

SMB LEASING PLC

INTERIM REPORT

QUARTER ENDED 31ST MARCH 2015

SMB Leasing PLC
Income Statement
For the period ended 31st March 2015

Company	31.03.2015 Unaudited Rs.	31.03.2014 Unaudited Rs.	Change %
Interest income	40,679,532	40,902,599	-1%
Interest expenses	<u>(6,080,792)</u>	<u>(8,439,425)</u>	-28%
Net interest income	34,598,740	32,463,174	7%
Fee and commission income	1,123,099	967,554	16%
Fee and commission expenses	-	-	
Net fee and commission income	1,123,099	967,554	16%
Other operating income	5,401,096	3,259,012	66%
Total operating income	41,122,935	36,689,740	12%
Reversal of impairment for loans and advances	2,419,961	4,416,977	-45%
Net operating income	43,542,896	41,106,717	6%
Personnel expenses	(13,741,342)	(11,265,500)	22%
Other expenses	<u>(8,725,633)</u>	<u>(9,546,719)</u>	-9%
Operating profit before Value Added Tax (VAT) & NBT	21,075,921	20,294,498	4%
National Building Tax	(327,591)	(186,643)	76%
Value Added Tax (VAT) on financial services	<u>(2,349,802)</u>	<u>(1,979,575)</u>	19%
Profit before income tax	18,398,528	18,128,280	1%
Income tax expense	(843,425)	-	100%
Profit for the Period	<u>17,555,103</u>	<u>18,128,280</u>	-3%
Basic Earnings per share	0.01	0.01	
Other Comprehensive Expense			
Gains and Losses on re-measuring of Available-for-sale financial assets	<u>(311,933)</u>	<u>(77,714)</u>	301%
Other Comprehensive Expense	<u>(311,933)</u>	<u>(77,714)</u>	
Total Comprehensive Income	<u>17,243,170</u>	<u>18,050,566</u>	-4%

Figures in brackets indicate deductions

Colombo
13th May 2015

SMB Leasing PLC
Income Statement
For the period ended 31st March 2015

Group	31.03.2015	31.03.2014	Change %
	Unaudited Rs.	Unaudited Rs.	
Interest income	40,679,532	40,902,599	-1%
Interest expenses	(6,080,792)	(8,439,425)	-28%
Net interest income	34,598,740	32,463,174	7%
Fee and commission income	1,123,099	967,554	16%
Fee and commission expenses	-	-	
Net fee and commission income	1,123,099	967,554	16%
Other operating income	17,359,429	17,968,070	-3%
Total operating income	53,081,268	51,398,798	3%
Impairment charges for loans and other losses	2,419,961	4,416,977	-45%
Net operating income	55,501,229	55,815,775	-1%
Personnel expenses	(20,953,595)	(20,897,030)	-
Other expenses	(12,612,845)	(12,840,073)	-2%
	21,934,788	22,078,672	-1%
Operating profit before Value Added Tax (VAT)			
National Building Tax	(327,591)	(186,643)	76%
Value Added Tax (VAT) on financial services	(2,349,802)	(1,979,575)	19%
Profit before income tax	19,257,395	19,912,454	-3%
Share of profit/(Loss) Associates comprise (Net of income tax)	-	(3,133,558)	-100%
Profit before income tax	19,257,395	16,778,896	15%
Income tax expense	(1,243,425)	(550,000)	126%
Profit for the Period	18,013,970	16,228,896	11%
Profit attributable to:			
Owners of the Company	17,789,125	15,624,151	14%
Non-controlling interest	224,845	604,745	-63%
	18,013,970	16,228,896	11%
Basic earnings per share	0.01	0.01	
Other Comprehensive Income			
	(311,933)	(77,714)	301%
Gains and Losses on re-measuring of Available-for-sale financial assets			
Other Comprehensive Income/(Expense)	(311,933)	(77,714)	
Total Comprehensive Income	17,702,037	16,151,182	10%
Total Comprehensive Income Attributable to:			
Owners of the Company	17,477,192	15,546,437	12%
Non-controlling interest	224,845	604,745	-63%
	17,702,037	16,151,182	10%

Figures in brackets indicate deductions

SMB Leasing PLC
Statement of Financial Position
As at 31st March 2015

	GROUP		Company	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
	Unaudited Rs.	Unaudited Rs.	Unaudited Rs.	Unaudited Rs.
Assets				
Cash and cash equivalents	70,923,941	49,989,159	68,185,320	44,024,546
Fixed deposit with banks	97,730,753	101,027,297	97,730,753	101,027,297
Loans and Receivables to other customers	960,749,819	921,549,897	961,745,404	923,889,897
Financial investments – available-for-sale	1,091,605	1,403,537	1,091,605	1,403,537
Financial assets held to maturity	11,120,142	10,980,227	6,475,210	6,308,117
Financial Assets at Fair Value Through Profit or Loss	5,395,140	4,013,402	-	-
Loans and Receivables	3,447,211	1,779,500	-	-
Investments in Associates	119,312,952	119,312,952	108,756,745	108,756,745
Investments in Subsidiaries	-	-	11,791,223	11,791,223
Investment Properties	38,976,800	38,976,800	33,730,400	33,730,400
Property Plant & Equipment	15,574,904	16,745,303	9,172,705	9,875,783
Intangible Assets	3,553,042	3,553,042	3,553,042	3,553,042
Deferred Tax Assets	1,061,739	1,061,739	-	-
Other Assets	19,878,130	24,017,395	12,508,709	18,156,640
Total Assets	1,348,816,177	1,294,410,250	1,314,741,116	1,262,517,227
Liabilities				
Due to other customers	202,515,118	198,284,863	202,515,118	198,284,863
Other borrowings	4,124,295	3,076,525	-	-
Other Liabilities	66,341,844	34,915,980	56,980,449	26,229,985
Total Liabilities	272,981,257	236,277,368	259,495,567	224,514,848
Equity				
Stated Capital	919,064,114	919,064,114	919,064,114	919,064,114
Statutory Reserves	21,632,528	21,632,528	21,632,528	21,632,528
Retained Earnings	124,742,459	107,265,267	114,548,907	97,305,737
Minority interest	10,395,818	10,170,973	-	-
Total equity attributable to equity holders of the Company	1,075,834,919	1,058,132,882	1,055,245,549	1,038,002,379
Total Equity and Liabilities	1,348,816,177	1,294,410,250	1,314,741,116	1,262,517,227

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)
MJNS Fernando
CEO

(sgd)
JC Korale
Director

(sgd)
GCB Ranasinghe
Director

Colombo
13th May 2015

SMB Leasing PLC
Statement of Changes in Equity
For the period ended 31st March 2015

GROUP	Stated Capital	Statutory Reserve Fund	Investment Fund Account	Retained Earnings	Total	Non Controlling Interest	Total Equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01st January 2014	919,064,114	17,682,313	9,924,132	19,021,612	965,692,171	7,736,515	973,428,686
Net Profit for the year	-	-	-	83,931,833	83,931,833	2,434,458	86,366,291
Other comprehensive income	-	-	-	(1,662,095)	(1,662,095)	-	(1,662,095)
Transfer to Statutory Reserve	-	3,950,215	-	(3,950,215)	-	-	-
Transfer from Investment Fund Account	-	-	(9,924,132)	9,924,132	-	-	-
As at 31 December 2014	919,064,114	21,632,528	-	107,265,267	1,047,961,909	10,170,973	1,058,132,882
Net Profit for the period	-	-	-	17,789,125	17,789,125	224,845	18,013,970
Other comprehensive income	-	-	-	(311,933)	(311,933)	-	(311,933)
As at 31 March 2015	919,064,114	21,632,528	-	124,742,459	1,065,439,101	10,395,818	1,075,834,919

Company	Stated Capital	Statutory Reserve Fund	Investment Fund Account	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01st January 2014	919,064,114	17,682,313	9,924,132	13,782,504	960,453,063
Net Profit for the year	-	-	-	79,004,301	79,004,301
Other comprehensive income	-	-	-	(1,454,985)	(1,454,985)
Transfer to Statutory Reserve	-	3,950,215	-	(3,950,215)	-
Transfer from Investment Fund Account	-	-	(9,924,132)	9,924,132	-
As at 31 st December 2014	919,064,114	21,632,528	-	97,305,737	1,038,002,379
Net Profit for the period	-	-	-	17,555,103	17,555,103
Other comprehensive income	-	-	-	(311,933)	(311,933)
As at 31 st March 2015	919,064,114	21,632,528	-	114,548,907	1,055,245,549

Figures in brackets indicate deductions.

SMB Leasing PLC
Cash Flow Statement
For the period ended 31st March 2015

	Group		Company	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	Rs	Rs	Rs	Rs
Cash Flow from Operating Activities				
Interest Receipts	44,442,702	43,306,206	44,442,702	43,306,206
Interest Payments	(3,397,395)	(6,554,367)	(3,397,395)	(6,554,367)
Fees and Commission Receipts	15,863,228	19,230,151	5,635,896	4,226,566
Cash Payments to Employees and Suppliers	(33,730,475)	(32,880,296)	(19,942,729)	(20,569,562)
	23,178,060	23,101,694	26,738,474	20,408,843
Profit before Changes in Operating Assets				
Loans and receivables to other customers	378,477	48,590,984	378,477	48,590,984
Other Assets	(407,023)	(4,793,991)	(686,306)	(4,432,275)
Cash From / (used in) Operations	23,149,515	66,898,687	26,430,645	64,567,552
Tax Paid	(2,677,393)	(2,959,537)	(2,677,393)	(2,166,218)
Gratuity Paid	-	(406,433)	-	(406,433)
Net Cash From / (used) in Operating Activities	20,472,122	63,532,717	23,753,252	61,994,901
Cash Flow from Investing Activities				
Net (Increase)/Decrease in Financial Investments	1,477,729	(113,754)	-	-
Purchase of Property, Plant & Equipment	(13,400)	(319,250)	-	(287,500)
Proceeds from Disposal of Property, Plant & Equipment	2,647,000	-	2,647,000	-
Net Cash from/(Used in) Investing Activities	4,111,329	(433,004)	2,647,000	(287,500)
Cash Flow from Financing Activities				
Increase/(Decrease) in Liabilities	(1,352,224)	2,276,896	(2,027,634)	2,712,584
Increase/(Decrease) in Borrowings	(2,296,445)	(44,360,165)	(211,844)	(44,360,165)
Net Cash from / (used in) Financing Activities	(3,648,669)	(42,083,269)	(2,239,478)	(41,647,581)
Net Decrease in Cash and Cash Equivalents	20,934,782	21,016,444	24,160,774	20,059,820
Cash and Cash Equivalents at the beginning of the year	49,989,159	29,745,048	44,024,546	23,810,236
Cash and Cash Equivalents as at the end of the period (Note A)	70,923,941	50,761,492	68,185,320	43,870,056

A. Reconciliation of Cash and Cash Equivalents	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	Rs	Rs	Rs	Rs
Cash and cash equivalents	70,923,941	51,913,796	68,185,320	45,022,360
Bank Overdraft	-	(1,152,304)	-	(1,152,304)
	70,923,941	50,761,492	68,185,320	43,870,056

Figures in brackets indicate deductions.

SMB Leasing PLC
Segment Reporting
For the period ended 31st March 2015

	Loans		Leasing		Treasury		Money Brokering		Unallocated		Consolidated	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Business segments-Group												
Revenue from external customers												
Interest	21,020,324	22,149,546	19,659,208	18,753,052	-	-	-	-	-	-	40,679,532	40,902,598
Fee and commissions	219,528	89,458	577,922	413,821	-	-	-	-	325,649	741,625	1,123,099	1,244,904
Other operating income	-	-	-	-	5,401,096	3,259,011	11,958,333	14,431,710	-	-	17,359,429	17,690,721
Total revenue from external customers	21,239,852	22,239,004	20,237,130	19,166,873	5,401,096	3,259,011	11,958,333	14,431,710	325,649	741,625	59,162,060	59,838,223
Segment result	10,506,437	11,858,855	10,010,434	10,220,654	2,671,689	1,737,854	5,915,272	7,695,649	161,085	395,369	29,264,917	31,908,381
Depreciation charged	(566,135)	(586,068)	(539,407)	(505,108)	(143,963)	(85,886)	(318,741)	(380,321)	(8,680)	(19,544)	(1,576,927)	(1,576,927)
Interest Expense	(2,183,074)	(3,136,531)	(2,080,011)	(2,703,245)	(555,135)	(459,642)	(1,229,101)	(2,035,410)	(33,471)	(104,597)	(6,080,793)	(8,439,426)
Profit from Operations	7,757,229	8,136,256	7,391,015	7,012,302	1,972,590	1,192,325	4,367,429	5,279,918	118,933	271,227	21,607,197	21,892,029
Shared profit/(Loss) of Associate Companies	-	-	-	-	-	-	-	-	-	(3,133,558)	-	(3,133,558)
Income tax expense	(446,404)	(204,409)	(425,329)	(176,171)	(113,516)	(29,955)	(251,332)	(132,648)	(6,844)	(6,817)	(1,243,425)	(550,000)
Value Added Tax (VAT) on financial services	(843,606)	(735,713)	(803,779)	(634,081)	(214,521)	(107,815)	(474,962)	(477,431)	(12,934)	(24,535)	(2,349,802)	(1,979,575)
Other comprehensive income	(111,988)	(28,883)	(106,701)	(24,893)	(28,478)	(4,233)	(63,050)	(18,743)	(1,717)	(963)	(311,933)	(77,714)
Net Profit/(Loss)	6,355,232	7,167,251	6,055,206	6,177,157	1,616,075	1,050,323	3,578,086	4,651,095	97,438	(2,894,645)	17,702,037	16,151,182
Segment assets	466,861,819	429,408,099	493,888,000	456,602,446	186,261,581	157,148,402	36,305,663	34,439,074	165,499,114	216,812,228	1,348,816,177	1,294,410,250
Segment liabilities	94,486,209	88,260,165	99,955,924	93,849,667	37,696,701	32,300,145	7,347,751	7,078,577	33,494,672	14,788,815	272,981,257	236,277,368

Figures in brackets indicate deductions.

SMB Leasing PLC
Notes to the Financial Statements
For the period ended 31st March 2015

- 1 These Condensed Consolidated Interim Financial Statements have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These Interim Financial Statements should be read in conjunction with the most recent Annual Financial Statements. The same Accounting Policies and methods of Computations as stated in the most recent Annual Financial Statements have been followed in preparation of these Condensed Interim Financial Statements.
- 2 Interim financial statements for the quarter ended 31st March 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.
- 3 The Company is liable for tax at the rate of 28% on its taxable profits. An estimated provision for taxation has been made in these financial statements accordingly.

- 4 The market price per share for the period ended 31 March 2015 is as follows.

	Ordinary Voting		Ordinary Non Voting	
	31.03.2015	31.03.201	31.03.2015	31.03.2014
	Rs	Rs	Rs	Rs
Highest price per share	1.50	1.80	0.60	0.70
Lowest price per share	0.90	0.80	0.30	0.30
Market price as at	1.00	1.20	0.40	0.40

- 5 The details of the Stated Capital as at 31 March 2015 is as follows.

	Ordinary Voting		Ordinary Non Voting	
	31.03.2015	31.03.201	31.03.2015	31.03.2014
Total number of Shareholders	10,425	10,769	4,601	4946
Number of public shareholders	10,421	10,764	4,599	4945

- 6 The following financial information for the period ended 31st March 2015 is as given below.

	31.03.2015	31.03.2014
	Rs	Rs
Net Assets per share	0.58	0.57
Debt/equity ratio (times)	0.19	0.19
Liquid Asset Ratio	43.82%	58.10%
Interest cover Ratio (times)	3.47	2.40
Ten year treasury bond Yield (as at 16.03.2015)	10.09%	Not Published

- 7 The Listed Debentures were traded once during the period ended 31st March 2015. The Traded price was Rs. 103.36. Therefore the Highest, Lowest and the Last Traded Price is same as at 31st March 2015. The Interest Yield was 14.5% and the Yield to Maturity is 17%.
- 8 No circumstances have arisen since the reporting date, which requires adjustments or disclosure in the Financial Statements.

SMB Leasing PLC
Notes to the Financial Statements
For the period ended 31st March 2015

9 Directors Shareholding as at 31 March 2015

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

9.1 Family Members

Name	No. of Voting Shares	No. of Non Voting Shares
Ms. M Gautam	-	-
Ms. C G Korale	-	-
Mrs. M Y Senthilverl	-	-
Mrs. A Palihena	-	-
Mrs. K A G T De Silva	-	-
Mr. Ravi Shahen Wijeratne	-	-
Mr. Roshan Sachin Wijeratne	-	-
Mr. Rahul Shanaka Wijeratne	-	-
Mr. Rishi Sajin Wijeratne	-	-

9.2 CEO, Spous & Children under 18

Name	No. of Voting Shares	No. of Non Voting Shares
Mr. MJNS Fernando	3,940	-
Mrs. KLC Guneratne	-	-
Mast MET Fernando	-	-

10 Computation of % of Public Shareholding 31 March 2015 - Voting Share

Issued share Capital	1,191,766,772
Directors Shareholding	549,393,800
Spouses & Children of Directors	-
CEO, Spous & Children under 18	3,940
Over 10% Holding	-
Public Holding	<u>642,369,032</u>
Public Holding %	<u>53.90%</u>

Computation of % of Public Shareholding 31 March 2015 - Non Voting Share

Issued share Capital	614,066,101
Parent Company	-
Directors Shareholding	47,171,815
Spouses & Children of Directors	-
Public Holding	<u>566,894,286</u>
Public Holding %	<u>92.32%</u>

SMB Leasing PLC
Notes to the Financial Statements
For the period ended 31st March 2015

11 TOP TWENTY SHAREHOLDERS

ORDINARY VOTING

31st March 2015

Name of the Share Holder	No. of Shares	%
1 Sampath Bank PLC/Dr. T Senthilvel	268,705,956	22.55%
2 Mr. H R S Wijeratne	194,882,451	16.35%
3 Seylan Bank PLC/ Dr. T. Senthilvel	85,805,393	7.20%
4 Standard Chartered Bank Singapore S/A HL Bank Singapore	72,916,100	6.12%
5 Ms. S. A. Fernando	40,452,878	3.39%
6 Mr. W K V M Fernando	33,374,022	2.80%
7 Mrs. K W S H Fernando	32,452,991	2.72%
8 Ms. W N C Fernando	30,586,096	2.57%
9 Seylan Bank PLC/ Jayantha Dewage	15,157,671	1.27%
10 Mr. A Sithampalam	13,380,242	1.12%
11 Mr. R Gautam	13,200,000	1.11%
12 Sinharaja Hills Plantation (Pvt) Ltd	13,000,000	1.09%
13 Andaradeniya Estate (Private) Limited	11,470,674	0.96%
14 Mr. H K Pushpakumara	9,656,400	0.81%
15 Mr. S P Kannangara (Deceased)	6,000,000	0.50%
16 Mrs. V R Jayasinghe	5,700,000	0.48%
17 Mr. V R Kathiragammatamby	5,250,000	0.44%
18 Mr. C R Perera	5,100,000	0.43%
19 Miss. S Durga	4,076,806	0.34%
20 Commercial Credit and Finance PLC	4,001,000	0.34%
TOTAL	865,168,680	72.60%

ORDINARY NON VOTING

Name of the Share Holder	No. of Shares	%
1 Sampath Bank PLC/Dr. T Senthilvel	40,171,815	6.54%
2 Mr. H K Pushpakumara	28,703,403	4.67%
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/Mr. J 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	8,503,700	1.38%
10 People's Leasing & Finance PLC/Mr K L Udayananda	8,200,000	1.34%
11 Ms. V Vijayaletchumy	7,198,841	1.17%
12 Seylan Bank PLC/ Mr T Senthilvel	7,000,000	1.14%
13 Mr J A W Victoria	6,756,462	1.10%
14 People's Leasing & Finance PLC/Mr L T Samarawickrama	6,000,000	0.98%
15 Mr. W J D Benedict	5,100,000	0.83%
16 Mr J J Ravindran	5,040,000	0.82%
17 Mrs. H Nalika Padmasiri	4,934,100	0.80%
18 Mr. S Abishek	4,869,460	0.79%
19 Miss. S Durga	4,537,000	0.74%
20 Mr. S D Divakarage	4,500,000	0.73%
TOTAL	247,048,509	40.23%