

**INTERIM FINANCIAL STATEMENTS  
QUARTER ENDED DECEMBER 31, 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 December 31, 2017 (LKR 000)**

Company	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	December 31,	December 31,		December 31,	December 31,	
	2017	2016		2017	2016	
	Unaudited	Unaudited		Unaudited	Audited	
Interest income	61,513	57,921	6%	254,350	206,319	23%
Interest expenses	(14,832)	(6,466)	129%	(69,180)	(40,311)	72%
<b>Net interest income</b>	46,681	51,456	-9%	185,170	166,007	12%
Fee and commission income	1,583	1,369	16%	6,469	5,762	12%
<b>Net interest, fee and commission income</b>	48,264	52,825	-9%	191,638	171,770	12%
Other operating income (net)	41,148	5,270	681%	54,043	43,931	23%
<b>Total operating income</b>	89,412	58,095	54%	245,682	215,701	14%
Impairment (charge)/reversal for loans and advances	(11,208)	(3,261)	244%	(48,464)	(11,291)	329%
<b>Net operating income</b>	78,203	54,834	43%	197,217	204,410	-4%
Personnel expenses	(14,953)	(12,686)	18%	(63,175)	(53,338)	18%
Premises, equipment & establishment expenses	(5,098)	(4,142)	23%	(21,494)	(14,643)	47%
Depreciation and amortizations	(2,879)	(1,355)	112%	(9,386)	(3,763)	149%
Other expenses	(10,061)	(6,027)	67%	(31,026)	(35,550)	-13%
<b>Operating profit before Value Added Tax (VAT)</b>	45,213	30,624	48%	72,137	97,116	-26%
Value added tax (VAT) on financial services	(6,096)	(3,697)	65%	(16,937)	(14,927)	13%
<b>Profit before income tax</b>	39,117	26,927	45%	55,200	82,189	-33%
Income tax expenses	(3,920)	(1,642)	139%	(6,732)	(5,493)	23%
<b>Profit for the period</b>	35,196	25,285	39%	48,468	76,696	-37%

Statement of Comprehensive Income	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	December 31,	December 31,		December 31,	December 31,	
	2017	2016		2017	2016	
	Unaudited	Unaudited		Unaudited	Audited	
<b>Profit for the period</b>	35,196	25,285	39%	48,468	76,696	-37%
<b>Other Comprehensive Income</b>						
Other Comprehensive Income	-	-	-	-	-	-
Actuarial gains/(loss) on Defined Benefit Plans	-	-	-	-	1,022	-100%
Available-for-Sale investments - Net fair value change	-	-	-	-	234	-100%
Available-for-Sale investments - Impairment loss reclassified to profit or loss	-	233	-100%	-	-	-
<b>Other Comprehensive Income/(Expense) for the period (net of tax)</b>	-	233	-100%	-	1,256	-100%
<b>Total Comprehensive Income for the period</b>	35,196	25,518	38%	48,468	77,952	-38%

**SMB Leasing PLC**  
**Statement of Profit or Loss**  
**For the period ended December 31, 2017 (LKR 000)**

Group	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	December 31,	December 31,		December 31,	December 31,	
	2017	2016		2017	2016	
	Unaudited	Unaudited		Unaudited	Audited	
Interest income	61,513	57,921	6%	254,350	206,319	23%
Interest expenses	(14,832)	(7,267)	104%	(69,180)	(41,146)	68%
<b>Net interest income</b>	46,681	50,654	-8%	185,170	165,173	12%
Fee and commission income	1,583	1,369	16%	6,469	5,762	12%
<b>Net interest, fee and commission income</b>	48,264	52,023	-7%	191,638	170,935	12%
Other operating income (net)	56,268	21,709	159%	118,495	103,563	14%
<b>Total operating income</b>	104,532	73,732	42%	310,133	274,498	13%
Impairment (charge)/reversal for loans and advances	(11,208)	(3,261)	244%	(48,464)	(11,291)	329%
<b>Net operating income</b>	93,324	70,471	32%	261,669	263,208	-1%
Personnel expenses	(23,530)	(24,934)	-6%	(103,149)	(83,609)	23%
Premises, equipment & establishment expenses	(5,960)	(4,997)	19%	(26,368)	(16,533)	59%
Depreciation and amortizations	(3,360)	(1,818)	85%	(11,294)	(5,605)	101%
Other expenses	(12,716)	(6,092)	109%	(38,654)	(49,610)	-22%
<b>Operating profit before Value Added Tax (VAT)</b>	47,759	32,630	46%	82,204	107,851	-24%
Value added tax (VAT) on financial services	(6,096)	(3,697)	65%	(16,937)	(14,927)	13%
<b>Profit before income tax</b>	41,662	28,933	44%	65,267	92,924	-30%
Share of losses of associate companies				(2,028)	(4,620)	
Income tax expenses	(4,553)	(1,960)	132%	(9,395)	(7,712)	22%
<b>Profit for the period</b>	37,109	26,973	38%	53,843	80,592	-33%
<b>Profit attributable to :</b>						
Owners of the parent	36,172	26,146	38%	51,209	78,683	-35%
Non-controlling interest	937	828	13%	2,634	1,909	38%
Profit for the period	37,109	26,973	38%	53,843	80,592	-33%
Basic earnings per share	0.02	0.01	38%	0.03	0.04	-33%

Statement of Comprehensive Income	Quarter ended	Quarter ended	Variance	YTD	YTD	Variance
	December 31,	December 31,		December 31,	December 31,	
	2017	2016		2017	2016	
	Unaudited	Unaudited		Unaudited	Unaudited	
<b>Profit for the period</b>	37,109	26,973	38%	53,843	80,592	-33%
<b>Other Comprehensive Income</b>						
Other Comprehensive Income	-	-	0%	-	1,372	-100%
Actuarial gains/(loss) on Defined Benefit Plans	-	-	0%	-	234	-100%
Available-for-Sale investments - Net fair value change	-	-	0%	-	-	0%
Available-for-Sale investments - Impairment loss reclassified to profit or loss	-	233	-100%	-	-	0%
<b>Other Comprehensive Income/(Expense) for the period (net of tax)</b>	-	233	-100%	-	1,605	-100%
<b>Total Comprehensive Income for the period</b>	37,109	27,206	36%	53,843	82,197	-34%
<b>Total Comprehensive Income attributable to:</b>						
Owners of the parent	36,172	26,378	37%	51,209	80,117	-36%
Non-controlling interest	937	828	13%	2,634	2,080	27%
<b>Total Comprehensive Income for the period</b>	37,109	27,206	36%	53,843	82,197	-34%

**SMB Leasing PLC**  
**Statement of Financial Position (LKR 000)**

<b>As at</b>	<b>Company December 31, 2017 Unaudited</b>	<b>Company December 31, 2016 Audited</b>	<b>Group December 31, 2017 Unaudited</b>	<b>Group December 31, 2016 Audited</b>
<b>Assets</b>				
Cash and cash equivalents	30,151	29,958	32,460	33,123
Placements with banks	132,227	116,593	147,227	131,593
Loans and receivables	1,267,561	1,319,828	1,265,941	1,317,968
Financial investments	702	7,578	7,442	12,906
Investments in associates	99,424	101,452	99,424	101,452
Investments in subsidiary	12,750	12,750	-	-
Investment properties	33,310	33,310	40,385	39,898
Property, plant & equipment	21,283	20,224	23,118	23,682
Intangible assets	1,495	3,258	3,784	3,305
Deferred tax assets	-	-	1,489	1,156
Other assets	58,437	6,015	69,829	13,745
<b>Total Assets</b>	<b>1,657,340</b>	<b>1,650,965</b>	<b>1,691,099</b>	<b>1,678,829</b>
<b>Liabilities</b>				
Due to financial institutions	308,887	353,782	308,887	353,782
Due to other customers	104,932	99,652	104,932	99,652
Other borrowings	-	-	456	1,155
Other liabilities	58,663	61,142	70,460	71,719
<b>Total Liabilities</b>	<b>472,482</b>	<b>514,576</b>	<b>484,736</b>	<b>526,309</b>
<b>Equity</b>				
Stated capital	919,064	919,064	919,064	919,064
Statutory reserves	30,922	28,499	30,922	28,499
Available for sale reserve	233	233	233	233
Retained earnings	234,638	188,593	239,444	190,658
<b>Total equity attributable to equity holders of the Company</b>	<b>1,184,857</b>	<b>1,136,390</b>	<b>1,189,663</b>	<b>1,138,454</b>
Non- controlling interests	-	-	16,700	14,066
<b>Total Equity</b>	<b>1,184,857</b>	<b>1,136,390</b>	<b>1,206,363</b>	<b>1,152,520</b>
<b>Total Equity and Liabilities</b>	<b>1,657,340</b>	<b>1,650,965</b>	<b>1,691,099</b>	<b>1,678,829</b>

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

Colombo  
13th February 2018

**Statement of Changes in Equity**  
**For the period ended December 31, 2017 (LKR 000)**

COMPANY	Stated Capital		Statutory Reserve Fund	Available for Sale Reserve	Retained Earnings	Total
	Ordinary Voting Shares	Ordinary Non Voting Shares				
<b>Balance as at January 01, 2016</b>	708,446	210,618	24,664	(0)	150,826	1,094,554
Profit for the period	-	-	-	-	76,696	76,696
Other comprehensive income/expense(net of tax)	-	-	-	234	1,022	1,256
<b>Total comprehensive income for the year</b>	-	-	-	234	77,719	77,952
Transfer to Statutory Reserves	-	-	3,835	-	(3,835)	-
Interim Dividend Paid	-	-	-	-	(36,117)	(36,117)
Total transactions with equity holders	-	-	3,835	-	(39,951)	(36,117)
<b>Balance as at December 31, 2016</b>	708,446	210,618	28,499	233	188,593	1,136,390
<b>As at January 01, 2017</b>	708,446	210,618	28,499	233	188,593	1,136,390
Profit for the period	-	-	-	-	48,468	48,468
Other comprehensive income/expense(net of tax)	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	48,468	48,468
Transfer to Statutory Reserves	-	-	2,423	-	(2,423)	-
Interim Dividend Paid	-	-	-	-	-	-
Total transactions with equity holders	-	-	2,423	-	(2,423)	-
<b>As at December 31, 2017</b>	708,446	210,618	30,922	233	234,638	1,184,857

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						
<b>Balance as at January 01, 2016</b>	708,446	210,618	24,664	(0)	150,726	1,094,454	11,986	1,106,439
Profit for the period	-	-	-	-	78,683	78,683	1,909	80,592
Other comprehensive income/expense(net of tax)	-	-	-	234	1,201	1,434	171	1,605
Total comprehensive income for the year	-	-	-	234	79,884	80,117	2,080	82,197
Transfer to Statutory Reserves	-	-	3,835	-	(3,835)	-	-	-
Dividend Paid	-	-	-	-	(36,117)	(36,117)	-	(36,117)
Total transactions with equity holders	-	-	3,835	-	(39,951)	(36,117)	-	(36,117)
<b>Balance as at December 31, 2016</b>	708,446	210,618	28,499	233	190,658	1,138,454	14,066	1,152,520
<b>As at January 01, 2017</b>	708,446	210,618	28,499	233	190,658	1,138,454	14,066	1,152,520
Profit for the period	-	-	-	-	51,209	51,209	2,634	53,843
Other comprehensive income/expense(net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	51,209	51,209	2,634	53,843
Transfer to Statutory Reserves	-	-	2,423	-	(2,423)	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	2,423	-	(2,423)	-	-	-
<b>As at December 31, 2017</b>	708,446	210,618	30,922	233	239,444	1,189,663	16,700	1,206,363

**SMB Leasing PLC**  
**Cash Flow Statement**  
**For the period ended December 31, 2017 (LKR 000)**

	<b>Company</b>		<b>Group</b>	
	31.12.2017 Unaudited	31.12.2016 Audited	31.12.2017 Unaudited	31.12.2016 Audited
<b>Cash Flow from Operating Activities</b>				
Interest Receipts	234,572	202,745	234,572	202,745
Interest Payments	(54,976)	(44,266)	(54,976)	(45,100)
Fees and Commission Receipts	59,503	38,177	123,467	96,593
Cash Payments to Employees and Suppliers	(108,306)	(89,839)	(162,426)	(140,513)
<b>Profit before Changes in Operating Assets</b>	130,792	106,818	140,637	113,725
Loans and receivables to other customers	27,246	(273,757)	27,006	(272,912)
Other Assets	(55,947)	(6)	(59,942)	(925)
<b>Cash Generated / (used in) Operating Activities</b>	102,092	(166,946)	107,701	(160,111)
Tax Paid	(20,484)	(12,044)	(21,969)	(12,781)
Gratuity Paid	(1,354)	(64)	350	(790)
<b>Net Cash Generated / (used in) Operating Activities</b>	80,254	(179,054)	86,082	(173,683)
<b>Cash Flow from Investing Activities</b>				
Net (Increase)/Decrease in Financial Investments	(6,136)	35,420	(12,596)	25,420
Purchase of Property, Plant & Equipment	(7,705)	(16,618)	(10,232)	(16,782)
Proceeds from Disposal of Property, Plant & Equipment	783	186	783	191
<b>Net Cash Generated / (Used in) Investing Activities</b>	(13,058)	18,989	(22,045)	8,829
<b>Cash Flow from Financing Activities</b>				
Increase/(Decrease) in Borrowings from financial institutions	(12,217)	292,576	(12,650)	292,576
Increase/(Decrease) in Other Borrowings	5,743	-	6,176	(2,176)
Increase/(Decrease) in Public Borrowings	-	(97,967)	-	(97,967)
Increase/(Decrease) in Other Liabilities	(10,704)	20,530	(13,402)	21,477
Dividend Paid to shareholders	-	(36,117)	-	(36,117)
<b>Net Cash Generated / (used in) Financing Activities</b>	(17,178)	179,021	(19,876)	177,792
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	50,018	18,956	44,161	12,939
Cash and Cash Equivalents at the beginning of the year	(16,588)	(35,544)	(8,423)	(21,362)
<b>Cash and Cash Equivalents at the end of the year</b>	33,430	(16,588)	35,739	(8,423)
<b>Reconciliation of Cash and Cash Equivalents</b>				
Cash and cash Equivalent	30,151	29,958	32,460	33,123
REPO investment with banks	3,280	800	3,280	5,800
	33,431	30,758	35,740	38,923
Bank Overdraft	(1)	(47,346)	(1)	(47,346)
	33,430	(16,588)	35,739	(8,423)

Colombo  
13th February 2018

**Notes to the Financial Statements**  
**Segment Reporting - Group**

As at 31st December	Loans		Leasing		Treasury		Money Brokering		Unallocated		Consolidated	
	2017 Rs.000	2016 Rs.000	2017 Rs.000	2016 Rs.000	2017 Rs.000	2016 Rs.000	2017 Rs.000	2016 Rs.000	2017 Rs.000	2016 Rs.000	2017 Rs.000	2016 Rs.000
<b>Business segments - Group</b>												
Revenue from external customers,												
Interest	114,690	96,912	139,660	109,407	-	-	-	-	-	-	254,350	206,319
Fee & Commission	891	2,060	5,393	3,702	-	-	-	-	184	-	6,469	5,762
Other operating Income			1,227	1,654	15,510	14,725	64,452	58,379	37,306	28,806	118,495	103,563
<b>Total Revenue from external customers</b>	<b>115,582</b>	<b>98,972</b>	<b>146,280</b>	<b>114,763</b>	<b>15,510</b>	<b>14,725</b>	<b>64,452</b>	<b>58,379</b>	<b>37,491</b>	<b>28,806</b>	<b>379,314</b>	<b>315,644</b>
Segment result	48,842	48,427	61,815	56,154	6,554	7,205	27,236	28,565	15,843	14,095	160,290	154,446
Depreciation charged for the year	(3,441)	(1,709)	(4,355)	(1,981)	(462)	(254)	(1,919)	(1,008)	(1,116)	(497)	(11,294)	(5,450)
Interest Expense	(21,080)	(12,901)	(26,679)	(14,960)	(2,829)	(1,919)	(11,755)	(7,610)	(6,838)	(3,755)	(69,180)	(41,146)
Operating Profit	25,049	33,817	31,701	39,213	3,361	5,031	13,968	19,947	8,125	9,843	82,204	107,851
Share of Profit/ (Loss) of Associate Companies									(2,028)	(4,620)	(2,028)	(4,620)
Income tax expense	(2,863)	(2,418)	(3,623)	(2,804)	(384)	(360)	(1,596)	(1,426)	(929)	(704)	(9,395)	(7,712)
Value Added Tax (VAT) on financial services	-	-	-	-	-	-	-	-	(16,937)	(14,927)	(16,937)	(14,927)
Other comprehensive Income	-	503	-	584	-	75	-	297	-	147	-	1,605
<b>Net Profit for the year</b>	<b>16,407</b>	<b>25,773</b>	<b>20,764</b>	<b>29,885</b>	<b>2,202</b>	<b>3,834</b>	<b>9,149</b>	<b>15,202</b>	<b>5,322</b>	<b>7,501</b>	<b>53,843</b>	<b>82,197</b>
<b>Segment assets</b>	<b>530,847</b>	<b>542,456</b>	<b>735,843</b>	<b>775,512</b>	<b>326,938</b>	<b>279,074</b>	<b>17,005</b>	<b>15,941</b>	<b>80,465</b>	<b>65,845</b>	<b>1,691,099</b>	<b>1,678,829</b>
<b>Segment liabilities</b>	<b>147,705</b>	<b>165,027</b>	<b>186,935</b>	<b>191,357</b>	<b>19,821</b>	<b>24,552</b>	<b>82,365</b>	<b>97,341</b>	<b>47,911</b>	<b>48,032</b>	<b>484,736</b>	<b>526,309</b>
Cash Flow from Operating Activities	26,230	(54,459)	33,197	(63,148)	3,520	(8,102)	14,627	(32,123)	8,508	(15,851)	86,082	(173,683)
Cash Flow from Investing Activities	(6,717)	2,769	(8,502)	3,210	(901)	412	(3,746)	1,633	(2,179)	806	(22,045)	8,829
Cash Flow from Financing Activities	(6,056)	55,748	(7,665)	64,642	(813)	8,294	(3,377)	32,883	(1,965)	16,226	(19,876)	177,792

Colombo  
13th February 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, 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 December 31, 2017 have not been released by Associate Companies of SMB Leasing PLC namely SMB Real Estate 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	
	31.12.17 Rs.	31.12.16 Rs.	31.12.17 Rs.	31.12.16 Rs.
Highest price per share	0.80	0.90	0.40	0.40
Lowest price per share	0.50	0.60	0.20	0.30
Market price as at	0.60	0.60	0.30	0.40

### 4 Stated Capital

	31.12.17	31.12.16
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)	9,897	10,153
4.3 Number of Public Shareholders Ordinary Shares (Voting)	9,893	10,150
4.4 Public Shareholding % Ordinary Shares (Voting)	83.65%	83.53%
5 Financial Ratios		
Net Assets per share (Rs.)	0.66	0.64
Debt/equity ratio (times)	0.35	0.39
Liquid Asset Ratio	68.48%	53.68%
Interest cover Ratio (times)	2.04	4.06

### 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, 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	-
	<b>194,894,451</b>	<b>-</b>

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

### 10 CEO's Shareholding as at December 31, 2017

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

### 11 Key Management Personnel Shareholding as at December 31, 2017

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



**Notes to the Financial Statements**  
**For the period ended December 31, 2017**

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

Name of the Shareholder	December 31, 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 29.747
2 Mr. H R S Wijeratne	194,882,451	
3 Standard Chartered Bank Singapore S/A HL Bank Singapo	72,916,100	6.118
4 Mrs. S. A. Fernando	40,452,878	3.394
5 Mrs. K W S H Fernando & Ms W N C Fernando	36,373,372	3.052
6 Mr. W K V M Fernando & Mrs S A Fernando	35,236,133	2.957
7 Miss. W N C Fernando	17,701,231	1.485
8 Seylan Bank PLC/ Jayantha Dewage	15,157,671	1.272
9 Mr. R Gautam	14,550,000	1.221
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	9,800,000	0.822
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 Kathiragamatamby	5,250,000	0.441
20 Mr C R Perera	5,100,000	0.428
	<b>878,356,695</b>	<b>73.702</b>
Other	313,410,077	26.298
Total	<b>1,191,766,772</b>	<b>100.000</b>