

INTERIM FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014

SIYAPATHA FINANCE PLC
(Formally known as Siyapatha Finance Limited)

Siyapatha
F I N A N C E

member  **Sampath Bank Group**

SIYAPATHA FINANCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME

	Audited		Change %	Audited		Change %
	For the year ended			For the quarter ended		
	30.12.2014 Rs.000	31.12.2013 Rs.000		31.12.2014 Rs.000	31.12.2013 Rs.000	
Income	1,989,172	1,752,936	13%	497,036	500,914	-1%
Interest Income	1,837,546	1,620,272	13%	444,255	456,722	-3%
Interest Expenses	(778,661)	(899,069)	-13%	(165,843)	(245,260)	-32%
Net Interest Income	1,058,885	721,202	47%	278,412	211,463	32%
Fee and Commission Income	46,534	76,912	-39%	18,832	17,667	7%
Fee and Commission Expenses	(12,271)	(18,579)	-34%	(2,536)	(4,266)	-41%
Net Fee and Commission Income	34,263	58,333	-41%	16,296	13,401	22%
Net gain/(loss) from trading	-	-	-	-	-	-
Other Operating Income	105,091	55,752	88%	33,949	26,524	28%
Total Operating Income	1,198,239	835,287	43%	328,657	251,388	31%
Impairment (charge)/reversal for loans & other losses	(183,217)	(67,237)	172%	(30,989)	(33,315)	-7%
Individual Impairment (charge)/reversal & other losses	(97,138)	(17,170)	466%	(25,492)	(12,414)	105%
Collective Impairment (charge)/reversal	(86,079)	(50,067)	72%	(5,498)	(20,901)	-74%
Net Operating Income						
Operating Expenses	(545,346)	(430,413)	27%	(132,506)	(153,877)	-14%
Personnel Expenses	(234,721)	(214,497)	9%	(64,060)	(60,181)	6%
Depreciation of Property,Plant & Equipment	(22,606)	(16,819)	34%	(5,917)	(5,321)	11%
Amortization of Intangible Assets	(5,330)	(5,512)	-3%	(1,525)	(1,718)	-11%
Other Operating Expenses	(282,690)	(193,584)	46%	(61,004)	(86,657)	-30%
Operating Profit before VAT & NBT on Financial Services & Crop Insurance Levy	469,675	337,637	39%	165,162	64,195	157%
VAT & NBT on Financial Services	(61,536)	(35,740)	72%	(19,954)	(12,831)	56%
Crop Insurance Levy	(2,584)	(615)	320%	(750)	(615)	22%
Profit before Taxation	405,555	301,281	35%	144,457	50,749	185%
Tax Expenses	(145,379)	(80,301)	81%	(46,745)	(24,410)	91%
Profit after Taxation	260,177	220,980	18%	97,713	26,339	271%
Other Comprehensive Income/(Expenses)						
Actuarial losses on defined benefit plan	(1,263)	(1,625)	-22%	(1,263)	(1,625)	-22%
Deferred Tax effect on Actuarial losses	354	(455)	-178%	354	(455)	-178%
Other Comprehensive Income,Net of taxes	(909)	(2,080)	-56%	(909)	(2,080)	-56%
Total Comprehensive Income,Net of taxes	259,268	218,900	18%	96,803	24,259	299%
Basic Earnings Per Share-(Rs)	4.96	4.21		7.44	2.01	

SIYAPATHA FINANCE LIMITED
STATEMENT OF FINANCIAL POSITION

	Audited 31-12-2014 Rs'000	Audited 31-12-2013 Rs'000
Assets		
Cash and Bank Balances	88,655	65,378
Securities purchased under Repurchase Agreements	489,685	323,792
Loans and receivables	9,593,309	8,261,263
Financial investments- Available for Sale	56	56
Financial investments- Held to Maturity	4,198	-
Intangible assets	17,097	15,920
Property, Plant and Equipment	97,716	84,380
Inventories	1,747	2,227
Other assets	125,327	232,548
Total Assets	10,417,790	8,985,564
Liabilities		
Due to banks	6,466,594	5,903,813
Other Borrowings	2,146,249	1,648,080
Current tax liabilities	111,179	54,275
Deferred tax liabilities	69,983	59,034
Retirement Benefit Obligations	12,535	7,833
Other liabilities	299,606	238,627
Total Liabilities	9,106,146	7,911,662
Shareholders' Funds		
Stated capital	525,000	525,000
Reserves		
Statutory Reserve Fund	50,831	37,787
Investment Reserve Fund	-	58,488
Retained Earnings	735,813	452,627
Total Shareholders' Funds	1,311,644	1,073,902
Non controlling interest	-	-
Total Equity	1,311,644	1,073,902
Total Liabilities and Shareholders' Funds	10,417,790	8,985,564
Net Assets per Share(Rs)	24.98	20.46

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 Limited as at 31st December 2014 and its profits for the year ended 31st December 2014.

(sgd)
Group Chief Financial Officer

(sgd)
Chief Executive Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board of Directors by,

(sgd)
Chairman

(sgd)
Director

24th February 2015

SIYAPATHA FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY

Audited

Rs.000

	Stated Capital	Statutory Reserve Fund	Investment Reserve Fund	Retained Earnings	Total Shareholders' Funds
For the year ended 31st December 2014					
Balance as at 31st December 2013	525,000	37,787	58,488	452,627	1,073,902
Dividend Declared				(21,525)	(21,525)
Net profit for the year	-	-	-	260,177	260,177
Other Comprehensive Income, Net of Tax	-	-	-	(909)	(909)
Transfers to Investment Reserve Fund	-	-	8,331	(8,331)	-
Transfer of Investment Reserve Fund Balance			(66,819)	66,819	
Transfer to Statutory Reserve Fund during the year	-	13,044		(13,044)	-
Balance as at 31st December 2014	525,000	50,831	-	735,813	1,311,644
For the year ended 31st December 2013					
Balance as at 31st December 2012	525,000	26,738	29,989	294,800	876,527
Dividend Declared				(21,525)	(21,525)
Net profit for the year	-	-	-	220,980	220,980
Other Comprehensive Income, Net of Tax	-	-	-	(2,080)	(2,080)
Transfers to Investment Reserve Fund	-	-	28,500	(28,500)	-
Transfer to Statutory Reserve Fund during the year	-	11,049	-	(11,049)	-
Balance as at 31st December 2013	525,000	37,787	58,488	452,627	1,073,902

For the year ended 31st December	Audited	Audited
	2014 Rs. '000	2013 Rs. '000
Cash Flow from Operating Activities		
Profit before Taxation (after OCI Adjustments)	404,292	299,656
Interest & Similar Expenses	778,661	899,069
Fee & Commission Expenses	12,271	18,579
Provision for Impairment	183,217	67,237
Provision for /(Reversal of) Staff Gratuity	4,844	4,030
Provision for Depreciation	22,606	16,819
Amortization of Software	5,330	5,512
(Profit)/Loss on sale of motor vehicle	(91)	1,376
Write off of Provisions	(18,442)	-
	988,397	1,012,623
Operating Profit before Working Capital Changes	1,392,689	1,312,279
(Increase)/Decrease in Leased Assets	(598,395)	(193,670)
(Increase)/Decrease in Hire Purchase Debtors	(885,332)	(1,247,514)
(Increase)/Decrease in Factoring Debtors	60,181	(487,036)
(Increase)/Decrease in Pawning Receivables	(58,242)	(414,862)
(Increase)/Decrease in Loan Receivables	62,442	(569,831)
(Increase)/Decrease in Inventories	480	(1,501)
(Increase)/Decrease in Other Receivables	29,746	(31,455)
Increase/(Decrease) in Other Payables	67,771	71,556
	(1,321,348)	(2,874,313)
Cash Generated from Operations	71,341	(1,562,034)
Interest paid	(804,443)	(903,369)
Gratuity Paid	(143)	(325)
Income Tax Paid	(70,452)	(27,103)
Net Cash Inflow/(Outflow) from Operating Activities	(803,697)	(2,492,832)
Cash Flow from Investing Activities		
Investments in Government Treasury Bonds/Fixed Deposits	(4,198)	87,246
Purchase of Property,Plant,Equipment & Intangible Assets	(44,446)	(88,319)
Proceeds from Sale of Property, Plant & Equipment	2,087	32,219
Net Cash Inflow/(Outflow) from Investing Activities	(46,557)	31,146
Net Cash Inflow/(Outflow) before Financing Activities	(850,254)	(2,461,686)
Cash Flow from Financing Activities		
Net Proceeds from Long Term Loans/ Securitizations	349,358	2,556,554
Net Proceeds from Debenture	914,500	(84,377)
Net Proceeds from Short Term Borrowings	(222,848)	360,417
Dividend Paid	(21,525)	(21,525)
Net Cash Inflow/(Outflow) from Financing Activities	1,019,485	2,811,069
Net Increase/(Decrease) in Cash and Cash Equivalents	169,231	349,383
Cash & Cash Equivalents at the beginning of the period	325,188	(24,196)
Cash and Cash Equivalents at end of the Period	494,419	325,188
Analysis of the Cash and Cash Equivalents at the end of the period		
Investment in REPOs	489,685	323,792
Cash and Bank balances	88,655	65,378
Bank Overdraft	(83,921)	(63,982)
	494,419	325,188

SELECTED PERFORMANCE INDICATORS

	As at 31.12.2014	As at 31.12.2013
<u>Capital Adequacy</u>		
Core Capital to Risk Weighted Asset Ratio (Minimum 5%)	11.24%	12.06%
Total Capital to Risk Weighted Asset Ratio (Minimum 10%)	16.85%	12.06%
Capital Funds to Total Deposit Liabilities Ratio*	-	-
<u>Profitability</u>		
Return on Avg Assets (After Tax)	2.52%	2.64%
Return on Avg Shareholders' Funds	21.83%	21.74%
<u>Asset Quality (Rs.'000)</u>		
Total Accommodation(Gross)	9,837,818	8,369,729
Non-Performing Accommodation	371,902	261,972
Net Total Accommodation(Net of Allowance for Impairment Losses)	9,593,309	8,261,263
<u>Liquidity (Rs.000)</u>		
Required Minimum Amount of Liquid Assets**	172,469	112,822
Required Minimum Amount of Government Securities***	469,343	307,421
Available Amount of Liquid Assets	495,179	322,434
Available Amount of Government Securities	481,819	314,016

* This does not apply to the company as it has not yet commenced mobilization of deposits.

**Required minimum amount of liquid assets equals to 10 % & 5% of total liabilities less Shareholders' Funds and Secured Borrowings as at 31st December 2014 & 31st December 2013 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 January 1, 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 the same as those disclosed in our Audited Financial Statements for the year ended 31st December 2013 and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.

2. The Interim Financial Statements for the twelve months ended 31st December 2014 are drawn up from unaudited accounts of the company unless indicated as audited.

3. Operating Expenses include the following.

- (i) A forfeiture was paid to the Department of Customs amounting to Rs.50 Million on 10th June 2014. Provision of Rs.23 Million for same was made in the Financial Statements for the year ended 31st December 2013 and a further sum of Rs.27 Million was expensed during the 12 months ended 31st December 2014, in respect of the said liability.

- (ii) Other Operating Expenses also include Rs.24.45 Million in respect of vehicle importation claim by a motor vehicle importer which was subsequently settled in the month of July 2014.

4. The company issued Rated, Unsecured, Subordinated, Redeemable debentures to the value of Rs.1,000 Mn for a period of five years in the month of December 2014. These debentures are listed on the Colombo Stock Exchange.

5. There have been no material events subsequent to the reporting date, which require adjustments to or disclosures in the interim financial statements other than those disclosed in Note 6 below.

6. Siyapatha Finance Limited became a Public Limited Company with effect from 2nd January 2015, consequent to the issuance of Listed, Rated, Unsecured, Subordinated, Redeemable Debentures in the month of December 2014. Accordingly, in compliance with the provisions of subsection (3) of section 11 of the Companies Act No: 07 of 2007, the company changed its status and name from "Siyapatha Finance Limited" to "Siyapatha Finance PLC".

INFORMATION ON SHARES

Stated Capital as at 31st December 2014 was represented by the number of shares in issue as given below.

	As at 31 December 2014		As at 31 December 2013	
	Number	Rs.	Number	Rs.
Ordinary Shares	52,500,000	525,000,000/-	52,500,000	525,000,000/-
Total	52,500,000	525,000,000/-	52,500,000	525,000,000/-

The company has distributed a dividend of Rs.21.53 Million (Rs. 0.41 per share) during the month of September 2014.

INFORMATION ON LISTED DEBENTURES

(i).Market Values

	Highest (Rs.)		Lowest (Rs.)		Period End (Rs.)	
	2014	2013	2014	2013	2014	2013
Debentures -2014/2019	Not Traded	N/A	Not Traded	N/A	Not Traded	N/A

(ii).Interest Rates

	2014		2013	
	Coupon Rate	Effective Rate	Coupon Rate	Effective Rate
Debentures -2014/2019	8.90%	8.90%	N/A	N/A

(iii).Interest rate of comparable Government Securities

	2014	2013
05 year treasury bond	7.23%	10.64%

(iv).Interest Yield

	2014	2013
Debentures Issued-December 2014 5 year Fixed rated(8.90% p.a. payable annually)	Not Traded	N/A

(v).Ratios

	2014	2013
Debt to Equity Ratio (Times)	3.61	3.35
Interest Cover(Times)	1.73	1.59
Quick Asset Ratio (%)	117.27%	104.27%

SHAREHOLDER INFORMATION**Shareholders' list as at 31st December 2014**

	Name	No: of Shares	%
(01).	Sampath Bank PLC	52,499,993	100.00%
(02).	Mr. M.A.Abeynaike	01	0.00%
(03).	Mr. S.G. Wijesinha	01	0.00%
(04).	Dr.H.S.D.Soysa	01	0.00%
(05).	Mr. W.M.P.L. De Alwis	01	0.00%
(06).	Mr. Ranjith Samaranayake	01	0.00%
(07).	Mr. M.Y.A.Perera	01	0.00%
(08).	Mr.S. Sudarshan	01	0.00%
		52,500,000	100.00%

Public Holdings

The percentage of ordinary shares held by the public as at 31st December 2014 was 0%.

Directors'/ CEO's Holding in Shares as at 31st December 2014

Name	Position	No: of Shares
Mr. S.G. Wijesinha	Director	01
Mr. W.M.P.L. De Alwis	Director	01
Mr. Ranjith Samaranayake	Director	01
Mr. M.A.Abeynaike	Director	01
Dr.H.S.D.Soysa	Director	01
Mr. M.Y.A. Perera	Director	01