

SMB LEASING PLC

INTERIM REPORT
QUARTER ENDED 31 MARCH 2014

STATEMENT OF COMPREHENSIVE INCOME - COMPANY

For the Period Ended	3 Months ended 31	3 Months ended 31	Change
	March 2014	March 2013	
	Rs.	Rs.	%
Interest income	40,902,599	45,711,350	(10.52)
Interest expenses	-8,439,425	(13,085,123)	(35.50)
Net interest income	32,463,174	32,626,226	(0.50)
Fee and commission income	967,554	1,411,883	(31.47)
Fee and commission expenses	-	-	
Net fee and commission income	967,554	1,411,883	(31.47)
Net gain/(loss) from trading	-	-	
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-	
Net gain/(loss) from financial investments	-	-	
Other operating income	3,259,012	3,426,616	(4.89)
Total operating income	36,689,740	37,464,726	(2.07)
Impairment reversals / (charges) for loans and advances	4,416,977	1,582,031	179.20
Net operating income	41,106,717	39,046,757	5.28
Personnel expenses	-11,265,500	(9,982,999)	12.85
Other expenses	-9,546,719	(8,156,583)	17.04
Operating profit before Value Added Tax (VAT)	20,294,498	20,907,176	(2.93)
National Building Tax	-186,643	-	-
Value Added Tax (VAT) on financial services	-1,979,575	(1,585,681)	24.84
Profit/(Loss) before income tax	18,128,280	19,321,495	(6.18)
Provision for Income tax	-	-	
Profit/(Loss) for the year	18,128,280	19,321,495	(6.18)
Other Comprehensive Income			
Actuarial Gains and Losses on Defined Benefit Plans			
Gains and Losses on re-measuring of Available-for-sale financial assets	(77,714)	-	
Tax Expense/(Income) relating to Components of Other Comprehensive Income			
Other Comprehensive Income/(Expense) for the Year, net of Taxes	(77,714)	-	
Total Comprehensive Income/(Expense) for the Year	18,050,566	19,321,495	(6.58)
Basic Earnings per share	0.01	0.01	

P.W.K.Roshan
Head of Finance

U Gautam
Chairman

M.S.I.Peiris
Executive Director

M. J. N. S. Fernando
CEO

Figures in brackets indicate deductions
The Above figures are provisional and subject to audit

SMB LEASING PLC
STATEMENT OF COMPREHENSIVE INCOME - GROUP

For the Period Ended	3 Months ended 31	3 Months ended 31	Change
	March 2014	March 2013	
	Rs.	Rs.	%
Interest income	40,902,599	45,711,350	(10.52)
Interest expenses	(8,439,425)	(13,085,123)	(35.50)
Net interest income	32,463,174	32,626,226	(0.50)
Fee and commission income	967,554	1,411,883	(31.47)
Fee and commission expenses	-	-	
Net fee and commission income	967,554	1,411,883	(31.47)
Net gain/(loss) from trading	-	-	
Gain/(loss) on Measurement of Investment designated at fair value through profit or loss	-	-	
Net gain/(loss) from financial investments	-	-	
Other operating income (net)	17,968,070	12,547,742	43.20
Total operating income	51,398,798	46,585,851	10.33
Impairment reversals / (charges) for loans and advances	4,416,977	1,582,031	179.20
Net operating income	55,815,775	48,167,883	15.88
Personnel expenses	(20,897,030)	(16,111,945)	29.70
Other expenses	(12,840,073)	(10,130,049)	26.75
Operating profit before Value Added Tax (VAT)	22,078,672	21,925,888	0.70
National Building Tax	(186,643)	-	
Value Added Tax (VAT) on financial services	(1,979,575)	(1,585,681)	24.84
Operating profit after Value Added Tax (VAT)	19,912,454	20,340,207	(2.10)
Share of profit/(loss) of Associates (net of income tax)	(3,133,558)	(1,915,736)	63.57
Profit/(Loss) before income tax	16,778,896	18,424,471	(8.93)
Provision for Income tax	(550,000)	(300,000)	
Profit/(Loss) for the year	16,228,896	18,124,471	(10.46)
Other Comprehensive Income	-	-	
Actuarial Gains and Losses on Defined Benefit Plans	-	-	
Gains and Losses on re-measuring of Available-for-sale financial assets	(77,714)	-	
Tax Expense/(Income) relating to Components of Other Comprehensive Income	-	-	
Other Comprehensive Income/(Expense) for the Year, net of Taxes	(77,714)	-	
Total Comprehensive Income/(Expense) for the Year	16,151,182	18,124,471	(10.89)
Attributable to:			
Owners of the Parent	15,546,437	17,772,302	
Non-controlling interests	604,745	352,169	
	16,151,182	18,124,471	
Basic Earnings per share	0.01	0.01	

Figures in brackets indicate deductions.

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SEGMENT REPORTING-GROUP

	Loans		Leasing		Treasury		Property/Investments		Eliminations/Unallocated		Consolidated	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
For the Period 3 Months ended 31 March												
Revenue												
Interest	18,152,591	21,709,033	22,209,151	22,382,333	-	-	-	-	-	-	40,361,742	44,091,365
Lease Income/Broking					-	-					-	-
Commissions & Fee Income	176,545	639,695	221,258	710,349	14,852,112	9,391,065	-	-	-	-	15,249,915	10,741,109
Other	1,379,623	1,910,614	1,729,033	2,121,640	1,117,910	806,245	-	-	-	-	4,226,566	4,838,500
Total Revenue from External Customers	19,708,759	24,259,342	24,159,442	25,214,322	15,970,022	10,197,310	-	-	-	-	59,838,223	59,670,974
Total Revenue	19,708,759	24,259,342	24,159,442	25,214,322	15,970,022	10,197,310	-	-	-	-	59,838,223	59,670,974
Segment result	5,659,731	7,585,487	7,093,142	8,423,301	4,036,084	2,900,940	-	-	-	-	16,788,957	18,909,728
Unallocated Income/Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Less Depreciation charged for the year	387,710	428,543	485,903	475,876	314,162	180,838	-	-	-	-	1,187,775	1,085,257
Profit from Operations	5,272,021	7,156,944	6,607,239	7,947,425	3,721,922	2,720,102	-	-	-	-	15,601,182	17,824,471
Income tax expense	-	-	-	-	(550,000)	(300,000)	-	-	-	-	(550,000)	(300,000)
Profit After Income tax	5,272,021	7,156,944	6,607,239	7,947,425	3,171,922	2,420,102	-	-	-	-	16,151,182	17,524,471
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the year	5,272,021	7,156,944	6,607,239	7,947,425	3,171,922	2,420,102	-	-	-	-	15,051,182	17,524,471
OTHER INFORMATION												
Segment assets	388,407,213	480,273,044	486,777,180	533,318,956	314,726,649	202,666,646	-	-	-	-	1,189,911,042	1,216,258,647
Less Accumulated Depreciation	(26,821,458)	(31,018,440)	(33,614,396)	(34,444,410)	(21,733,447)	(13,089,227)	-	-	-	-	(82,169,301)	(78,552,077)
Investment in Subsidiaries	12,750,000	12,750,000	-	-	-	-	-	-	12,750,000	12,750,000	-	-
Total Assets	427,978,671	524,041,483	520,391,576	567,763,367	336,460,097	215,755,874	-	-	12,750,000	12,750,000	1,272,080,343	1,294,810,724
Segment liabilities	85,345,737	134,456,033	106,960,828	149,306,633	69,155,713	56,738,044	-	-	-	-	261,462,279	340,500,711
Shareholders Funds	326,892,854	373,959,324	409,683,385	415,262,941	264,881,519	157,804,156	-	-	-	-	1,001,457,758	947,026,420
Minority Interest	-	-	-	-	-	-	-	-	9,160,306	7,283,593	9,160,306	7,283,593
Total liabilities	412,238,591	508,415,357	516,644,213	564,569,574	334,037,233	214,542,200	-	-	9,160,306	7,283,593	1,272,080,343	1,294,810,724

STATEMENTS OF CHANGES IN EQUITY
For the 3 Months Period ended 31 December 2014

GROUP	Stated Rs.	Capital Rs.	Statutory Reserve Fund Rs.	Investment Fund Account Rs.	Retained Profit/ Loss Rs.	Total Share Holders' fund Rs.	Minority Interest Rs.	Total Equity Rs.
As at 01st January 2013		919,064,114	13,794,692	4,263,696	(36,363,837)	900,758,665	6,914,909	907,673,574
Net Profit/ (Loss) for the year					17,772,302	17,772,302	352,169	18,124,471
Transfer to Statutory Reserve					-	-		-
Transfer to IFA				1,124,815	(1,124,815)	-		-
As at 31 March 2013		919,064,114	13,794,692	5,388,511	(19,716,350)	918,530,967	7,267,078	925,798,045
As at 01st January 2014		919,064,114	13,794,692	9,924,133	43,128,382	985,911,321	8,555,561	994,466,882
Net Profit/ (Loss) for the year					15,546,437	15,546,437	604,745	16,151,182
Transfer to IFA				834,951	(834,951)	-		-
As at 31 March 2014		919,064,114	13,794,692	10,759,084	57,839,868	1,001,457,758	9,160,306	1,010,618,064

For the 3 Months Period ended 31 December 2014

SMB Leasing PLC	Stated Rs.	Capital Rs.	Statutory Reserve Fund Rs.	Investment Fund Account Rs.	Retained Profit/ Loss Rs.	Total Share Holders' fund Rs.
As at 01st January 2013		919,064,114	13,794,692	4,263,696	(53,436,438)	883,686,064
Net Profit/ (Loss) for the year					19,321,495	19,321,495
Transfer to IFA				1,124,815	(1,124,815)	-
As at 31 March 2013		919,064,114	13,794,692	5,388,511	(35,239,758)	903,007,559
As at 01st January 2014		919,064,114	13,794,692	9,924,133	31,167,492	973,950,431
Net Profit/ (Loss) for the year					18,050,566	18,050,566
Transfer to IFA				834,951	(834,951)	-
As at 31 March 2014		919,064,114	13,794,692	10,759,084	48,383,107	992,000,997

The Accounting Policies and the Notes form an integral part of these financial statements.
Comparatives are based on the Annual Audited figures
Figures in brackets indicate deductions.

SMB LEASING PLC
STATEMENT OF FINANCIAL POSITION

AS AT	GROUP		SMB LEASING PLC	
	31 March 2014 Rs.	31 December 2013 Rs.	31 March 2014	31 December 2013
ASSETS				
Cash and cash equivalents	17,598,512	21,146,601	16,207,076	17,791,789
Balances with central banks	-	-	-	-
Placements with banks	122,699,415	97,729,879	117,199,415	95,167,168
Treasury Bonds	6,431,906	6,260,202	6,431,906	6,265,930
Financial assets held-for-trading	-	-	-	-
Financial assets designated at fair value through profit or loss	1,444,774	1,510,000	-	-
Loans and receivables to banks	-	-	-	-
Loans and receivables to other customers	886,010,545	930,298,281	886,860,043	931,147,779
Financial investments – available-for-sale	2,647,624	4,372,548	2,647,624	2,725,337
Financial investments – held-to-maturity	6,326,191	4,500,000	-	-
Investments in subsidiaries	-	-	7,854,472	7,854,472
Investments in associates and joint ventures	131,715,062	134,848,620	125,561,238	125,561,238
Property, plant and equipment	21,655,551	22,463,932	16,308,683	16,316,229
Intangible assets	2,931	5,859	-	-
Investment properties	40,173,277	40,173,277	33,120,400	33,120,400
Deferred tax assets	-	-	-	-
Other assets	35,374,556	35,450,761	28,240,559	26,925,948
Total assets	1,272,080,343	1,298,759,960	1,240,431,415	1,262,876,291
LIABILITIES				
Due to banks	18,337,304	19,495,301	18,337,304	19,495,301
Derivative financial instruments	-	-	-	-
Financial liabilities held-for-trading	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-
Due to other customers	184,204,632	185,279,149	179,223,167	180,107,529
Other borrowings	7,316,160	49,288,964	4,955,390	46,868,194
Current tax liabilities	2,967,834	2,289,634	-	-
Deferred tax liabilities	-	-	-	-
Other liabilities	48,636,349	47,940,030	45,914,557	42,454,836
Due to subsidiaries	-	-	-	-
Subordinated term debts	-	-	-	-
Total liabilities	261,462,279	304,293,078	248,430,418	288,925,860
EQUITY				
Assigned capital	919,064,114	919,064,114	919,064,114	919,064,114
Statutory reserve fund	13,794,692	13,794,692	13,794,692	13,794,692
Retained earnings	57,839,868	43,128,382	48,383,107	31,167,492
Other reserves	10,759,084	9,924,133	10,759,084	9,924,133
Total equity	1,001,457,758	985,911,321	992,000,997	973,950,431
Minority	9,160,306	8,555,561	-	-
Total equity	1,010,618,064	994,466,882	992,000,997	973,950,431
Total equity and liabilities	1,272,080,343	1,298,759,960	1,240,431,415	1,262,876,291
Contingent Liabilities & Commitments	-	1,525,000	-	1,525,000
Net Assets Per Ordinary Shares Rs.	0.55	0.55	0.55	0.54

Comparatives are based on the Annual Audited figures
Figures in brackets indicate deductions
The Above figures are provisional and subject to audit

P.W.K.Roshan
Head of Finance

U Gautam
Chairman

M.S.I. Peiris
Executive Director

M. J. N. S. Fernando
CEO

15th May 2014

CASHFLOW STATEMENTS

For the 3 Months Ended 31 December	Group		SMB PLC	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Cash Flow from Operating Activities				
Interest Received	43,306,206	44,583,321	43,306,206	44,583,321
Interest Payments	(6,554,367)	(13,085,123)	(6,554,367)	(13,085,123)
Fees and Commission Receipts	19,230,151	13,959,625	4,226,566	4,838,500
Profits from Other Operating Activities				
Cash Payments to Employees and Suppliers	(32,880,296)	(25,821,550)	(20,569,562)	(17,975,505)
Net Profit before Changes in Operating Assets	23,101,694	19,636,272	20,408,843	18,361,192
Funds Advanced to Customers / Colletion Other Assets	48,590,984 (4,793,991)	8,231,718 (5,156,556)	48,590,984 (4,432,275)	8,231,718 (3,281,086)
Cash Generated / Used in Operations	66,898,687	22,711,434	64,567,552	23,311,824
Tax Paid	(2,959,537)	(1,687,312)	(2,166,218)	(1,687,312)
Gratuity Paid	(406,433)	(70,000)	(406,433)	(70,000)
Net Cash used in Operating Activities	63,532,717	20,954,122	61,994,901	21,554,512
Cash Flow from Investing Activities				
Dividends Received from Associate Companies		-		-
Investment in Treasury Bonds		-		-
Net (Increase)/Decrease Held to Maturity Investments	(172,182)	144,932	-	-
Net (Increase)/Decrease of Financial Assets at Fair Value Through Profit or Loss	- 58,428	- 7,411	-	-
Net (Increase)/Decrease in Other Non Dealing Investments	-	-	-	-
Purchase of Property, Plant & Equipments	(319,250)	(667,676)	(287,500)	(575,526)
Proceeds from Disposal of Property, Plant & Equipments	-	-	-	-
Intangible Assets	-	-	-	-
Purchase / Sale of Investment Properties	-	-	-	-
Sales Proceeds of Investment Properties	-	-	-	-
Net Cash from/(Used in) Investing Activities	(433,004)	(515,333)	(287,500)	(575,526)
Cash Flow from Financing Activities				
Increase/(Decrease) in Other Borrowings	-	(210,000)	-	(210,000)
Increase/(Decrease) in Liabilities	2,276,896	(8,589,305)	2,712,584	(9,992,260)
Increase/(Decrease) in Borrowings	(44,360,165)	(12,225,996)	(44,360,165)	(12,225,996)
Proceed from Issue of Shares				
Proceed from Exercise of Warrants				
Share issue expenses				
Dividend Paid		-		-
Net Cash from / (used in) Financing Activities.	(42,083,269)	(21,025,301)	(41,647,581)	(22,428,256)
Net Increase or (Decrease) in Cash and Cash Equivalents	21,016,444	(586,513)	20,059,820	(1,449,271)
Cash and Cash Equivalents at the beginning of the year	29,745,048	35,849,458	23,810,236	33,772,107
Cash and Cash Equivalents at the end of the year	50,761,492	35,262,945	43,870,056	32,322,836
Reconciliation of Cash and Cash Equivalents				
Cash and Short Term Funds	17,598,512	20,837,760	16,207,076	19,897,651
Short Term Placements with Banks	34,315,284	20,399,835	28,815,284	18,399,835
Bank Overdraft	(1,152,304)	(5,974,650)	(1,152,304)	(5,974,650)
	50,761,492	35,262,945	43,870,056	32,322,836

The Accounting Policies and the Notes form an integral part of these financial statements.

Figures in brackets indicate deduction

Notes to the financial Statements

- 1 The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.
- 2 No circumstances have arisen since the Statement of Financial Position date, which would require adjustments or disclosure of material events subsequent to the interim period, in the financial statements.
- 3 The market price per share (Ordinary Voting) as at 31 March 2014, as quoted by the CSE was Rs. 1.20. The Highest & Lowest values recorded during the quarter were Rs. 1.80 and Rs. 0.80 respectively.
- 4 The market price per share (Ordinary Non Voting) as at 31 March 2014, as quoted by the CSE was Rs. 0.40. The Highest & Lowest values recorded during the quarter were Rs. 0.70 and Rs. 0.30 respectively.
- 5 There are 1,191,766,772 Voting Ordinary Shares and 614,066,101 Non Voting Ordinary Shares.

SMB Leasing PLC
Directors Shareholding as at 31/03/2014

Name	No of Voting Shares	No of Non Voting Shares
Mr. U Gautam	-	-
Mr. MSI Peiris	24	-
Mr. GCB Ranasinghe	-	-
Mr. JC Korale	-	-
Dr. T Senthilverl	354,511,349	47,171,815
Mr.SNP Palihena	-	-
Mr.HRS Wijeratne	194,882,451	-

Spouses & Children Under 18 years of Directors

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

CEO, Spous & Children under 18

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

Computation of % of Public Shareholding 31/03/2014 - Voting Share

Issued share Capital	1,191,766,772
Directors Shareholding	549,393,824

Spouses & Children of Directors	-
CEO, Spous & Children under 18	3,940
Over 10% Holding	-
Public Holding	<u>642,369,008</u>
Public Holding %	<u>53.90%</u>

Computation of % of Public Shareholding 31/03/2014 - 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>

**TOP TWENTY SHAREHOLDERS
ORDINARY VOTING**

Name of the Share Holder	31st March, 2014	
	No. of Shares	%
1 Dr. T Senthilverl	246,705,956	20.70%
2 Mr. H R S Wijeratne	194,882,451	16.35%
3 Seylan Bank PLC/ Dr. T. Senthilverl	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	46,004,878	3.86%
6 Mr. W K V M Fernando	41,233,872	3.46%
7 Mrs. K W S H Fernando	39,914,378	3.35%
8 Ms. W N C Fernando	31,821,398	2.67%
9 National Development Bank PLC/ Dr. T. Senthilverl	22,000,000	1.85%
10 Seylan Bank PLC/ J Dewage	15,157,671	1.27%
11 Mr. R. Gautam	14,520,000	1.22%
12 Sinharaja Hills Plantation (Pvt) Ltd	13,000,000	1.09%
13 Mr. A Sithampalam	12,880,242	1.08%
14 Andaradeniya Estate (Private) Limited	12,270,674	1.03%
15 Associated Electrical Corporation Limited	10,000,000	0.84%
16 Mr. H K Pushpakumara	8,166,491	0.69%
17 Mr. S P Kannangara	6,000,000	0.50%
18 People's Leasing & Finance PLC/Mr S P Jayakumar	4,060,647	0.34%
19 Pan Aisa Banking Corporation PLC/Mr. V R A Gunasekera	4,000,000	0.34%
20 Mr. J Hewawanitunga	3,994,500	0.34%
TOTAL	885,334,651	74.29%

ORDINARY NON VOTING

Name	No of Shares	%
1 Dr. T Senthilverl	40,171,815	6.54%
2 Mr. K E H De Alwis	25,621,967	4.17%
3 Mr. R. Gautam	23,750,000	3.87%
4 Seylan Bank PLC/Jayantha Dewage	16,521,480	2.69%
5 Mr. H K Pushpakumara	13,086,562	2.13%
6 Waldock Mackenzie Ltd / Mr. SA Gulamhusein	11,429,880	1.86%
7 Mr S Gurusinghe	9,940,425	1.62%
8 Mr. M L A Benedict	9,645,000	1.57%
9 Mr.C Nayagam	9,500,000	1.55%
10 Mr. BL Jayaratne	8,503,700	1.38%
11 Mr. K L Udayananda	8,200,000	1.34%
12 Seylan Bank PLC/Dr. T Senthilverl	7,000,000	1.14%
13 Waldock Mackenzie Ltd / Mr.Lalin Tusith Samarawickrama	6,000,000	0.98%
14 Mr. J A W Victoria	5,771,200	0.94%
15 Mr W J D Benedict	5,100,000	0.83%
16 Mr J J Ravindran	5,040,000	0.82%
17 Mr R A Gunawardena	5,000,000	0.81%
18 Mrs. H Nalika Padmasiri	4,934,100	0.80%
19 Mr. S Abishek	4,869,460	0.79%
20 Mr. S D Divakarage	4,500,000	0.73%
TOTAL	224,585,589	36.57%