



Dear Sirs,

## ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF SIYAPATHA FINANCE PLC

This report has been prepared for the inclusion in the Prospectus issued in connection with the issue of Thirty Million (30,000,000 ) Listed, Rated, Senior, Unsecured, Redeemable Debentures each amounting to LKR 100, with an option to increase by a further Ten Million (10,000,000) Debentures at the discretion of the company in the event of an oversubscription of the initial issue, and with a further, option to issue up to a further Ten Million (10,000,000) of the said Debentures at the discretion of the company in the event of an oversubscription of the initial issue and the second tranche to raise a maximum amount of Sri Lankan Rupees Five Billion (LKR 5,000,000,000/-) of Siyapatha finance PLC.

We have examined the financial statements of Siyapatha Finance PLC for the financial years ended 31<sup>st</sup> December 2020 to 31<sup>st</sup> December 2024, included in the Prospectus and report as follows.

## 1. INCORPORATION

Siyapatha Finance PLC (“The Company”), formerly known as Siyapatha Finance Limited is a domiciled, public limited liability company incorporated in Sri Lanka on 03 March 2005 under the Companies Act No. 17 of 1982. The Company was re-registered with the Registrar General of Companies as per the requirements of the Companies Act No.7 of 2007. It is a Licensed Finance Company under the Finance Business Act No.42 of 2011 and amendments thereto.

The registered office of the Company is located at. No. 111, Dudley Senanayake Mawatha, Colombo 08. The debentures of the Company were initially listed on the Colombo Stock Exchange on 02 January 2015.

The principal activities of the Company consist of accepting deposits, providing finance lease, vehicle loan facilities, mortgage loans, gold loan, debt factoring, revolving loans, business/personal loans, and fast draft loans.



## 2. FINANCIAL STATEMENTS

### 2.1 Five Years Summary of Financial Statements

A summary of Statement of Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cashflow of Siyapatha Finance PLC for the years ended 31<sup>st</sup> December 2020 to 31<sup>st</sup> December 2024, based on the audited financial statements of the Company prepared in accordance with SLFRS's and LKAS's are set out in Annexure 1 of this report.

### 2.2 Audit Reports

We have audited the financial statements of the Company for the year ended 31<sup>st</sup> December 2024. Unqualified audit opinions have been issued for the said financial year.

### 2.3 Application of Accounting Standards and Accounting Policies

The financial statements of the Company for the financial years ended 31<sup>st</sup> December 2020 to 31<sup>st</sup> December 2024 complied with the applicable 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<sup>st</sup> December 2024. The adoption of revised/new accounting standards and a summary of related amendments to the accounting policies of the Company from financial years ended 31<sup>st</sup> December 2020 to 31<sup>st</sup> December 2024 are given below.

Financial Year	Adoption of revised Accounting Standards and related changes in Accounting Policies
31 <sup>st</sup> December 2020.	There were no material changes.
31 <sup>st</sup> December 2021	<p>The Company applied for the first-time certain standards and amendments, if applicable, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated).</p> <ul style="list-style-type: none"><li>• Amendments to SLFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021.</li><li>• Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 - Interest Rate Benchmark Reform Phase 1 and 2.<ul style="list-style-type: none"><li>i. IBOR reform Phase 1</li><li>ii. IBOR reform Phase 2</li></ul></li></ul>
31 <sup>st</sup> December 2022	<p>The amendments to the following Accounting Standards, did not have a material impact on the Financial Statements of the Company.</p> <ul style="list-style-type: none"><li>• Amendments to SLFRS 3 Business Combinations: Updating a reference to conceptual framework.</li><li>• Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets : Onerous Contracts – Costs of Fulfilling a Contract.</li><li>• Amendments to LKAS 16 Property, Plant &amp; Equipment: Proceeds before Intended Use.</li></ul>



31 <sup>st</sup> December 2023.	<p>The amendments to the following Accounting Standards, did not have a material impact on the Financial Statements of the Company.</p> <ul style="list-style-type: none"><li>• Definition of Accounting Estimates - Amendments to LKAS.</li><li>• Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12.</li><li>• Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2.</li></ul>
31 <sup>st</sup> December 2024	<p>The amendments to the following Accounting Standards, did not have a material impact on the Financial Statements of the Company.</p> <ul style="list-style-type: none"><li>• Non-current Liabilities with Covenants – Amendments to IAS 1.</li><li>• Classification of Liabilities as Current or Non-current – Amendments to IAS 1.</li><li>• Lease Liability in a Sale and Leaseback – Amendments to IFRS 16.</li><li>• Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.</li></ul>

## 2.4 Dividend

The Company has paid the following dividends in respect of Ordinary Shares during the respective financial years ended 31<sup>st</sup> December 2020 to 31<sup>st</sup> December 2024.

Year ended 31 <sup>st</sup> March	Dividend Paid Rs.'000	Dividend per share Rs.
2020	142,959	1.95
2021	123,214	1.37
2022	328,344	3.57
2023	226,397	2.33
2024	7,023	0.07

## 2.5 Purpose and restriction on use and distribution

This report is made solely for the purpose of the Board of Directors of Siyapatha Finance PLC for the inclusion in the Prospectus in connection with the debenture issue. This report should not be used, circulated, quoted, or otherwise referred to any other purpose.

Yours faithfully,

**Chartered Accountants**  
Colombo

SIYAPATHA FINANCE PLC  
INCOME STATEMENT

Annexure I

Year ended 31 December

	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000
Interest income	9,842,826	10,130,371	8,269,789	6,786,436	6,814,216
Less: Interest expenses	(5,309,323)	(7,009,764)	(5,788,151)	(2,813,728)	(3,856,315)
<b>Net interest income</b>	<b>4,533,503</b>	<b>3,120,607</b>	<b>2,481,638</b>	<b>3,972,708</b>	<b>2,957,901</b>
Fee and commission income	349,015	331,729	313,898	281,024	278,704
Less: Fee and commission expenses	(2,905)	(3,981)	(3,713)	-	-
<b>Net fee and commission income</b>	<b>346,110</b>	<b>327,748</b>	<b>310,185</b>	<b>281,024</b>	<b>278,704</b>
Other operating income	1,097,165	600,661	715,359	1,079,871	486,775
<b>Total operating income</b>	<b>5,976,778</b>	<b>4,049,016</b>	<b>3,507,182</b>	<b>5,333,603</b>	<b>3,723,380</b>
Less: Credit loss expense on financial assets and other losses	136,912	(80,869)	(131,671)	(1,618,176)	(1,356,264)
<b>Net operating income</b>	<b>6,113,690</b>	<b>3,968,147</b>	<b>3,375,511</b>	<b>3,715,427</b>	<b>2,367,116</b>
<b>Less: Operating expenses</b>					
Personnel expenses	(2,097,640)	(1,368,823)	(1,192,451)	(1,172,942)	(873,311)
Other operating expenses	(1,108,098)	(922,017)	(718,515)	(617,056)	(589,235)
<b>Operating profit before taxes on financial services</b>	<b>2,907,952</b>	<b>1,677,307</b>	<b>1,464,545</b>	<b>1,925,429</b>	<b>904,570</b>
Less: Taxes on financial services	(802,667)	(478,089)	(400,808)	(399,355)	(226,551)
<b>Profit before income tax</b>	<b>2,105,285</b>	<b>1,199,218</b>	<b>1,063,737</b>	<b>1,526,074</b>	<b>678,019</b>
Less: Income tax expense	(901,912)	(489,016)	(308,768)	(431,531)	(268,528)
<b>Profit for the year</b>	<b>1,203,373</b>	<b>710,202</b>	<b>754,969</b>	<b>1,094,543</b>	<b>409,491</b>
<b>Basic/Diluted earnings per share (Rs.)</b>	<b>11.98</b>	<b>7.08</b>	<b>7.77</b>	<b>12.35</b>	<b>5.37</b>
<b>Dividend per share (Rs.)</b>	<b>0.07</b>	<b>2.33</b>	<b>3.57</b>	<b>1.37</b>	<b>1.95</b>

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



*[Signature]*  
Managing Director

*[Signature]*  
Chief Financial Officer

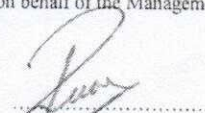
SIYAPATHA FINANCE PLC  
STATEMENT OF COMPREHENSIVE INCOME

Annexure II

Year ended 31 December	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000
Profit for the year	1,203,373	710,202	754,969	1,094,543	409,491
Other comprehensive income/ (expenses)					
Other comprehensive income not to be reclassified to profit or loss:					
Actuarial gain/(loss) on defined benefit plan	6,103	4,733	10,374	(123)	901
Deferred tax effect including the effect of tax rate change on the opening balance	(1,832)	(1,420)	(1,989)	(843)	(252)
	4,271	3,313	8,385	(966)	649
Surplus from revaluation of property, plant & equipment	-	-	56,600	-	-
Deferred tax effect including the effect of tax rate change on the opening balance	-	-	(26,809)	6,553	-
	-	-	29,791	6,553	-
Other comprehensive income for the year, net of tax	4,271	3,313	38,176	5,587	-
Total comprehensive income for the year, net of tax	1,207,644	713,515	793,145	1,100,130	410,140
Attributable to :					
Equity holders of the parent company	1,207,644	713,515	793,145	1,100,130	410,140
	1,207,644	713,515	793,145	1,100,130	410,140

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

  
Managing Director

  
Chief Financial Officer



SIYAPATHA FINANCE PLC  
STATEMENT OF FINANCIAL POSITION

Annexure III

As at 31 December

	2024 Rs. '000	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000
<b>Assets</b>					
Cash and bank balances	260,579	285,352	221,187	250,277	292,036
Securities purchased under repurchase agreements	5,001,843	250,123	-	1,839,911	2,781,162
Factoring receivables	95,417	95,969	112,793	153,483	261,944
Gold loan receivables	11,412,292	7,930,227	8,666,076	5,781,780	4,769,716
Assets held for sale	24,838	114,043	-	-	-
Loan receivables	3,829,072	1,343,011	993,460	1,643,806	1,750,116
Lease receivables	30,717,750	26,640,517	24,862,538	29,088,209	29,017,672
Hire purchase receivables	-	-	1,247	934	2,125
Other assets	812,692	735,058	624,838	637,127	851,671
Equity instruments at fair value through other comprehensive income	56	56	56	56	56
Debt instruments at amortised cost	4,335,257	5,799,840	5,461,866	900,241	34,145
Property, plant & equipment	2,486,547	2,465,349	2,537,582	1,992,215	1,353,815
Right-of-use assets	482,732	380,579	371,844	362,870	402,579
Deferred tax assets	233,834	184,308	225,785	78,492	-
Intangible assets	16,033	16,068	15,291	20,847	34,623
<b>Total Assets</b>	<b>59,708,942</b>	<b>46,240,500</b>	<b>44,094,563</b>	<b>42,750,248</b>	<b>41,551,660</b>
<b>Liabilities</b>					
Bank overdraft	128,514	135,930	826,180	191,266	250,536
Due to other customers	32,197,075	23,565,911	19,342,046	17,114,923	17,279,614
Debt issued and other borrowed funds	15,642,339	13,148,267	15,585,788	17,077,514	17,049,706
Other payables	2,373,259	1,577,908	1,304,342	1,267,671	1,312,080
Current tax liabilities	754,721	427,797	352,180	768,927	118,150
Deferred tax liabilities	-	-	-	-	328,349
Retirement benefit obligations	159,713	137,957	116,852	103,853	87,260
<b>Total Liabilities</b>	<b>51,255,621</b>	<b>38,993,770</b>	<b>37,527,388</b>	<b>36,524,154</b>	<b>36,425,695</b>
<b>Equity</b>					
Stated capital	2,872,846	2,866,876	2,674,439	2,346,095	1,522,881
Share application money pending allotment	-	-	-	-	700,000
Statutory reserve fund	375,000	314,000	278,000	240,000	185,000
Revaluation reserve	154,295	154,295	154,295	124,504	117,951
Retained earnings	5,051,180	3,911,559	3,460,441	3,515,495	2,600,133
<b>Total Equity</b>	<b>8,453,321</b>	<b>7,246,730</b>	<b>6,567,175</b>	<b>6,226,094</b>	<b>5,125,965</b>
<b>Total Liabilities and Equity</b>	<b>59,708,942</b>	<b>46,240,500</b>	<b>44,094,563</b>	<b>42,750,248</b>	<b>41,551,660</b>
Net asset value per share (Rs.)	84.18	72.23	67.59	67.69	67.26
Commitments and contingencies	30,206	30,643	15,187	432,361	731,739

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



*[Signature]*  
Managing Director

*[Signature]*  
Chief Financial Officer

SIYAPATHA FINANCE PLC  
STATEMENT OF CHANGES IN EQUITY

Annexure IV

	Stated Capital	Share Application Money Pending Allotment	Statutory Reserve Fund	Revaluation Reserve	Retained Earnings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31 December 2019	1,379,922	-	164,000	117,951	2,353,951	4,015,824
Profit for the year	-	-	-	-	409,491	409,491
Other comprehensive income, net of tax	-	-	-	-	649	649
Transfer to Statutory Reserve Fund	-	-	21,000	-	(21,000)	-
Scrip dividend paid	142,959	-	-	-	(142,959)	-
Share application money pending allotment	-	700,000	-	-	-	700,000
Balance as at 31 December 2020	1,522,881	700,000	185,000	117,951	2,600,132	5,125,964
Profit for the year	-	-	-	-	1,094,543	1,094,543
Other comprehensive income, net of tax	-	-	-	6,553	(966)	5,587
Transfer to Statutory Reserve Fund	-	-	55,000	-	(55,000)	-
Scrip dividend paid	123,214	-	-	-	(123,214)	-
Rights issue of shares	700,000	(700,000)	-	-	-	-
Balance as at 31 December 2021	2,346,095	-	240,000	124,504	3,515,495	6,226,094
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022	-	-	-	-	(452,063)	(452,063)
Adjusted balance as at 01 January 2022	2,346,095	-	240,000	124,504	3,063,432	5,774,031
Profit for the year	-	-	-	-	754,969	754,969
Other comprehensive income, net of tax	-	-	-	29,791	8,385	38,176
Transfer to Statutory Reserve Fund	-	-	38,000	-	(38,000)	-
Scrip dividend paid	328,344	-	-	-	(328,344)	-
Balance as at 31 December 2022	2,674,439	-	278,000	154,295	3,460,442	6,567,176
Profit for the year	-	-	-	-	710,202	710,202
Other comprehensive income, net of tax	-	-	-	-	3,313	3,313
Transfer to Statutory Reserve Fund	-	-	36,000	-	(36,000)	-
Scrip dividend paid	192,437	-	-	-	(226,397)	(33,960)
Balance as at 31 December 2023	2,866,876	-	314,000	154,295	3,911,559	7,246,731
Profit for the year	-	-	-	-	1,203,373	1,203,373
Other comprehensive income, net of tax	-	-	-	-	4,271	4,271
Transfer to Statutory Reserve Fund	-	-	61,000	-	(61,000)	-
Scrip dividend paid	5,970	-	-	-	(7,023)	(1,053)
Balance as at 31 December 2024	2,872,846	-	375,000	154,295	5,051,180	8,453,321

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

  
Managing Director

  
Chief Financial Officer




SIYAPATHA FINANCE PLC  
STATEMENT OF CASH FLOWS

Annexure V

Year ended 31 December	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Cash flows from operating activities</b>					
Profit before taxation from operations	2,105,285	1,199,218	1,063,737	1,526,074	678,019
Interest expenses	5,309,323	7,009,764	5,788,151	2,813,728	3,856,315
Fee & commission expenses	2,905	3,981	3,713	-	-
Credit loss expense on financial assets	(136,912)	80,869	131,671	1,618,176	1,356,264
Provision for staff gratuity	43,074	42,007	31,978	22,247	23,726
Provision for depreciation	164,379	155,544	156,651	62,182	62,899
Amortisation of software	5,266	7,856	17,064	23,993	23,119
Amortisation expenses on right-of-use assets	89,172	80,119	80,696	117,083	107,589
(Profit)/Loss on sale of motor vehicles	(680)	(1,695)	633	(1,452)	(1,280)
	<u>5,476,527</u>	<u>7,378,445</u>	<u>6,210,557</u>	<u>4,655,957</u>	<u>5,428,632</u>
<b>Operating profit before working capital changes</b>	<u>7,581,812</u>	<u>8,577,663</u>	<u>7,274,294</u>	<u>6,182,031</u>	<u>6,106,651</u>
(Increase)/Decrease in lease receivables	(3,911,427)	(1,798,308)	4,067,869	(1,137,250)	(915,686)
(Increase)/Decrease in hire purchase receivables	936	293	(68)	1,045	664
(Increase)/Decrease in factoring receivables	10,474	45,082	137,488	86,682	392,026
(Increase)/Decrease in gold loan receivables	(3,478,583)	738,561	(2,899,391)	(1,026,590)	240,304
(Increase)/Decrease in loan receivables	(2,409,095)	(269,756)	641,634	(310,483)	(497,150)
Increase/(Decrease) in due to other customers	8,586,181	3,757,012	1,790,458	62,776	4,018,841
(Increase)/Decrease in other assets	(303,426)	(481,828)	(127,079)	(35,220)	(466,116)
Increase/(Decrease) in other payables	945,987	402,193	155,564	184,022	150,361
	<u>(558,952)</u>	<u>2,393,249</u>	<u>3,766,475</u>	<u>(2,175,018)</u>	<u>2,923,244</u>
<b>Cash generated from operating activities</b>	<u>7,022,860</u>	<u>10,970,912</u>	<u>11,040,769</u>	<u>4,007,013</u>	<u>9,029,895</u>
Interest expense paid	(5,154,724)	(6,824,516)	(5,112,623)	(3,026,325)	(3,739,845)
Gratuity paid	(15,214)	(16,169)	(8,605)	(5,777)	(3,530)
Income tax paid	(626,347)	(373,343)	(901,606)	(181,885)	(449,053)
Surcharge tax paid	-	-	(452,063)	-	-
Dividend tax paid	(1,053)	(33,960)	-	-	-
<b>Net cash inflow/(outflow) from operating activities</b>	<u>1,225,521</u>	<u>3,722,924</u>	<u>4,565,872</u>	<u>793,026</u>	<u>4,837,467</u>
<b>Cash flow from investing activities</b>					
Net investments in government bonds & government securities	1,897,145	(393,121)	46,016	(924,961)	504,502
Purchase of property, plant and equipment and intangible assets	(226,148)	(92,087)	(657,979)	(711,109)	(404,405)
Proceeds from sale of property, plant and equipment	36,019	1,837	420	1,761	1,280
<b>Net cash inflow/(outflow) from investing activities</b>	<u>1,707,016</u>	<u>(483,371)</u>	<u>(611,543)</u>	<u>(1,634,309)</u>	<u>101,377</u>
<b>Net cash inflow/(outflow) before financing activities</b>	<u>2,932,537</u>	<u>3,239,553</u>	<u>3,954,329</u>	<u>(841,283)</u>	<u>4,938,844</u>
<b>Cash flow from financing activities</b>					
Proceeds from long term loans & securitizations	2,000,000	2,500,000	3,173,000	1,000,000	2,450,000
Repayments of long term loans & securitizations	(4,118,449)	(3,919,897)	(2,557,303)	(4,459,052)	(5,719,243)
Proceeds from debentures	4,000,000	-	-	1,500,000	2,000,000
Debentures redeemed	(1,500,000)	(2,000,000)	(1,000,000)	(1,078,010)	-
Share application money pending allotment	-	-	-	-	700,000
Net proceeds from short term borrowings	2,000,000	1,260,000	(1,350,000)	3,050,000	(3,100,000)
Repayment of principal portion of lease liabilities	(147,165)	(130,205)	(116,279)	(154,255)	(139,824)
<b>Net cash inflow/(outflow) from financing activities</b>	<u>2,234,386</u>	<u>(2,290,102)</u>	<u>(1,850,582)</u>	<u>(141,317)</u>	<u>(3,809,067)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>5,166,923</u>	<u>949,451</u>	<u>2,103,747</u>	<u>(982,600)</u>	<u>1,129,777</u>
<b>Cash &amp; cash equivalents at the beginning of the year</b>	<u>3,112,229</u>	<u>2,162,778</u>	<u>59,031</u>	<u>1,041,631</u>	<u>(88,146)</u>
<b>Cash and cash equivalents at end of the year</b>	<u>8,279,152</u>	<u>3,112,229</u>	<u>2,162,778</u>	<u>59,031</u>	<u>1,041,631</u>
<b>Analysis of the cash and cash equivalents at the end of the year</b>					
Cash and bank balances	260,681	285,454	221,228	250,297	292,051
Securities purchased under repurchase agreements less than three months	5,001,841	250,123	-	-	1,000,116
Investment in Government securities less than three months	3,145,144	2,712,582	2,767,730	-	-
Bank overdraft	(128,514)	(135,930)	(826,180)	(191,266)	(250,536)
	<u>8,279,152</u>	<u>3,112,229</u>	<u>2,162,778</u>	<u>59,031</u>	<u>1,041,631</u>

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

  
Managing Director

  
Chief Financial Officer

