



SMB LEASING PLC

**Interim Financial Statements
Quarter Ended 30th June 2016**

Group	Quarter Ended 30.06.2016 Unaudited Rs.'000	Quarter Ended 30.06.2015 Unaudited Rs.'000	Variance %	30.06.2016 Unaudited Rs.'000	30.06.2015 Unaudited Rs.'000	Variance %
Interest income	48,548	43,239	12%	94,427	83,919	13%
Interest expenses	(10,563)	(6,155)	72%	(18,850)	(12,235)	54%
Net interest income	37,984	37,084	2%	75,578	71,683	5%
Fee and commission income	1,157	1,055		2,403	2,178	
Fee and commission expenses	-	-		-	-	
Net fee and commission income	1,157	1,055	10%	2,403	2,178	10%
Other operating income	17,095	14,913	15%	33,363	32,272	3%
Total operating income	56,236	53,052	6%	111,344	106,133	5%
Impairment Reversals / (Charges) for loans and advances	2,701	5,860	-54%	11,964	8,280	45%
Net operating income	58,936	58,912	0%	123,308	114,413	8%
Personnel expenses	(22,693)	(19,620)	16%	(43,703)	(40,574)	8%
Premises, Equipment & Establishment Expenses	(4,250)	(4,704)	-10%	(9,755)	(9,642)	1%
Depreciation and Amortisations	(1,260)	(1,370)	-8%	(2,516)	(2,721)	-8%
Other expenses	(11,545)	(9,186)	26%	(23,747)	(15,837)	50%
Operating profit before Value Added Tax (VAT)	19,189	24,032	-20%	43,586	45,639	-4%
Value Added Tax (VAT) on financial services	(3,622)	(2,049)	77%	(5,481)	(4,399)	25%
Profit before income tax	15,566	21,983	-29%	38,105	41,240	-8%
Share of profit/(Loss) Associates comprise (Net of income tax)	-	-		-	-	
Income tax expense	(1,761)	(2,189)	-20%	(4,005)	(3,433)	17%
Profit for the Period	13,805	19,793	-30%	34,100	37,807	-10%
Profit attributable to:						
Owners of the Parent	13,516	19,235	-30%	33,441	37,025	-10%
Non-controlling interest	289	558	-48%	659	783	-16%
Profit for the Period	13,805	19,793	-30%	34,100	37,807	-10%
Basic Earnings per Share	0.01	0.01		0.02	0.02	

Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30th June 2016

Group	Quarter Ended 30.06.2016 Unaudited Rs.'000	Quarter Ended 30.06.2015 Unaudited Rs.'000	Variance %	30.06.2016 Unaudited Rs.'000	30.06.2015 Unaudited Rs.'000	Variance %
Profit for the Period	13,805	19,793		34,100	37,807	
Other Comprehensive Expense						
Fair Value Gains/(Losses) on Available-for-sale financial assets	-	(78)	-100%	-	(390)	-100%
Total Comprehensive Income for the period	13,805	19,716	-30%	34,100	37,418	-9%
Total Comprehensive Income Attributable to:						
Owners of the Parent	13,516	19,158	-29%	33,441	36,635	-9%
Non-controlling interest	289	558	-48%	659	783	-16%
Total Comprehensive Income for the period	13,805	19,716	-30%	34,100	37,418	-9%

Figures in brackets indicate deductions

Colombo
9th August 2016

Company	Quarter Ended	Quarter Ended	Variance	30.06.2016	30.06.2015	Variance
	30.06.2016	30.06.2015		Unaudited	Unaudited	
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Interest income	48,548	43,239	12%	94,427	83,919	13%
Interest expenses	(10,564)	(6,155)	72%	(18,849)	(12,235)	54%
Net interest income	37,984	37,084	2%	75,578	71,683	5%
Fee and commission income	1,157	1,055		2,403	2,178	
Fee and commission expenses	-	-		-	-	
Net fee and commission income	1,157	1,055	10%	2,403	2,178	10%
Other operating income	2,788	2,701	3%	6,326	8,102	-22%
Total operating income	41,928	40,841	3%	84,307	81,964	3%
Impairment Reversals / (Charges) for loans and advances	2,701	5,860	-54%	11,964	8,280	45%
Net operating income	44,629	46,701	-4%	96,271	90,244	7%
Personnel expenses	(14,172)	(12,606)	12%	(28,307)	(26,347)	7%
Premises, Equipment & Establishment Expenses	(3,589)	(3,569)	1%	(7,938)	(7,336)	8%
Depreciation and Amortisations	(800)	(910)	-12%	(1,599)	(1,781)	-10%
Other expenses	(7,959)	(7,322)	9%	(17,506)	(11,738)	49%
Operating profit before Value Added Tax (VAT)	18,109	22,294	-19%	40,921	43,042	-5%
Value Added Tax (VAT) on financial services	(3,622)	(2,049)	77%	(5,481)	(4,399)	25%
Profit before income tax	14,487	20,244	-28%	35,440	38,643	-8%
Income tax expense	(1,271)	(1,589)	-20%	(2,685)	(2,433)	10%
Profit for the Period	13,215	18,655	-29%	32,755	36,210	-10%
Basic Earnings per share	0.01	0.01		0.02	0.02	

Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30th June 2016

Company	Quarter Ended	Quarter Ended	Variance	30.06.2016	30.06.2015	Variance
	30.06.2016	30.06.2015		Unaudited	Unaudited	
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Profit for the Period	13,215	18,655		32,755	36,210	
Other Comprehensive Expense						
Fair Value Gains/(Losses) on Available-for-Sale Financial Assets	-	(78)	-100%	-	(390)	-100%
Total Comprehensive Income for the period	13,215	18,577	-29%	32,755	35,820	-9%

Figures in brackets indicate deductions

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	Group		Company	
	30.06.2016 Unaudited Rs.'000	31.12.2015 Audited Rs.'000	30.06.2016 Unaudited Rs.'000	31.12.2015 Audited Rs.'000
Assets				
Cash and cash equivalents	25,960	31,447	22,609	27,264
Placements with Banks	127,722	166,262	115,722	156,262
Loans and Receivables to other customers	1,166,544	1,052,774	1,168,524	1,053,788
Financial investments	13,375	15,140	7,315	7,291
Investment in Associates	119,313	119,313	108,757	108,757
Investment in Subsidiary	-	-	12,750	12,750
Investment Property	39,472	39,892	33,310	33,730
Property, Plant & Equipment	10,153	12,350	5,842	7,222
Intangible Assets	3,332	3,406	3,332	3,406
Deferred Tax Assets	1,197	1,197	-	-
Other Assets	21,917	11,044	14,160	6,008
Total Assets	1,528,985	1,452,821	1,492,321	1,416,478
Liabilities				
Due to Banks	154,517	80,409	154,517	80,409
Due to Other Customers	203,165	201,574	203,165	201,574
Other Borrowings	3,717	3,332	-	-
Other Liabilities	49,281	47,184	40,762	37,256
Total Liabilities	410,680	332,499	398,444	319,239
Equity				
Stated Capital	919,064	919,064	919,064	919,064
Statutory Reserves	24,665	24,665	24,665	24,665
Retained Earnings	161,932	164,608	150,148	153,510
Total equity attributable to equity holders of the Company	1,105,661	1,108,337	1,093,877	1,097,239
Non Controlling Interests	12,644	11,985	-	-
Total Equity	1,118,305	1,120,322	1,093,877	1,097,239
Total Equity and Liabilities	1,528,985	1,452,821	1,492,321	1,416,478

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 Paliheena
Director

Group	Stated Capital		Statutory Reserve Fund	Available for Sale Reserve	Retained Earnings	Total	Non Controlling Interest	Total Equity
	Voting Shares	Non Voting Shares						
	Rs.'000	Rs.'000						
As at 01st January 2015	708,446	210,618	21,633	(1,322)	108,689	1,048,064	10,069	1,058,133
Net Profit for the period	-	-	-	-	37,024	37,024	782	37,806
Other comprehensive expense	-	-	-	-	(388)	(388)	-	(388)
As at 30th June 2015	708,446	210,618	21,633	(1,322)	145,325	1,084,700	10,851	1,095,551
Net Profit for the period	-	-	-	-	24,510	24,510	1,007	25,517
Other comprehensive expense	-	-	-	1,322	(2,195)	(873)	127	(746)
Transfer to Statutory Reserves	-	-	3,032	-	(3,032)	-	-	-
As at 31st December 2015	708,446	210,618	24,665	-	164,608	1,108,337	11,985	1,120,322
As at 01st January 2016	708,446	210,618	24,665	-	164,608	1,108,337	11,985	1,120,322
Net Profit for the period	-	-	-	-	33,441	33,441	659	34,100
Interim Dividend Paid	-	-	-	-	(36,117)	(36,117)	-	(36,117)
As at 30th June 2016	708,446	210,618	24,665	-	161,932	1,105,661	12,644	1,118,305

Company	Stated Capital		Statutory Reserve Fund	Available for Sale Reserve	Retained Earnings	Total
	Voting Shares	Non Voting Shares				
	Rs.'000	Rs.'000				
As at 01st January 2015	708,446	210,618	21,633	(1,322)	98,628	1,038,003
Net Profit for the period	-	-	-	-	36,210	36,210
Other comprehensive expense	-	-	-	-	(388)	(388)
As at 30th June 2015	708,446	210,618	21,633	(1,322)	134,450	1,073,825
Net Profit for the period	-	-	-	-	24,420	24,420
Other comprehensive expense	-	-	-	1,322	(2,328)	(1,006)
Transfer to Statutory Reserves	-	-	3,032	-	(3,032)	-
As at 31st December 2015	708,446	210,618	24,665	-	153,510	1,097,239
As at 01st January 2016	708,446	210,618	24,665	-	153,510	1,097,239
Net Profit for the period	-	-	-	-	32,755	32,755
Interim Dividend Paid	-	-	-	-	(36,117)	(36,117)
As at 30th June 2016	708,446	210,618	24,665	-	150,148	1,093,877

Figures in brackets indicate deductions.

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	Group		Company	
	30.06.2016 Unaudited Rs.'000	30.06.2015 Unaudited Rs.'000	30.06.2016 Unaudited Rs.'000	30.06.2015 Unaudited Rs.'000
Cash Flow from Operating Activities				
Interest Receipts	92,655	96,785	92,655	96,785
Interest Payments	(16,788)	(13,186)	(16,788)	(13,186)
Fees and Commission Receipts	29,124	33,830	4,990	10,971
Cash Payments to Employees and Suppliers	(56,379)	(68,743)	(36,386)	(49,961)
Profit before Changes in Operating Assets	48,613	48,685	44,471	44,608
Loans and receivables to other customers	(114,736)	(31,667)	(114,736)	(31,667)
Other Assets	31,184	7,403	33,908	8,233
Cash From / (used in) Operations	(34,939)	24,422	(36,357)	21,174
Tax Paid	(5,985)	(5,986)	(5,481)	(4,863)
Gratuity Paid	-	(163)	-	(163)
Net Cash From / (used) in Operating Activities	(40,925)	18,272	(41,838)	16,147
Cash Flow from Investing Activities				
Net (Increase)/Decrease in Financial Investments	1,789	(1,028)	-	-
Purchase of Property, Plant & Equipment	(319)	(376)	(219)	(362)
Proceeds from Disposal of Property, Plant & Equipment	33	2,647	33	2,647
Net Cash from/(Used in) Investing Activities	1,503	1,243	(186)	2,285
Cash Flow from Financing Activities				
Increase/(Decrease) in Bank Borrowings	118,260	-	118,260	-
Increase/(Decrease) in Other Borrowings	962	6,033	1,591	6,639
Increase/(Decrease) in Other Liabilities	(1,966)	(4,078)	(1,161)	(3,036)
Dividend Paid	(36,117)	-	(36,117)	-
Net Cash from / (used in) Financing Activities	81,139	1,955	82,573	3,603
Net Increase/(Decrease) in Cash and Cash Equivalents	41,717	21,470	40,549	22,035
Cash and Cash Equivalents at the beginning of the year	(21,362)	49,989	(35,545)	44,025
Cash and Cash Equivalents as at the end of the period (Note A)	20,355	71,459	5,004	66,059

A. Reconciliation of Cash and Cash Equivalents

	Group		Company	
	30.06.2016 Unaudited Rs.'000	30.06.2015 Unaudited Rs.'000	30.06.2016 Unaudited Rs.'000	30.06.2015 Unaudited Rs.'000
Cash and cash equivalents	25,960	24,159	22,609	22,759
Repo Investments	16,790	47,300	4,790	43,300
	42,750	71,459	27,399	66,059
Bank Overdraft	(22,395)	-	(22,395)	-
	20,355	71,459	5,004	66,059

Figures in brackets indicate deductions.

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Business segments

	Loans		Leasing		Treasury		Money Brokering		Unallocated		Consolidated	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	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	35,908	37,488	39,670	34,195	-	-	-	-	-	-	75,578	71,683
Net Fees and Commission Income	1,142	1,139	1,261	1,039	-	-	-	-	-	-	2,403	2,178
Other Operating Income	-	-	-	-	6,326	8,102	27,037	24,170	-	-	33,363	32,272
Total Revenue	37,050	38,627	40,931	35,234	6,326	8,102	27,037	24,170	-	-	111,344	106,133
Impairment Reversals/(Charges)	5,684	4,330	6,280	3,950	-	-	-	-	-	-	11,964	8,280
Depreciation charged	(760)	(931)	(839)	(849)	-	-	(917)	(940)	-	-	(2,516)	(2,721)
Other Operating Expenses	(25,538)	(23,754)	(28,214)	(21,667)	-	-	(23,455)	(20,632)	-	-	(77,207)	(66,053)
Profit from Operations	16,436	18,272	18,159	16,667	6,326	8,102	2,665	2,597	-	-	43,586	45,639
Value Added Tax (VAT) on financial services	(5,481)	(4,399)	-	-	-	-	-	-	-	-	(5,481)	(4,399)
Shared profit/(Loss) of Associate Companies	-	-	-	-	-	-	-	-	-	-	-	-
Income tax expense	(1,276)	(1,272)	(1,409)	(1,160)	-	-	(1,320)	(1,000)	-	-	(4,005)	(3,433)
Net Profit/(Loss)	9,680	12,601	16,750	15,507	6,326	8,102	1,345	1,597	-	-	34,100	37,807
Assets	559,941	495,745	606,603	457,611	167,058	194,889	6,169	5,166	189,214	185,737	1,528,985	1,339,148
Liabilities	-	-	-	-	361,399	209,733	-	-	49,281	33,864	410,680	243,597

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 2015. The same Accounting Policies and methods of Computations as stated in the Annual Financial Statements for the Year Ended 31st December 2015 have been followed in preparation of these Condensed Interim Financial Statements.

- 1.1** Interim Financial Statements for the Quarter Ended 30th June 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	
	30.06.2016 Rs	30.06.2015 Rs	30.06.2016 Rs	30.06.2015 Rs
Highest price per share	0.90	1.30	0.40	0.50
Lowest price per share	0.60	0.90	0.30	0.30
Market price as at	0.60	1.00	0.40	0.40

4 Stated Capital

4.1 Total Number of Shares

Stated Capital is represented by Ordinary Shares (Voting)

	30.06.2016	30.06.2015
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)

Ordinary Shares (Voting)	10,204	10,336
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4.3 Number of public shareholders

Ordinary Shares (Voting)

Ordinary Shares (Voting)	10,201	10,331
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4.4 Public Shareholding %

Ordinary Shares (Voting)

Ordinary Shares (Voting)	83.53%	53.90%
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5 Financial Ratios

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

	30.06.2016	30.06.2015
Net Assets per share (Rs.)	0.61	0.59
Debt/equity ratio (times)	0.33	0.19
Liquid Asset Ratio	43.73%	48.79%
Interest cover Ratio (times)	2.88	4.16

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

	30.06.2016 Rs	30.06.2015 Rs
Highest price per Debenture	N/A	104.16
Lowest price per Debenture	N/A	103.81
Last traded price per Debenture	N/A	103.81
Interest Yield	N/A	13.91%
Yield to Maturity	17.00%	17.00%
Ten year treasury bond Yield	12.50%	9.63%

N/A - Not Available

The Trading Information is not available for the period of 01.04.2016 to 30.06.2016 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

No circumstances have arisen since the reporting date, which require 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 30th June 2016

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

11 CEO's Shareholding as at 30th June 2016

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

12 Key Management Personnel Shareholding as at 30th June 2016

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

13 Top Twenty Shareholders

13.1 Ordinary Shares (Voting)

Name of the Share Holder	30th June 2016	
	No. of Shares	%
1 Sampath Bank PLC/Dr. T Senthilverl	268,705,956	}
2 Seylan Bank PLC/ Dr. T. Senthilverl	85,805,393	
3 Mr. H R S Wijeratne	194,882,451	16.35
4 Standard Chartered Bank Singapore S/A HL Bank Singapore	72,916,100	6.118
5 Mrs. S. A. Fernando	40,452,878	3.394
6 Mr. W K V M Fernando & Mrs. K W S H Fernando	33,036,133	2.772
7 Mrs. K W S H Fernando & Mr. W K V M Fernando	32,452,991	2.723
8 Miss. W N C Fernando	22,827,464	1.915
9 Seylan Bank PLC/ Jayantha Dewage	15,157,671	1.272
10 Mr. R Gautam	13,545,000	1.137
11 Mr. A Sithampalam	13,380,242	1.123
12 Sinharaja Hills Plantation (Pvt) Limited	13,000,000	1.091
13 Andaradeniya Estate (Private) Limited	11,470,674	0.962
14 Mr. H K Pushpakumara	10,186,200	0.855
15 Mr. B L Jayaratne & Dr. Y S Liyanage	6,302,367	0.529
16 Mr. S P Kannangara (Deceased)	6,000,000	0.503
17 Mrs.V R Jayasinghe	5,700,000	0.478
18 Mr. V R Kathiragamamby	5,250,000	0.441
19 Mr. C R Perera	5,100,000	0.428
20 Miss. S Durga	4,576,806	0.384
Global Rubber Industries Private Limited	4,322,460	0.363
	865,070,786	72.59
Other	326,695,986	27.41
Total	1,191,766,772	100.00