

**INTERIM FINANCIAL STATEMENTS
QUARTER ENDED 30TH JUNE 2017**



SMB LEASING PLC

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

SMB Leasing PLC
Statement of Profit or Loss
Quarter Ended 30th June 2017 (LKR 000)

Company	June-17 Unaudited	June-16 Unaudited	Variance	YTD June 2017 Unaudited	YTD June 2016 Unaudited	Variance
Interest income	65,241	48,548	34%	128,755	94,427	36%
Interest expenses	(18,939)	(10,564)	79%	(36,486)	(18,849)	94%
Net interest income	46,302	37,984	22%	92,269	75,578	22%
Fee and commission income	1,581	1,157	37%	3,315	2,403	38%
Net fee and commission income	1,581	1,157	37%	3,315	2,403	38%
Other operating income	4,634	2,788	66%	8,840	6,326	40%
Total operating income	52,518	41,928	25%	104,424	84,307	24%
Impairment (charge)/reversal for loans and advances	(31,346)	2,701	-1261%	(33,551)	11,964	-380%
Net operating income	21,171	44,629	-53%	70,873	96,271	-26%
Personnel expenses	(15,753)	(14,172)	11%	(32,526)	(28,307)	15%
Premises, equipment & establishment expenses	(6,944)	(3,589)	93%	(10,712)	(7,938)	35%
Depreciation and amortizations	(2,325)	(800)	191%	(3,738)	(1,599)	134%
Other expenses	(6,829)	(7,959)	-14%	(13,447)	(17,506)	-23%
Operating profit before Value Added Tax (VAT)	(10,679)	18,109	-159%	10,450	40,921	-74%
Value added tax (VAT) on financial services	(2,623)	(3,622)	-28%	(6,767)	(5,481)	23%
Profit/(Loss) before income tax	(13,302)	14,487	-192%	3,683	35,440	-90%
Income tax expenses	(766)	(1,271)	-40%	(1,837)	(2,685)	-32%
Profit/(Loss)	(14,068)	13,215	-206%	1,846	32,755	-94%

Statement of Comprehensive Income	June-17 Unaudited	June-16 Unaudited	Variance	YTD June 2017 Unaudited	YTD June 2016 Unaudited	Variance
Profit for the period	(14,068)	13,215	-206%	1,846	32,755	-94%
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)	-	-	-	-	-	-
Total Comprehensive Income/(Expense)	(14,068)	13,215	-206%	1,846	32,755	-94%

Colombo
8th August 2017

SMB Leasing PLC
Statement of Profit or Loss
Quarter Ended 30th June 2017 (LKR 000)

Group	June-17	June-16	Variance	YTD June 2017	YTD June 2016	Variance
	Unaudited	Unaudited		Unaudited	Unaudited	
Interest income	65,241	48,548	34%	128,755	94,427	36%
Interest expenses	(18,939)	(10,563)	79%	(36,486)	(18,850)	94%
Net interest income	46,302	37,984	22%	92,269	75,578	22%
Fee and commission income	1,581	1,157	37%	3,315	2,403	38%
Net fee and commission income	1,581	1,157	37%	3,315	2,403	38%
Other operating income	24,023	17,095	41%	42,941	33,363	29%
Total operating income	71,907	56,236	28%	138,525	111,344	24%
Impairment (charge)/reversal for loans and advances	(31,347)	2,701	-1261%	(33,551)	11,964	-380%
Net operating income	40,560	58,936	-31%	104,973	123,308	-15%
Personnel expenses	(29,401)	(22,693)	30%	(55,860)	(43,703)	28%
Premises, equipment & establishment expenses	(8,273)	(4,250)	95%	(13,363)	(9,755)	37%
Depreciation and amortizations	(2,801)	(1,260)	122%	(4,686)	(2,516)	86%
Other expenses	(8,638)	(11,545)	-25%	(16,936)	(23,747)	-29%
Operating profit before Value Added Tax (VAT)	(8,553)	19,189	-145%	14,129	43,586	-68%
Value added tax (VAT) on financial services	(2,623)	(3,622)	-28%	(6,767)	(5,481)	23%
Profit/(Loss) before income tax	(11,176)	15,566	-172%	7,361	38,105	-81%
Income tax expenses	(1,436)	(1,761)	-18%	(3,172)	(4,005)	-21%
Profit/(Loss)	(12,612)	13,805	-191%	4,189	34,100	-88%
Profit attributable to :						
Owners of the parent	(13,325)	13,516	-199%	3,041	33,441	-91%
Non-controlling interest	713	289	147%	1,148	659	74%
Profit/(Loss)	(12,612)	13,805	-191%	4,189	34,100	-88%
Basic Earnings per share	-0.01	0.01	-191%	0.00	0.02	-88%

Statement of Comprehensive Income	June-17	June-16	Variance	YTD June 2017	YTD June 2016	Variance
	Unaudited	Unaudited		Unaudited	Unaudited	
Profit for the period	(12,612)	13,805	-191%	4,189	34,100	-88%
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)	-	-	0%	-	-	0%
Total Comprehensive Income/(Expense)	(12,612)	13,805	-191%	4,189	34,100	-88%
Total Comprehensive Income attributable to:						
Owners of the parent	(13,325)	13,516	-199%	3,041	33,441	-91%
Non-controlling interest	713	289	147%	1,148	659	74%
Total Comprehensive Income/(Expense)	(12,612)	13,805	-191%	4,189	34,100	-88%

Statement of Financial Position

SMB Leasing PLC

Statement of Financial Position (LKR 000)

As at	Company 30-Jun-17 Unaudited	Company 31-Dec-16 Audited	Group 30-Jun-17 Unaudited	Group 31-Dec-16 Audited
Assets				
Cash and cash equivalents	23,678	29,958	26,817	33,123
Placements with Banks	123,900	116,593	140,400	131,593
Loans and Receivables	1,423,115	1,319,828	1,421,375	1,317,968
Financial investments	1,169	7,578	7,825	12,906
Investments in Associates	101,452	101,452	101,452	101,452
Investments in Subsidiary	12,750	12,750	0	0
Investment Properties	33,310	33,310	39,898	39,898
Property, Plant & Equipment	22,984	20,224	25,730	23,682
Intangible Assets	3,205	3,258	3,205	3,305
Deferred Tax Assets	0	0	1,156	1,156
Other Assets	24,891	6,015	34,702	13,745
Total Assets	1,770,454	1,650,965	1,802,558	1,678,829
Liabilities				
Due to financial institutions	481,985	353,782	481,985	353,782
Due to other customers	103,188	99,652	103,188	99,652
Other Borrowings	0	0	493	1,155
Other Liabilities	47,045	61,142	60,182	71,719
Total Liabilities	632,218	514,576	645,849	526,309
Equity				
Stated Capital	919,064	919,064	919,064	919,064
Statutory Reserves	28,499	28,499	28,499	28,499
Available for sale reserve	233	233	233	233
Retained Earnings	190,439	188,593	193,699	190,658
Total equity attributable to equity holders of the Company	1,138,235	1,136,390	1,141,495	1,138,454
Non- controlling Interests			15,214	14,066
Total Equity	1,138,235	1,136,390	1,156,709	1,152,520
Total Equity and Liabilities	1,770,454	1,650,965	1,802,558	1,678,829

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.

Sgd

S. 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,

Sgd

J. C. Korale

Director

Sgd

U. Gautam

Director

Colombo

8th August 2017

**Statement of Changes in Equity
For the period ended 30th June 2017**

COMPANY	Stated Capital						Total Rs.'000		
	Ordinary Shares	Voting Shares	Ordinary Voting Shares	Non Voting Shares	Statutory Reserve Fund	Available for Sale Reserve		Retained Earnings	
	Rs.'000		Rs.'000		Rs.'000	Rs.'000		Rs.'000	
As at 1st January 2016		708,446		210,618		24,664	(0)	150,826	1,094,554
Profit for the period		-		-		-	-	32,755	32,755
Dividend Paid		-		-		-	-	(36,117)	(36,117)
As at 30th June 2016		708,446		210,618		24,664	(0)	147,465	1,091,193
Profit for the period		-		-		-	-	43,941	43,941
Other comprehensive expense		-		-		-	234	1,022	1,256
Total comprehensive income for the year		-		-		-	234	44,964	45,197
Transfer to Statutory Reserves		-		-		3,835	-	(3,835)	-
Total transactions with equity holders		-		-		3,835	-	(3,835)	-
Balance as at 31st December 2016		708,446		210,618		28,499	233	188,593	1,136,390
As at 1st January 2017		708,446		210,618		28,499	233	188,593	1,136,390
Profit for the period		-		-		-	-	1,846	1,846
As at 30th June 2017		708,446		210,618		28,499	233	190,439	1,138,235

GROUP	Stated Capital						Total Rs.'000	Non Controlling Interest Rs.'000	Total Equity Rs.'000		
	Ordinary Shares	Voting Shares	Ordinary Voting Shares	Non Voting Shares	Statutory Reserve Fund	Available for Sale Reserve				Retained Earnings	
	Rs.'000		Rs.'000		Rs.'000	Rs.'000				Rs.'000	
Balance as at 1st January 2016		708,446		210,618		24,664	(0)	150,726	1,094,454	11,986	1,106,439
Profit for the period		-		-		-	-	33,441	33,441	659	34,100
Dividend Paid		-		-		-	-	(36,117)	(36,117)	-	(36,117)
As at 30th June 2016		708,446		210,618		24,664	(0)	148,050	1,091,778	12,645	1,104,423
Profit for the period		-		-		-	-	45,242	45,242	1,250	46,492
Other comprehensive expense		-		-		-	234	1,201	1,434	171	1,605
Total comprehensive income for the year		-		-		-	234	46,443	46,676	1,421	48,097
Transfer to Statutory Reserves		-		-		3,835	-	(3,835)	-	-	-
Total transactions with equity holders		-		-		3,835	-	(3,835)	-	-	-
Balance as at 31st December 2016		708,446		210,618		28,499	233	190,658	1,138,454	14,066	1,152,520
As at 1st January 2017		708,446		210,618		28,499	233	190,658	1,138,454	14,066	1,152,520
Net Profit for the period		-		-		-	-	3,041	3,041	1,148	4,189
As at 30th June 2017		708,446		210,618		28,499	233	193,699	1,141,495	15,214	1,156,709

Colombo
8th August 2017

SMB Leasing PLC
Cash Flow Statement
For the period ended 30th June 2017

	Company		Group	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	Unaudited	Unaudited	Unaudited	Unaudited
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Cash Flow from Operating Activities				
Interest Receipts	116,924	92,655	116,924	92,655
Interest Payments	(23,731)	(16,788)	(23,731)	(16,788)
Fees and Commission Receipts	12,793	4,990	46,894	29,124
Cash Payments to Employees and Suppliers	(57,640)	(36,386)	(86,234)	(56,379)
Profit before Changes in Operating Assets	48,346	44,471	53,853	48,613
Loans and receivables to other customers	(125,585)	(114,736)	(125,705)	(114,736)
Other Assets	(18,876)	33,908	(20,796)	31,184
Cash Generated / (used in) Operating Activities	(96,115)	(36,357)	(92,648)	(34,939)
Tax Paid	(11,333)	(5,481)	(12,296)	(5,985)
Gratuity Paid	-	-	-	-
Net Cash Generated / (used in) Operating Activities	(107,448)	(41,838)	(104,944)	(40,925)
Cash Flow from Investing Activities				
Net (Increase)/Decrease in Financial Investments	105	-	(1,383)	1,789
Purchase of Property, Plant & Equipment	(6,828)	(219)	(7,071)	(319)
Proceeds from Disposal of Property, Plant & Equipment	783	33	783	33
Net Cash Generated / (Used in) Investing Activities	(5,940)	(186)	(7,671)	1,503
Cash Flow from Financing Activities				
Increase / (Decrease) in Bank Borrowings	(15,498)	118,260	(15,931)	118,260
Increase / (Decrease) in Other Borrowings	114,500	1,591	117,166	962
Increase / (Decrease) in Other Liabilities	(11,015)	(1,161)	(12,547)	(1,966)
Dividend Paid to shareholders	-	(36,117)	-	(36,117)
Net Cash Generated / (used in) Financing Activities	87,987	82,573	88,688	81,139
Net Increase / (Decrease) in Cash and Cash Equivalents	(25,402)	40,549	(23,928)	41,717
Cash and Cash Equivalents at the beginning of the year	(16,588)	(35,545)	(8,423)	(21,362)
Cash and Cash Equivalents at the end of the year	(41,990)	5,004	(32,351)	20,355

Reconciliation of Cash and Cash Equivalents

Cash and cash Equivalent	23,678	22,609	26,817	25,960
REPO investment with banks	1,660	4,790	8,160	16,790
	25,338	27,399	34,977	42,750
Bank Overdraft	(67,327)	(22,395)	(67,327)	(22,395)
	(41,990)	5,004	(32,351)	20,355

Segment Reporting-Group
For the year ended 30th June 2017

Business segments-Group	Loans		Leasing		Treasury		Money Brokering		Unallocated		Consolidated	
	30.06.2017 Rs.000	30.06.2016 Rs.000	30.06.2017 Rs.000	30.06.2016 Rs.000	30.06.2017 Rs.000	30.06.2016 Rs.000	30.06.2017 Rs.000	30.06.2016 Rs.000	30.06.2017 Rs.000	30.06.2016 Rs.000	30.06.2017 Rs.000	30.06.2016 Rs.000
Revenue												
Net Interest Income	41,665	35,908	50,604	39,670	-	-	-	-	-	-	92,270	75,578
Net Fees and Commission Income	1,685	1,142	2,047	1,261	-	-	-	-	-	-	3,732	2,403
Other operating income	-	-	809	-	7,614	6,326	34,101	27,037	-	-	42,524	33,363
Total revenue	43,350	37,050	53,460	40,931	7,614	6,326	34,101	27,037	-	-	138,526	111,344
Depreciation charged	(1,688)	(760)	(2,050)	(839)	-	-	(948)	(917)	-	-	(4,686)	(2,516)
Impairment Reversals / (Charges)	(1,662)	5,684	(31,890)	6,280	-	-	-	-	-	-	(33,551)	11,964
Other Operating Expences	(25,597)	(25,538)	(31,088)	(28,214)	-	-	(29,474)	(23,455)	-	-	(86,159)	(77,207)
Profit from Operations	14,404	16,436	(11,568)	18,158	7,614	6,326	3,679	2,665	-	-	14,129	43,585
Value Added Tax (VAT) on financial services	(6,767)	(5,481)	-	-	-	-	-	-	-	-	(6,767)	(5,481)
Shared profit/(Loss) of Associate Companies	-	-	-	-	-	-	-	-	-	-	-	-
Income tax expense	(829)	(1,276)	(1,007)	(1,409)	-	-	(1,335)	(1,320)	-	-	(3,172)	(4,005)
Net Profit/ (Loss)	6,807	9,679	(12,576)	16,749	7,614	6,326	2,344	1,345	-	-	4,189	34,099
Assets	616,052	559,941	805,323	606,603	316,392	167,058	10,572	6,169	54,220	189,214	1,802,558	1,528,985
Liabilities	-	-	-	-	624,074	361,399	-	-	19,354	49,281	643,428	410,680

Colombo
8th August 2017

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 2016. The same Accounting Policies and methods of Computations as stated in the Annual Financial Statements for the Year Ended 31st December 2016 have been followed in preparation of these Condensed Interim Financial Statements.

1.1 Interim Financial Statements for the Quarter Ended 30th June 2017 have not been released by SMB Real Estate Ltd, SMB Securities Ltd, Associate Companies of SMB Leasing PLC. Hence the consolidation is based on 31st December 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	
	30.06.17 Rs.	30.06.16 Rs.	30.06.17 Rs.	30.06.16 Rs.
Highest price per share	1.00	0.90	0.40	0.40
Lowest price per share	0.50	0.60	0.20	0.30
Market price as at	0.80	0.60	0.30	0.40

4 Stated Capital

	30.06.17	30.06.16
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)	9,933	10,204
4.3 Number of Public Shareholders Ordinary Shares (Voting)	9,928	10,201
4.4 Public Shareholding % Ordinary Shares (Voting)	83.53%	83.53%
5 Financial Ratios		
Net Assets per share (Rs.)	0.63	0.61
Debt/equity ratio (times)	0.51	0.33
Liquid Asset Ratio	63.62%	43.73%
Interest cover Ratio (times)	1.29	2.88

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 30th June 2017

	No. of Voting Shares	No. of Non Voting Shares
Mr. U Gautam	-	-
Mr. HRS Wijeratne	194,882,451	-
Mr. TM Wijesinghe	-	-
Mr. JC Korale	-	-
Mr. ATS Sosa	1,000	-
Mr. MSA Wadood	-	-
Mr. TCA Peiris	11,000	-
	194,894,451	-

10 CEO's Shareholding as at 30th June 2017

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

11 Key Management Personnel Shareholding as at 30th June 2017

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

**12 Top Twenty Shareholders
Ordinary Shares (Voting)**

Name of the Share Holder	30th June 2017	
	No. of Shares	%
1 Sampath Bank PLC/Dr. T Senthilverl Seylan Bank PLC/ Dr. T. Senthilverl	268,705,956 85,805,393	} 354,511,349 29.75
2 Mr. H R S Wijeratne	194,882,451	
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 Ayenka Holdings Private Limited	20,105,000	1.69
8 Miss. W N C Fernando	18,567,131	1.56
9 Seylan Bank PLC/ Jayantha Dewage	15,157,671	1.27
10 Mr. R Gautam	14,550,000	1.22
11 Sinharaja Hills Plantation (Pvt) Limited	13,000,000	1.09
12 Hatton National bank PLC / Arunasalam Sithampalam	12,880,242	1.08
13 Andaradeniya Estate (Private) Limited	11,470,674	0.96
14 Mr. H K Pushpakumara	10,171,211	0.85
15 People's Leasing & Finance PLC/ Mr D M P Disanayake	8,748,399	0.73
16 Mr. B L Jayaratne & Dr. Y S Liyanage	7,255,995	0.61
17 Mr S P Kannangara (Deceased)	6,000,000	0.50
18 Mrs K W S H Fernando & Ms W N C Fernando	6,000,000	0.50
19 Mrs.V R Jayasinghe	5,700,000	0.48
20 Mr. V R Kathiragamamatamby	5,250,000	0.44
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	883,108,225	74.10
Other	308,658,547	25.90
Total	<hr/> 1,191,766,772 <hr/>	<hr/> 100.00 <hr/>