

**INTERIM FINANCIAL STATEMENTS
QUARTER ENDED SEPTEMBER 30, 2017**



SMB LEASING PLC

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

SMB Leasing PLC
Statement of Profit or Loss
For the period ended September 30, 2017 (LKR 000)

Company	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	September 30, 2017	September 30, 2016		September 30, 2017	September 30, 2016	
	Unaudited	Unaudited		Unaudited	Unaudited	
Interest income	64,082	54,906	17%	192,837	149,333	29%
Interest expenses	(17,862)	(12,848)	39%	(54,349)	(31,697)	71%
Net interest income	46,220	42,058	10%	138,488	117,636	18%
Fee and commission income	1,571	1,449	8%	4,886	3,851	27%
Net interest, fee and commission income	1,571	1,449	8%	4,886	3,851	27%
Other operating income (net)	4,056	31,970	-87%	12,896	38,297	-66%
Total operating income	51,846	75,477	-31%	156,270	159,784	-2%
Impairment (charge)/reversal for loans and advances	(3,705)	(4,885)	-24%	(37,256)	2,950	-1363%
Net operating income	48,141	70,592	-32%	119,014	162,734	-27%
Personnel expenses	(16,038)	(13,816)	16%	(48,768)	(42,123)	16%
Premises, equipment & establishment expenses	(5,684)	(2,562)	122%	(16,396)	(10,501)	56%
Depreciation and amortizations	(2,769)	(809)	242%	(6,507)	(2,408)	170%
Other expenses	(7,176)	(8,068)	-11%	(20,419)	(21,444)	-5%
Operating profit before Value Added Tax (VAT)	16,475	45,338	-64%	26,925	86,258	-69%
Value added tax (VAT) on financial services	(4,074)	(2,207)	85%	(10,841)	(7,688)	41%
Profit before income tax	12,401	43,131	-71%	16,083	78,570	-80%
Income tax expenses	(975)	(1,166)	-16%	(2,812)	(3,851)	-27%
Profit for the period	11,426	41,965	-73%	13,271	74,719	-82%

Statement of Comprehensive Income	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	September 30, 2017	September 30, 2016		September 30, 2017	September 30, 2016	
	Unaudited	Unaudited		Unaudited	Unaudited	
Profit for the period	11,426	41,965	-73%	13,271	74,719	-82%
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 for the period	11,426	41,965	-73%	13,271	74,719	-82%

SMB Leasing PLC
Statement of Profit or Loss
For the period ended September 30, 2017 (LKR 000)

Group	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	September 30,	September 30,		September 30,	September 30,	
	2017	2016		2017	2016	
	Unaudited	Unaudited		Unaudited	Unaudited	
Interest income	64,082	54,906	17%	192,837	149,333	29%
Interest expenses	(17,862)	(12,847)	39%	(54,349)	(31,697)	71%
Net interest income	46,220	42,059	10%	138,488	117,636	18%
Fee and commission income	1,571	1,449	8%	4,886	3,851	27%
Net interest, fee and commission income	1,571	1,449	8%	4,886	3,851	27%
Other operating income (net)	19,286	48,130	-60%	62,227	81,493	-24%
Total operating income	67,076	91,638	-27%	205,601	202,980	1%
Impairment (charge)/reversal for loans and advances	(3,705)	(4,885)	-24%	(37,257)	2,950	-1363%
Net operating income	63,371	86,754	-27%	168,344	205,930	-18%
Personnel expenses	(25,211)	(24,243)	4%	(81,845)	(67,947)	20%
Premises, equipment & establishment expenses	(7,045)	(4,309)	63%	(20,407)	(14,064)	45%
Depreciation and amortizations	(3,248)	(1,271)	156%	(7,934)	(3,787)	110%
Other expenses	(9,578)	(9,799)	-2%	(25,741)	(29,417)	-12%
Operating profit before Value Added Tax (VAT)	18,289	47,131	-61%	32,418	90,715	-64%
Value added tax (VAT) on financial services	(4,074)	(2,207)	85%	(10,841)	(7,688)	41%
Profit before income tax	14,215	44,924	-68%	21,576	83,027	-74%
Income tax expenses	(1,670)	(1,796)	-7%	(4,842)	(5,802)	-17%
Profit for the period	12,545	43,128	-71%	16,734	77,225	-78%
Profit attributable to :						
Owners of the parent	11,996	42,558	-72%	15,038	75,997	-80%
Non-controlling interest	548	570	-4%	1,697	1,228	38%
Profit for the period	12,545	43,128	-71%	16,734	77,225	-78%
Basic earnings per share	0.01	0.02	-71%	0.01	0.04	-78%

Statement of Comprehensive Income	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	September 30,	September 30,		September 30,	September 30,	
	2017	2016		2017	2016	
	Unaudited	Unaudited		Unaudited	Unaudited	
Profit for the period	12,545	43,128	-71%	16,734	77,225	-78%
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	12,545	43,128	-71%	16,734	77,225	-78%
Total Comprehensive Income attributable to:						
Owners of the parent	11,996	42,558	-72%	15,038	75,997	-80%
Non-controlling interest	548	570	-4%	1,697	1,228	38%
Total Comprehensive Income for the period	12,545	43,128	-71%	16,734	77,225	-78%

SMB Leasing PLC
Statement of Financial Position (LKR 000)

As at	Company September 30, 2017 Unaudited	Company December 31, 2016 Audited	Group September 30, 2017 Unaudited	Group December 31, 2016 Audited
Assets				
Cash and cash equivalents	21,015	29,958	23,836	33,123
Placements with banks	135,070	116,593	152,070	131,593
Loans and receivables	1,351,286	1,319,828	1,349,606	1,317,968
Financial investments	1,169	7,578	7,965	12,906
Investments in associates	101,452	101,452	101,452	101,452
Investments in subsidiary	12,750	12,750	-	-
Investment properties	33,310	33,310	39,898	39,898
Property, plant & equipment	22,193	20,224	24,543	23,682
Intangible assets	2,004	3,258	2,004	3,305
Deferred tax assets	-	-	1,156	1,156
Other assets	24,956	6,015	34,643	13,745
Total Assets	1,705,205	1,650,965	1,737,171	1,678,829
Liabilities				
Due to financial institutions	404,102	353,782	404,102	353,782
Due to other customers	104,528	99,652	104,528	99,652
Other borrowings	-	-	129	1,155
Other liabilities	46,915	61,142	59,159	71,719
Total Liabilities	555,544	514,576	567,917	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	201,865	188,593	205,695	190,658
Total equity attributable to equity holders of the Company	1,149,661	1,136,390	1,153,491	1,138,454
Non- controlling interests	-	-	15,763	14,066
Total Equity	1,149,661	1,136,390	1,169,254	1,152,520
Total Equity and Liabilities	1,705,205	1,650,965	1,737,171	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. 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,

Sgd
J. C. Korale
Director

Sgd
U. Gautam
Director

Colombo
09th November 2017

Statement of Changes in Equity
For the period ended September 30, 2017 (LKR 000)

COMPANY	Stated Capital				Statutory Reserve Fund	Available for Sale Reserve	Retained Earnings	Total
	Ordinary	Voting Shares	Ordinary	Non Voting Shares				
As at January 01, 2016		708,446		210,618	24,664	(0)	150,826	1,094,554
Profit for the period		-		-	-	-	74,719	74,719
Interim Dividend Paid		-		-	-	-	(36,117)	(36,117)
As at September 30, 2016		<u>708,446</u>		<u>210,618</u>	<u>24,664</u>	<u>(0)</u>	<u>189,429</u>	<u>1,133,156</u>
Profit for the period		-		-	-	-	1,977	1,977
Other comprehensive expense		-		-	-	234	1,022	1,256
Total comprehensive income for the year		-		-	-	234	3,000	3,233
Transfer to Statutory Reserves		-		-	3,835	-	(3,835)	-
Total transactions with equity holders		-		-	3,835	-	(3,835)	-
Balance as at December 31, 2016		<u>708,446</u>		<u>210,618</u>	<u>28,499</u>	<u>233</u>	<u>188,593</u>	<u>1,136,389</u>
As at January 01, 2017		708,446		210,618	28,499	233	188,593	1,136,389
Profit for the period		-		-	-	-	13,271	13,271
As at September 30, 2017		<u>708,446</u>		<u>210,618</u>	<u>28,499</u>	<u>233</u>	<u>201,865</u>	<u>1,149,660</u>

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						
As at January 01, 2016		708,446		210,618	24,664	(0)	150,726	1,094,454	11,986	1,106,439
Profit for the period		-		-	-	-	75,997	75,997	1,228	77,225
Dividend Paid		-		-	-	-	(36,117)	(36,117)	-	(36,117)
As at September 30, 2016		<u>708,446</u>		<u>210,618</u>	<u>24,664</u>	<u>(0)</u>	<u>190,606</u>	<u>1,134,334</u>	<u>13,214</u>	<u>1,147,548</u>
Profit for the period		-		-	-	-	2,686	2,686	681	3,367
Other comprehensive expense		-		-	-	234	1,201	1,434	171	1,605
Total comprehensive income for the year		-		-	-	234	3,887	4,120	852	4,972
Transfer to Statutory Reserves		-		-	3,835	-	(3,835)	-	-	-
Total transactions with equity holders		-		-	3,835	-	(3,835)	-	-	-
Balance as at December 31, 2016		<u>708,446</u>		<u>210,618</u>	<u>28,499</u>	<u>233</u>	<u>190,658</u>	<u>1,138,454</u>	<u>14,066</u>	<u>1,152,520</u>
As at January 01, 2017		708,446		210,618	28,499	233	190,658	1,138,454	14,066	1,152,520
Net Profit for the period		-		-	-	-	15,038	15,038	1,697	16,734
As at September 30, 2017		<u>708,446</u>		<u>210,618</u>	<u>28,499</u>	<u>233</u>	<u>205,695</u>	<u>1,153,491</u>	<u>15,763</u>	<u>1,169,254</u>

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SMB Leasing PLC
Cash Flow Statement
For the period ended September 30, 2017 (LKR 000)

	Company		Group	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	Unaudited	Unaudited	Unaudited	Unaudited
Cash Flow from Operating Activities				
Interest Receipts	178,266	145,630	178,266	145,630
Interest Payments	(41,216)	(28,551)	(41,216)	(28,551)
Fees and Commission Receipts	16,676	35,597	66,007	73,362
Cash Payments to Employees and Suppliers	(84,321)	(61,543)	(125,381)	(92,538)
Profit before Changes in Operating Assets	69,405	91,133	77,675	97,903
Loans and receivables to other customers	(52,092)	(239,539)	(52,272)	(239,539)
Other Assets	(18,941)	6,238	(20,898)	1,650
Cash Generated / (used in) Operating Activities	(1,628)	(142,168)	4,506	(139,986)
Tax Paid	(15,274)	(7,688)	(15,007)	(9,322)
Gratuity Paid	(469)	-	(469)	-
Net Cash Generated / (used in) Operating Activities	(17,370)	(149,856)	(10,970)	(149,308)
Cash Flow from Investing Activities				
Net (Increase)/Decrease in Financial Investments	(3,297)	-	(9,765)	2,473
Purchase of Property, Plant & Equipment	(7,605)	(14,117)	(7,876)	(14,217)
Proceeds from Disposal of Property, Plant & Equipment	783	33	783	33
Net Cash Generated / (Used in) Investing Activities	(10,120)	(14,084)	(16,859)	(11,711)
Cash Flow from Financing Activities				
Increase/(Decrease) in Bank Borrowings	25,973	176,386	25,540	176,386
Increase/(Decrease) in Other Borrowings	1,317	6,296	129	5,325
Increase/(Decrease) in Other Liabilities	(14,885)	(3,495)	(16,270)	(2,011)
Dividend Paid to shareholders	-	(36,117)	-	(36,117)
Net Cash Generated / (used in) Financing Activities	12,405	143,070	9,399	143,583
Net Increase / (Decrease) in Cash and Cash Equivalents	(15,085)	(20,870)	(18,430)	(17,436)
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	(31,673)	(56,415)	(26,852)	(38,798)
Reconciliation of Cash and Cash Equivalents				
Cash and cash Equivalent	21,015	19,644	23,836	22,261
REPO investment with banks	9,430	1,150	11,430	16,150
	30,445	20,794	35,266	38,411
Bank Overdraft	(62,118)	(77,209)	(62,118)	(77,209)
	(31,673)	(56,415)	(26,852)	(38,798)

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09th November 2017

Segment Reporting-Group
For the period ended September 30, 2017 (LKR 000)

Business segments-Group	Loans		Leasing		Treasury		Money Brokering		Unallocated		Consolidated	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.06.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Revenue												
Net Interest Income	62,454	54,897	76,035	62,739	-	-	-	-	-	-	138,489	117,636
Net Fees and Commission Income	2,396	1,797	2,917	2,054	-	-	-	-	-	-	5,314	3,851
Other operating income	-	-	1,047	-	11,421	38,297	49,331	43,196	-	-	61,799	81,493
Total revenue	64,850	56,694	79,999	64,793	11,421	38,297	49,331	43,196	-	-	205,602	202,980
Impairment Reversals / (Charges)	(3,730)	1,377	(33,527)	1,573	-	-	-	-	-	-	(37,257)	2,950
Depreciation charged	(2,934)	(1,124)	(3,573)	(1,284)	-	-	(1,427)	(1,379)	-	-	(7,934)	(3,787)
Other Operating Expenses	(38,595)	(34,565)	(46,988)	(39,503)	-	-	(42,410)	(37,361)	-	-	(127,993)	(111,429)
Profit from Operations	19,591	22,382	(4,088)	25,579	11,421	38,297	5,494	4,456	-	-	32,418	90,715
Value Added Tax (VAT) on financial services	(4,889)	(7,688)	(5,952)	-	-	-	-	-	-	-	(10,841)	(7,688)
Shared profit/(Loss) of Associate Companies	-	-	-	-	-	-	-	-	-	-	-	-
Income tax expense	(1,268)	(1,797)	(1,544)	(1,272)	-	(782)	(2,030)	(1,950)	-	-	(4,842)	(5,802)
Net Profit/ (Loss)	13,434	12,897	(11,584)	24,307	11,421	37,515	3,464	2,506	-	-	16,734	77,225
Assets	582,107	619,847	767,499	671,501	325,220	194,263	13,192	8,354	49,154	192,501	1,737,171	1,686,464
Liabilities	-	-	-	-	551,848	478,701	-	-	16,069	50,794	567,917	529,496

Colombo
09th November 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 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.

Interim Financial Statements for the quarter ended September 30, 2017 have not been released by Associate Companies of SMB Leasing PLC namely SMB Real Estate Ltd, Kenanga Investment Corporation Ltd 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	
	30.09.17 Rs.	30.09.16 Rs.	30.09.17 Rs.	30.09.16 Rs.
Highest price per share	0.90	0.90	0.40	0.40
Lowest price per share	0.60	0.60	0.20	0.30
Market price as at	0.80	0.80	0.30	0.30

4 Stated Capital

	30.09.17	30.09.16
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)	9,909	10,156
4.3 Number of Public Shareholders Ordinary Shares (Voting)	9,904	10,153
4.4 Public Shareholding % Ordinary Shares (Voting)	83.65%	83.53%
5 Financial Ratios		
Net Assets per share (Rs.)	0.64	0.63
Debt/equity ratio (times)	0.44	0.42
Liquid Asset Ratio	64.49%	43.70%
Interest cover Ratio (times)	1.50	3.48

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 September 30, 2017

	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	-

10 CEO's Shareholding as at September 30, 2017

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

11 Key Management Personnel Shareholding as at September 30, 2017

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

12 Top Twenty Shareholders
Ordinary Shares (Voting)

Name of the Share Holder	September 30, 2017	
	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 Mrs. K W S H Fernando & Ms W N C Fernando	37,452,991	3.14
6 Mr. W K V M Fernando & Mrs S A Fernando	36,736,133	3.08
7 Miss. W N C Fernando	17,701,231	1.49
8 Ayenka Holdings (Private) Limited	15,470,000	1.30
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	10,176,582	0.85
15 Mr. B L Jayaratne & Dr. Y S Liyanage	7,255,995	0.61
16 Mr S P Kannangara (Deceased)	6,000,000	0.50
17 People's Leasing & Finance PLC/ Mr D M P Disanayake	5,748,599	0.48
18 Mrs.V R Jayasinghe	5,700,000	0.48
19 Mr. V R Kathiragamamatamby	5,250,000	0.44
20 Mr C R Perera	5,100,000	0.43
	<u>882,412,896</u>	<u>74.04</u>
Other	309,353,876	25.96
Total	<u>1,191,766,772</u>	<u>100.00</u>