825	3,540,991
Total Liabilities and Equity	40,947,345	36,166,330
	-	
Net asset value per share (Rs.)	54.78	55.68
Commitments and contingencies	728,983	697,121

Above summarized financial information and its extraction from the Audited Financial Statements, Signed for and on behalf of the Management by,

Managing Director

COLOMBO

	Stated Capital	Share Application Money Pending Allotment	Statutory Reserve Fund	Revaluation Reserve	Retained Earnings	Total **
Balance as at 31 December 2014	<b>Rs'000</b> 525,000	Rs'000	<b>Rs'000</b> 50,832	Rs'000	<b>Rs'000</b> 735,813	<b>Rs'000</b> 1,311,645
Super Gain Tax	-	*			(51,558)	(51,558)
Net profit for the year	-		-	1=1	384,524	384,524
Other comprehensive income			-	14	(1,979)	(1,979)
Transfer to Statutory Reserve Fund	-	-	19,227	-	(19,227)	- ,
Dividend paid	-	* <u>-</u> :	3€	v )=	(31,500)	(31,500)
Balance as at 31 December 2015	525,000	-	70,059	-	1,016,073	1,611,132
Net profit for the year		÷	*		327,282	327,282
Other comprehensive income	-	s -			(2,279)	(2,279)
Transfer to Statutory Reserve Fund	-	-	16,363		(16,363)	121
Dividend paid	51,975			<u> </u>	(57,750)	(5,775)
Balance as at 31 December 2016	576,975	**	86,422	9	1,266,963	1,930,360
Profit for the year	Ξ	*	4.		498,862	498,862
Other comprehensive income,net of tax	-	-		56,823	(1,212)	55,611
Transfer to Statutory Reserve Fund	/表/		26,578	(in)	(26,578)	
Scrip Dividend paid	58,942				(65,491)	(6,549)
Balance as at 31 December 2017	635,917	-	113,000	56,823	1,672,544	2,478,284
Impact of adopting SLFRS 9 as at 1 January 2018		_		-	(149,435)	(149,435)
Restated balance under SLFRS 9 as at 1 January 2018	635,917	•	113,000	56,823	1,523,109	2,328,849
Profit for the year	1 -	1.e.	·-	•	516,521	516,521
Other comprehensive income,net of tax	-	18	-	50,940	1,652	52,592
Transfer to Statutory Reserve Fund	1-	-	26,000	1.7	(26,000)	-
Scrip Dividend paid	62,749	•	÷	:9	(69,721)	(6,972)
Rights issue of shares	250,000	7 = =	-	•	-	250,000
Share application money pending allotment	-	400,000		-	÷	400,000
Balance as at 31 December 2018	948,666	400,000	139,000	107,763	1,945,561	3,540,990
Profit for the year	=	-	-		480,194	480,194
Other comprehensive income,net of tax	-	-	9	10,188	(10,460)	(272)
Transfer to Statutory Reserve Fund	8	w:	25,000		(25,000)	*
Scrip Dividend paid	31,256	-	÷.	8	(36,344)	(5,088)
Rights issue of shares	400,000	(400,000)			-	
Balance as at 31 December 2019	1,379,922	-	164,000	117,951	2,353,951	4,015,824

Above summarized financial information and its extraction from the Audited Financial Statements, Signed for and on behalf of the Management by,

Managing Director



# SIYAPATHA FINANCE PLC STATEMENT OF CASH FLOWS

Profit before taxation from operations	Cash flows from operating activities	2019 Rs. '000	2018 Rs. '000	2017 Rs. '000
Five & continisision expenses         1,05,0938         20,761         236,744           Credit loss expense on financial assets         1,05,0938         829,751         236,744           Provision for depreciation         \$8,116         52,462         49,839           Amoritation of software         23,273         14,023         6,224           (Profit)Loss on sale of motor vehicles         9,21,562         (1755)         1,723           Write off of provisions         4,457,706         4,587,602         3,580,409           Operating profit before working capital changes         5,256,236         5,421,081         3,880,409           (Increase)/Decrease in lace receivables         7,011         209,273         586,489           (Increase)/Decrease in lace proceivables         7,011         209,273         586,489           (Increase)/Decrease in lace proceivables         7,011         209,273         586,489           (Increase)/Decrease in lace to other customers         3,212,525         291,010         5,751,243           (Increase)/Decrease in do no receivables         3,312,535         3,168         2,014,570           (Increase)/Decrease in other customers         3,212,525         29,101         5,751,243           (Increase)/Decrease in other customers         3,212,525         29,101<	Profit before taxation from operations	798,530	833,789	785,240
Pee & commission expenses	Interest expenses	4,230,657	3,680,060	2,764,290
Creatil Loss expense on financial assets   1,000,938   829,751   205,745   Provision for depreciation   16,084   11,921   9,175   Provision for depreciation   38,116   52,426   49,839   Amortisation of software   23,23,273   14,023   62,24   10,730   10	·	-		680
Provision for staff gratuity	and the second of the second o	1,050,938	829,751	236,744
Provision for depreciation		16,084	11,921	9,175
Amortisation of software   72,3273   14,023   6,224   17,025   1		58,116	52,426	49,839
Profit   Jussian of motor vehicles   (021,625) (173)		23,273	14,023	6,224
Write off of provisions         (2013/50)         (175)         2.06,222         3.06,229           Operating profit before working capital changes         5,256,236         5,21,051         3,850,469           (Increase)/Decrease in lease receivables         77,011         209,723         586,848           (Increase)/Decrease in hire purchase receivables         904,744         99,65         10,685           (Increase)/Decrease in gold loan receivables         90,006         31,681         2,014,789           (Increase)/Decrease in inde to other customers         3,212,525         291,101         1,79,721           (Increase)/Decrease in other assets         887,089         55,001         1,79,721           (Increase)/Decrease in other payales         834,667         2,902,20         12,516           (Increase)/Decrease in other assets         837,008         (5,009,503)         2,668,209           (Increase)/Decrease in other assets         834,667         2,902,20         1,152,201           (Increase)/Decrease in other assets         3,915,904         3,605,669         2,514,237           (Increase)/Decrease in other assets         3,915,904         3,605,669         2,514,237           (Increase)/Decrease in other assets         3,915,904         3,605,669         2,514,237           (Increase)/Decr		-	(765)	(1,723)
Operating profit before working capital changes         4,457,706         4,857,202         3,005,229           (Increase)/Decrease in lease receivables (Increase)/Decrease in line purchase receivables (Increase)/Decrease in fine purchase receivables (Increase)/Decrease in factoring receivables (Increase)/Decrease in factoring receivables (Increase)/Decrease in factoring receivables (Increase)/Decrease in factoring receivables (Increase)/Decrease in loan receivables (Increase)/Decrease in loan receivables (Increase)/Decrease in other assets (S87,089) (55,049) (179,752), 175,124 (Increase)/Decrease) in due to other customers (Increase)/Decrease) in other assets (S87,089) (55,049) (179,752), 175,124 (Increase)/Decrease) in other payables (S87,089) (55,049) (179,752), 175,124 (Increase)/Decrease) in other payables (S87,089) (55,049) (179,752), 175,124 (Increase)/Decrease) in other payables (S87,089) (179,752), 175,124 (Increase)/Decrease (S87,089) (179,752), 175,124 (Increase)/Decrease (S87,089) (179,752), 175,124 (Increase)/Decrease (S87,089) (179,752), 175,124 (Increase)/Decrease (S87,089) (Inc		(921,362)	(175)	
(Increase) Decrease in lease receivables		4,457,706	4,587,262	3,065,229
(Increase)/Decrease in hire purchase receivables         77,011         209,723         586,489           (Increase)/Decrease in factoring receivables         904,744         99,765         10,685           (Increase)/Decrease in factoring receivables         590,036         31,681         (2,014,570)           (Increase)/Decrease in outer customers         3,212,252         591,011         575,1243           (Increase)/Decrease in other assets         (587,089)         55,049)         (179,752)           (Increase)/Decrease in other payables         834,067         (239,020)         122,516           Increase/(Decrease) in other payables         72,044         (6,709,503)         2,668,269           Cash generated from operating activities         (331,5904)         (3,005,669)         2,514,227           Gratuity paid         (3,343)         (2,000)         (708)           Increase xpense paid         (3,343)         (2,000)         (708)           Increase tax paid         (3,343)         (2,000)         (708)           Increase tax paid         (3,343)         (2,000)         (708)           Increase payameter from operating activities         (1,165,614)         (4,942,834)         (1,930,94)           Net cash outflow from investing activities         (1,754,282)         639,873	Operating profit before working capital changes	5,256,236	5,421,051	3,850,469
Cancerase)   Decrease in hire purchase receivables   904,744   997,65   10,86   10,8	(Increase)/Decrease in lease receivables	(3,497,636)	(6,071,416)	(6,143,152)
Carcases/Decrease in factoring receivables   904,744   99,765   10,885     Carcases/Decrease in gold loan receivables   1,461,614   97,605   10,728     Carcases/Decrease in loan receivables   590,036   31,681   2,014,570     Carcases/Decrease in loan receivables   587,089   50,504   17,724     Carcases/Decrease in loan receivables   583,089   52,504   17,728     Carcases/Decrease in other nascets   583,089   62,302   122,516     Carcases/Decrease in inder nascets   583,089   72,044   6,709,503   2,668,269     Cash generated from operating activities   532,828   1,288,452   1,182,200     Cash generated from operating activities   3,315,904   3,656,669   2,514,237     Carcatuity paid   3,434   2,000   70,88     Dividend tax paid   5,888   6,972   6,549     Dividend tax paid   5,888   6,972   6,549     Dividend tax paid   5,888   6,972   6,549     Net cash outflow from operating activities   1,165,614   4,942,834   1,398,043     Purchase of property, plant and equipment activities   1,165,614   4,942,834   1,398,043     Purchase of property, plant and equipment activities   1,165,614   4,543,893   4,680,000     Purchase of property, plant and equipment   2,170,208   408,961   1,254,000     Purchase of property, plant and equipment   2,170,208   408,961   1,254,000     Purchase of property, plant and equipment   5,455,411   5,821,339   3,757,504     Purchase of property, plant and equipment   5,455,411   5,821,339   3,757,504     Purchase of property, plant and equipment   5,455,411   5,821,339   3,757,504     Proceeds from loans   5,455,411   5,821,339   5,705,000     Repayments of long lorg term loans   5,455,411   5,821,339   5,705,000     Proceeds from rights issue   5,455,411   5,821,339   5,705,000     Proceeds from rights issue   5,455,411   5,821,339   5,705,000     Proceeds from right iss		77,011		
(1,461,614   976,106   801,728     (Increase)/Decrease in loan receivables   590,036   31,618   2,014,570     (Increase)/Decrease in loan receivables   53,212,525   291,101   5,751,243     (Increase)/Decrease in due to other customers   3,212,525   291,101   5,751,243     (Increase)/Decrease in other assets   587,089   55,049   179,752     (Increase)/Decrease in other payables   834,667   (239,202)   122,516     (Increase)/Decrease in other payables   53,282,800   (128,8452   1,182,000     (Increase)/Decrease in other payables   53,282,800   (128,8452   1,182,000     (Increase)/Decrease paid   3,915,904   36,05,669   (2,514,237)     (Increase)/Decrease paid   3,915,904   36,05,669   (2,514,237)     (Increase)/Decrease paid   3,915,904   30,761   36,749     (Increase)/Decrease paid   3,916   3,937   3,9761   3,9761     (Increase)/Decrease paid   3,916   3,9761   3,9761   3,9761     (Increase)/Decrease paid   3,916   3,916   3,917   3,918     (Increase)/Decrease paid   3,916   3,917   3,918		904,744	99,765	
Increase/Decrease in loan receivables   590,036   31,681   (2,014,70)     Increase/Cerease) in due to other customers   3,212,525   291,101   5,751,243     Increase/Cerease) in other assetts   687,089   (55,049)   (179,752)     Increase/Cerease) in other payables   72,044   (6,079,503)   (2,668,269)     Increase/Cerease) in other payables   72,044   (7,078,079,079,079,079,079,079,079,079,079,079		(1,461,614)		
Clarrease/  Decrease in other assets   Clarrease/  Decrease in other payables   Ray   Clay   Clay				
Cash generated from operating activities   Sash operation   Sash operati	Increase/(Decrease) in due to other customers	3,212,525		
Proceeds from sale of property, plant and equipment and intangible assets of property plant and equipment asset in government securities (2,170,208) (4,533,893) (1,125,609) (1,265,009) (				
Interest expense paid   (3,915,904)   (3,605,669)   (2,514,237)     Gratuity paid   (3,434)   (2,000)   (708)     Income tax paid   (238,240)   (3,9761)   (58,749)     Dividend tax paid   (5,088)   (6,972)   (6,549)     Net cash outflow from operating activities   (1,165,614   (4,942,854)   (1,398,043)     Purchase of property, plant and equipment and intangible assets   (1,754,282)   (231,693)   (74,444)     Proceeds from sale of property, plant and equipment   (1,004,594)   (4,533,893)   (2,663,135)     Net cash outflow before financing activities   (1,004,594)   (4,533,893)   (2,663,135)     Net cash outflow before financing activities   (1,004,594)   (4,533,893)   (3,757,504)     Proceeds from long term loans   (3,455,411)   (5,821,539)   (3,775,504)     Proceeds from long term loans   (5,455,411)   (5,821,539)   (3,775,504)     Proceeds from long term loans   (2,421,990)   (2,500,000)   (2,500,000)     Debentures redeemed   (2,421,990)   (2,500,000)   (2,500,000)   (2,500,000)     Poblemures redeemed   (2,421,990)   (2,500,000)	Increase/(Decrease) in other payables			
Interest expense paid   (3,915,904)   (3,605,669)   (2,514,237)   (3,605,669)   (708)   (3,434)   (2,000)   (708)   (3,434)   (2,000)   (708)   (3,434)   (2,000)   (3,605,669)   (3,674)   (3,674)   (3,688)   (3,674)   (3,674)   (3,688)   (6,972)   (5,549)   (5,688)   (6,972)   (5,549)   (7,688)   (6,972)   (6,549)   (7,688				
Gratuity paid         (3,434)         (2,000)         (708)           Income tax paid         (238,240)         (3,764)         (58,749)           Dividend tax paid         (5,088)         (6,972)         (6,549)           Net cash outflow from operating activities         1,165,614         (4,942,854)         (1,398,043)           Net investments in government bonds & government securities         (1,754,282)         639,873         (1,192,896)           Purchase of property, plant and equipment and intangible assets         (415,926)         (231,693)         (74,444)           Proceeds from sale of property, plant and equipment         2,170,208         408,961         1,2248           Net cash outflow before financing activities         (1,004,594)         (4,533,893)         (2,663,135)           Net cash outflow before financing activities         (1,004,594)         (4,533,893)         (2,663,135)           Cash flow from financing activities         (1,004,594)         (4,533,893)         (2,663,135)           Repayments of long long term loans         (5,455,411)         (5,821,539)         (3,757,504)           Proceeds from long term loans         (5,455,411)         (5,821,539)         (3,757,504)           Proceeds from long term loans         (5,455,411)         (5,821,539)         (3,757,504)	Cash generated from operating activities	5,328,280	(1,288,452)	1,182,200
Gratuity paid Income tax paid 1 (238,240) (39,761) (58,749)         Cyss, (6,982) (6,972) (58,749)           Dividend tax paid (5,088) (6,972) (6,549)         (58,749)           Net cash outflow from operating activities         1,165,614 (4,942,854) (1,398,043)           Cash flow from investing activities         (1,754,282) (33,693) (74,444)           Purchase of property, plant and equipment and intangible assets (415,926) (231,693) (74,444)         (23,702,088) (48,961) (1,265,092)           Proceeds from sale of property, plant and equipment and equipment and equipment (5,270,008) (48,33,893) (2,663,135)         (2,170,208) (48,961) (1,265,092)           Net cash outflow before financing activities         (1,004,594) (4,533,893) (2,663,135)           Cash flow from financing activities         (1,004,594) (4,533,893) (2,663,135)           Cash flow from financing activities         (1,004,594) (4,533,893) (2,663,135)           Proceeds from long term loans         (5,455,411) (5,821,539) (3,757,504)           Repayments of long long term loans         (5,455,411) (5,821,539) (3,757,504)           Proceeds from debentures         (2,21,990) (2,21,000)           Debentures redeemed         (2,421,990) (2,22,000) (2,20,000)           Proceeds from ights issue         (3,50,000) (2,52,000) (2,50,000)           Share application money pending allotment         (3,000) (3,25,500) (2,50,000) (2,50,000)           Net proceeds from ight portion of lease liabilities	Interest expense paid	(3,915,904)	(3,605,669)	(2,514,237)
Income tax paid   (238,240)   (39,761)   (58,749)   (50,749)   (			(2,000)	(708)
Dividend tax paid   (5,088)   (6,972)   (6,549)     Net cash outflow from operating activities   (1,165,614   (4,942,854)   (1,398,043)     Purchase of property, plant and equipment and intangible assets   (1,754,282)   (339,873   (1,192,896)     Purchase of property, plant and equipment and intangible assets   (415,926)   (231,693)   (74,444)     Proceeds from sale of property, plant and equipment   (2,170,208)   408,961   (1,265,092)     Net cash outflow before financing activities   (1,004,594)   (4,533,893)   (2,663,135)     Proceeds from long term loans   (6,000,000   8,350,000   5,075,000     Repayments of long long term loans   (5,455,411)   (5,821,539)   (3,757,504)     Proceeds from debentures   (2,421,990)   - (2		(238,240)	(39,761)	(58,749)
Net cash now from investing activities         1,165,614         (4,942,834)         (1,398,043)           Cash flow from investing activities         (1,754,282)         639,873         (1,192,896)           Purchase of property, plant and equipment and intangible assets         (415,926)         (231,693)         (74,444)           Proceeds from sale of property, plant and equipment         - 781         2,248           Net cash inflow/(outflow) from investing activities         (2,170,208)         408,961         (1,265,092)           Net cash outflow before financing activities         (1,004,594)         (4,533,893)         (2,663,135)           Cash flow from financing activities         (0,000,000)         8,350,000         5,075,000           Proceeds from long term loans         (5,455,411)         (5,821,539)         (3,757,504)           Repayments of long long term loans         (5,455,411)         (5,821,539)         (3,757,504)           Proceeds from debentures         (2,421,990)         -         -           Proceeds from rights issue         - 250,000         -           Share application money pending allotment         - 400,000         -           Net cash inflow from financing activities         (133,258)          -           Net cash inflow from financing activities         (1,65,253)		(5,088)	(6,972)	
Net investments in government bonds & government securities         (1,754,282)         639,873         (1,192,896)           Purchase of property, plant and equipment and intangible assets         (415,926)         (231,693)         (74,444)           Proceeds from sale of property, plant and equipment         - 781         2,248           Net cash inflow/(outflow) from investing activities         (2,170,208)         408,961         (1,265,092)           Net cash outflow before financing activities         (1,004,594)         (4,533,893)         (2,663,135)           Cash flow from financing activities         6,000,000         8,350,000         5,075,000           Repayments of long long term loans         (5,455,411)         (5,821,539)         (3,757,504)           Proceeds from debentures         1,500,000         -         1,000,000           Debentures redeemed         (2,421,990)         -         -           Proceeds from rights issue         -         250,000         -           Share application money pending allotment         350,000         2,525,000         (225,000)           Net proceeds from short term borrowings         350,000         2,525,000         (225,000)           Repayment of principal portion of lease liabilities         (133,258)         -         -           Net cash inflow from financing a	5	1,165,614	(4,942,854)	(1,398,043)
Net increases of property, plant and equipment and intangible assets         (415,926)         (231,693)         (74,444)           Proceeds from sale of property, plant and equipment         -         781         2,248           Net cash inflow/(outflow) from investing activities         (2,170,208)         408,961         (1,265,092)           Net cash outflow before financing activities         (1,004,594)         (4,533,893)         (2,663,135)           Cash flow from financing activities         6,000,000         8,350,000         5,075,000           Proceeds from logn term loans         (5,455,411)         (5,821,539)         (3,757,504)           Repayments of long long term loans         (5,455,411)         (5,821,539)         (3,757,504)           Proceeds from debentures         1,500,000         -         1,000,000           Debentures redeemed         (2,421,990)         -         -           Proceeds from rights issue         -         250,000         -           Share application money pending allotment         -         400,000         -           Net proceeds from short term borrowings         350,000         2,525,000         (225,000)           Repayment of principal portion of lease liabilities         (133,258)         -         -           Net increase/(decrease) in cash and cash equivalents	Cash flow from investing activities			
Proceeds from sale of property, plant and equipment         -         781         2,248           Net cash inflow/(outflow) from investing activities         (2,170,208)         408,961         (1,265,092)           Net cash outflow before financing activities         (1,004,594)         (4,533,893)         (2,663,135)           Cash flow from financing activities         6,000,000         8,350,000         5,075,000           Repayments of long long term loans         (5,455,411)         (5,821,539)         (3,757,504)           Proceeds from debentures         1,500,000         -         1,000,000           Debentures redeemed         (2421,990)         -         1           Proceeds from rights issue         2         250,000         -           Proceeds from short term borrowings         350,000         2,525,000         -           Net proceeds from short term borrowings         350,000         2,525,000         -           Repayment of principal portion of lease liabilities         (133,258)         -         -           Net cash inflow from financing activities         (160,659)         5,703,461         2,092,496           Net increase/(decrease) in cash and cash equivalents         (1,165,253)         1,169,568         (570,639)           Cash and cash equivalents as at end of the year         (	Net investments in government bonds & government securities			N N 152 STA
Proceeds from long term loans         (2,170,208)         408,961         (1,265,092)           Net cash inflow/(outflow) from investing activities         (1,004,594)         (4,533,893)         (2,663,135)           Cash flow from financing activities         (5,000,000)         8,350,000         5,075,000           Repayments of long long term loans         (5,455,411)         (5,821,539)         (3,757,504)           Proceeds from debentures         (1,500,000)         -         1,000,000           Debentures redeemed         (2,421,990)         -         -           Proceeds from rights issue         -         250,000         -           Proceeds from short term borrowings         350,000         2,525,000         -           Net proceeds from short term borrowings         350,000         2,525,000         -           Repayment of principal portion of lease liabilities         (133,258)         -         -           Net cash inflow from financing activities         (160,659)         5,703,461         2,092,496           Net increase/(decrease) in cash and cash equivalents         (1,165,253)         1,169,568         (570,639)           Cash & cash equivalents as at the beginning of the year         (88,146)         1,077,107         (92,461)         478,178           Cash and bank balances	Purchase of property, plant and equipment and intangible assets	(415,926)		
Net cash outflow before financing activities         (1,004,594)         (4,533,893)         (2,663,135)           Cash flow from financing activities         6,000,000         8,350,000         5,075,000           Proceeds from long term loans         (5,455,411)         (5,821,539)         (3,757,504)           Proceeds from debentures         1,500,000         -         1,000,000           Proceeds from rights issue         -         250,000         -           Share application money pending allotment         -         400,000         -           Net proceeds from short term borrowings         350,000         2,525,000         -           Repayment of principal portion of lease liabilities         (133,258)         -         -         -           Net cash inflow from financing activities         (160,659)         5,703,461         2,092,496           Net increase/(decrease) in cash and cash equivalents         (1,165,253)         1,169,568         (570,639)           Cash & cash equivalents as at the beginning of the year         (88,146)         1,077,107         (92,461)           Analysis of the cash and cash equivalents at the end of the year         (88,146)         1,077,107         (92,461)           Cash and bank balances         273,440         191,559         297,858           Placements wi	Proceeds from sale of property, plant and equipment	-		
Cash flow from financing activities           Proceeds from long term loans         6,000,000         8,350,000         5,075,000           Repayments of long long term loans         (5,455,411)         (5,821,539)         (3,757,504)           Proceeds from debentures         1,500,000         -         1,000,000           Debentures redeemed         (2,421,990)         -         -           Proceeds from rights issue         -         250,000         -           Share application money pending allotment         -         400,000         -           Net proceeds from short term borrowings         350,000         2,525,000         (225,000)           Repayment of principal portion of lease liabilities         (133,258)         -         -           Net cash inflow from financing activities         (160,659)         5,703,461         2,092,496           Net increase/(decrease) in cash and cash equivalents         (1,165,253)         1,169,568         (570,639)           Cash & cash equivalents as at the beginning of the year         (88,146)         1,077,107         (92,461)           Analysis of the cash and cash equivalents at the end of the year         (88,146)         1,077,107         (92,461)           Cash and bank balances         273,440         191,559         297,858 <tr< td=""><td>Net cash inflow/(outflow) from investing activities</td><td>Tuel train of appropria</td><td></td><td></td></tr<>	Net cash inflow/(outflow) from investing activities	Tuel train of appropria		
Proceeds from long term loans         6,000,000         8,350,000         5,075,000           Repayments of long long term loans         (5,455,411)         (5,821,539)         (3,757,504)           Proceeds from debentures         1,500,000         -         1,000,000           Debentures redeemed         (2,421,990)         -         -           Proceeds from rights issue         -         250,000         -           Share application money pending allotment         -         400,000         -           Net proceeds from short term borrowings         350,000         2,525,000         (225,000)           Repayment of principal portion of lease liabilities         (133,258)         -         -         -           Net cash inflow from financing activities         (160,659)         5,703,461         2,092,496           Net increase/(decrease) in cash and cash equivalents         (1,165,253)         1,169,568         (570,639)           Cash & cash equivalents as at the beginning of the year         (88,146)         1,077,107         (92,461)         478,178           Cash and bank balances         273,440         191,559         297,858           Placements with banks less than three months         -         -         65,699           Securities purchased under repurchase agreements less than thre		(1,004,594)	(4,533,893)	(2,663,135)
Repayments of long long term loans		6 000 000	8 350 000	5 075 000
Proceeds from debentures   1,500,000   - 1,000,000				
Debentures redeemed   (2,421,990)   -   -   -			(3,021,337)	
Proceeds from rights issue  Share application money pending allotment  Net proceeds from short term borrowings  Repayment of principal portion of lease liabilities  Net cash inflow from financing activities  Net increase/(decrease) in cash and cash equivalents  Cash & cash equivalents as at the beginning of the year  Cash and cash equivalents as at the beginning of the year  Cash and cash equivalents as at end of the year  Cash and bank balances  Placements with banks less than three months  Securities purchased under repurchase agreements less than three months  Bank overdraft  (361,586)  (321,821)  (456,018)			_	•
Share application money pending allotment   - 400,000   - 2,525,000   (225,000)		(2,121,220)	250,000	-
Net proceeds from short term borrowings   350,000   2,525,000   (225,000)				-
Net proceeds in short term bornerings   Cash and cash inflow from financing activities   Cash and cash equivalents   Cash and cash equivalents   Cash and cash equivalents as at the beginning of the year   Cash and cash equivalents as at end of the year   Cash and cash equivalents as at end of the year   Cash and bank balances   Cash and bank balan				(225,000)
Net cash inflow from financing activities         (160,659)         5,703,461         2,092,496           Net increase/(decrease) in cash and cash equivalents         (1,165,253)         1,169,568         (570,639)           Cash & cash equivalents as at the beginning of the year         1,077,107         (92,461)         478,178           Cash and cash equivalents as at end of the year         (88,146)         1,077,107         (92,461)           Analysis of the cash and cash equivalents at the end of the year         273,440         191,559         297,858           Placements with banks less than three months         -         -         65,699           Securities purchased under repurchase agreements less than three months         -         1,207,369         -           Bank overdraft         (361,586)         (321,821)         (456,018)	Net proceeds from short term borrowings		-	-
Net increase/(decrease) in cash and cash equivalents         (1,165,253)         1,169,568         (570,639)           Cash & cash equivalents as at the beginning of the year         1,077,107         (92,461)         478,178           Cash and cash equivalents as at end of the year         (88,146)         1,077,107         (92,461)           Analysis of the cash and cash equivalents at the end of the year         273,440         191,559         297,858           Placements with banks less than three months         -         -         65,699           Securities purchased under repurchase agreements less than three months         -         1,207,369         -           Bank overdraft         (361,586)         (321,821)         (456,018)	Not each inflow from financing activities		5,703,461	2,092,496
Cash & cash equivalents as at the beginning of the year  Cash and cash equivalents as at the beginning of the year  Cash and cash equivalents as at end of the year  Cash and bank balances  Cash and bank balances  Placements with banks less than three months  Securities purchased under repurchase agreements less than three months  Bank overdraft  Cash and cash equivalents at the end of the year  273,440  191,559  297,858  - 65,699  (361,586)  (321,821)  (456,018)		(1.165.252)	1 160 568	(570 639)
Cash and cash equivalents as at the beginning of the year (88,146) 1,077,107 (92,461)  Analysis of the cash and cash equivalents at the end of the year  Cash and bank balances  Placements with banks less than three months  Securities purchased under repurchase agreements less than three months  Bank overdraft (361,586) (321,821) (456,018)			8	
Analysis of the cash and cash equivalents at the end of the year  Cash and bank balances  Placements with banks less than three months  Securities purchased under repurchase agreements less than three months  Bank overdraft  (361,586)  (321,821)  (456,018)	Cash & cash equivalents as at the beginning of the year			The second secon
Cash and bank balances Placements with banks less than three months Securities purchased under repurchase agreements less than three months Bank overdraft (361,586) (321,821) (456,018)	Cash and cash equivalents as at end of the year	(00,140)	1,017,107	( )
Placements with banks less than three months  Securities purchased under repurchase agreements less than three months  Bank overdraft  (361,586)  (321,821)  (456,018)	Analysis of the cash and cash equivalents at the end of the year			
Placements with banks less than three months Securities purchased under repurchase agreements less than three months Bank overdraft (361,586) (321,821) (456,018)	Cach and hank halances	273,440	191,559	297,858
Securities purchased under repurchase agreements less than three months  Bank overdraft  (361,586)  (321,821)  (456,018)		-	×.	65,699
Bank overdraft (361,586) (321,821) (456,018)	Securities purchased under repurchase agreements less than three months	-	1,207,369	-
(88,146) 1,077,107 (92,461)				The same of the sa
		(88,146)	1,077,107	(92,461)

Above summarized financial information and its extraction from the Audited Financial Statements, Signed for and on behalf of the

Management by,

Managing Director

Chartered Accountants

COLOMBO

Head of Finance

	2016 Rs. '000	2015 Rs. '000
Cash flows from operating activities Profit before taxation from operations	515,186	559,153
Interest expenses	1,620,783	924 600
Fee & commission expenses	2,139	824,699 6,252
Provision for impairment	79,189	49,275
Provision for staff gratuity	6,784	4,309
Provision for depreciation	42,173	25,355
Amortisation of software	7,753	7,087
(Profit)/Loss on sale of motor vehicles	39	
Write off of provisions	(14,775)	
	1,744,085	916,976
Operating profit before working capital changes	2,259,271	1,476,129
(Increase)/Decrease in Lease receivables	(4,675,805)	(5,832,238)
(Increase)/Decrease in Hire purchase receivables	1,255,436	2,312,656
(Increase)/Decrease in Factoring receivables	(840,364)	(199,542)
(Increase)/Decrease in Pawning receivables	14,775	456,193
(Increase)/Decrease in Gold loan receivables	(1,006,021)	(773,198)
(Increase)/Decrease in Loan receivables	(456,797)	218,433
(Increase)/Decrease in Other assets	(64,978)	(274,858)
Increase/(Decrease) in Other payables	133,763	153,359
	(5,639,992)	(3,939,195)
Cash generated from operations	(3,380,721)	(2,463,067)
Interest paid	(1,502,565)	(779,294)
Gratuity paid	(6,195)	(334)
Income tax paid	(105,409)	(169,503)
Dividend tax paid	(5,775)	(3,150)
Net cash outflow from operating activities	(5,000,665)	(3,415,348)
Cash flow from investing activities		
Investments in government bonds & government securities	(8,114)	(76)
Purchase of property, plant and equipment and intangible assets	(279,002)	(57,213)
Proceeds from sale of property, plant and equipment	2,003	-
Net cash outflow from investing activities	(285,113)	(57,289)
Net cash outflow before financing activities	(5,285,778)	(3,472,638)
Cash flow from financing activities		
Proceeds from long term loans/ Securitizations	3,346,350	5,482,037
Repayments of long long term loans/ Securitizations	(3,204,655)	(2,463,666)
Net proceeds from term deposits	2,054,301	1,206,628
Proceeds from debentures  Debentures redeemed	2,500,000	(2.50.000)
Net proceeds from short term borrowings	400.704	(259,000)
Cash dividend paid	499,794	(388,116)
Net cash inflow from financing activities	5,195,790	(31,500)
Not in a second of the second		
Net increase/(decrease) in cash and cash equivalents	(89,988)	73,747
Cash & cash equivalents at the beginning of the year Cash and cash equivalents at end of the period	568,166	494,419
Cash and Cash equivalents at end of the period	478,178	568,166
Analysis of the cash and cash equivalents at the end of the period		
Cash and bank balances	169,333	130,070
Securities purchased under repurchase agreements	769,339	601,679
Bank overdraft	(460,494)	(163,583)
	478,178	568,166

Above summarized financial information and its extraction from the Audited Financial Statements, Signed for and on behalf of the Management by,

Managing Director

