

**INTERIM FINANCIAL STATEMENTS
QUARTER ENDED DECEMBER 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 December 31, 2018 (LKR 000)

Company	Quarter ended December 31, 2018 Unaudited	Quarter ended December 31, 2017 Unaudited	Variance	YTD December 31, 2018 Unaudited	YTD December 31, 2017 Audited	Variance
Interest income	64,840	61,513	5%	246,145	254,751	-3%
Interest expenses	(18,609)	(14,832)	25%	(64,209)	(69,181)	-7%
Net interest income	46,231	46,681	-1%	181,936	185,570	-2%
Fee and commission income	1,435	1,583	-9%	6,176	5,823	6%
Net interest, fee and commission income	47,666	48,264	-1%	188,112	191,393	-2%
Other operating income (net)	2,898	41,148	-93%	13,803	54,689	-75%
Total operating income	50,564	89,412	-43%	201,915	246,082	-18%
Impairment charge for loans and advances	(8,800)	(11,208)	-21%	(6,100)	(49,231)	-88%
Net operating income	41,764	78,204	-47%	195,815	196,851	-1%
Personnel expenses	(18,343)	(14,953)	23%	(68,821)	(62,104)	11%
Premises, equipment & establishment expenses	(5,237)	(5,098)	3%	(23,729)	(21,663)	10%
Depreciation and amortizations	(1,433)	(2,879)	-50%	(5,689)	(9,386)	-39%
Other expenses	(4,744)	(10,061)	-53%	(22,713)	(42,781)	-47%
Operating profit before Value Added Tax (VAT)	12,007	45,213	-73%	74,863	60,917	23%
Value added tax (VAT) on financial services	(3,971)	(6,096)	-35%	(17,438)	(16,937)	3%
Profit before income tax	8,036	39,117	-79%	57,425	43,980	31%
Income tax expenses	-	(3,920)	-100%	(4,792)	(6,731)	-29%
Profit for the period	8,036	35,197	-77%	52,633	37,249	41%

Statement of Comprehensive Income	Quarter ended December 31, 2018 Unaudited	Quarter ended December 31, 2017 Unaudited	Variance	YTD December 31, 2018 Unaudited	YTD December 31, 2017 Audited	Variance
Profit for the period	8,036	35,197	-77%	52,633	37,249	41%
Other Comprehensive Income						
Other Comprehensive Income	-	-	-	-	-	-
Actuarial loss on Defined Benefit Plans	-	-	-	-	(73)	-100%
Available-for-Sale investments - Net fair value change	-	-	-	-	-	-
Available-for-Sale investments - Impairment loss reclassified to profit or loss	-	-	-	-	-	-
Tax on Other Comprehensive Income	-	-	-	-	20	-100%
Other Comprehensive Income/(Expense) for the period (net of tax)	-	-	-	-	(53)	-100%
Total Comprehensive Income for the period	8,036	35,197	-77%	52,633	37,196	42%

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

Group	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	December 31, 2018	December 31, 2017		December 31, 2018	December 31, 2017	
	Unaudited	Unaudited		Unaudited	Audited	
Interest income	64,840	61,513	5%	246,145	254,751	-3%
Interest expenses	(18,650)	(14,832)	26%	(64,394)	(69,224)	-7%
Net interest income	46,190	46,681	-1%	181,751	185,527	-2%
Fee and commission income	1,435	1,583	-9%	6,176	5,823	6%
Net interest, fee and commission income	47,625	48,264	-1%	187,927	191,350	-2%
Other operating income (net)	19,430	56,268	-65%	93,186	118,795	-22%
Total operating income	67,055	104,532	-36%	281,113	310,145	-9%
Impairment charge for loans and advances	(8,800)	(11,208)	-21%	(6,100)	(49,231)	-88%
Net operating income	58,255	93,324	-38%	275,013	260,914	5%
Personnel expenses	(29,355)	(23,530)	25%	(119,898)	(90,989)	32%
Premises, equipment & establishment expenses	(5,760)	(5,960)	-3%	(25,923)	(26,540)	-2%
Depreciation and amortizations	(2,229)	(3,360)	-34%	(7,900)	(11,294)	-30%
Other expenses	(6,313)	(12,716)	-50%	(37,401)	(58,543)	-36%
Operating profit before Value Added Tax (VAT)	14,598	47,758	-69%	83,891	73,548	14%
Value added tax (VAT) on financial services	(3,971)	(6,096)	-35%	(17,438)	(16,937)	3%
Profit before income tax	10,627	41,662	-74%	66,453	56,611	17%
Share of losses of associate company	-	-	0%	-	(4,386)	-100%
Income tax expenses	184	(4,553)	-104%	(6,937)	(9,451)	-27%
Profit for the period	10,811	37,109	-71%	59,516	42,774	39%
Profit attributable to :						
Owners of the parent	9,452	36,172	-74%	56,143	40,067	40%
Non-controlling interest	1,359	937	45%	3,373	2,707	25%
Profit for the period	10,811	37,109	-71%	59,516	42,774	39%
Basic earnings per share	0.01	0.02	-71%	0.03	0.02	39%

Statement of Comprehensive Income	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	December 31, 2018	December 31, 2017		December 31, 2018	December 31, 2017	
	Unaudited	Unaudited		Unaudited	Audited	
Profit for the period	10,811	37,109	-71%	59,516	42,774	39%
Other Comprehensive Income						
Other Comprehensive Income	-	-	-	-	-	-
Actuarial loss on Defined Benefit Plans	-	-	-	-	(1,245)	-100%
Available-for-Sale investments - Net fair value change	-	-	-	-	-	-
Available-for-Sale investments - Impairment loss reclassified to profit or loss	-	-	-	-	-	-
Tax on Other Comprehensive Income	-	-	-	-	348	-100%
Other Comprehensive Income/(Expense) for the period (net of tax)	-	-	-	-	(897)	-100%
Total Comprehensive Income for the period	10,811	37,109	-71%	59,516	41,877	42%
Total Comprehensive Income attributable to:						
Owners of the parent	9,452	36,172	-74%	56,143	39,583	42%
Non-controlling interest	1,359	937	45%	3,373	2,294	47%
Total Comprehensive Income for the period	10,811	37,109	-71%	59,516	41,877	42%

SMB Leasing PLC
Statement of Financial Position (LKR 000)

As at	Company		Group	
	December 31, 2018 Unaudited	December 31, 2017 Audited	December 31, 2018 Unaudited	December 31, 2017 Audited
Assets				
Cash and cash equivalents	41,833	30,151	44,945	32,459
Placements with banks	136,355	132,227	153,855	147,259
Loans and receivables	1,504,550	1,268,457	1,503,170	1,266,837
Financial investments	52,719	52,719	55,641	59,460
Investments in associate	37,275	37,276	37,275	37,275
Investments in subsidiary	12,750	12,750	-	-
Investment properties	33,310	33,310	42,629	40,385
Property, plant & equipment	16,766	19,417	26,378	21,252
Intangible assets	1,071	1,495	2,831	3,784
Deferred tax assets	-	-	2,614	1,760
Other assets	54,224	59,040	64,597	70,361
Total Assets	1,890,853	1,646,842	1,933,935	1,680,832
Liabilities				
Due to financial institutions	530,529	308,888	530,529	308,888
Due to other customers	109,011	104,932	109,011	104,932
Other borrowings	-	-	-	456
Other liabilities	61,211	59,436	76,600	72,160
Total Liabilities	700,751	473,256	716,140	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	240,444	223,927	248,405	228,379
Total equity attributable to equity holders of the Company	1,190,102	1,173,586	1,198,063	1,178,037
Non- controlling interests	-	-	19,732	16,359
Total Equity	1,190,102	1,173,586	1,217,795	1,194,396
Total Equity and Liabilities	1,890,853	1,646,842	1,933,935	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
February 13, 2019

SMB Leasing PLC
Statement of Changes in Equity
For the year ended December 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 1, 2017	708,446	210,618	28,499	233	188,593	1,136,389
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 Reserve	-	-	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	1,173,585
Balance as at January 1, 2018	708,446	210,618	30,361	233	223,927	1,173,585
Profit for the year	-	-	-	-	52,633	52,633
Other comprehensive income/(expense) (net of tax)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	52,633	52,633
Transfer to Statutory Reserve	-	-	-	-	-	-
Dividend Paid	-	-	-	-	(36,117)	(36,117)
Total transactions with equity holders	-	-	-	-	(36,117)	(36,117)
Balance as at December 31, 2018	708,446	210,618	30,361	233	240,444	1,190,102

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SMB Leasing PLC
Statement of Changes in Equity
For the year ended December 31, 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 1, 2017	708,446	210,618	28,499	233	190,658	1,138,454	14,066	1,152,520
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 Reserve	-	-	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 1, 2018	708,446	210,618	30,361	233	228,379	1,178,037	16,359	1,194,397
Profit for the year	-	-	-	-	56,143	56,143	3,373	59,516
Other comprehensive income/expense(net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	56,143	56,143	3,373	59,516
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	(36,117)	(36,117)	-	(36,117)
Total transactions with equity holders	-	-	-	-	(36,117)	(36,117)	-	(36,117)
Balance as at December 31, 2018	708,446	210,618	30,361	233	248,405	1,198,063	19,732	1,217,795

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

	Company		Group	
	December 31, 2018 Unaudited	December 31, 2017 Audited	December 31, 2018 Unaudited	December 31, 2017 Audited
Cash Flow from Operating Activities				
Interest Receipts	257,913	234,973	257,913	234,973
Interest Payments	(75,203)	(54,544)	(75,388)	(54,586)
Fees and Commission Receipts	22,754	18,596	99,894	82,215
Cash Payments to Employees and Suppliers	(370,592)	(106,542)	(440,107)	(158,254)
Profit before Changes in Operating Assets	(165,128)	92,483	(157,688)	104,347
Loans and receivables to other customers	5,818	25,601	5,578	25,361
Other Assets	4,816	(16,184)	4,910	(19,775)
Cash Generated /(used in) Operating Activities	(154,493)	101,900	(147,200)	109,932
Tax Paid	(24,721)	(20,504)	(26,714)	(23,111)
Gratuity Paid	(1,487)	(1,354)	(1,487)	(1,354)
Net Cash Generated /(used in) Operating Activities	(180,702)	80,041	(175,400)	85,467
Cash Flow from Investing Activities				
Net (Increase)/Decrease in Financial Investments	(5,175)	(6,136)	(1,324)	(11,167)
Acquisition of shares	-	-	-	(2,071)
Purchase of Property, Plant & Equipment	(3,363)	(8,057)	(8,400)	(11,591)
Proceeds from Disposal of Property, Plant & Equipment	-	783	-	783
Net Cash Generated /(Used in) Investing Activities	(8,537)	(13,410)	(9,724)	(24,046)
Cash Flow from Financing Activities				
Increase/(Decrease) in Borrowings from financial institutions	264,570	(7,427)	267,834	(7,427)
Increase/(Decrease) in Other Borrowings	(102,917)	-	(106,638)	(699)
Increase/(Decrease) in Public Borrowings	3,957	520	3,957	520
Increase/(Decrease) in Other Liabilities	(1,325)	(9,707)	(1,680)	(9,655)
Dividend Paid to shareholders	(36,117)	-	(36,117)	-
Net Cash Generated /(used in) Financing Activities	128,168	(16,614)	127,357	(17,261)
Net Increase / (Decrease) in Cash and Cash Equivalents	(61,071)	50,017	(57,767)	44,161
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	(27,641)	33,429	(22,029)	35,738
Reconciliation of Cash and Cash Equivalents				
Cash and cash Equivalent	41,833	30,150	44,945	32,459
REPO investment with banks	1,632	3,280	4,132	3,280
	43,464	33,430	49,077	35,739
Bank Overdraft	(71,106)	(1)	(71,106)	(1)
	(27,641)	33,429	(22,029)	35,738

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

As at December 31 (LKR 000)	Loans		Leasing		Treasury		Money Brokering		Unallocated		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Business segments - Group												
Revenue from external customers,												
Interest	101,870	114,244	136,060	139,607	-	-	-	-	8,215	900	246,145	254,751
Fee & Commission	1,916	2,271	4,081	3,551	-	-	-	-	179	-	6,176	5,822
Other operating Income	61	-	617	1,227	13,126	15,756	79,383	64,040		37,773	93,186	118,796
Total Revenue from external customers	103,847	116,515	140,757	144,385	13,126	15,756	79,383	64,040	8,394	38,673	345,508	379,369
Segment result	46,943	46,291	63,628	57,363	5,934	6,260	35,885	25,443	3,795	15,365	156,184	150,722
Depreciation charged for the year	(2,374)	(2,442)	(3,218)	(3,026)	(300)	(330)	(1,815)	(1,342)	(192)	(810)	(7,900)	(7,950)
Interest Expense	(19,354)	(21,260)	(26,233)	(26,346)	(2,446)	(2,875)	(14,795)	(11,685)	(1,564)	(7,058)	(64,394)	(69,224)
Operating Profit	25,215	22,589	34,176	27,991	3,187	3,055	19,275	12,415	2,038	7,497	83,891	73,548
Share of Profit/ (Loss) of Associate Companies	-	-	-	-	-	-	-	-	-	(4,386)	-	(4,386)
Income tax expense	(2,085)	(2,903)	(2,826)	(3,597)	(264)	(393)	(1,594)	(1,595)	(169)	(963)	(6,937)	(9,451)
Value Added Tax (VAT) on financial services	-	-	-	-	-	-	-	-	(17,438)	(16,937)	(17,438)	(16,937)
Other comprehensive Income	-	(275)	-	(341)	-	(37)	-	(152)	-	(92)	-	(897)
Net Profit for the year	17,888	12,862	24,246	15,938	2,261	1,739	13,674	7,069	1,446	4,269	59,516	41,877
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Segment assets	629,751	513,412	873,418	737,443	254,441	239,177	22,600	15,941	153,725	174,859	1,933,935	1,680,832
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Segment liabilities	215,246	149,398	291,749	185,134	27,207	20,203	164,539	82,113	17,399	49,588	716,140	486,436
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Cash Flow from Operating Activities	(52,719)	26,249	(71,457)	32,528	(6,664)	3,550	(40,300)	14,427	(4,261)	8,714	(175,400)	85,468
Cash Flow from Investing Activities	(2,923)	(7,385)	(3,961)	(9,152)	(369)	(999)	(2,234)	(4,059)	(236)	(2,451)	(9,724)	(24,046)
Cash Flow from Financing Activities	38,279	(5,301)	51,884	(6,569)	4,838	(717)	29,261	(2,914)	3,094	(1,760)	127,357	(17,261)

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SMB Leasing PLC
Notes to the Financial Statements
For the year ended December 31, 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 December 31, 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	
	31.12.18 Rs.	31.12.17 Rs.	31.12.18 Rs.	31.12.17 Rs.
Highest price per share	0.60	0.80	0.30	0.40
Lowest price per share	0.40	0.50	0.20	0.20
Market price as at	0.50	0.60	0.20	0.30

4 Stated Capital

	31.12.18	31.12.17
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)	9,869	9,897
4.3 Number of Public Shareholders Ordinary Shares (Voting)	9,866	9,893
4.4 Public Shareholding % Ordinary Shares (Voting)	83.65%	83.65%

5 Financial Ratios

	31.12.18	31.12.17
Net Assets per share (Rs.)	0.66	0.65
Debt/equity ratio (times)	0.54	0.35
Liquid Asset Ratio	57.62%	68.48%
Interest cover Ratio (times)	2.17	1.88

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 December 31, 2018

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

10 CEO's Shareholding as at December 31, 2018

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

11 Key Management Personnel Shareholding as at December 31, 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 year ended December 31, 2018

12 Top Twenty Shareholders
Ordinary Shares (Voting)

Name of the Shareholder		December 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 Branch		94,416,100	7.922
4	Mrs. S. A. Fernando		47,956,558	4.024
5	Mr W Gunaratne		22,316,206	1.873
6	Mr. R Gautam		17,620,000	1.478
7	Seylan Bank PLC/ Jayantha Dewage		15,157,671	1.272
8	Ayenka Holdings (Private) Limited		15,034,000	1.261
9	Miss. W N C Fernando		13,455,879	1.129
10	Sinharaja Hills Plantation Pvt Limited		13,000,000	1.091
11	Hatton National Bank PLC / Arunasalam Sithampalam		12,880,242	1.081
12	Mr. H K Pushpakumara		11,943,794	1.002
13	Commercial Bank of Ceylon PLC/Andaradeniya Estate (Private) Limited		11,470,674	0.962
14	Mr W Jinadasa		10,815,820	0.908
15	Mr. B L Jayaratne & Dr. Y S Liyanage		7,255,995	0.609
16	Mrs K S Yapa		6,000,000	0.503
17	People's Leasing & Finance PLC/ Mr D M P Disanayake		5,748,599	0.482
18	Acuity Partners (Pvt) Limited / Mr Anthony Romesh Gero		5,369,473	0.451
19	Mr. V R Kathiragamamatamby (Deceased)		5,250,000	0.441
20	Mr. S D R Arudpragasam		5,000,000	0.420
	Sub Total		870,084,811	73.008
	Other		321,681,961	26.992
	Issued Capital		1,191,766,772	100.000