

**INTERIM FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2018**



SMB LEASING PLC

No: 282/1, CBS Building, Galle Road, Colombo 03

SMB Leasing PLC
Statement of Profit or Loss
For the period ended June 30, 2018 (LKR 000)

Company	Quarter ended June 30, 2018	Quarter ended June 30, 2017	Variance	YTD June 30, 2018	YTD June 30, 2017	Variance
	Unaudited	Unaudited		Unaudited	Unaudited	
Interest income	59,373	65,241	-9%	118,799	128,755	-8%
Interest expenses	(16,830)	(18,939)	-11%	(29,303)	(36,486)	-20%
Net interest income	42,543	46,302	-8%	89,496	92,269	-3%
Fee and commission income	1,488	1,581	-6%	2,908	3,315	-12%
Net interest, fee and commission income	44,031	47,883	-8%	92,404	95,584	-3%
Other operating income (net)	3,474	4,634	-25%	7,138	8,840	-19%
Total operating income	47,505	52,518	-10%	99,542	104,424	-5%
Impairment (charge)/reversal for loans and advances	1,695	(31,346)	-105%	5,729	(33,551)	-117%
Net operating income	49,200	21,172	132%	105,271	70,873	49%
Personnel expenses	(18,121)	(15,753)	15%	(35,401)	(32,526)	9%
Premises, equipment & establishment expenses	(6,369)	(6,944)	-8%	(12,047)	(10,712)	12%
Depreciation and amortizations	(1,417)	(2,325)	-39%	(2,826)	(3,738)	-24%
Other expenses	(5,656)	(6,829)	-17%	(10,319)	(13,447)	-23%
Operating profit/(Loss) before Value Added Tax (VAT)	17,637	(10,679)	265%	44,678	10,450	328%
Value added tax (VAT) on financial services	(4,608)	(2,623)	76%	(8,891)	(6,767)	31%
Profit/(Loss) before income tax	13,029	(13,302)	198%	35,787	3,683	872%
Income tax expenses	(891)	(766)	16%	(3,120)	(1,837)	70%
Profit/(Loss) for the period	12,138	(14,068)	186%	32,667	1,846	1670%

Statement of Comprehensive Income	Quarter ended June 30, 2018	Quarter ended June 30, 2017	Variance	YTD June 30, 2018	YTD June 30, 2017	Variance
	Unaudited	Unaudited		Unaudited	Unaudited	
Profit/(Loss) for the period	12,138	(14,068)	186%	32,667	1,846	1670%
Other Comprehensive Income						
Other Comprehensive Income	-	-	-	-	-	-
Actuarial gains/(loss) on Defined Benefit Plans	-	-	-	-	-	-
Available-for-Sale investments - Net fair value change	-	-	-	-	-	-
Available-for-Sale investments - Impairment loss reclassified to profit or loss	-	-	-	-	-	-
Other Comprehensive Income/(Expense) for the period (net of tax)	-	-	-	-	-	-
Total Comprehensive Income/(Expense) for the period	12,138	(14,068)	186%	32,667	1,846	1670%

SMB Leasing PLC
Statement of Profit or Loss
For the period ended June 30, 2018 (LKR 000)

Group	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	June 30, 2018	June 30, 2017		June 30, 2018	June 30, 2017	
	Unaudited	Unaudited		Unaudited	Unaudited	
Interest income	59,373	65,241	-9%	118,799	128,755	-8%
Interest expenses	(16,873)	(18,939)	-11%	(29,405)	(36,486)	-19%
Net interest income	42,500	46,302	-8%	89,394	92,269	-3%
Fee and commission income	1,488	1,581	-6%	2,908	3,315	-12%
Net interest, fee and commission income	43,988	47,883	-8%	92,302	95,584	-3%
Other operating income (net)	20,895	24,023	-13%	45,426	42,941	6%
Total operating income	64,883	71,907	-10%	137,728	138,525	-1%
Impairment (charge)/reversal for loans and advances	1,695	(31,347)	-105%	5,729	(33,551)	-117%
Net operating income	66,578	40,560	64%	143,457	104,973	37%
Personnel expenses	(29,159)	(29,401)	-1%	(60,680)	(55,860)	9%
Premises, equipment & establishment expenses	(6,929)	(8,273)	-16%	(13,147)	(13,363)	-2%
Depreciation and amortizations	(1,857)	(2,801)	-34%	(3,890)	(4,686)	-17%
Other expenses	(9,153)	(8,638)	6%	(16,783)	(16,936)	-1%
Operating profit/(Loss) before Value Added Tax (VAT)	19,480	(8,553)	328%	48,957	14,129	246%
Value added tax (VAT) on financial services	(4,608)	(2,623)	76%	(8,891)	(6,767)	31%
Profit/(Loss) before income tax	14,872	(11,176)	233%	40,066	7,361	444%
Income tax expenses	(1,541)	(1,436)	7%	(4,650)	(3,172)	47%
Profit/(Loss) for the period	13,331	(12,612)	206%	35,416	4,189	745%
Profit/(Loss) attributable to :						
Owners of the parent	12,746	(13,325)	196%	34,069	3,041	1020%
Non-controlling interest	585	713	-18%	1,347	1,148	17%
Profit/(Loss) for the period	13,331	(12,612)	206%	35,416	4,189	745%
Basic earnings per share	0.01	-0.01	206%	0.02	0.00	745%

Statement of Comprehensive Income	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	June 30, 2018	June 30, 2017		June 30, 2018	June 30, 2017	
	Unaudited	Unaudited		Unaudited	Unaudited	
Profit/(Loss) for the period	13,331	(12,612)	206%	35,416	4,189	745%
Other Comprehensive Income						
Other Comprehensive Income	-	-	-	-	-	-
Actuarial gains/(loss) on Defined Benefit Plans	-	-	-	-	-	-
Available-for-Sale investments - Net fair value change	-	-	-	-	-	-
Available-for-Sale investments - Impairment loss reclassified to profit or loss	-	-	-	-	-	-
Other Comprehensive Income/(Expense) for the period (net of tax)	-	-	-	-	-	-
Total Comprehensive Income/(Expense) for the period	13,331	(12,612)	206%	35,416	4,189	745%
Total Comprehensive Income/(Expense) attributable to:						
Owners of the parent	12,746	(13,325)	196%	34,069	3,041	1020%
Non-controlling interest	585	713	-18%	1,347	1,148	17%
Total Comprehensive Income/(Expense) for the period	13,331	(12,612)	206%	35,416	4,189	745%

SMB Leasing PLC
Statement of Financial Position (LKR 000)

As at	Company		Group	
	June 30, 2018 Unaudited	December 31, 2017 Audited	June 30, 2018 Unaudited	December 31, 2017 Audited
Assets				
Cash and cash equivalents	20,713	30,151	24,677	32,459
Placements with banks	135,055	132,227	154,855	147,259
Loans and receivables	1,416,439	1,268,457	1,414,938	1,266,837
Financial investments	52,719	52,719	56,054	59,460
Investments in associate	37,275	37,276	37,275	37,275
Investments in subsidiary	12,750	12,750	-	0
Investment properties	33,310	33,310	40,385	40,385
Property, plant & equipment	17,069	19,417	18,501	21,252
Intangible assets	1,283	1,495	3,283	3,784
Deferred tax assets	-	-	1,760	1,760
Other assets	59,002	59,040	73,023	70,361
Total Assets	1,785,615	1,646,842	1,824,751	1,680,832
Liabilities				
Due to financial institutions	323,263	308,888	323,263	308,888
Due to other customers	106,928	104,932	106,928	104,932
Other borrowings	-	-	870	456
Other liabilities	185,288	59,436	199,993	72,160
Total Liabilities	615,479	473,256	631,054	486,436
Equity				
Stated capital	919,064	919,064	919,064	919,064
Statutory reserves	30,361	30,361	30,361	30,361
Available for sale reserve	233	233	233	233
Retained earnings	220,478	223,927	226,332	228,379
Total equity attributable to equity holders of the Company	1,170,136	1,173,586	1,175,990	1,178,037
Non- controlling interests	-	-	17,707	16,359
Total Equity	1,170,136	1,173,586	1,193,697	1,194,396
Total Equity and Liabilities	1,785,615	1,646,842	1,824,751	1,680,832

Figures in brackets indicate deductions

The Notes form an integral part of these Interim Financial Statements.

These Financial Statements comply with the requirements of the Companies Act No. 7 of 2007.

Signed

S. C. Wijesinghe

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed on behalf of the Board by,

Signed

A.T.S Sosa

Director

Signed

U.Gautam

Director

Colombo

August 15, 2018

SMB Leasing PLC
Statement of Changes in Equity
For the quarter ended June 30, 2018 (LKR 000)

Company	Stated Capital		Statutory Reserve Fund	Available for Sale Reserve	Retained Earnings	Total
	Ordinary - Voting Shares	Ordinary - Non Voting Shares				
Balance as at January 01, 2017	708,446	210,618	28,499	233	188,593	1,136,390
Profit for the period	-	-	-	-	1,846	1,846
Other comprehensive income/(expense) (net of tax)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,846	1,846
Transfer to Statutory Reserves	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-
Balance as at June 30, 2017	708,446	210,618	28,499	233	190,439	1,138,236
Profit for the year	-	-	-	-	37,249	37,249
Other comprehensive income/(expense) (net of tax)	-	-	-	-	(53)	(53)
Total comprehensive income for the year	-	-	-	-	37,196	37,196
Transfer to Statutory Reserves	-	-	1,862	-	(1,862)	-
Dividend Paid	-	-	-	-	-	-
Total transactions with equity holders	-	-	1,862	-	(1,862)	-
Balance as at December 31, 2017	708,446	210,618	30,361	233	223,927	1,173,586
Balance as at January 01, 2018	708,446	210,618	30,361	233	223,927	1,173,586
Profit for the period	-	-	-	-	32,667	32,667
Other comprehensive income/(expense) (net of tax)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	32,667	32,667
Transfer to Statutory Reserves	-	-	-	-	-	-
Dividend Paid	-	-	-	-	(36,117)	(36,117)
Total transactions with equity holders	-	-	-	-	(36,117)	(36,117)
Balance as at June 30, 2018	708,446	210,618	30,361	233	220,478	1,170,136

SMB Leasing PLC
Statement of Changes in Equity
For the quarter ended June 30, 2018 (LKR 000)

Group	Stated Capital		Statutory Reserve Fund	Available for Sale Reserve	Retained Earnings	Total	Non Controlling Interest	Total Equity
	Ordinary - Voting Shares	Ordinary - Non Voting Shares						
Balance as at January 01, 2017	708,446	210,618	28,499	233	190,658	1,138,454	14,066	1,152,520
Profit for the period					3,041	3,041	1,148	4,189
Other comprehensive income/expense(net of tax)								
Total comprehensive income for the period	-	-	-	-	3,041	3,041	1,148	4,189
Transfer to Statutory Reserves	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-	-	-
Balance as at June 30, 2017	708,446	210,618	28,499	233	193,699	1,141,495	15,214	1,156,709
Profit for the year	-	-	-	-	40,066	40,066	2,707	42,774
Other comprehensive income/expense(net of tax)	-	-	-	-	(483)	(483)	(414)	(897)
Total comprehensive income for the year	-	-	-	-	39,583	39,583	2,293	41,877
Transfer to Statutory Reserves	-	-	1,862	-	(1,862)	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	1,862	-	(1,862)	-	-	-
Balance as at December 31, 2017	708,446	210,618	30,361	233	228,379	1,178,037	16,359	1,194,397
Balance as at January 01, 2018	708,446	210,618	30,361	233	228,379	1,178,037	16,359	1,194,397
Profit for the period					34,069	34,069	1,347	35,417
Other comprehensive income/expense(net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	34,069	34,069	1,347	35,417
Transfer to Statutory Reserves	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	(36,117)	(36,117)	-	(36,117)
Total transactions with equity holders	-	-	-	-	(36,117)	(36,117)	-	(36,117)
Balance as at June 30, 2018	708,446	210,618	30,361	233	226,332	1,175,990	17,707	1,193,697

SMB Leasing PLC
Cash Flow Statement
For the period ended June 30, 2018 (LKR 000)

	Company		Group	
	June 30, 2018 Unaudited	June 30, 2017 Unaudited	June 30, 2018 Unaudited	June 30, 2017 Unaudited
Cash Flow from Operating Activities				
Interest Receipts	103,348	116,924	103,348	116,924
Interest Payments	(40,336)	(23,731)	(40,438)	(23,731)
Fees and Commission Receipts	10,188	12,793	48,477	46,894
Cash Payments to Employees and Suppliers	(58,559)	(57,640)	(93,380)	(86,234)
Profit before Changes in Operating Assets	14,641	48,346	18,007	53,853
Loans and receivables to other customers	(122,389)	(125,585)	(122,509)	(125,705)
Other Assets	37	(18,876)	(2,662)	(20,796)
Cash Generated / (used in) Operating Activities	(107,710)	(96,115)	(107,163)	(92,648)
Tax Paid	(9,289)	(11,333)	(10,331)	(12,296)
Gratuity Paid	(1,487)	-	(1,487)	-
Net Cash Generated / (used in) Operating Activities	(118,486)	(107,448)	(118,981)	(104,944)
Cash Flow from Investing Activities				
Net (Increase)/Decrease in Financial Investments	(6,249)	105	(2,812)	(1,383)
Purchase of Property, Plant & Equipment	(1,049)	(6,828)	707	(7,071)
Proceeds from Disposal of Property, Plant & Equipment	-	783	-	783
Net Cash Generated / (Used in) Investing Activities	(7,298)	(5,940)	(2,105)	(7,671)
Cash Flow from Financing Activities				
Increase/(Decrease) in Borrowings from financial institutions	49,340	(15,498)	51,850	(15,931)
Increase/(Decrease) in Other Borrowings	(101,031)	114,500	(103,127)	117,166
Increase/(Decrease) in Public Borrowings	-	-	-	-
Increase/(Decrease) in Other Liabilities	121,779	(11,015)	123,123	(12,547)
Dividend Paid to shareholders	(36,117)	-	(36,117)	-
Net Cash Generated / (used in) Financing Activities	33,972	87,987	35,729	88,688
Net Increase / (Decrease) in Cash and Cash Equivalents	(91,813)	(25,402)	(85,357)	(23,928)
Cash and Cash Equivalents at the beginning of the year	33,429	(16,588)	35,738	(8,423)
Cash and Cash Equivalents at the end of the year	(58,383)	(41,990)	(49,619)	(32,351)
Reconciliation of Cash and Cash Equivalents				
Cash and cash Equivalent	20,713	23,678	24,677	26,817
REPO investment with banks	-	1,660	4,800	8,160
	20,713	25,338	29,477	34,977
Bank Overdraft	(79,096)	(67,327)	(79,096)	(67,327)
	(58,383)	(41,990)	(49,619)	(32,351)

Colombo
August 15, 2018

SMB Leasing PLC
Notes to the Financial Statements
Segment Reporting - Group

For the period ended June 30th	Loans		Leasing		Treasury		Money Brokering		Unallocated		Consolidated	
	2018 Rs.000	2017 Rs.000	2018 Rs.000	2017 Rs.000	2018 Rs.000	2017 Rs.000	2018 Rs.000	2017 Rs.000	2018 Rs.000	2017 Rs.000	2018 Rs.000	2017 Rs.000
Business segments - Group												
Revenue from external customers,												
Interest	49,812	58,141	65,458	70,614	-	-	-	-	3,529	-	118,799	128,755
Fee & Commission	899	692	2,010	2,623	-	-	-	-	-	-	2,908	3,315
Other operating Income	-	-	306	809	6,831	8,031	38,289	34,101	-	-	45,426	42,941
Total Revenue from external customers	50,711	58,833	67,774	74,046	6,831	8,031	38,289	34,101	3,529	-	167,134	175,011
Segment result	24,957	18,590	33,354	23,398	3,362	2,538	18,843	10,775	1,737	-	82,252	55,301
Depreciation charged for the year	(1,180)	(1,575)	(1,578)	(1,983)	(159)	(215)	(891)	(913)	(82)	-	(3,890)	(4,686)
Interest Expense	(8,922)	(12,265)	(11,924)	(15,437)	(1,202)	(1,674)	(6,736)	(7,109)	(621)	-	(29,405)	(36,486)
Operating Profit	14,854	4,750	19,852	5,978	2,001	648	11,216	2,753	1,034	-	48,957	14,129
Share of Profit/ (Loss) of Associate Companies	-	-	-	-	-	-	-	-	-	-	-	-
Income tax expense	(1,411)	(1,066)	(1,886)	(1,342)	(190)	(146)	(1,065)	(618)	(98)	-	(4,650)	(3,172)
Value Added Tax (VAT) on financial services	-	-	-	-	-	-	-	-	(8,891)	(6,767)	(8,891)	(6,767)
Other comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the year	10,746	1,409	14,361	1,773	1,448	192	8,113	816	748	-	35,416	4,190
Segment assets (As at June 30th)	596,670	616,052	818,268	805,323	235,585	316,392	17,213	10,572	157,015	54,220	1,824,751	1,802,559
Segment liabilities (As at June 30th)	191,472	-	255,898	-	25,793	624,074	144,569	-	13,323	19,354	631,054	643,428
Cash Flow from Operating Activities	(36,101)	(35,279)	(48,248)	(44,401)	(4,863)	(4,816)	(27,258)	(20,448)	(2,512)	-	(118,981)	(104,944)
Cash Flow from Investing Activities	(639)	(2,579)	(854)	(3,246)	(86)	(352)	(482)	(1,495)	(44)	-	(2,105)	(7,671)
Cash Flow from Financing Activities	10,841	29,814	14,488	37,523	1,460	4,070	8,185	17,281	754	-	35,729	88,688

Colombo
August 15, 2018

SMB Leasing PLC
Notes to the Financial Statements
For the period ended June 30, 2018

1 Basis of Preparation

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended December 31, 2017. The same Accounting Policies and methods of computations as stated in the Annual Financial Statements for the year ended December 31, 2017 have been followed in preparation of these Condensed Interim Financial Statements.

- 1.1 Interim Financial Statements for the quarter ended June 30, 2018 have not been released by the Associate Company of SMB Leasing PLC namely Kenanga Investments Corporation Limited. Hence the consolidation is based on December 31, 2017 Financial Statements of that Company.

2 Income Tax

The Company is liable for income tax at the rate of 28% on its taxable profits. An estimated provision for taxation has been made in these Financial Statements.

3 Market Price per Share For the quarter ended

	Voting		Non Voting	
	30.06.18 Rs.	30.06.17 Rs.	30.06.18 Rs.	30.06.17 Rs.
Highest price per share	0.70	1.00	0.30	0.40
Lowest price per share	0.40	0.50	0.20	0.20
Market price as at	0.50	0.80	0.20	0.30

4 Stated Capital

	30.06.18	30.06.17
4.1 Total Number of Shares		
Stated Capital is represented by Ordinary Shares (Voting)	1,191,766,772	1,191,766,772
4.2 Total number of Shareholders		
Ordinary Shares (Voting)	9,872	9,933
4.3 Number of Public Shareholders		
Ordinary Shares (Voting)	9,869	9,928
4.4 Public Shareholding %		
Ordinary Shares (Voting)	83.65%	83.53%
5 Financial Ratios		
Net Assets per share (Rs.)	0.65	0.63
Debt/equity ratio (times)	0.37	0.51
Liquid Asset Ratio	51.69%	63.62%
Interest cover Ratio (times)	2.52	1.29

6 Commitments and Contingencies

In the normal course of business, the Company makes various commitments and incurs certain contingent Liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. Except for above there are no material commitments and contingencies as at the reporting date.

7 Events after the Reporting Date

No circumstances have arisen since the reporting date, which require adjustments or disclosure in the Financial Statements.

8 Comparative Information

Comparative Information has been reclassified wherever necessary to be comparable with the current Financial Information.

9 Directors Shareholding as at June 30, 2018

	No. of Voting Shares	No. of Non Voting Shares
Mr. U Gautam	-	-
Mr. H R S Wijeratne	194,882,451	-
Mr. T M Wijesinghe	-	-
Mr A T S Sosa	1,000	-
Mr M S A Wadood	-	-
	194,883,451	-

10 CEO's Shareholding as at June 30, 2018

	No. of Voting Shares	No. of Non Voting Shares
Mr. MJNS Fernando	3,940	-

11 Key Management Personnel Shareholding as at June 30, 2018

	No. of Voting Shares	No. of Non Voting Shares
N/A	N/A	N/A

SMB Leasing PLC
Notes to the Financial Statements
For the period ended June 30, 2018

12 Top Twenty Shareholders
Ordinary Shares (Voting)

	Name of the Shareholder	June 30, 2018	
		No. of Shares	%
1	Sampath Bank PLC/Dr. T Senthilverl	268,705,956	} 354,511,349 29.747
	Seylan Bank PLC/ Dr. T. Senthilverl	85,805,393	
2	Mr. H R S Wijeratne		194,882,451 16.352
3	Standard Chartered Bank Singapore S/A HL Bank Singapore Branch		72,916,100 6.118
4	Mrs. S. A. Fernando		40,452,878 3.394
5	Mr. W K V M Fernando & Mrs S A Fernando		33,186,573 2.785
6	Mrs. K W S H Fernando & Ms W N C Fernando		24,373,372 2.045
7	Mr. R Gautam		17,520,000 1.470
8	Miss. W N C Fernando		16,901,231 1.418
9	Seylan Bank PLC/ Jayantha Dewage		15,157,671 1.272
10	Ayenka Holdings (Private) Limited		14,370,000 1.206
11	Sinharaja Hills Plantation (Pvt) Limited		13,000,000 1.091
12	Hatton National Bank PLC / Arunasalam Sithampalam		12,880,242 1.081
13	Mr. H K Pushpakumara		12,229,150 1.026
14	Andaradeniya Estate (Private) Limited		11,470,674 0.962
15	Mr. B L Jayaratne & Dr. Y S Liyanage		7,255,995 0.609
16	Mr S P Kannangara (Deceased)		6,000,000 0.503
17	People's Leasing & Finance PLC/ Mr D M P Disanayake		5,748,599 0.482
18	Mr. V R Kathiragamamby		5,250,000 0.441
19	Mr C R Perera		5,100,000 0.428
20	Acuity Partners (Pvt) Limited / Mr Anthony Romesh Gero		5,000,000 0.420
	Sub Total		868,206,285 72.850
	Other		323,560,487 27.150
	Issued Capital		1,191,766,772 100.000