

**SMB LEASING PLC**

**INTERIM REPORT**

**QUARTER ENDED 30TH JUNE 2012**

SMB LEASING PLC  
INCOME STATEMENT

| Company   |                                  |                                  |          |                                  |                                  |          |
|---|----------------------------------|----------------------------------|----------|----------------------------------|----------------------------------|----------|
| For the Period Ended  | 3 Months ended 30th<br>June 2012 | 3 Months ended 30th<br>June 2011 | Change   | 6 Months ended 30th<br>June 2012 | 6 Months ended 30th<br>June 2011 | Change   |
|   | Rs.                              | Rs.                              | %        | Rs.                              | Rs.                              | %        |
| <b>Gross Income</b>   | <b>39,646,832</b>                | <b>24,409,183</b>                | 62.43    | <b>75,531,379</b>                | <b>60,641,383</b>                | 24.55    |
| Interest Income   | 33,592,804                       | 10,223,662                       | 228.58   | 59,027,568                       | 37,808,759                       | 56.12    |
| Less: Interest Expenses   | (7,921,035)                      | (13,127,403)                     | (39.66)  | (16,736,643)                     | (25,785,168)                     | (35.09)  |
| <b>Net Interest Income</b>                                      | <b>25,671,769</b>                | <b>(2,903,741)</b>               | 984.09   | <b>42,290,925</b>                | <b>12,023,591</b>                | (251.73) |
| Other Income  | 6,054,028                        | 14,185,521                       | (57.32)  | 16,503,811                       | 22,832,624                       | (27.72)  |
| <b>Net Income</b>   | <b>31,725,797</b>                | <b>11,281,780</b>                | 181.21   | <b>58,794,736</b>                | <b>34,856,215</b>                | 68.68    |
| <b>Less: Operating Expenses</b>                                 |                                  |                                  |          |                                  |                                  |          |
| Personnel Costs   | (7,262,300)                      | (6,665,194)                      | 8.96     | (14,574,147)                     | (13,741,596)                     | 6.06     |
| Premises, Equipment & Establishment Exp.                        | (3,558,509)                      | (3,029,667)                      | 17.46    | (6,884,787)                      | (5,276,913)                      | 30.47    |
| Other Overhead Expenses   | (4,942,151)                      | (5,051,701)                      | (2.17)   | (9,763,405)                      | (10,201,845)                     | (4.30)   |
| Loan Loss (Provision) / Reversal                                | (48,429)                         | (13,110,136)                     | (99.63)  | 746,632                          | (17,021,505)                     | (104.39) |
| General Provision   | (1,276,774)                      | -                                | -        | (3,888,774)                      | -                                | -        |
| Reversal / (Provision) for falling value of Investment          | -                                | -                                | -        | -                                | 127,287                          | -        |
| <b>Operating Expenses</b>                                       | <b>(17,088,162)</b>              | <b>(27,856,697)</b>              | (38.66)  | <b>(34,364,482)</b>              | <b>(46,114,571)</b>              | (25.48)  |
| <b>Operating Profit/(Loss) Before VAT on Financial Services</b> | <b>14,637,635</b>                | <b>(16,574,917)</b>              | (188.31) | <b>24,430,254</b>                | <b>(11,258,356)</b>              | (317.00) |
| VAT on Financial Services                                       | (1,434,462)                      | (415,138)                        | 245.54   | (2,234,224)                      | (1,752,772)                      | 27.47    |
| <b>Operating Profit/(Loss) Before Taxation</b>                  | <b>13,203,173</b>                | <b>(16,990,055)</b>              | (177.71) | <b>22,196,030</b>                | <b>(13,011,128)</b>              | (270.59) |
| Taxation  | -                                | -                                | -        | -                                | -                                | -        |
| <b>Profit/(Loss) After Taxation</b>                             | <b>13,203,173</b>                | <b>(16,990,055)</b>              | (177.71) | <b>22,196,030</b>                | <b>(13,011,128)</b>              | (270.59) |
| <b>Basic Earnings per share</b>                                 | <b>0.01</b>                      | <b>(0.01)</b>                    |          | <b>0.01</b>                      | <b>(0.01)</b>                    |          |

P.W.K.Roshan  
Head of Finance

T.Someswaran  
Chairman

M.S.I.Peiris  
Executive Director

M. J. N. S. Fernando  
CEO

Figures in brackets indicate deductions  
The Above figures are provisional and subject to audit

CONSOLIDATED INCOME STATEMENT

| For the Period Ended  | 3 Months ended 30th June 2012 | 3 Months ended 30th June 2011 | Change   | 6 Months ended 30th June 2012 | 6 Months ended 30th June 2011 | Change   |
|---|-------------------------------|-------------------------------|----------|-------------------------------|-------------------------------|----------|
| <b>Gross Income</b>   | <b>44,307,495</b>             | <b>30,917,470</b>             | 43.31    | <b>85,906,136</b>             | <b>72,390,949</b>             | 18.67    |
| Interest Income   | 33,592,804                    | 10,223,662                    | 228.58   | 59,027,568                    | 37,808,759                    | 56.12    |
| Less: Interest Expenses   | (7,921,035)                   | (13,132,442)                  | (39.68)  | (16,736,643)                  | (25,796,481)                  | (35.12)  |
| <b>Net Interest Income</b>                                      | <b>25,671,769</b>             | <b>(2,908,780)</b>            | 982.56   | <b>42,290,925</b>             | <b>12,012,278</b>             | (252.06) |
| Other Income  | 10,714,691                    | 20,693,808                    | (48.22)  | 26,878,568                    | 34,582,190                    | (22.28)  |
| <b>Net Income</b>   | <b>36,386,460</b>             | <b>17,785,028</b>             | 104.59   | <b>69,169,493</b>             | <b>46,594,468</b>             | 48.45    |
| <b>Less: Operating Expenses</b>                                 |                               |                               |          |                               |                               |          |
| Personnel Costs   | (11,167,890)                  | (10,409,470)                  | 7.29     | (22,650,544)                  | (20,036,155)                  | 13.05    |
| Premises, Equipment & Establishment Exp.                        | (3,969,350)                   | (3,440,336)                   | 15.38    | (7,706,469)                   | (6,097,905)                   | 26.38    |
| Other Overhead Expenses   | (6,489,679)                   | (7,027,872)                   | (7.66)   | (13,103,902)                  | (13,985,016)                  | (6.30)   |
| Loan Loss (Provision) / Reversal                                | (48,429)                      | (13,110,136)                  | (99.63)  | 746,632                       | (17,021,505)                  | (104.39) |
| General Provision   | (1,276,774)                   | -                             | -        | (3,888,774)                   | -                             | -        |
| Reversal / (Provision) for falling value of Investment          | -                             | -                             | -        | -                             | 127,287                       | -        |
| <b>Operating Expenses</b>                                       | <b>(22,952,121)</b>           | <b>(33,987,814)</b>           |          | <b>(46,603,057)</b>           | <b>(57,013,293)</b>           |          |
| <b>Operating Profit/(Loss) Before VAT on Financial Services</b> | <b>13,434,338</b>             | <b>(16,202,786)</b>           | (182.91) | <b>22,566,436</b>             | <b>(10,418,825)</b>           | (316.59) |
| VAT on Financial Services                                       | (1,434,462)                   | (635,138)                     |          | (2,234,224)                   | (2,042,772)                   |          |
| <b>Operating Profit/(Loss) Before Asso. Co. Profit</b>          | <b>11,999,877</b>             | <b>(16,837,924)</b>           | (171.27) | <b>20,332,212</b>             | <b>(12,461,597)</b>           | (263.16) |
| Share of Associate Company Profit                               | (2,674,221)                   | (5,249,684)                   | (49.06)  | (4,672,339)                   | 8,934,585                     | (152.29) |
| <b>Operating Profit/(Loss) Before Taxation</b>                  | <b>9,325,656</b>              | <b>(22,087,608)</b>           | (142.22) | <b>15,659,873</b>             | <b>(3,527,012)</b>            | (544.00) |
| Taxation  | (15,000)                      | -                             |          | (70,000)                      | -                             |          |
| <b>Profit/(Loss) for the Period</b>                             | <b>9,310,656</b>              | <b>(22,087,608)</b>           | (142.15) | <b>15,589,873</b>             | <b>(3,527,012)</b>            | (542.01) |
| <b>Attributable to:</b>   |                               |                               |          |                               |                               |          |
| <b>Equity holders of the Parent Company</b>                     | <b>9,907,621</b>              | <b>(22,154,204)</b>           |          | <b>16,537,444</b>             | <b>(3,796,283)</b>            |          |
| Minority Interest   | (596,966)                     | 66,596                        | (996.40) | (947,571)                     | 269,270                       | (451.90) |
| <b>Profit/(Loss) After Taxation</b>                             | <b>9,310,656</b>              | <b>(22,087,608)</b>           | (142.15) | <b>15,589,873</b>             | <b>(3,527,012)</b>            | (542.01) |
| <b>Basic Earnings per share</b>                                 | <b>0.01</b>                   | <b>(0.02)</b>                 |          | <b>0.01</b>                   | <b>(0.00)</b>                 |          |

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Figures in brackets indicate deductions  
The Above figures are provisional and subject to audit

## SEGMENT REPORTING-GROUP

|  | Loans              |                    | Leasing            |                    | Treasury           |                    | Property/Investments |                 | Eliminations/Unallocated |                   | Consolidated         |                      |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|-----------------|--------------------------|-------------------|----------------------|----------------------|
|  | 2012<br>Rs.'000    | 2011<br>Rs.'000    | 2012<br>Rs.'000    | 2011<br>Rs.'000    | 2012<br>Rs.'000    | 2011<br>Rs.'000    | 2012<br>Rs.'000      | 2011<br>Rs.'000 | 2012<br>Rs.'000          | 2011<br>Rs.'000   | 2012<br>Rs.'000      | 2011<br>Rs.'000      |
| <b>Revenue</b>                         |                    |                    |                    |                    |                    |                    |                      |                 |                          |                   |                      |                      |
| Interest                               | 17,341,123         | 20,631,628         | 39,272,194         | 14,255,156         | -                  | -                  | -                    | -               | -                        | -                 | 56,613,317           | 34,886,784           |
| Exchange                               |                    |                    |                    |                    |                    |                    |                      |                 |                          |                   | -                    | -                    |
| Lease Income/Brokering                 |                    |                    |                    |                    | -                  | -                  |                      |                 |                          |                   | -                    | -                    |
| Commissions & Fee Income               | 603,234            | 1,216,447          | 1,450,118          | 1,012,769          | 10,735,657         | 11,749,566         |                      |                 |                          |                   | 12,789,008           | -                    |
| Other                                  | 4,123,704          | 9,505,451          | 9,913,000          | 7,913,887          | 2,467,108          |                    |                      |                 |                          |                   | 16,503,811           | 17,419,337           |
| Total Revenue from External Customers  | 22,068,060         | 31,353,526         | 50,635,311         | 23,181,812         | 13,202,765         | 11,749,566         | -                    | -               | -                        | -                 | 85,906,136           | 52,306,122           |
| <b>Total Revenue</b>                   | <b>22,068,060</b>  | <b>31,353,526</b>  | <b>50,635,311</b>  | <b>23,181,812</b>  | <b>13,202,765</b>  | <b>11,749,566</b>  | <b>-</b>             | <b>-</b>        | <b>-</b>                 | <b>-</b>          | <b>85,906,136</b>    | <b>52,306,122</b>    |
| Segment result                         | 4,343,134          | 808,022            | 10,440,490         | (786,564)          | 2,528,388          | (248,029)          |                      |                 |                          |                   | 17,312,012           | (226,571)            |
| Unallocated Income/Expenses            | -                  | -                  | -                  | -                  | -                  | -                  | -                    | -               | -                        | -                 | -                    | -                    |
| Less Depreciation charged for the year | 447,790            | 523,581            | 1,076,446          | 435,914            | 267,902            | 298,175            |                      |                 |                          |                   | 1,792,139            | 1,257,670            |
| Profit from Operations                 | 3,895,344          | 284,441            | 9,364,043          | (1,222,478)        | 2,260,486          | (546,204)          | -                    | -               | -                        | -                 | 15,519,873           | (1,484,240)          |
| Income tax expense                     | -                  | 1,752,772          | -                  | -                  | (70,000)           | 290,000            |                      |                 |                          |                   | (70,000)             | 2,042,772            |
| Profit After Income tax                | 3,895,344          | (1,468,331)        | 9,364,043          | (1,222,478)        | 2,330,486          | (836,204)          | -                    | -               | -                        | -                 | 15,589,873           | (3,527,012)          |
| Minority Interest                      | -                  | -                  | -                  | -                  | -                  | -                  | -                    | -               | -                        | -                 | -                    | -                    |
| <b>Net Profit for the year</b>         | <b>3,895,344</b>   | <b>(1,468,331)</b> | <b>9,364,043</b>   | <b>(1,222,478)</b> | <b>2,330,486</b>   | <b>(836,204)</b>   | <b>-</b>             | <b>-</b>        | <b>-</b>                 | <b>-</b>          | <b>15,589,873</b>    | <b>(3,527,012)</b>   |
| <b>OTHER INFORMATION</b>               |                    |                    |                    |                    |                    |                    |                      |                 |                          |                   |                      |                      |
| Segment assets                         | 341,634,350        | 495,404,155        | 821,257,161        | 412,455,170        | 204,391,224        | 282,129,154        |                      |                 |                          |                   | 1,367,282,734        | 1,189,988,479        |
| Less Accumulated Depreciation          | 18,456,382         | 30,073,132         | 44,367,422         | 25,037,777         | 11,041,988         | 17,126,436         |                      |                 |                          |                   | 73,865,792           | 72,237,345           |
| Investment in Subsidiaries             | 12,750,000         | 12,750,000         |                    |                    |                    |                    |                      |                 | 12,750,000               | 12,750,000        |                      |                      |
| <b>Total Assets</b>                    | <b>335,927,968</b> | <b>478,081,023</b> | <b>776,889,739</b> | <b>387,417,393</b> | <b>193,349,236</b> | <b>265,002,718</b> | <b>-</b>             | <b>-</b>        | <b>12,750,000</b>        | <b>12,750,000</b> | <b>1,293,416,942</b> | <b>1,117,751,133</b> |
| Segment liabilities                    | 88,797,345         | 230,450,499        | 213,460,547        | 191,864,559        | 53,125,214         | 131,239,925        |                      |                 |                          |                   | 355,383,105          | 553,554,984          |
| Shareholders Funds                     | 232,704,005        | 231,367,410        | 559,398,756        | 192,627,945        | 139,220,943        | 131,762,100        |                      |                 |                          |                   | 931,323,703          | 555,757,455          |
| Minority Interest                      |                    |                    |                    |                    |                    |                    |                      |                 | 6,710,134                | 8,505,292         | 6,710,134            | 8,505,292            |
| <b>Total liabilities</b>               | <b>321,501,349</b> | <b>461,817,909</b> | <b>772,859,302</b> | <b>384,492,504</b> | <b>192,346,157</b> | <b>263,002,025</b> | <b>-</b>             | <b>-</b>        | <b>6,710,134</b>         | <b>8,505,292</b>  | <b>1,293,416,942</b> | <b>1,100,807,145</b> |

**STATEMENTS OF CHANGES IN EQUITY**
**For the 6 Months Period Ended 30th June 2012**

| GROUP   | Stated<br>Rs.        | Capital<br>Rs. | Share Application<br>Account<br>Rs. | Statutory Reserve<br>Fund<br>Rs. | Reserve on IFA<br>Rs. | Retained<br>Rs.        | Loss<br>Rs. | Total Share Holders'<br>fund<br>Rs. | Minority Interest<br>Rs. | Total<br>Equity<br>Rs. |
|---|----------------------|----------------|-------------------------------------|----------------------------------|-----------------------|------------------------|-------------|-------------------------------------|--------------------------|------------------------|
| As at 01st January 2011                         | 1,146,950,296        |                | -                                   | 9,857,885                        |                       | (615,149,710)          |             | 541,658,471                         | 8,236,022                | 549,894,494            |
| Net Profit/ (Loss) attributable to Shareholders |                      | -              |                                     |                                  |                       | (3,527,012)            |             | (3,527,012)                         | 269,270                  | (3,257,742)            |
| As at 30th June 2011                            | <u>1,146,950,296</u> |                | <u>-</u>                            | <u>9,857,885</u>                 | <u>-</u>              | <u>(618,676,722)</u> # |             | <u>538,131,459</u>                  | <u>8,505,292</u>         | <u>546,636,751</u>     |
| As at 01st January 2012                         | 510,530,975          |                | 374,566,439                         | 9,857,885                        | 1,565,729             | (15,607,588)           |             | 880,913,440                         | 7,657,705                | 888,571,145            |
| Share Applications received (For Warrants)      |                      |                | 33,966,700                          |                                  |                       |                        |             | 33,966,700                          |                          | 33,966,700             |
| Conversion of Warrants                          | 408,533,139          |                | (408,533,139)                       |                                  |                       |                        |             | -                                   |                          | -                      |
| Net Profit attributable to Shareholders         |                      |                |                                     |                                  |                       | 15,589,873             |             | 15,589,873                          | (947,571)                | 14,642,302             |
| Transfer to Statutory Reserve Fund              |                      |                |                                     |                                  |                       |                        |             | -                                   |                          | -                      |
| Transfer to IFA                                 |                      |                |                                     |                                  | 853,690               |                        |             | 853,690                             |                          | 853,690                |
| As at 30th June 2012                            | <u>919,064,114</u>   |                | <u>-</u>                            | <u>9,857,885</u>                 | <u>2,419,419</u>      | <u>(17,715)</u>        |             | <u>931,323,703</u>                  | <u>6,710,134</u>         | <u>938,033,837</u>     |

**For the 3 Month Period Ended 31st Mar 2012**

| SMB PLC   | Stated<br>Rs.        | Capital<br>Rs. | Share Application<br>Account<br>Rs. | Statutory Reserve<br>Fund<br>Rs. | Reserves on IFA<br>Rs. | Retained<br>Rs.      | Loss<br>Rs. | Total Share Holders'<br>fund<br>Rs. |
|---|----------------------|----------------|-------------------------------------|----------------------------------|------------------------|----------------------|-------------|-------------------------------------|
| As at 01st January 2011                         | 1,146,950,296        |                | -                                   | 9,857,885                        | -                      | (636,419,321)        |             | 520,388,860                         |
| Net Profit/ (Loss) attributable to Shareholders |                      |                |                                     |                                  |                        | (13,011,128)         |             | (13,011,128)                        |
| As at 30th June 2011                            | <u>1,146,950,296</u> |                | <u>-</u>                            | <u>9,857,885</u> #               | <u>-</u>               | <u>(649,430,449)</u> |             | <u>507,377,732</u>                  |
| As at 01st January 2012                         | 510,530,975          |                | 374,566,439                         | 9,857,885                        | 1,565,729              | (44,202,939)         |             | 852,318,089                         |
| Share Applications received (For Warrants)      |                      |                | 33,966,700                          |                                  |                        |                      |             | 33,966,700                          |
| Conversion of Warrants                          | 408,533,139          |                | (408,533,139)                       |                                  |                        |                      |             | -                                   |
| Net Profit attributable to Shareholders         |                      |                |                                     |                                  |                        | 22,196,030           |             | 22,196,030                          |
| Direct Cost of Share Issue                      |                      |                |                                     |                                  |                        | (3,686,427)          |             | (3,686,427)                         |
| Transfer to IFA                                 |                      |                |                                     |                                  | 853,690                |                      |             | 853,690                             |
| As at 30th June 2012                            | <u>919,064,114</u>   |                | <u>-</u>                            | <u>9,857,885</u>                 | <u>2,419,419</u>       | <u>(25,693,336)</u>  |             | <u>905,648,082</u>                  |

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The Accounting Policies and the Notes form an integral part of these financial statements.

Figures in brackets indicate deductions.

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## CONSOLIDATED BALANCE SHEET

| As At  | GROUP                |                      | SMB PLC              |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 30th June 2012       | 30th June 2011       | 30th June 2012       | 30th June 2011       |
| <b>ASSETS</b>  |                      |                      |                      |                      |
| Cash and Short Term Funds                                    | 66,778,472           | 201,110,669          | 65,685,039           | 200,403,372          |
| Placements with and Loans to Other Banks & Finance Companies | 3,600,000            | 7,823,247            | -                    | -                    |
| Other Investment Securities                                  | 8,919,667            | 7,596,235            | 6,308,477            | 3,244,894            |
| Loans and Advances   | 659,996,458          | 541,566,984          | 662,696,458          | 544,506,984          |
| Lease Rental Receivable                                      | 607,242,349          | 323,486,411          | 607,242,349          | 323,486,411          |
| Interest and Fees Receivable                                 | 23,619,104           | 24,664,409           | 23,619,104           | 24,664,409           |
| Less : Provision for Possible Credit Losses                  | 292,417,964          | 281,248,001          | 292,417,964          | 281,248,001          |
| Interest in Suspense   | 105,911,746          | 94,823,103           | 105,911,746          | 94,823,103           |
| Net Loan, Advances and Leases                                | <b>892,528,201</b>   | <b>513,646,700</b>   | <b>895,228,201</b>   | <b>516,586,700</b>   |
| Investment in Subsidiary Company                             |                      |                      | 12,750,000           | 12,750,000           |
| Investments in Associate Companies                           | 155,713,510          | 162,477,457          | 125,561,238          | 129,282,196          |
| Investment Properties  | 40,173,277           | 37,320,400           | 33,120,400           | 33,120,400           |
| Property, Plant and Equipment                                | 12,685,017           | 9,430,066            | 11,763,773           | 8,065,457            |
| Group Balance Receivable                                     |                      |                      |                      |                      |
| Other Assets   | 113,018,797          | 126,693,214          | 108,115,273          | 121,268,323          |
| Deferred Assets  |                      |                      |                      |                      |
| <b>Total Assets</b>  | <b>1,293,416,942</b> | <b>1,066,097,987</b> | <b>1,258,532,402</b> | <b>1,024,721,341</b> |
| <b>EQUITY AND LIABILITIES</b>                                |                      |                      |                      | #                    |
| <b>LIABILITIES</b>   |                      |                      |                      |                      |
| Borrowings   | 160,975,462          | 298,717,394          | 171,401,462          | 298,717,394          |
| Group Balances Payable                                       | -                    | -                    | -                    | -                    |
| Other Liabilities  | 68,086,385           | 65,572,034           | 55,161,600           | 63,454,409           |
| Debentures   | 107,662,093          | 109,332,093          | 107,662,093          | 109,332,093          |
| Bank Over Draft  | 18,659,166           | 45,839,715           | 18,659,166           | 45,839,715           |
| Total Liabilities  | <b>355,383,105</b>   | <b>519,461,235</b>   | <b>352,884,320</b>   | <b>517,343,610</b>   |
| <b>EQUITY</b>  |                      |                      |                      |                      |
| Stated capital   | 919,064,114          | 1,146,950,296        | 919,064,114          | 1,146,950,296        |
| Statutory reserves   | 9,857,885            | 9,857,885            | 9,857,885            | 9,857,884            |
| Other Reserves (IFA)   | 2,419,419            | -                    | 2,419,419            | -                    |
| Reserves   | (17,715)             | (618,676,722)        | (25,693,336)         | (649,430,449)        |
| Total equity attributable to equity holders of the company   | <b>931,323,703</b>   | <b>538,131,459</b>   | <b>905,648,082</b>   | <b>507,377,731</b>   |
| Minority Interest  | 6,710,134            | 8,505,292            |                      | -                    |
| <b>Total Equity</b>  | <b>938,033,837</b>   |                      |                      |                      |
| <b>Total Liabilities and Equity</b>                          | <b>1,293,416,942</b> | <b>1,066,097,987</b> | <b>1,258,532,402</b> | <b>1,024,721,341</b> |
| <b>Net Assets Per Ordinary Shares Rs.</b>                    | <b>0.67</b>          | <b>0.39</b>          | <b>0.65</b>          | <b>0.37</b>          |

Figures in brackets indicate deductions

The Above figures are provisional and subject to audit

**P.W.K.Roshan**  
Head of Finance

**T.Someswaran**  
Chairman

**M.S.I. Peiris**  
Executive Director

**M. J. N. S. Ferna**  
CEO

15th August 2012

There has not been a significant change in the nature of the Contingent Liabilities which were disclosed in the Annual Report for the year ended December 31, 2011

**CASHFLOW STATEMENTS**

| For the 3 Months Ended 30th June                               | Group                |                     | SMB PLC              |                     |
|--|----------------------|---------------------|----------------------|---------------------|
|  | 2012<br>Rs.          | 2011<br>Rs.         | 2012<br>Rs.          | 2011<br>Rs.         |
| <b>Cash Flow from Operating Activities</b>                     |                      |                     |                      |                     |
| Interest Received  | 58,165,483           | 56,835,798          | 58,165,483           | 56,654,471          |
| Interest Payments  | (27,627,272)         | (28,714,939)        | (27,627,272)         | (28,703,626)        |
| Fees and Commission Receipts                                   | 26,878,568           | 34,582,190          | 16,503,811           | 22,832,624          |
| Profits from Other Operating Activities                        |                      |                     |                      | -                   |
| Cash Payments to Employees and Suppliers                       | (40,062,616)         | (38,078,397)        | (28,425,723)         | (27,390,310)        |
| <b>Net Profit before Changes in Operating Assets</b>           | <b>17,354,163</b>    | <b>24,624,652</b>   | <b>18,616,299</b>    | <b>23,393,159</b>   |
| Funds Advanced to Customers / Colletion                        | (251,114,268)        | (25,299,394)        | (251,114,268)        | (25,659,394)        |
| Other Assets   | 654,134              | (23,212,040)        | 186,384              | (20,779,416)        |
| <b>Cash Generated from Operations</b>                          | <b>(233,105,971)</b> | <b>(23,886,782)</b> | <b>(232,311,585)</b> | <b>(23,045,652)</b> |
| Tax Paid   | (1,450,534)          | (2,042,772)         | (1,380,534)          | (1,752,772)         |
| Gratuity Paid  | (60,000)             | -                   | (60,000)             | -                   |
| <b>Net Cash used in Operating Activities</b>                   | <b>(234,616,505)</b> | <b>(25,929,554)</b> | <b>(233,752,119)</b> | <b>(24,798,424)</b> |
| <b>Cash Flow from Investing Activities</b>                     |                      |                     |                      |                     |
| Investment in Associate Companies                              | -                    | -                   | -                    | -                   |
| Sale of shares in Subsidiary Companies                         | -                    | -                   | -                    | -                   |
| Proceeds from Sale of Dealing Securities                       | -                    | -                   | -                    | -                   |
| Net (Increase)/Decrease of Treasury Bills & Bonds              | -                    | -                   | -                    | -                   |
| Purchase of Investment Securities.                             | -                    | (2,530,915)         | -                    | (594,427)           |
| Proceeds from Sale of Investment Securities                    | 856,693              | -                   | -                    | -                   |
| Net (Increase)/Decrease in Other Non Dealing Investments       | -                    | -                   | -                    | -                   |
| Purchase of Property, Plant & Equipments                       | (314,381)            | (78,800)            | (314,381)            | (78,800)            |
| Proceeds from Disposal of Property, Plant & Equipments         | -                    | -                   | -                    | -                   |
| Intangible Assets  | -                    | -                   | -                    | -                   |
| Purchase / Sale of Investment Properties                       | -                    | -                   | -                    | -                   |
| Sales Proceeds of Investment Properties                        | -                    | -                   | -                    | -                   |
| <b>Net Cash from/(Used in) Investing Activities</b>            | <b>542,312</b>       | <b>(2,609,715)</b>  | <b>(314,381)</b>     | <b>(673,227)</b>    |
| <b>Cash Flow from Financing Activities</b>                     |                      |                     |                      |                     |
| Increase/(Decrease) in Debentures                              | (1,531,000)          | (5,844,407)         | (1,531,000)          | (5,844,407)         |
| Increase/(Decrease) in Liabilities                             | (36,002,082)         | (11,139,196)        | (35,129,833)         | (12,026,818)        |
| Increase/(Decrease) in Other Borrowings                        | (70,434,532)         | (53,947,125)        | (70,434,532)         | (54,097,125)        |
| Proceed from Issue of Shares                                   |                      |                     |                      |                     |
| Cash Received on account of Warrant Conversion                 | 33,966,700           | -                   | 33,966,700           |                     |
| Share issue expenses   | (3,686,427)          |                     | (3,686,427)          |                     |
| Dividend Paid  | -                    |                     | -                    |                     |
| <b>Net Cash from / ( used in) Financing Activities.</b>        | <b>(77,687,341)</b>  | <b>(70,930,728)</b> | <b>(76,815,092)</b>  | <b>(71,968,350)</b> |
| <b>Net Increase or (Decrease) in Cash and Cash Equivalents</b> | <b>(311,761,534)</b> | <b>(99,469,997)</b> | <b>(310,881,592)</b> | <b>(97,440,000)</b> |
| Cash and Cash Equivalents at the beginning of the year         | 436,194,610          | 300,580,666         | 430,621,235          | 297,843,372         |
| <b>Cash and Cash Equivalents at the end of the year</b>        | <b>124,433,076</b>   | <b>201,110,669</b>  | <b>119,739,643</b>   | <b>200,403,372</b>  |
| <b>Reconciliation of Cash and Cash Equivalents</b>             |                      |                     |                      |                     |
| Cash and Short Term Funds                                      | 124,433,076          | 201,110,669         | 119,739,643          | 200,403,372         |
|  | <b>124,433,076</b>   | <b>201,110,669</b>  | <b>119,739,643</b>   | <b>200,403,372</b>  |

The Accounting Policies and the Notes form an integral part of these financial statements.

Figures in brackets indicate deduction

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**Notes to the financial Statements**

- 1 There has not been a significant change in the nature & value of the Contingent Liabilities which were disclosed in the Annual Report for the year ended 31st December 2010.
- 2 The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.
- 3 No circumstances have arisen since the Balance Sheet date, which would require adjustments or disclosure of material events subsequent to the interim period, in the financial statements.
- 4 The market price per share (Ordinary Voting) as at 30th June 2012, as quoted by the CSE was Rs. 1.00. The Highest & Lowest values recorded during the quarter were Rs. 1.40 and Rs. 0.90 respectively.
- 5 The market price per share (Ordinary Non Voting) as at 30th June 2012, as quoted by the CSE was Rs. 0.40. The Highest & Lowest values recorded during the quarter were Rs. 0.50 and Rs. 0.20 respectively.
- 6 Interim financial statements are not published by SMB Real Estate Ltd., an associate company of SMB Leasing PLC, hence the consolidation is based on 31 March 2012 Financial Statements of this company.



**SMB Leasing PLC**  
**Directors Shareholding as at 30/06/2012**

| <b>Name</b>        | <b>No of Voting Shares</b> | <b>No of Non Voting Shares</b> |
|--------------------|----------------------------|--------------------------------|
| Mr. T Someswaran   | -                          | -                              |
| Mr. U Gautam       | -                          | -                              |
| Mr. MSI Peris      | 24                         | -                              |
| Mr. RSW Senanayake | 62,000                     | 50,000                         |
| Mr. GCB Ranasinghe | -                          | -                              |
| Mr. JC Korale      | -                          | -                              |
| Dr. T Senthilverl  | 270,583,748                | -                              |

**Spouses & Children Under 18 years of Directors**

| <b>Name</b>          | <b>No of Voting Shares</b> | <b>No of Non Voting Shares</b> |
|----------------------|----------------------------|--------------------------------|
| Ms. L Someswaran     | -                          | -                              |
| Ms. M Gautam         | -                          | -                              |
| Mrs. V Peris         | -                          | -                              |
| Mast. MSV Peiris     | -                          | -                              |
| Mast. MSR Peiris     | -                          | -                              |
| Mrs. KALN Senanayake | 814                        | -                              |
| Miss. DNA Senanayake | -                          | -                              |
| Mast. NSW Senanayake | -                          | -                              |
| Mrs. EC Ranasinghe   | -                          | -                              |
| Ms. CG Korale        | -                          | -                              |
| Ms. JN Korale        | -                          | -                              |
| Ms. MY Senthilverl   | -                          | -                              |

**CEO, Spous & Children under 18**

| <b>Name</b>        | <b>No of Voting Shares</b> | <b>No of Non Voting Shares</b> |
|--------------------|----------------------------|--------------------------------|
| Mr. MJSN Fernando  | 3,940                      | -                              |
| Mrs. KLC Guneratne | -                          | -                              |
| Mast MET Fernando  | -                          | -                              |

**Computation of % of Public Shareholding 30/06/2012 - Voting Share**

|                                 |                    |
|---------------------------------|--------------------|
| Issued share Capital            | 1,191,766,772      |
| Directors Shareholding          | 270,645,772        |
| Spouses & Children of Directors | 814                |
| CEO, Spous & Children under 18  | 3,940              |
| Over 10% Holding                | 194,882,451        |
| Public Holding                  | <u>726,233,795</u> |
| Public Holding %                | <u>60.94%</u>      |

**Computation of % of Public Shareholding 30/06/2012 - Non Voting Share**

|                                 |                    |
|---------------------------------|--------------------|
| Issued share Capital            | 614,066,101        |
| Parent Company                  | -                  |
| Directors Shareholding          | 50,000             |
| Spouses & Children of Directors | -                  |
| Public Holding                  | <u>614,016,101</u> |
| Public Holding %                | <u>99.99%</u>      |

**TOP TWENTY SHAREHOLDERS****ORDINARY VOTING**

| Name   | 30th June 2012     |               |
|--|--------------------|---------------|
|  | No of Shares       | %             |
| 1 Dr. T Senthilverl  | 208,000,000        | 17.45%        |
| 2 Mr.HRS Wijerathna  | 194,882,451        | 16.35%        |
| 3 Standard Chartered Bank Singapore S/A HL bank Singapore Branch | 61,966,100         | 5.20%         |
| 4 Seylan Bank Plc -Thirugnanasambandar Senthilverl               | 48,583,748         | 4.08%         |
| 5 Miss. SA Fernando  | 48,004,878         | 4.03%         |
| 6 Mrs. KWSH Fernando/mr.WKVM Fernando                            | 41,914,378         | 3.52%         |
| 7 Mr. WKVM Fernando/ Mrs.K W S H Fernando                        | 35,928,580         | 3.01%         |
| 8 Miss. WNC Fernando   | 32,321,398         | 2.71%         |
| 9 Miss.DDJ Lokuge  | 24,577,453         | 2.06%         |
| 10 Singharaja Hills Plantation (Pvt) Ltd                         | 16,787,306         | 1.41%         |
| 11 Mr. R Gautam  | 14,490,000         | 1.22%         |
| 12 Seylan Bank PLC /Jayantha Dewage                              | 14,357,030         | 1.20%         |
| 13 National Development Bank PLC/T. Senthilverl                  | 14,000,000         | 1.17%         |
| 14 Mr.A Sithampalam  | 12,880,284         | 1.08%         |
| 15 Andaradeniya Estate Private Limited                           | 12,270,674         | 1.03%         |
| 16 Mr. LD Wickramasinghe/ Mr.S S Wickramasinghe                  | 10,000,000         | 0.84%         |
| 17 Mr. WKVM Fernando   | 8,912,800          | 0.75%         |
| 18 First Capital Markets Limited/Mr.M A U Gunathilaka            | 8,279,110          | 0.69%         |
| 19 Mr. HK Pushpakumara   | 6,896,600          | 0.58%         |
| 20 Dr.WUN Gamage   | 5,063,600          | 0.42%         |
| <b>TOTAL</b>   | <b>820,116,390</b> | <b>68.82%</b> |

**ORDINARY NON VOTING**

| Name   | 30th June 2012     |               |
|--|--------------------|---------------|
|  | No of Shares       | %             |
| 1 Mr. R Gautam   | 23,300,080         | 3.79%         |
| 2 Seylan Bank PLC/Jayantha Dewage                        | 14,521,480         | 2.36%         |
| 3 Waldock Mackenzie Ltd / Mr. SA Gulahusein              | 11,429,880         | 1.86%         |
| 4 Mr.C Nayagam   | 9,500,000          | 1.55%         |
| 5 Mr. BL Jayaratne                                       | 8,503,700          | 1.38%         |
| 6 Mr.JAW Victoria  | 6,771,200          | 1.10%         |
| 7 Mr.SK Shanmugam  | 6,091,309          | 0.99%         |
| 8 Waldock Mackenzie Ltd / Mr.Lalin Tusith Samarawickrama | 6,000,000          | 0.98%         |
| 9 Mr.HK Pushpakumara                                     | 5,455,000          | 0.89%         |
| 10 Mr.MLA Benedict                                       | 5,375,000          | 0.88%         |
| 11 Mr.WJD Benedict                                       | 5,100,000          | 0.83%         |
| 12 Mr.AR Fernando  | 5,050,160          | 0.82%         |
| 13 Mr. JJ Ravindran                                      | 5,040,000          | 0.82%         |
| 14 Dr. D Rajakanthan                                     | 5,000,000          | 0.81%         |
| 15 Mrs.Nalika Padmasiri                                  | 4,934,100          | 0.80%         |
| 16 Mr.S Abishek  | 4,869,460          | 0.79%         |
| 17 Dr. CA Twerenbold                                     | 4,313,800          | 0.70%         |
| 18 Mr.RPJ Rajapaksha                                     | 4,200,000          | 0.68%         |
| 19 Miss S Durga  | 4,037,000          | 0.66%         |
| 20 Green Olive Investment (Pvt) Ltd                      | 3,900,000          | 0.64%         |
| <b>TOTAL</b>   | <b>143,392,169</b> | <b>23.35%</b> |