

**INTERIM FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 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 March 31, 2018 (LKR 000)

Company	Quarter ended	Quarter ended	Variance	YTD	March	YTD	March	Variance
	March 31, 2018	March 31, 2017		31, 2018	31, 2017	31, 2017		
	Unaudited	Unaudited		Unaudited	Unaudited			
Interest income	59,426	63,514	-6%	59,426	63,514	-6%		
Interest expenses	(12,472)	(17,548)	-29%	(12,472)	(17,548)	-29%		
Net interest income	46,954	45,967	2%	46,954	45,966	2%		
Fee and commission income	1,420	1,734	-18%	1,420	1,734	-18%		
Net interest, fee and commission income	48,374	47,701	1%	48,374	47,700	1%		
Other operating income (net)	3,663	4,206	-13%	3,663	4,206	-13%		
Total operating income	52,038	51,907	0%	52,038	51,906	0%		
Impairment (charge)/reversal for loans and advances	4,034	(2,205)	-283%	4,034	(2,205)	-283%		
Net operating income	56,072	49,702	13%	56,072	49,702	13%		
Personnel expenses	(17,279)	(16,580)	4%	(17,279)	(16,580)	4%		
Premises, equipment & establishment expenses	(5,678)	(3,786)	50%	(5,678)	(3,786)	50%		
Depreciation and amortizations	(1,409)	(1,413)	0%	(1,409)	(1,413)	0%		
Other expenses	(4,663)	(6,794)	-31%	(4,663)	(6,794)	-31%		
Operating profit before Value Added Tax (VAT)	27,042	21,129	28%	27,042	21,129	28%		
Value added tax (VAT) on financial services	(4,284)	(4,145)	3%	(4,284)	(4,145)	3%		
Profit before income tax	22,758	16,984	34%	22,758	16,984	34%		
Income tax expenses	(2,229)	(1,071)	108%	(2,229)	(1,071)	108%		
Profit for the period	20,529	15,913	29%	20,529	15,913	29%		

Statement of Comprehensive Income	Quarter ended	Quarter ended	Variance	YTD	March	YTD	March	Variance
	March 31, 2018	March 31, 2017		31, 2018	31, 2017	31, 2017		
	Unaudited	Unaudited		Unaudited	Unaudited			
Profit for the period	20,529	15,913	29%	20,529	15,913	29%		
Other Comprehensive Income								
Other Comprehensive Income	-	-	-	-	-	-	-	-
Actuarial gains/(loss) on Defined Benefit Plans	-	-	-	-	-	-	-	0%
Available-for-Sale investments - Net fair value change	-	-	-	-	-	-	-	0%
Available-for-Sale investments - Impairment loss reclassified to profit or loss	-	-	0%	-	-	-	-	-
Other Comprehensive Income/(Expense) for the period (net of tax)	-	-	0%	-	-	-	-	0%
Total Comprehensive Income for the period	20,529	15,913	29%	20,529	15,913	29%		

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SMB Leasing PLC
Statement of Profit or Loss
For the period ended March 31, 2018 (LKR 000)

Group	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017	
	Unaudited	Unaudited		Unaudited	Unaudited	
Interest income	59,426	63,514	-6%	59,426	63,514	-6%
Interest expenses	(12,532)	(17,548)	-29%	(12,532)	(17,548)	-29%
Net interest income	46,894	45,966	2%	46,894	45,966	2%
Fee and commission income	1,420	1,734	-18%	1,420	1,734	-18%
Net interest, fee and commission income	48,314	47,700	1%	48,314	47,700	1%
Other operating income (net)	24,531	18,918	30%	24,531	18,918	30%
Total operating income	72,845	66,618	9%	72,845	66,618	9%
Impairment (charge)/reversal for loans and advances	4,034	(2,205)	-283%	4,034	(2,205)	-283%
Net operating income	76,879	64,413	19%	76,879	64,413	19%
Personnel expenses	(31,620)	(25,680)	23%	(31,620)	(25,680)	23%
Premises, equipment & establishment expenses	(6,218)	(5,108)	22%	(6,218)	(5,108)	22%
Depreciation and amortizations	(2,033)	(1,886)	8%	(2,033)	(1,886)	8%
Other expenses	(7,530)	(9,059)	-17%	(7,530)	(9,059)	-17%
Operating profit before Value Added Tax (VAT)	29,479	22,680	30%	29,479	22,680	30%
Value added tax (VAT) on financial services	(4,284)	(4,145)	3%	(4,284)	(4,145)	3%
Profit before income tax	25,195	18,535	36%	25,195	18,535	36%
Share of losses of associate companies	-	-	-	-	-	-
Income tax expenses	(3,109)	(1,736)	79%	(3,109)	(1,736)	79%
Profit for the period	22,086	16,799	31%	22,086	16,799	31%
Profit attributable to :						
Owners of the parent	21,323	16,364	30%	21,323	16,364	30%
Non-controlling interest	763	435	75%	763	435	75%
Profit for the period	22,086	16,799	31%	22,086	16,799	31%
Basic earnings per share	0.01	0.01	31%	0.01	0.01	31%

Statement of Comprehensive Income	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	March 31, 2018	March 31, 2017		March 31, 2018	March 31, 2017	
	Unaudited	Unaudited		Unaudited	Unaudited	
Profit for the period	22,086	16,799	31%	22,086	16,799	31%
Other Comprehensive Income						
Other Comprehensive Income	-	-	0%	-	-	0%
Actuarial gains/(loss) on Defined Benefit Plans	-	-	0%	-	-	0%
Available-for-Sale investments - Net fair value change	-	-	0%	-	-	0%
Available-for-Sale investments - Impairment loss reclassified to profit or loss	-	-	0%	-	-	0%
Other Comprehensive Income/(Expense) for the period (net of tax)	-	-	0%	-	-	0%
Total Comprehensive Income for the period	22,086	16,799	31%	22,086	16,799	31%
Total Comprehensive Income attributable to:						
Owners of the parent	21,323	16,364	30%	21,323	16,364	30%
Non-controlling interest	763	435	75%	763	435	75%
Total Comprehensive Income for the period	22,086	16,799	31%	22,086	16,799	31%

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SMB Leasing PLC
Statement of Financial Position (LKR 000)

As at	Company March 31, 2018 Unaudited	Company December 31, 2017 Unaudited	Group March 31, 2018 Unaudited	Group December 31, 2017 Unaudited
Assets				
Cash and cash equivalents	40,974	30,151	44,448	32,460
Placements with banks	131,926	132,227	148,626	132,227
Loans and receivables	1,306,747	1,267,561	1,305,187	1,267,561
Financial investments	702	702	6,047	22,473
Investments in associates	99,424	99,424	99,424	99,424
Investments in subsidiary	12,750	12,750	-	-
Investment properties	33,310	33,310	40,385	40,385
Property, plant & equipment	18,251	19,417	19,596	22,747
Intangible assets	1,389	1,495	3,678	2,289
Deferred tax assets	-	-	1,760	1,760
Other assets	59,124	58,359	72,725	69,681
Total Assets	1,704,596	1,655,396	1,741,875	1,691,007
Liabilities				
Due to financial institutions	315,256	308,887	315,256	309,416
Due to other customers	105,946	104,932	105,946	104,932
Other borrowings	-	-	1,749	456
Other liabilities	78,401	57,114	91,565	70,929
Total Liabilities	499,603	470,933	514,516	485,733
Equity				
Stated capital	919,064	919,064	919,064	919,064
Statutory reserves	30,885	30,885	30,885	30,885
Available for sale reserve	233	233	233	233
Retained earnings	254,810	234,280	260,055	238,732
Total equity attributable to equity holders of the Company	1,204,992	1,184,463	1,210,238	1,188,914
Non- controlling interests	-	-	17,122	16,359
Total Equity	1,204,992	1,184,463	1,227,360	1,205,274
Total Equity and Liabilities	1,704,596	1,655,396	1,741,875	1,691,007

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
J. C. Korale
Director

Signed
U. Gautam
Director

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**Statement of Changes in Equity
For the period ended March 31, 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	-	-	-	-	15,913	15,913
Other comprehensive income/expense(net of tax)	-	-	-	-	-	-
Balance as at March 31, 2017	-	-	-	-	15,913	15,913
Profit for the period	-	-	-	-	32,161	32,161
Other comprehensive income/expense(net of tax)	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	32,161	32,161
Transfer to Statutory Reserves	-	-	2,386	-	(2,386)	-
Interim Dividend Paid	-	-	-	-	-	-
Total transactions with equity holders	-	-	2,386	-	(2,386)	-
Balance as at December 31, 2017	708,446	210,618	30,885	233	234,280	1,184,463
As at January 01, 2018	708,446	210,618	30,885	233	234,280	1,184,463
Profit for the period	-	-	-	-	20,529	20,529
Other comprehensive income/expense(net of tax)	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	20,529	20,529
Transfer to Statutory Reserves	-	-	-	-	-	-
Interim Dividend Paid	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-
As at March 31, 2018	708,446	210,618	30,885	233	254,810	1,204,992

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	-	-	-	-	16,364	16,364	435	16,799
Other comprehensive income/expense(net of tax)	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	-	-	-	-	16,364	16,364	435	16,799
Profit for the period	-	-	-	-	34,096	34,096	1,858	35,955
Other comprehensive income/expense(net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	34,096	34,096	1,858	35,955
Transfer to Statutory Reserves	-	-	2,386	-	(2,386)	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	2,386	-	(2,386)	-	-	-
Balance as at December 31, 2017	708,446	210,618	30,885	233	238,732	1,188,914	16,359	1,205,274
As at January 01, 2018	708,446	210,618	30,885	233	238,732	1,188,914	16,359	1,205,274
Profit for the period	-	-	-	-	21,323	21,323	763	22,086
Other comprehensive income/expense(net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	21,323	21,323	763	22,086
Transfer to Statutory Reserves	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-	-	-
As at March 31, 2018	708,446	210,618	30,885	233	260,055	1,210,238	17,122	1,227,360

SMB Leasing PLC
Cash Flow Statement
For the period ended March 31, 2018 (LKR 000)

	Company		Group	
	31.03.2018 Unaudited	31.03.2017 Unaudited	31.03.2018 Unaudited	31.03.2017 Unaudited
Cash Flow from Operating Activities				
Interest Receipts	55,673	59,415	55,673	59,415
Interest Payments	(18,154)	(20,242)	(18,214)	(20,242)
Fees and Commission Receipts	5,341	12,177	26,209	26,889
Cash Payments to Employees and Suppliers	(30,471)	(29,463)	(48,068)	(42,622)
Profit before Changes in Operating Assets	12,389	21,887	15,599	23,440
Loans and receivables to other customers	(28,180)	(144,494)	(26,620)	(144,494)
Other Assets	(764)	(17,546)	(3,044)	(23,768)
Cash Generated /(used in) Operating Activities	(16,556)	(140,153)	(14,065)	(144,822)
Tax Paid	(3,563)	(7,360)	(3,743)	(8,025)
Gratuity Paid	(125)	-	(125)	-
Net Cash Generated /(used in) Operating Activities	(20,244)	(147,513)	(17,933)	(152,847)
Cash Flow from Investing Activities				
Net (Increase)/Decrease in Financial Investments	(3,237)	(5,798)	(1,810)	(5,798)
Purchase of Property, Plant & Equipment	(995)	(3,014)	(1,129)	(2,700)
Proceeds from Disposal of Property, Plant & Equipment	-	-	-	-
Net Cash Generated/(Used in) Investing Activities	(4,232)	(8,812)	(2,939)	(8,498)
Cash Flow from Financing Activities				
Increase/(Decrease) in Borrowings from financial institutions	52,697	(18,659)	104,228	(18,659)
Increase/(Decrease) in Other Borrowings	(60,756)	143,519	(111,067)	143,019
Increase/(Decrease) in Public Borrowings	1,047	-	1,047	-
Increase/(Decrease) in Other Liabilities	18,954	9,257	16,996	8,656
Dividend Paid to shareholders	-	-	-	-
Net Cash Generated /(used in) Financing Activities	11,942	134,117	11,204	133,016
Net Increase / (Decrease) in Cash and Cash Equivalents	(12,534)	(22,209)	(9,668)	(28,329)
Cash and Cash Equivalents at the beginning of the year	33,430	(16,588)	35,739	(8,423)
Cash and Cash Equivalents at the end of the year	20,896	(38,797)	26,071	(36,752)
Reconciliation of Cash and Cash Equivalents				
Cash and cash Equivalent	40,974	18,216	44,448	20,261
REPO investment with banks	-	-	1,700	-
	40,974	18,216	46,148	-
Bank Overdraft	(20,077)	(57,013)	(20,077)	(57,013)
	20,896	(38,797)	26,071	(36,752)

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Notes to the Financial Statements
Segment Reporting - Group

As at 31st March

	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	25,890	29,259	33,536	34,254	-	-	-	-	-	-	59,426	63,514
Fee & Commission	133	4	1,287	1,730	-	-	-	-	-	-	1,420	1,734
Other operating Income			137	389	3,526	3,818	20,868	14,712	-	-	24,531	18,919
Total Revenue from external customers	26,023	29,263	34,960	36,373	3,526	3,818	20,868	14,712	-	-	85,378	84,167
Segment result	13,425	14,642	18,035	18,200	1,819	1,910	10,765	7,361	-	-	44,044	42,114
Depreciation charged for the year	(620)	(656)	(833)	(815)	(84)	(86)	(497)	(330)	-	-	(2,033)	(1,886)
Interest Expense	(3,820)	(6,101)	(5,132)	(7,584)	(518)	(796)	(3,063)	(3,067)	-	-	(12,532)	(17,548)
Operating Profit	8,985	7,885	12,071	9,801	1,218	1,029	7,205	3,964	-	-	29,479	22,680
Share of Profit/ (Loss) of Associate Companies									-	-	-	-
Income tax expense	(948)	(604)	(1,273)	(750)	(128)	(79)	(760)	(303)	-	-	(3,109)	(1,736)
Value Added Tax (VAT) on financial services	-	-	-	-	-	-	-	-	(4,284)	(4,145)	(4,284)	(4,145)
Other comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the year	6,732	5,841	9,044	7,260	912	762	5,398	2,936	-	-	22,086	16,799
Segment assets	548,032	542,456	641,168	775,512	338,930	279,074	18,995	15,941	194,750	65,845	1,741,875	1,678,829
Segment liabilities	156,824	165,027	210,683	191,357	21,252	24,552	125,757	97,341	0	48,032	514,516	526,309
Cash Flow from Operating Activities	(5,466)	(53,143)	(7,343)	(66,055)	(741)	(6,934)	(4,383)	(26,717)	-	-	(17,933)	(152,848)
Cash Flow from Investing Activities	(896)	(2,955)	(1,204)	(3,672)	(121)	(385)	(718)	(1,485)	-	-	(2,939)	(8,498)
Cash Flow from Financing Activities	3,415	46,248	4,588	57,484	463	6,034	2,738	23,251	-	-	11,204	133,016

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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, 2016. The same Accounting Policies and methods of computations as stated in the Annual Financial Statements for the year ended December 31, 2016 have been followed in preparation of these Condensed Interim Financial Statements.

- 1.1** Interim Financial Statements for the quarter ended March 31, 2018 have not been released by Associate Companies of SMB Leasing PLC namely SMB Real Estate Ltd, Kenanga Investments Corporation Limited and SMB Securities Ltd. Hence the consolidation is based on December 31, 2016 Financial Statements of these Companies.

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	
	31.03.18 Rs.	31.03.17 Rs.	31.03.18 Rs.	31.03.17 Rs.
Highest price per share	0.80	0.70	0.30	0.40
Lowest price per share	0.50	0.40	0.20	0.20
Market price as at	0.60	0.50	0.30	0.20

4 Stated Capital

	31.03.18	31.03.17
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)	9,897	10,153
4.3 Number of Public Shareholders Ordinary Shares (Voting)	9,863	10,147
4.4 Public Shareholding % Ordinary Shares (Voting)	83.65%	83.53%
5 Financial Ratios		
Net Assets per share (Rs.)	0.67	0.65
Debt/equity ratio (times)	0.35	0.50
Liquid Asset Ratio	87.67%	63.39%
Interest cover Ratio (times)	3.17	2.20

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.

Signed

9 Directors Shareholding as at March 31, 2018

	No. of Voting Shares	No. of Non Voting Shares
Mr. U Gautam	-	-
Mr. J C Korale	-	-
Mr. H R S Wijeratne	194,882,451	-
Mr. T M Wijesinghe	-	-
Mr. A T S Sosa	1,000	-
Mr. M S A Wadood	-	-
*Mr. T C A Peiris	11,000	-
	194,894,451	-

*Mr. T C A Peiris – ceased to be a Director from 29.11.2017

10 CEO's Shareholding as at March 31, 2018

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

11 Key Management Personnel Shareholding as at March 31, 2018

	No. of Voting Shares	No. of Non Voting Shares
-	-	-

Notes to the Financial Statements
For the period ended March 31, 2018

12 Top Twenty Shareholders
Ordinary Shares (Voting)

Name of the Shareholder		March 31, 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	72,916,100	6.118
4	Mrs. S. A. Fernando	40,452,878	3.394
6	Mr. W K V M Fernando & Mrs S A Fernando	38,047,477	3.193
5	Mrs. K W S H Fernando & Ms W N C Fernando	36,373,372	3.052
7	Miss. W N C Fernando	17,301,231	1.452
8	Seylan Bank PLC/ Jayantha Dewage	15,157,671	1.272
9	Mr. R Gautam	15,000,000	1.259
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	Andaradeniya Estate (Private) Limited	11,470,674	0.962
14	Mr. H K Pushpakumara	10,040,126	0.842
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	Mrs.V R Jayasinghe	5,700,000	0.478
19	Mr. V R Kathiragamamby	5,250,000	0.441
20	Mr W K V M Fernando and Mrs K W S H Fernando	5,190,000	0.435
	Sub total	881,548,165	73.970
	Other	310,218,607	26.030
	Total	1,191,766,772	100.000