



සියපත ෆිනෑන්ස්  
ඡීයපත පිනෑන්ස්  
Siyapatha Finance

*( Finance Company of Sampath Bank Group )*

# **SIYAPATHA FINANCE PLC**

**INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED 31 MARCH 2019**

## STATEMENT OF COMPREHENSIVE INCOME

	For the three month ended 31 March		Change %
	2019 LKR'000	2018 LKR'000	
<b>Gross income</b>	1,846,300	1,582,207	17%
Interest income	1,692,835	1,448,286	17%
Less: Interest expenses	(1,046,931)	(822,173)	27%
<b>Net interest income</b>	645,904	626,113	3%
Fee and commission income	76,496	71,391	7%
Less: Fee and commission expenses	-	(21)	-100%
<b>Net fee and commission income</b>	76,496	71,370	7%
Other operating income	76,969	62,530	23%
<b>Total operating income</b>	799,369	760,013	5%
Less: Credit loss expense on financial assets and other losses	(224,353)	(142,467)	57%
<b>Net operating income</b>	575,016	617,546	-7%
<b>Less: Operating expenses</b>			
Personnel expenses	(195,710)	(183,078)	7%
Depreciation of property, plant & equipment	(13,508)	(13,702)	-1%
Amortization of intangible assets	(5,837)	(1,144)	410%
Other operating expenses	(162,105)	(118,400)	37%
<b>Total operating expenses</b>	(377,160)	(316,324)	19%
<b>Operating profit before taxes on financial services</b>	197,856	301,222	-34%
Less: Taxes on financial services	(74,406)	(69,342)	7%
<b>Profit before income taxation</b>	123,450	231,880	-47%
Less: Income tax expense	(53,767)	(84,585)	-36%
<b>Profit after taxation</b>	69,683	147,295	-53%
<b>Other comprehensive income, net of taxes</b>	-	-	-
<b>Total comprehensive income, net of taxes</b>	69,683	147,295	-53%
<b>Basic/Diluted earnings per share-(LKR.)</b>	1.10	2.57	

## SIYAPATHA FINANCE PLC

## STATEMENT OF FINANCIAL POSITION

As at	31-03-2019 LKR'000	Audited 31-12-2018 LKR'000
<b>Assets</b>		
Cash and bank balances	308,539	191,556
Securities purchased under repurchase agreements	2,313,673	1,768,461
Loans and receivables	34,873,468	33,013,008
Other assets	557,786	489,556
Equity instruments at fair value through other comprehensive income	56	56
Debt instruments at amortised cost	4,420	4,319
Property, plant and equipment	836,880	615,402
Intangible assets	73,570	83,972
<b>Total Assets</b>	<b>38,968,392</b>	<b>36,166,330</b>
<b>Liabilities</b>		
Bank overdraft	580,972	321,821
Due to other customers	12,263,181	9,672,008
Debt issued and other borrowed funds	20,764,853	21,391,367
Other payables	1,064,476	600,736
Current tax liabilities	164,838	149,015
Deferred tax liabilities	474,405	449,603
Retirement benefit obligations	44,993	40,789
<b>Total Liabilities</b>	<b>35,357,718</b>	<b>32,625,339</b>
<b>Equity</b>		
Stated capital	948,666	948,666
Share application money pending allotment	400,000	400,000
Reserves		
Statutory reserve fund	139,000	139,000
Revaluation reserve	107,763	107,763
Retained earnings	2,015,245	1,945,562
<b>Total Equity</b>	<b>3,610,674</b>	<b>3,540,991</b>
<b>Total Liabilities and Equity</b>	<b>38,968,392</b>	<b>36,166,330</b>
Net asset value per share(LKR.)	56.77	55.68
Commitments & contingencies	664,051	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 31 March 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

30 April 2019

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

	<b>LKR'000</b>					
	<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 31 March 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	-	-	-	-	147,295	147,295
Other comprehensive income, net of tax	-	-	-	-	-	-
Transfer to Statutory Reserve Fund	-	-	8,000	-	(8,000)	-
Scrip dividend paid	62,749	-	-	-	(69,721)	(6,972)
Share application money pending allotment	-	250,000	-	-	-	250,000
<b>Balance as at 31 March 2018</b>	<u>698,666</u>	<u>250,000</u>	<u>121,000</u>	<u>56,823</u>	<u>1,742,118</u>	<u>2,868,607</u>
<b>For the period ended 31 March 2019</b>						
<b>Balance as at 01 January 2019</b>	948,666	400,000	139,000	107,763	1,945,561	3,540,990
Profit for the period	-	-	-	-	69,683	69,683
Other comprehensive income, net of tax	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<u>948,666</u>	<u>400,000</u>	<u>139,000</u>	<u>107,763</u>	<u>2,015,244</u>	<u>3,610,673</u>

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

<b>For the period ended 31 March</b>	<b>2019</b>	<b>2018</b>
	<b>LKR'000</b>	<b>LKR'000</b>
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	123,450	231,880
Interest expenses	1,046,931	822,173
Fee and commission expenses	-	21
Provision for credit losses	224,353	142,467
Provision for staff gratuity	6,250	1,500
Provision for depreciation	13,508	13,702
Amortization of software	5,837	1,144
(Profit)/Loss on sale of motor vehicle	-	(84)
	1,296,879	980,923
<b>Operating profit before working capital changes</b>	1,420,329	1,212,803
(Increase)/decrease in lease receivables	(1,701,616)	(2,154,079)
(Increase)/decrease in hire purchase receivables	21,029	73,737
(Increase)/decrease in factoring receivables	122,712	(86,960)
(Increase)/decrease in gold loan receivables	(626,151)	(275,245)
(Increase)/decrease in loan receivables	139,045	(180,377)
Increase/(decrease) in due to other customers	2,494,250	(1,176,988)
(Increase)/decrease in other assets	(103,499)	(83,377)
Increase/(decrease) in other payables	454,757	232,878
	800,527	(3,650,411)
<b>Cash generated from operating activities</b>	2,220,856	(2,437,608)
Interest expense paid	(853,232)	(749,646)
Gratuity paid	(2,046)	-
Income tax paid	(4,157)	(13,509)
Dividend tax paid	-	(6,972)
<b>Net cash inflow/(outflow) from operating activities</b>	1,361,421	(3,207,735)
<b>Cash flow from investing activities</b>		
Investments in government treasury bonds and government securities	(1,752,682)	61,267
Purchase of property, plant, equipment and intangible assets	(234,986)	(21,203)
Proceeds from sale of property, plant and equipment	-	100
<b>Net cash inflow/(outflow) from investing activities</b>	(1,987,668)	40,164
<b>Net cash inflow/(outflow) before financing activities</b>	(626,247)	(3,167,571)
<b>Cash flow from financing activities</b>		
Proceeds from long term loans	-	1,600,000
Repayments of long term loans	(1,273,289)	(1,629,916)
Share application money pending allotment	-	250,000
Net proceeds from short term borrowings	550,000	3,500,000
<b>Net cash inflow/(outflow) from financing activities</b>	(723,289)	3,720,084
Net increase/(decrease) in cash and cash equivalents	(1,349,536)	552,513
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>	(272,429)	460,052
<b>Analysis of the cash and cash equivalents at the end of the period</b>		
Cash and bank balances	308,543	300,932
Securities purchased under repurchase agreements less than three months	-	626,032
Bank overdraft	(580,972)	(466,912)
	(272,429)	460,052

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

	<b>As at 31.03.2019</b>	<b>As at 31.12.2018</b>
<b><u>Capital Adequacy</u></b>		
Core Capital Ratio(Minimum Requirement -6%)	9.07%	9.40%
Total Risk Weighted Capital Ratio (Minimum Requirement- 10%)	11.77%	12.21%
Capital Funds to Deposit Liabilities Ratio(Minimum Requirement-10%)*	39.22%	47.77%
<b><u>Profitability</u></b>		
Return on Average Assets (After Tax)	0.74%	1.50%
Return on Average Shareholders' Funds	7.92%	16.84%
<b><u>Asset Quality (LKR'000)</u></b>		
Total Accommodation(Gross)	36,576,069	34,532,955
Non-Performing Accommodation	3,426,522	2,679,866
Net Total Accommodation(Net of allowance for expected credit losses/impairment)	34,873,468	33,013,008
<b><u>Liquidity (LKR'000)</u></b>		
Required Minimum Amount of Liquid Assets**	1,701,506	1,440,739
Required Minimum Amount of Government Securities***	2,254,033	1,717,655
Available Amount of Liquid Assets	2,381,216	1,821,523
Available Amount of Government Securities	2,303,682	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 31 March 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) was effective for annual periods beginning on or after 01st January 2018. However, as permitted by the 'Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements' issued by CA Sri Lanka, Company had prepared the Interim Financial Statements for the quarter ended 31 March 2018 based on LKAS 39 (Financial Instruments: Recognition and Measurement). Accordingly, information for the quarter ended 31 March 2018 does not reflect the requirements of SLFRS 9 and therefore not comparable to the information presented for quarter ended 31 March 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.
4. There are no material changes during the period in the composition of assets, liabilities, contingent liabilities and use of funds raised through debentures. The funds raised through debentures were fully utilized for the objectives mentioned in the relevant prospectus.
5. The Interim Financial Statements for the period ended 31 March 2019 are drawn up from unaudited financial statements of the Company unless indicated as audited.
6. There have been no material events subsequent to the reporting date, which require adjustments to or disclosures in the interim financial statements.
7. Mr.Jayantha Harischandra Gunawardenahad appointed as anIndependent, Non-Executive Director to the Board of Directors of the Company with effect from 29 January 2019, having obtained the approval of the Central Bank of Sri Lanka in terms of Finance Companies (Assessment of Fitness and Propriety of Directors and Officers Performing Executive Functions) Direction No: 3 of 2011.
8. Mr.Kothwala Mudiyanseelage Saman Priyantha Herath-Managing Director had relinquished his duties at the end of his contract with effect from 28 February 2019.  
Accordingly, the Board of Directors had resolved to appoint Mr.Hettiveediye Mudiyanseelage Ananda Seneviratne as the Managing Director of the Company with effect from 1 March 2019 having obtained the approval of the Central Bank of Sri Lanka in terms of Finance Companies (Assessment of Fitness and Propriety of Directors and Officers Performing Executive Functions) Direction No: 3 of 2011.

## INFORMATION ON SHARES

Stated Capital as at 31 March 2019 was represented by the number of shares in issue as given below.

	As at 31 March 2019		As at 31 December 2018	
	Number	LKR.	Number	LKR.
Ordinary Shares	63,596,388	948,666,116/-	63,596,388	948,666,116/-
<b>Total</b>	<b>63,596,388</b>	<b>948,666,116/-</b>	<b>63,596,388</b>	<b>948,666,116/-</b>

## SHAREHOLDER INFORMATION

### Shareholders' list as at 31 March 2019

	Name	No: of Shares	%
(01).	Sampath Bank PLC	63,596,381	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.Aroshi Nanayakkara	01	0.00%
(08).	Mr.S. Sudarshan	01	0.00%
		<b>63,596,388</b>	<b>100.00%</b>

### Public Holdings

The percentage of ordinary shares held by the public as at 31 March 2019 was 0%.

### Directors'/ CEO's Holding in Shares as at 31 March 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
Ms.Aroshi Nanayakkara	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	100.00	99.50	100.00	99.70
Debentures-2016/2021	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
Debentures-2017/2022	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded

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%

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

	31-03-2019	31-12-2018
6 months treasury bill	9.68%	10.02%
1 year treasury bill	10.40%	11.01%
5 year treasury bond	10.93%	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%	12.20%	13.00%	13.14%
Debentures Issued-September 2016 5 year Fixed rated(13.50% p.a. payable annually)	13.50%	Not Traded	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

### (v).Ratios

	31-03-2019	31-12-2018
Debt to Equity Ratio (Times)	3.00	3.38
Interest Cover(Times)	1.12	1.23
Quick Asset Ratio (%)	69.15%	88.44%