



SMB LEASING PLC

**Interim Financial Statements
Quarter Ended 30th September 2015**

Group	Quarter Ended 30.09.2015 Unaudited Rs.'000	Quarter Ended 30.09.2014 Unaudited Rs.'000	Change %	30.09.2015 Unaudited Rs.'000	30.09.2014 Unaudited Rs.'000	Change %
Interest income	43,428	43,204	1%	127,346	127,621	0%
Interest expenses	(6,911)	(7,044)	-2%	(19,146)	(23,340)	-18%
Net interest income	36,517	36,160	1%	108,200	104,281	4%
Fee and commission income	1,209	1,388		3,388	3,371	
Fee and commission expenses	-	(24)		-	(24)	
Net fee and commission income	1,209	1,364	-11%	3,388	3,347	1%
Other operating income	14,533	25,511	-43%	46,804	59,624	-22%
Total operating income	52,259	63,035	-17%	158,392	167,252	-5%
Impairment Reversals / (Charges) for loans and advances	(1,946)	11,446	-117%	6,334	13,490	-53%
Net operating income	50,313	74,481	-32%	164,726	180,742	-9%
Personnel expenses	(19,834)	(26,336)	-25%	(60,408)	(65,153)	-7%
Premises, Equipment & Establishment Expenses	(4,946)	(5,073)	-3%	(14,588)	(13,587)	7%
Depreciation and Amortisations	(1,368)	(1,447)	-5%	(4,089)	(4,457)	-8%
Other expenses	(8,912)	(12,597)	-29%	(24,749)	(27,138)	-9%
Operating profit before Value Added Tax (VAT)	15,253	29,028	-47%	60,892	70,407	-14%
Value Added Tax (VAT) on financial services	(2,544)	(1,424)	79%	(6,942)	(5,206)	33%
Profit before income tax	12,709	27,604	-54%	53,950	65,201	-17%
Share of profit/(Loss) Associates comprise (Net of income tax)	-	(2,491)	-100%	-	(7,417)	-100%
Income tax expense	(1,625)	(1,000)	63%	(5,058)	(2,000)	153%
Profit for the Period	11,084	24,113	-54%	48,892	55,784	-12%
Profit attributable to:						
Owners of the Parent	10,867	23,140	-53%	47,893	53,564	-11%
Non-controlling interest	217	973	-78%	999	2,220	-55%
Profit for the Period	11,084	24,113	-54%	48,892	55,784	-12%
Basic Earnings per Share	0.01	0.01		0.03	0.03	

Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30th September 2015

Group	Quarter Ended 30.09.2015 Unaudited Rs.'000	Quarter Ended 30.09.2014 Unaudited Rs.'000	Change %	30.09.2015 Unaudited Rs.'000	30.09.2014 Unaudited Rs.'000	Change %
Profit for the Period	11,084	24,113		48,892	55,784	
Other Comprehensive Expense						
Fair Value Gains/(Losses) on Available-for-sale financial assets	-	(78)	-100%	(390)	(232)	68%
Total Comprehensive Income for the period	11,084	24,035	-54%	48,502	55,552	-13%
Total Comprehensive Income Attributable to:						
Owners of the Parent	10,868	23,062	-53%	47,503	53,332	-11%
Non-controlling interest	217	973	-78%	999	2,220	-55%
Total Comprehensive Income for the period	11,084	24,035	-54%	48,502	55,552	-13%

Figures in brackets indicate deductions

Company	Quarter Ended 30.09.2015 Unaudited Rs.'000	Quarter Ended 30.09.2014 Unaudited Rs.'000	Change %	30.09.2015 Unaudited Rs.'000	30.09.2014 Unaudited Rs.'000	Change %
Interest income	43,428	43,204	1%	127,346	127,621	0%
Interest expenses	(6,911)	(7,044)	-2%	(19,146)	(23,340)	-18%
Net interest income	36,517	36,160	1%	108,200	104,281	4%
Fee and commission income	1,209	1,388		3,388	3,371	
Fee and commission expenses	-	(24)		-	(24)	
Net fee and commission income	1,209	1,364	-11%	3,388	3,347	1%
Other operating income	3,202	2,910	10%	11,304	9,923	14%
Total operating income	40,928	40,434	1%	122,892	117,551	5%
Impairment Reversals / (Charges) for loans and advances	(1,946)	11,446	-117%	6,334	13,490	-53%
Net operating income	38,982	51,880	-25%	129,226	131,041	-1%
Personnel expenses	(13,334)	(10,708)	25%	(39,679)	(32,576)	22%
Premises, Equipment & Establishment Expenses	(3,797)	(3,785)	0%	(11,133)	(10,537)	6%
Depreciation and Amortisations	(912)	(1,019)	-11%	(2,693)	(3,250)	-17%
Other expenses	(6,874)	(10,328)	-33%	(18,614)	(20,801)	-11%
Operating profit before Value Added Tax (VAT)	14,065	26,040	-46%	57,107	63,877	-11%
Value Added Tax (VAT) on financial services	(2,543)	(1,424)	79%	(6,942)	(5,206)	33%
Profit before income tax	11,522	24,616	-53%	50,165	58,671	-14%
Income tax expense	(881)	-	100%	(3,314)	-	100%
Profit for the Period	10,641	24,616	-57%	46,851	58,671	-20%
Basic Earnings per share	0.01	0.01		0.03	0.03	

Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30th September 2015

Company	Quarter Ended 30.09.2015 Unaudited Rs.'000	Quarter Ended 30.09.2014 Unaudited Rs.'000	Change %	30.09.2015 Unaudited Rs.'000	30.09.2014 Unaudited Rs.'000	Change %
Profit for the Period	10,641	24,616		46,851	58,671	
Other Comprehensive Expense						
Fair Value Gains/(Losses) on Available-for-Sale Financial Assets	-	(78)	-100%	(390)	(232)	68%
Total Comprehensive Income for the period	10,641	24,538	-57%	46,461	58,439	-20%

Figures in brackets indicate deductions

	Group		Company	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	Unaudited	Audited	Unaudited	Audited
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets				
Cash and cash equivalents	18,201	24,835	17,569	18,871
Placements with Banks	136,304	126,181	128,004	126,181
Loans and Receivables to other customers	1,008,240	921,550	1,010,440	923,890
Financial investments	16,803	18,177	7,513	7,712
Investment in Associates	119,313	119,313	108,757	108,757
Investment in Subsidiary	-	-	11,791	11,791
Investment Property	38,977	38,977	33,730	33,730
Property, Plant & Equipment	13,482	16,745	7,911	9,876
Intangible Assets	3,553	3,553	3,553	3,553
Deferred Tax Assets	1,062	1,062	-	-
Other Assets	13,014	24,017	5,853	18,156
Total Assets	1,368,949	1,294,410	1,335,121	1,262,517
Liabilities				
Due to other customers	207,393	198,285	207,393	198,285
Other borrowings	18,803	3,076	14,317	-
Other Liabilities	36,118	34,916	28,946	26,230
Total Liabilities	262,314	236,277	250,656	224,515
Equity				
Stated Capital	919,064	919,064	919,064	919,064
Statutory Reserves	21,633	21,633	21,633	21,633
Retained Earnings	154,869	107,367	143,768	97,305
Total equity attributable to equity holders of the Company	1,095,566	1,048,064	1,084,465	1,038,002
Non Controlling Interests	11,069	10,069	-	-
Total Equity	1,106,635	1,058,133	1,084,465	1,038,002
Total Equity and Liabilities	1,368,949	1,294,410	1,335,121	1,262,517

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

(sgd)
JC Korale
Director

(sgd)
SNP Palihena
Director

Colombo
6th November 2015

Group	Stated Capital		Statutory Reserves		Retained Earnings Rs.'000	Total Rs.'000	Non Controlling Interest Rs.'000	Total Equity Rs.'000
	Voting Shares	Non Voting Shares	Statutory Reserve Fund	Investment Fund				
	Rs.'000	Rs.'000	Rs.'000	Rs.'000				
As at 01st January 2014	708,446	210,618	17,683	9,924	19,022	965,693	7,737	973,430
Net Profit for the period	-	-	-	-	53,332	53,332	2,220	55,552
Transfer to Investment Fund Account	-	-	-	1,044	(1,044)	-	-	-
As at 30th September 2014	708,446	210,618	17,683	10,968	71,310	1,019,025	9,957	1,028,982
Net Profit for the period	-	-	-	-	30,599	30,599	214	30,813
Other comprehensive expense	-	-	-	-	(1,560)	(1,560)	(102)	(1,662)
Transfer to Statutory Reserve	-	-	3,950	-	(3,950)	-	-	-
Transfer from Investment Fund Account	-	-	-	(10,968)	10,968	-	-	-
As at 31st December 2014	708,446	210,618	21,633	-	107,367	1,048,064	10,069	1,058,133
As at 01st January 2015	708,446	210,618	21,633	-	107,367	1,048,064	10,069	1,058,133
Net Profit for the period	-	-	-	-	17,789	17,789	225	18,014
Other comprehensive expense	-	-	-	-	(312)	(312)	-	(312)
As at 31st March 2015	708,446	210,618	21,633	-	124,844	1,065,541	10,294	1,075,835
Net Profit for the period	-	-	-	-	19,236	19,236	558	19,794
Other comprehensive expense	-	-	-	-	(78)	(78)	-	(78)
As at 30th June 2015	708,446	210,618	21,633	-	144,002	1,084,699	10,852	1,095,551
Net Profit for the period	-	-	-	-	10,867	10,867	217	11,084
As at 30th September 2015	708,446	210,618	21,633	-	154,869	1,095,566	11,069	1,108,635

Company	Stated Capital		Statutory Reserves		Retained Earnings Rs.'000	Total Rs.'000
	Voting Shares	Non Voting Shares	Statutory Reserve Fund	Investment Fund		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
As at 01st January 2014	708,446	210,618	17,683	9,924	13,782	960,453
Net Profit for the period	-	-	-	-	58,438	58,438
Transfer to Investment Fund Account	-	-	-	1,044	(1,044)	-
As at 30th September 2014	708,446	210,618	17,683	10,968	71,176	1,018,891
Net Profit for the year	-	-	-	-	20,566	20,566
Other comprehensive expense	-	-	-	-	(1,455)	(1,455)
Transfer to Statutory Reserve	-	-	3,950	-	(3,950)	-
Transfer from Investment Fund Account	-	-	-	(10,968)	10,968	-
As at 31st December 2014	708,446	210,618	21,633	-	97,305	1,038,002
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	-	-	-	-	18,655	18,655
Other comprehensive expense	-	-	-	-	(77)	(77)
As at 30th June 2015	708,446	210,618	21,633	-	133,127	1,073,824
Net Profit for the period	-	-	-	-	10,641	10,641
As at 30th September 2015	708,446	210,618	21,633	-	143,768	1,084,465

Figures in brackets indicate deductions.

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	Group		Company	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash Flow from Operating Activities				
Interest Receipts	136,602	125,599	136,602	125,599
Interest Payments	(17,879)	(14,989)	(17,879)	(14,989)
Fees and Commission Receipts	48,802	63,379	15,382	18,016
Cash Payments to Employees and Suppliers	(100,762)	(97,084)	(73,332)	(60,132)
Profit before Changes in Operating Assets	66,763	76,906	60,773	68,494
Loans and receivables to other customers	(86,550)	36,467	(86,550)	36,467
Other Assets	6,585	(8,837)	7,886	(4,455)
Cash From / (used in) Operations	(13,202)	104,536	(17,891)	100,506
Tax Paid	(10,410)	(8,648)	(8,048)	(6,088)
Gratuity Paid	(305)	(542)	(305)	(406)
Net Cash From / (used) in Operating Activities	(23,917)	95,346	(26,244)	94,012
Cash Flow from Investing Activities				
Net (Increase)/Decrease in Financial Investments	1,176	(1,582)	-	-
Purchase of Property, Plant & Equipment	(826)	(2,747)	(728)	(545)
Proceeds from Disposal of Property, Plant & Equipment	2,647	-	2,647	-
Net Cash from/(Used in) Investing Activities	2,997	(4,329)	1,919	(545)
Cash Flow from Financing Activities				
Increase/(Decrease) in Bank Borrowings	14,317	(18,748)	14,317	(18,748)
Increase/(Decrease) in Other Borrowings	8,177	(69,455)	9,108	(68,672)
Increase/(Decrease) in Other Liabilities	(2,312)	28,924	(2,806)	27,698
Net Cash from / (used in) Financing Activities	20,182	(59,279)	20,619	(59,722)
Net Decrease in Cash and Cash Equivalents	(738)	31,737	(3,706)	33,745
Cash and Cash Equivalents at the beginning of the year	49,989	29,762	44,025	23,827
Cash and Cash Equivalents as at the end of the period (Note A)	49,251	61,499	40,319	57,572

A. Reconciliation of Cash and Cash Equivalents

	30.09.2015		30.09.2014	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and cash equivalents	18,201	14,008	17,569	10,081
Repo Investments	31,050	51,226	22,750	51,226
	49,251	65,234	40,319	61,307
Bank Overdraft	-	(3,735)	-	(3,735)
	49,251	61,499	40,319	57,572

Figures in brackets indicate deductions.

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Business segments

	Loans		Leasing		Treasury		Money Brokering		Unallocated		Consolidated	
	30.09.2015 Rs.'000	30.09.2014 Rs.'000	30.09.2015 Rs.'000	30.09.2014 Rs.'000	30.09.2015 Rs.'000	30.09.2014 Rs.'000	30.09.2015 Rs.'000	30.09.2014 Rs.'000	30.09.2015 Rs.'000	30.09.2014 Rs.'000	30.09.2015 Rs.'000	30.09.2014 Rs.'000
Revenue												
Net Interest Income	55,953	57,494	52,247	46,787	-	-	-	-	-	-	108,200	104,281
Net Fees and Commission Income	1,752	1,845	1,636	1,502	-	-	-	-	-	-	3,388	3,347
Other Operating Income	-	-	1,768	954	10,551	10,304	34,485	48,366	-	-	46,804	59,624
Total Revenue	57,705	59,339	55,651	49,243	10,551	10,304	34,485	48,366	-	-	158,392	167,252
Impairment Reversals/(Charges)	9,974	15,516	(3,640)	(2,026)	-	-	-	-	-	-	6,334	13,490
Depreciation charged	(1,392)	(1,792)	(1,300)	(1,458)	-	-	(1,397)	(1,207)	-	-	(4,089)	(4,457)
Other Operating Expenses	(35,901)	(35,240)	(33,523)	(28,677)	-	-	(30,320)	(41,961)	-	-	(99,745)	(105,878)
Profit from Operations	30,386	37,823	17,188	17,082	10,551	10,304	2,768	5,198	-	-	60,892	70,407
Value Added Tax (VAT) on financial services	(6,942)	(5,206)	-	-	-	-	-	-	-	-	(6,942)	(5,206)
Shared profit/(Loss) of Associate Companies	-	-	-	-	-	-	-	-	-	(7,417)	-	(7,417)
Income tax expense	(1,723)	-	(994)	-	(596)	-	(1,744)	(2,000)	-	-	(5,058)	(2,000)
Net Profit/(Loss)	21,721	32,617	16,194	17,082	9,955	10,304	1,024	3,198	-	(7,417)	48,892	55,784
Assets	524,285	492,402	483,955	402,874	171,308	181,555	5,620	9,224	183,781	191,543	1,368,949	1,277,599
Liabilities	-	-	-	-	226,195	185,534	-	-	36,119	62,822	262,314	248,356

Figures in brackets indicate deductions.

Colombo
6th November 2015

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 30th September 2015 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 accordingly.

3 Market Price per Share

	Voting		Non Voting	
	30.09.2015 Rs	30.09.2014 Rs	30.09.2015 Rs	30.09.2014 Rs
Highest price per share	1.30	1.70	0.50	0.60
Lowest price per share	1.00	1.20	0.30	0.40
Market price as at	1.00	1.40	0.40	0.40

4 Stated Capital

	30.09.2015	30.09.2014
4.1 Total Number of Shares		
Stated Capital is represented by Ordinary		
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	10,285	10,587
Non Voting Shares	4,546	4,755
	<u>14,831</u>	<u>15,342</u>
4.3 Number of public shareholders		
Voting Shares	10,280	10,582
Non Voting Shares	4,544	4,753
	<u>14,824</u>	<u>15,335</u>
4.4 Public Shareholding %		
Voting Shares	53.90%	53.90%
Non Voting Shares	92.32%	92.32%

5 Financial Ratios

	30.09.2015 Rs	30.09.2014 Rs
Net Assets per share	0.60	0.56
Debt/equity ratio (times)	0.20	0.18
Liquid Asset Ratio	72.27%	65.73%
Interest cover Ratio (times)	<u>3.62</u>	<u>3.51</u>

6 Trading details of the Listed Debenture

	30.09.2015 Rs	30.09.2014 Rs
Highest price per Debenture	N/A	N/A
Lowest price per Debenture	N/A	N/A
Last traded price per Debenture	N/A	N/A
Interest Yield	N/A	N/A
Yield to Maturity	17.00%	N/A
Ten year treasury bond Yield	<u>10.38%</u>	<u>9.23%</u>

N/A - Not Available

The Trading Information is not available for the period of 01.07.2015 to 30.09.2015 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 Period

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 30th September 2015

	No. of Voting Shares	No. of Non Voting Shares
Mr.HRS Wijeratne	194,882,451	-
Mr. U Gautam	-	-
Mr. GCB Ranasinghe	-	-
Mr. JC Korale	-	-
Dr. T Senthilverl	354,511,349	47,171,815
Mr.SNP Palihena	-	-

11 CEO's Shreholding as at 30th September 2015

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

12 Top Twenty Shareholders

12.1 Voting Shares

			30th September 2015	
	Name of the Share Holder	No. of Shares	%	
1	Dr. T. Senthilverl	354,511,349	29.75	
2	Mr. H R S Wijeratne	194,882,451	16.35	
3	Standard Chartered Bank Singapore S/A HL Bank Singapor	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	29,586,096	2.48	
8	Seylan Bank PLC/ Jayantha Dewage	15,157,671	1.27	
9	Mr. A Sithampalam	13,380,242	1.12	
10	Mr. R Gautam	13,200,000	1.11	
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	9,656,400	0.81	
14	Mr. S P Kannangara (Deceased)	6,000,000	0.50	
15	Mrs.V R Jayasinghe	5,700,000	0.48	
16	Mr. V R Kathiragamattamby	5,250,000	0.44	
17	Mr. C R Perera	5,100,000	0.43	
18	Miss. S Durga	4,576,806	0.38	
19	Commercial Credit and Finance PLC	4,001,000	0.34	
20	Pan Asia Banking Corporation PLC/Mr.V R A Gunasekera	4,000,000	0.34	
		868,330,791	72.85	
	Other	323,435,981	27.15	
	Total	1,191,766,772	100.00	

12.2 Non Voting Shares

			30th September 2015	
	Name of the Share Holder	No. of Shares	%	
1	Dr. T Senthilverl	47,171,815	7.68	
2	Mr. H K Pushpakumara	29,372,462	4.78	
3	Mr. K E H De Alwis	27,687,368	4.51	
4	Mr. R Gautam	23,750,000	3.87	
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	Ms. V Vijayaalthchumy	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	Dr. C A Twerenbold	4,313,800	0.70	
		252,256,358	41.08	
	Other	361,809,743	58.92	
	Total	614,066,101	100.00	