



SMB LEASING PLC

**Interim Financial Statements
Quarter Ended 31st March 2016**

Group	Quarter Ended 31.03.2016 Unaudited Rs.'000	Quarter Ended 31.03.2015 Unaudited Rs.'000	Variance %
Interest income	45,879	40,679	13%
Interest expenses	(8,284)	(6,080)	36%
Net interest income	37,595	34,599	9%
Fee and commission income	1,246	1,123	
Fee and commission expenses	-	-	
Net fee and commission income	1,246	1,123	11%
Other operating income	16,267	17,359	-6%
Total operating income	55,108	53,081	4%
Impairment Reversals / (Charges) for loans and advances	9,264	2,419	283%
Net operating income	64,372	55,500	16%
Personnel expenses	(21,010)	(19,949)	5%
Premises, Equipment & Establishment Expenses	(5,505)	(4,937)	12%
Depreciation and Amortisations	(1,256)	(1,350)	-7%
Other expenses	(12,204)	(7,656)	59%
Operating profit before Value Added Tax (VAT)	24,397	21,608	13%
Value Added Tax (VAT) on financial services	(1,859)	(2,349)	-21%
Profit before income tax	22,537	19,259	17%
Share of profit/(Loss) Associates companies (Net of income tax)	-	-	
Income tax expense	(2,243)	(1,243)	80%
Profit for the Period	20,294	18,016	13%
Profit attributable to:			
Owners of the Parent	19,924	17,790	12%
Non-controlling interest	370	226	64%
Profit for the Period	20,294	18,016	13%
Basic Earnings per Share	0.01	0.01	

Statement of Profit or Loss and Other Comprehensive Income
For the period ended 31st March 2016

Group	Quarter Ended 31.03.2016 Unaudited Rs.'000	Quarter Ended 31.03.2015 Unaudited Rs.'000	Variance %
Profit for the Period	20,294	18,016	
Other Comprehensive Expense			
Fair Value Gains/(Losses) on Available-for-sale financial assets	-	(311)	-100%
Total Comprehensive Income for the period	20,294	17,705	15%
Total Comprehensive Income Attributable to:			
Owners of the Parent	19,924	17,479	14%
Non-controlling interest	370	226	64%
Total Comprehensive Income for the period	20,294	17,705	15%

Figures in brackets indicate deductions

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Company	Quarter Ended 31.03.2016 Unaudited Rs.'000	Quarter Ended 31.03.2015 Unaudited Rs.'000	Variance %
Interest income	45,879	40,679	13%
Interest expenses	(8,284)	(6,081)	36%
Net interest income	37,595	34,598	9%
Fee and commission income	1,246	1,123	
Fee and commission expenses	-	-	
Net fee and commission income	1,246	1,123	11%
Other operating income	3,538	5,401	-34%
Total operating income	42,379	41,122	3%
Impairment Reversals / (Charges) for loans and advances	9,264	2,419	283%
Net operating income	51,643	43,541	19%
Personnel expenses	(14,135)	(12,737)	11%
Premises, Equipment & Establishment Expenses	(4,349)	(3,766)	15%
Depreciation and Amortisations	(799)	(870)	-8%
Other expenses	(9,548)	(5,421)	76%
Operating profit before Value Added Tax (VAT)	22,812	20,747	10%
Value Added Tax (VAT) on financial services	(1,859)	(2,349)	-21%
Profit before income tax	20,953	18,398	14%
Income tax expense	(1,413)	(843)	100%
Profit for the Period	19,540	17,555	11%
Basic Earnings per share	0.01	0.01	

Statement of Profit or Loss and Other Comprehensive Income
For the period ended 31st March 2016

Company	Quarter Ended 31.03.2016 Unaudited Rs.'000	Quarter Ended 31.03.2015 Unaudited Rs.'000	Variance %
Profit for the Period	19,540	17,555	
Other Comprehensive Expense			
Fair Value Gains/(Losses) on Available-for-Sale Financial Assets	-	(312)	-100%
Total Comprehensive Income for the period	19,540	17,243	13%

Figures in brackets indicate deductions

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	Group		Company	
	31.03.2016 Unaudited Rs.'000	31.12.2015 Unaudited Rs.'000	31.03.2016 Unaudited Rs.'000	31.12.2015 Unaudited Rs.'000
Assets				
Cash and cash equivalents	35,534	31,447	31,522	27,264
Placements with Banks	192,663	166,231	180,663	156,231
Loans and Receivables to other customers	1,116,898	1,047,591	1,118,998	1,049,691
Financial investments	12,749	15,140	7,461	7,291
Investment in Associates	119,313	119,313	108,757	108,757
Investment in Subsidiary	-	-	12,750	11,791
Investment Property	39,892	39,892	33,730	33,730
Property, Plant & Equipment	11,329	12,119	6,613	6,991
Intangible Assets	3,369	3,553	3,369	3,553
Deferred Tax Assets	1,197	1,197	-	-
Other Assets	14,220	11,044	6,635	6,012
Total Assets	1,547,164	1,447,527	1,510,498	1,411,311
Liabilities				
Due to other customers	204,998	199,590	204,998	199,590
Other borrowings	141,759	84,755	137,719	80,409
Other Liabilities	58,471	41,540	50,125	33,196
Total Liabilities	405,228	325,885	392,842	313,195
Equity				
Stated Capital	919,064	919,064	919,064	919,064
Statutory Reserves	21,633	21,633	21,633	21,633
Retained Earnings	189,136	169,212	176,959	157,419
Total equity attributable to equity holders of the Company	1,129,833	1,109,909	1,117,656	1,098,116
Non Controlling Interests	12,103	11,733	-	-
Total Equity	1,141,936	1,121,642	1,117,656	1,098,116
Total Equity and Liabilities	1,547,164	1,447,527	1,510,498	1,411,311

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.

(Sgd)
S Gunathilake
Head of Finance

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

Approved and signed on behalf of the Board by,

(Sgd)
JC Korale
Director

(Sgd)
SNP Palihena
Director

Group	Stated Capital		Statutory Reserve Fund Rs.'000	Retained Earnings Rs.'000	Total Rs.'000	Non Controlling Interest Rs.'000	Total Equity Rs.'000
	Voting Shares	Non Voting Shares					
	Rs.'000	Rs.'000					
As at 01st January 2015	708,446	210,618	21,633	107,366	1,048,063	10,069	1,058,133
Net Profit for the period	-	-	-	17,789	17,789	225	18,014
Other comprehensive expense	-	-	-	(311)	(311)	-	(311)
As at 31st March 2015	708,446	210,618	21,633	124,844	1,065,541	10,294	1,075,836
Net Profit for the period	-	-	-	44,523	44,523	1,439	45,962
Other comprehensive expense	-	-	-	(155)	(155)	-	(155)
As at 31st December 2015	708,446	210,618	21,633	169,212	1,109,909	11,733	1,121,642
As at 01st January 2016	708,446	210,618	21,633	169,212	1,109,909	11,733	1,121,642
Net Profit for the period	-	-	-	19,924	19,924	370	20,294
As at 31st March 2016	708,446	210,618	21,633	189,136	1,129,833	12,103	1,141,936

Company	Stated Capital		Statutory Reserve Fund Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
	Voting Shares	Non Voting Shares			
	Rs.'000	Rs.'000			
As at 01st January 2015	708,446	210,618	21,633	97,305	1,038,002
Net Profit for the period	-	-	-	17,555	17,555
Other comprehensive expense	-	-	-	(311)	(311)
As at 31st March 2015	708,446	210,618	21,633	114,549	1,055,246
Net Profit for the period	-	-	-	43,025	43,025
Other comprehensive expense	-	-	-	(155)	(155)
As at 31st December 2015	708,446	210,618	21,633	157,419	1,098,116
As at 01st January 2016	708,446	210,618	21,633	157,419	1,098,116
Net Profit for the period	-	-	-	19,540	19,540
As at 31st March 2016	708,446	210,618	21,633	176,959	1,117,656

Figures in brackets indicate deductions.

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	Group		Company	
	31.03.2016 Unaudited Rs.'000	31.03.2015 Unaudited Rs.'000	31.03.2016 Unaudited Rs.'000	31.03.2015 Unaudited Rs.'000
Cash Flow from Operating Activities				
Interest Receipts	46,220	44,442	46,220	44,442
Interest Payments	(5,515)	(3,397)	(5,515)	(3,397)
Fees and Commission Receipts	12,433	15,863	2,040	5,635
Cash Payments to Employees and Suppliers	(26,053)	(35,057)	(17,971)	(26,439)
Profit before Changes in Operating Assets	27,085	21,851	24,774	20,241
Loans and receivables to other customers	(69,307)	(37,855)	(69,307)	(37,855)
Other Assets	(5,881)	9,368	(3,507)	9,089
Cash From / (used in) Operations	(48,103)	(6,636)	(48,040)	(8,525)
Tax Paid	(2,691)	(2,677)	(1,859)	(2,677)
Gratuity Paid	-	-	-	-
Net Cash From / (used) in Operating Activities	(50,794)	(9,313)	(49,899)	(11,202)
Cash Flow from Investing Activities				
Net (Increase)/Decrease in Financial Investments	2,562	1,478	-	-
Purchase of Property, Plant & Equipment	(466)	(13)	(421)	-
Proceeds from Disposal of Property, Plant & Equipment	34	2,647	33	2,647
Net Cash from/(Used in) Investing Activities	2,130	4,112	(388)	2,647
Cash Flow from Financing Activities				
Increase/(Decrease) in Bank Borrowings	74,621	-	74,621	-
Increase/(Decrease) in Other Borrowings	4,923	2,145	5,407	4,230
Increase/(Decrease) in Other Liabilities	14,239	23,992	13,549	28,487
Net Cash from / (used in) Financing Activities	93,783	26,137	93,577	32,717
Net Increase/(Decrease) in Cash and Cash Equivalents	45,119	20,936	43,290	24,162
Cash and Cash Equivalents at the beginning of the year	(21,392)	49,989	(35,575)	44,024
Cash and Cash Equivalents as at the end of the period (Note A)	23,727	70,925	7,715	68,186

A. Reconciliation of Cash and Cash Equivalents

	Group		Company	
	31.03.2016 Unaudited Rs.'000	31.03.2015 Unaudited Rs.'000	31.03.2016 Unaudited Rs.'000	31.03.2015 Unaudited Rs.'000
Cash and cash equivalents	35,534	70,925	31,522	68,186
Repo Investments	37,430	-	25,430	-
	72,964	70,925	56,952	68,186
Bank Overdraft	(49,237)	-	(49,237)	-
	23,727	70,925	7,715	68,186

Figures in brackets indicate deductions.

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Business segments

	Loans		Leasing		Treasury		Money Brokering		Unallocated		Consolidated	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue												
Net Interest Income	18,036	17,942	19,559	16,657	-	-	-	-	-	-	37,595	34,599
Net Fees and Commission Income	598	582	648	541	-	-	-	-	-	-	1,246	1,123
Other Operating Income					3,538	5,401	12,729	11,958			16,267	17,359
Total Revenue	18,633	18,524	20,207	17,198	3,538	5,401	12,729	11,958	-	-	55,108	53,081
Impairment Reversals/(Charges)	4,444	1,254	4,820	1,165	-	-	-	-	-	-	9,264	2,419
Depreciation charged	(383)	(451)	(416)	(419)	-	-	(457)	(480)	-	-	(1,256)	(1,350)
Other Operating Expenses	(13,448)	(11,369)	(14,584)	(10,555)	-	-	(10,688)	(10,618)	-	-	(38,719)	(32,542)
Profit from Operations	9,246	7,959	10,028	7,388	3,538	5,401	1,584	860	-	-	24,397	21,608
Value Added Tax (VAT) on financial services	(1,859)	(2,349)	-	-	-	-	-	-	-	-	(1,859)	(2,349)
Shared profit/(Loss) of Associate Companies	-	-	-	-	-	-	-	-	-	-	-	-
Income tax expense	(678)	(438)	(735)	(405)	-	-	(830)	(400)	-	-	(2,243)	(1,243)
Net Profit/(Loss)	6,709	5,171	9,293	6,984	3,538	5,401	754	460	-	-	20,294	18,016
Assets	536,111	499,589	580,787	461,160	240,946	121,523	4,013	5,994	185,307	260,550	1,547,164	1,348,816
Liabilities	-	-	-	-	346,757	206,639	-	-	58,471	66,342	405,228	272,981

Figures in brackets indicate deductions.

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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 31st December 2014. The same Accounting Policies and methods of Computations as stated in the Annual Financial Statements for the Year Ended 31st December 2014 have been followed in preparation of these Condensed Interim Financial Statements.

- 1.1** Interim Financial Statements for the Quarter Ended 31st March 2016 have not been released by SMB Real Estate Ltd, SMB Securities Ltd and Kenanga Investment Corporation Ltd., Associate Companies of SMB Leasing PLC. Hence the consolidation is based on 31st December 2014 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

	Voting		Non Voting	
	31.03.2016 Rs	31.03.2015 Rs	31.03.2016 Rs	31.03.2015 Rs
Highest price per share	0.90	1.50	0.40	0.60
Lowest price per share	0.50	0.90	0.20	0.30
Market price as at	0.70	1.00	0.30	0.40

4 Stated Capital

4.1 Total Number of Shares

Stated Capital is represented by Ordinary Voting Shares
 Non Voting Shares

	31.03.2016	31.03.2015
Voting Shares	1,191,766,772	1,191,766,772
Non Voting Shares	614,066,101	614,066,101
	<u>1,805,832,873</u>	<u>1,805,832,873</u>

4.2 Total number of Shareholders

Voting Shares
 Non Voting Shares

	31.03.2016	31.03.2015
Voting Shares	10,241	10,425
Non Voting Shares	4,525	4,601
	<u>14,766</u>	<u>15,026</u>

4.3 Number of public shareholders

Voting Shares
 Non Voting Shares

	31.03.2016	31.03.2015
Voting Shares	10,238	10,421
Non Voting Shares	4,525	4,599
	<u>14,763</u>	<u>15,020</u>

4.4 Public Shareholding %

Voting Shares
 Non Voting Shares

	31.03.2016	31.03.2015
Voting Shares	83.53%	53.90%
Non Voting Shares	100.00%	92.32%

5 Financial Ratios

Net Assets per share
 Debt/equity ratio (times)
 Liquid Asset Ratio
 Interest cover Ratio (times)

	31.03.2016 Rs	31.03.2015 Rs
Net Assets per share	0.62	0.58
Debt/equity ratio (times)	0.31	0.19
Liquid Asset Ratio	68.08%	58.10%
Interest cover Ratio (times)	<u>3.53</u>	<u>4.03</u>

6 Trading details of the Listed Debenture

Highest price per Debenture
 Lowest price per Debenture
 Last traded price per Debenture
 Interest Yield
 Yield to Maturity
 Ten year treasury bond Yield

	31.03.2016 Rs	31.03.2015 Rs
Highest price per Debenture	N/A	103.36
Lowest price per Debenture	N/A	103.36
Last traded price per Debenture	N/A	103.36
Interest Yield	N/A	14.50%
Yield to Maturity	17.00%	17.00%
Ten year treasury bond Yield	<u>11.14%</u>	<u>10.09%</u>

N/A - Not Available

The Trading Information is not available for the period of 01.01.2016 to 31.03.2016 as the Debentures were not traded during this period.

7 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.

8 Events after the Reporting Date

The Company has paid an interim dividend of Rs. 0.02 per share for the year ended 31st December 2015, on 3rd May 2016.

Except above, no circumstances have arisen since the reporting date, which requires adjustments or disclosure in the Financial Statements.

9 Comparative Information

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

10 Directors Shareholding as at 31st March 2016

	No. of Voting Shares	No. of Non Voting Shares
Mr. HRS Wijeratne	194,882,451	-
Mr. U Gautam	-	-
Mr. GCB Ranasinghe	-	-
Mr. JC Korale	-	-
Mr. SNP Palihena	-	-
Mr. TM Wijesinghe	-	-

11 CEO's Shreholding as at 31st March 2016

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

12 Key Management Personnel Shareholding as at 31st March 2016

	No. of Voting Shares	No. of Non Voting Shares
Mr. BDS Perera	1,400,000	-

13 Top Twenty Shareholders

13.1 Voting Shares

		31st March 2016	
Name of the Share Holder	No. of Shares	%	
1	Sampath Bank PLC/Dr. T Senthilverl 268,705,956	354,511,349	29.75
	Seylan Bank PLC/ Dr. T. Senthilverl 85,805,393		
2	Mr. H R S Wijeratne	194,882,451	16.35
3	Standard Chartered Bank Singapore S/A HL Bank Singapore	72,916,100	6.12
4	Mrs. S. A. Fernando	40,452,878	3.39
5	Mr. W K V M Fernando & Mrs. K W S H Fernando	33,036,133	2.77
6	Mrs. K W S H Fernando & Mr. W K V M Fernando	32,452,991	2.72
7	Miss. W N C Fernando	23,617,649	1.98
8	Seylan Bank PLC/ Jayantha Dewage	15,157,671	1.27
9	Mr. R Gautam	13,510,000	1.13
10	Mr. A Sithampalam	13,380,242	1.12
11	Sinharaja Hills Plantation (Pvt) Limited	13,000,000	1.09
12	Andaradeniya Estate (Private) Limited	11,470,674	0.96
13	Mr. H K Pushpakumara	10,186,200	0.86
14	Mr. B L Jayaratne & Dr. Y S Liyanage	6,302,367	0.53
15	Mr. S P Kannangara (Deceased)	6,000,000	0.50
16	Mrs.V R Jayasinghe	5,700,000	0.48
17	Mr. V R Kathiragamamby	5,250,000	0.44
18	Mr. C R Perera	5,100,000	0.43
19	Miss. S Durga	4,576,806	0.38
20	Global Rubber Industries Private Limited	4,322,460	0.36
		865,825,971	72.63
	Other	325,940,801	27.37
	Total	1,191,766,772	100.00

13.2 Non Voting Shares

		31st March 2016	
Name of the Share Holder	No. of Shares	%	
1	Sampath Bank PLC/Dr. T Senthilverl 40,171,815	47,171,815	7.68
	Seylan Bank PLC/ Dr T Senthilverl 7,000,000		
2	Mr. H K Pushpakumara	29,944,172	4.88
3	Colombo Trust Finance PLC/K E H De Alwis	27,687,368	4.51
4	Mr. R Gautam	24,470,000	3.99
5	Mr. M L A Benedict	16,645,000	2.71
6	Seylan Bank PLC/Jayantha Dewage	16,521,480	2.69
7	Waldock Mackenzie Ltd / Mr. S A Gulamhusein	11,429,880	1.86
8	Mr.C Nayagam	9,500,000	1.55
9	Mr. B L Jayaratne & Dr. Y S Liyanage	8,503,700	1.39
10	Seylan Bank PLC/K L G Udayananda	8,200,000	1.34
11	Miss. V Vijayaethchumy	7,198,841	1.17
12	Mr J A W Victoria	6,756,462	1.10
13	People's Leasing & Finance PLC/L T Samarawickrama	6,000,000	0.98
14	Mr J J Ravindran	5,240,000	0.85
15	Mr. W J D Benedict	5,100,000	0.83
16	Mrs. H Nalika Padmasiri	4,934,100	0.80
17	Mr. S Abishek	4,869,460	0.79
18	Miss. S Durga	4,537,000	0.74
19	Mr. S D Divakarage	4,524,990	0.74
20	Miss. H K S U Wanigasundara	4,519,466	0.74
		253,753,734	41.34
	Other	360,312,367	58.66
	Total	614,066,101	100.00