



SMB LEASING PLC

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

Group	Quarter Ended 30.09.2016 Unaudited Rs.'000	Quarter Ended 30.09.2015 Unaudited Rs.'000	Variance %	YTD 30.09.2016 Unaudited Rs.'000	YTD 30.09.2015 Unaudited Rs.'000	Variance %
Interest income	54,906	43,428	26%	149,333	127,346	17%
Interest expenses	(12,847)	(6,911)	86%	(31,697)	(19,146)	66%
Net interest income	42,059	36,517	15%	117,636	108,200	9%
Fee and commission income	1,449	1,209		3,851	3,388	
Fee and commission expenses	-	-		-	-	
Net fee and commission income	1,449	1,209	20%	3,851	3,388	14%
Other operating income	48,130	14,533	231%	81,493	46,804	74%
Total operating income	91,638	52,259	75%	202,980	158,392	28%
Impairment Reversals / (Charges) for loans and advances	(4,885)	(2,196)	122%	2,950	5,377	-45%
Net operating income	86,754	50,063	73%	205,930	163,769	26%
Personnel expenses	(24,243)	(19,834)	22%	(67,947)	(60,408)	12%
Premises, Equipment & Establishment Expenses	(4,309)	(4,946)	-13%	(14,064)	(14,588)	-4%
Depreciation and Amortisations	(1,271)	(1,368)	-7%	(3,787)	(4,089)	-7%
Other expenses	(9,799)	(8,662)	13%	(29,417)	(23,792)	24%
Operating profit before Value Added Tax (VAT)	47,131	15,253	209%	90,715	60,892	49%
Value Added Tax (VAT) on financial services	(2,207)	(2,544)	-13%	(7,688)	(6,942)	11%
Profit before income tax	44,924	12,709	253%	83,027	53,950	54%
Share of profit/(Loss) Associates companies (Net of income tax)	-	-		-	-	
Income tax expense	(1,796)	(1,625)	11%	(5,802)	(5,060)	15%
Profit for the Period	43,128	11,084	289%	77,225	48,890	58%
Profit attributable to:						
Owners of the Parent	42,558	10,867	292%	75,997	47,891	59%
Non-controlling interest	570	217	163%	1,228	999	23%
Profit for the Period	43,128	11,084	289%	77,225	48,890	58%
Basic Earnings per Share	0.02	0.01		0.04	0.03	

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

Group	Quarter Ended 30.09.2016 Unaudited Rs.'000	Quarter Ended 30.09.2015 Unaudited Rs.'000	Variance %	YTD 30.09.2016 Unaudited Rs.'000	YTD 30.09.2015 Unaudited Rs.'000	Variance %
Profit for the Period	43,128	11,084		77,225	48,890	
Other Comprehensive Expense						
Fair Value Gains/(Losses) on Available-for-sale financial assets	-	-		-	(388)	-100%
Total Comprehensive Income for the period	43,128	11,084	289%	77,225	48,502	59%
Total Comprehensive Income Attributable to:						
Owners of the Parent	42,558	10,868	292%	75,997	47,503	60%
Non-controlling interest	570	216	164%	1,228	999	23%
Total Comprehensive Income for the period	43,128	11,084	289%	77,225	48,502	59%

Figures in brackets indicate deductions

Colombo
7th November 2016

Company	Quarter Ended	Quarter Ended	Variance	YTD	YTD	Variance
	30.09.2016	30.09.2015		30.09.2016	30.09.2015	
	Unaudited	Unaudited	%	Unaudited	Unaudited	%
	Rs.'000	Rs.'000		Rs.'000	Rs.'000	
Interest income	54,906	43,428	26%	149,333	127,346	17%
Interest expenses	(12,848)	(6,911)	86%	(31,697)	(19,146)	66%
Net interest income	42,058	36,517	15%	117,636	108,200	9%
Fee and commission income	1,449	1,209		3,851	3,388	
Fee and commission expenses	-	-		-	-	
Net fee and commission income	1,449	1,209	20%	3,851	3,388	14%
Other operating income	31,970	3,202	899%	38,297	11,304	239%
Total operating income	75,477	40,928	84%	159,784	122,892	30%
Impairment Reversals / (Charges) for loans and advances	(4,885)	(2,196)	122%	2,950	5,377	-45%
Net operating income	70,592	38,732	82%	162,734	128,269	27%
Personnel expenses	(13,816)	(13,334)	4%	(42,123)	(39,679)	6%
Premises, Equipment & Establishment Expenses	(2,562)	(3,797)	-33%	(10,501)	(11,133)	-6%
Depreciation and Amortisations	(809)	(912)	-11%	(2,408)	(2,693)	-11%
Other expenses	(8,068)	(6,624)	22%	(21,444)	(17,657)	21%
Operating profit before Value Added Tax (VAT)	45,338	14,065	222%	86,258	57,107	51%
Value Added Tax (VAT) on financial services	(2,207)	(2,543)	-13%	(7,688)	(6,942)	11%
Profit before income tax	43,131	11,522	274%	78,570	50,165	57%
Income tax expense	(1,166)	(881)	32%	(3,851)	(3,314)	16%
Profit for the Period	41,965	10,641	294%	74,719	46,851	59%
Basic Earnings per share	0.02	0.01		0.04	0.03	

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

Company	Quarter Ended	Quarter Ended	Variance	YTD	YTD	Variance
	30.09.2016	30.09.2015		30.09.2016	30.09.2015	
	Unaudited	Unaudited	%	Unaudited	Unaudited	%
	Rs.'000	Rs.'000		Rs.'000	Rs.'000	
Profit for the Period	41,965	10,641		74,719	46,851	
Other Comprehensive Expense						
Fair Value Gains/(Losses) on Available-for-Sale Financial Assets	-	-		-	(388)	-100%
Total Comprehensive Income for the period	41,965	10,641	294%	74,719	46,463	61%

Figures in brackets indicate deductions

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	Group		Company	
	30.09.2016 Unaudited Rs.'000	31.12.2015 Restated Rs.'000	30.09.2016 Unaudited Rs.'000	31.12.2015 Restated Rs.'000
Assets				
Cash and cash equivalents	22,261	31,447	19,644	27,264
Placements with Banks	159,137	166,262	144,137	156,262
Loans and Receivables to other customers	1,291,347	1,052,774	1,293,327	1,053,788
Financial investments	12,864	15,140	7,488	7,291
Investment in Associates	114,851	114,851	106,072	106,072
Investment in Subsidiary	-	-	12,750	12,750
Investment Property	39,472	39,892	33,310	33,730
Property, Plant & Equipment	22,780	12,350	18,931	7,222
Intangible Assets	3,295	3,406	3,295	3,406
Deferred Tax Assets	1,197	1,197	-	-
Other Assets	19,260	11,040	9,639	6,008
Total Assets	1,686,464	1,448,359	1,648,593	1,413,793
Liabilities				
Due to Banks	267,456	80,409	267,456	80,409
Due to Other Customers	207,870	201,574	207,870	201,574
Other Borrowings	3,376	3,332	-	-
Other Liabilities	50,794	47,184	40,111	37,256
Total Liabilities	529,496	332,499	515,437	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	200,026	160,146	189,427	150,825
Total equity attributable to equity holders of the Company	1,143,755	1,103,875	1,133,156	1,094,554
Non Controlling Interests	13,213	11,985	-	-
Total Equity	1,156,968	1,115,860	1,133,156	1,094,554
Total Equity and Liabilities	1,686,464	1,448,359	1,648,593	1,413,793

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 Paliyana
Director

Group	Stated Capital						Non Controlling Interest	Total Equity
	Voting Shares	Non Voting Shares	Statutory Reserve Fund	Available for Sale Reserve	Retained Earnings	Total		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
As at 01st January 2015 as previously stated	708,446	210,618	21,633	(1,322)	108,689	1,048,064	10,069	1,058,133
Impact on the Restatement adjustment (Note 1.2.1)	-	-	-	-	(2,040)	(2,040)	-	(2,040)
Restated balance as at 1st January 2015	708,446	210,618	21,633	(1,322)	106,649	1,046,024	10,069	1,056,093
Net Profit for the period	-	-	-	-	47,891	47,891	999	48,890
Other comprehensive expense	-	-	-	-	(388)	(388)	-	(388)
As at 30th September 2015	708,446	210,618	21,633	(1,322)	154,152	1,093,527	11,068	1,104,595
Restated Profit for the period (Note 1.2.2)	-	-	-	-	11,221	11,221	790	12,011
Other comprehensive expense	-	-	-	1,322	(2,195)	(873)	127	(746)
Transfer to Statutory Reserves	-	-	3,032	-	(3,032)	-	-	-
As at 31st December 2015 (Restated)	708,446	210,618	24,665	-	160,146	1,103,875	11,985	1,115,860
As at 01st January 2016	708,446	210,618	24,665	-	160,146	1,103,875	11,985	1,115,860
Net Profit for the period	-	-	-	-	75,997	75,997	1,228	77,225
Interim Dividend Paid	-	-	-	-	(36,117)	(36,117)	-	(36,117)
As at 30th September 2016	708,446	210,618	24,665	-	200,026	1,143,755	13,213	1,156,968

Company	Stated Capital					
	Voting Shares	Non Voting Shares	Statutory Reserve Fund	Available for Sale Reserve	Retained Earnings	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 01st January 2015 as previously stated	708,446	210,618	21,633	(1,322)	98,628	1,038,003
Impact on the Restatement adjustment (Note 1.3.1)	-	-	-	-	(263)	(263)
Restated balance as at 1st January 2015	708,446	210,618	21,633	(1,322)	98,365	1,037,740
Net Profit for the period	-	-	-	-	46,851	46,851
Other comprehensive expense	-	-	-	-	(388)	(388)
As at 30th September 2015	708,446	210,618	21,633	(1,322)	144,828	1,084,203
Restated Profit for the period (Note 1.3.2)	-	-	-	-	11,357	11,357
Other comprehensive expense	-	-	-	1,322	(2,328)	(1,006)
Transfer to Statutory Reserves	-	-	3,032	-	(3,032)	-
As at 31st December 2015 (Restated)	708,446	210,618	24,665	-	150,825	1,094,554
As at 01st January 2016	708,446	210,618	24,665	-	150,825	1,094,554
Net Profit for the period	-	-	-	-	74,719	74,719
Interim Dividend Paid	-	-	-	-	(36,117)	(36,117)
As at 30th September 2016	708,446	210,618	24,665	-	189,427	1,133,156

Figures in brackets indicate deductions.

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	Group		Company	
	30.09.2016 Unaudited Rs.'000	30.09.2015 Unaudited Rs.'000	30.09.2016 Unaudited Rs.'000	30.09.2015 Unaudited Rs.'000
Cash Flow from Operating Activities				
Interest Receipts	145,630	136,602	145,630	136,602
Interest Payments	(28,551)	(17,879)	(28,551)	(17,879)
Fees and Commission Receipts	73,362	48,802	35,597	15,382
Cash Payments to Employees and Suppliers	(92,538)	(100,762)	(61,543)	(73,332)
Profit before Changes in Operating Assets	97,903	66,763	91,133	60,773
Loans and receivables to other customers	(239,539)	(86,550)	(239,539)	(86,550)
Other Assets	1,650	6,585	6,238	7,886
Cash From / (used in) Operations	(139,986)	(13,202)	(142,168)	(17,891)
Tax Paid	(9,322)	(10,410)	(7,688)	(8,048)
Gratuity Paid	-	(305)	-	(305)
Net Cash From / (used) in Operating Activities	(149,308)	(23,917)	(149,857)	(26,244)
Cash Flow from Investing Activities				
Net (Increase)/Decrease in Financial Investments	2,473	1,176	-	-
Purchase of Property, Plant & Equipment	(14,217)	(826)	(14,117)	(728)
Proceeds from Disposal of Property, Plant & Equipment	33	2,647	33	2,647
Net Cash from/(Used in) Investing Activities	(11,711)	2,997	(14,084)	1,919
Cash Flow from Financing Activities				
Increase/(Decrease) in Bank Borrowings	176,386	14,317	176,386	14,317
Increase/(Decrease) in Other Borrowings	5,325	8,177	6,296	9,108
Increase/(Decrease) in Other Liabilities	(2,011)	(2,312)	(3,495)	(2,806)
Dividend Paid	(36,117)	-	(36,117)	-
Net Cash from / (used in) Financing Activities	143,583	20,182	143,070	20,619
Net Increase/(Decrease) in Cash and Cash Equivalents	(17,436)	(738)	(20,870)	(3,706)
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)	(38,798)	49,251	(56,415)	40,319

A. Reconciliation of Cash and Cash Equivalents

	Group		Company	
	30.09.2016 Unaudited Rs.'000	30.09.2015 Unaudited Rs.'000	30.09.2016 Unaudited Rs.'000	30.09.2015 Unaudited Rs.'000
Cash and cash equivalents	22,261	18,201	19,644	17,569
Repo Investments	16,150	31,050	1,150	22,750
	38,411	49,251	20,794	40,319
Bank Overdraft	(77,209)	-	(77,209)	-
	(38,798)	49,251	(56,415)	40,319

Figures in brackets indicate deductions.

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Business segments

	Loans		Leasing		Treasury		Money Brokering		Unallocated		Consolidated	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	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	54,897	55,953	62,739	52,247	-	-	-	-	-	-	117,636	108,200
Net Fees and Commission Income	1,797	1,752	2,054	1,636	-	-	-	-	-	-	3,851	3,388
Other Operating Income	-	-	-	1,768	38,297	10,551	43,196	34,485	-	-	81,493	46,804
Total Revenue	56,694	57,705	64,793	55,651	38,297	10,551	43,196	34,485	-	-	202,980	158,392
Impairment Reversals/(Charges)	1,377	9,974	1,573	(4,597)	-	-	-	-	-	-	2,950	5,377
Depreciation charged	(1,124)	(1,392)	(1,284)	(1,300)	-	-	(1,379)	(1,397)	-	-	(3,787)	(4,089)
Other Operating Expenses	(34,565)	(35,901)	(39,503)	(32,566)	-	-	(37,361)	(30,320)	-	-	(111,429)	(98,788)
Profit from Operations	22,382	30,386	25,579	17,188	38,297	10,551	4,456	2,768	-	-	90,715	60,892
Value Added Tax (VAT) on financial services	(7,688)	(6,942)	-	-	-	-	-	-	-	-	(7,688)	(6,942)
Shared profit/(Loss) of Associate Companies	-	-	-	-	-	-	-	-	-	-	-	-
Income tax expense	(1,797)	(1,723)	(1,272)	(994)	(782)	(596)	(1,950)	(1,744)	-	-	(5,802)	(5,060)
Net Profit/(Loss)	12,897	21,721	24,307	16,194	37,515	9,955	2,506	1,024	-	-	77,225	48,890
Assets	619,847	524,285	671,501	483,955	194,263	171,308	8,354	5,620	192,501	183,781	1,686,464	1,368,949
Liabilities	-	-	-	-	478,701	226,195	-	-	50,794	36,119	529,496	262,314

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 September 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 2015 Financial Statements of these Companies.

1.2 Group - Restatement

1.2.1 The Group has used unaudited Financial Statements of SMB Real Estate Ltd, SMB Securities Ltd and Kenanga Investment Corporation Ltd (Associate Companies) for the consolidation in the year ended 31st December 2014. The Group has not received audited/ unaudited Financial Statements of SMB Real Estate Ltd, SMB Securities Ltd and Kenanga Investment Corporation Ltd (Associate Companies) for the consolidation in the year ended 31st December 2015. However the audited financial statements for year ended 31st December 2014 and year ended 31st December 2015 were received subsequent to the finalization of the consolidated financial statements of the Group. Accordingly, the investment in Associate Companies as at 01st January 2015 and the profit for the year ended 31st December 2015 and the Investment in Associate Companies as at 31st December 2015 were restated for the differences between the audited Profit/(Loss) and Profit/(Loss) taken for the preparation of the consolidated financial statements to be in line with audited financial statements of SMB Real Estate Ltd, SMB Securities Ltd and Kenanga Investment Corporation Ltd as at 31st December 2014 and 2015.

1.2.2 Restated Profit for the Year Ended 31st December 2015

	Rs. 000
Profit for the Year Ended 31st December 2015 as previously stated	61,534
Adjustment on the Share of Profit/(Loss) of Associate Companies	<u>(2,422)</u>
Restated Profit for the Year Ended 31st December 2015	<u>59,112</u>

1.3 Company - Restatement

1.3.1 The Company has used unaudited Financial Statements of SMB Real Estate Ltd, SMB Securities Ltd and Kenanga Investment Corporation Ltd (Associate Companies) to account for provision for Impairment in Associate Companies in the year ended 31st December 2014. The Company has not received audited/ unaudited Financial Statements of SMB Real Estate Ltd, SMB Securities Ltd and Kenanga Investment Corporation Ltd (Associate Companies) to account for Provision for Impairment in Associate Companies in the year ended 31st December 2015. However, the audited financial statements for year ended 31st December 2014 and year ended 31st December 2015 were received subsequent to the finalization of the financial statements of the Company. Accordingly, the investment in Associate Companies as at 01st January 2015 and profit for the year ended 31st December 2015 and the Investment in Associate Companies as at 31st December 2015 were restated to be in line with audited financial statements of SMB Real Estate Ltd, SMB Securities Ltd and Kenanga Investment Corporation Ltd as at 31st December 2014 and 2015.

1.3.2 Restated Profit for the Year Ended 31st December 2015

	Rs. 000
Profit for the Year Ended 31st December 2015 as previously stated	60,630
Provision for Impairment in Associate Companies	<u>(2,422)</u>
Restated Profit for the Year Ended 31st December 2015	<u>58,208</u>

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	
	30.09.2016 Rs	30.09.2015 Rs	30.09.2016 Rs	30.09.2015 Rs
Highest price per share	0.90	1.30	0.40	0.50
Lowest price per share	0.60	1.00	0.30	0.30
Market price as at	<u>0.80</u>	<u>1.00</u>	<u>0.30</u>	<u>0.40</u>

4 Stated Capital

	30.09.2016	30.09.2015
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)	10,156	10,285
4.3 Number of public shareholders Ordinary Shares (Voting)	10,153	10,280
4.4 Public Shareholding % Ordinary Shares (Voting)	<u>83.53%</u>	<u>53.90%</u>

5 Financial Ratios

	30.09.2016	30.09.2015
Net Assets per share (Rs.)	0.63	0.60
Debt/equity ratio (times)	0.42	0.20
Liquid Asset Ratio	43.70%	72.27%
Interest cover Ratio (times)	<u>3.48</u>	<u>3.62</u>

6 Trading details of the Listed Debenture

	30.09.2016 Rs	30.09.2015 Rs
Highest price per Debenture	99.92	N/A
Lowest price per Debenture	99.92	N/A
Last traded price per Debenture	99.92	N/A
Interest Yield	15.56%	N/A
Yield to Maturity	17.00%	17.00%
Ten year treasury bond Yield	<u>11.06%</u>	<u>10.38%</u>

N/A - Not Available

The Debenture had been Taded once for the period of 01.07.2016 to 30.09.2016.

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 September 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 Shreholding as at 30th September 2016

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

12 Key Management Personnel Shareholding as at 30th September 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)

			30th September 2016	
Name of the Share Holder		No. of Shares	%	
1	Sampath Bank PLC/Dr. T Senthilvel	268,705,956	}	
2	Seylan Bank PLC/ Dr. T. Senthilvel	85,805,393		
3	Mr. H R S Wijeratne		354,511,349	29.75
4	Standard Chartered Bank Singapore S/A HL Bank Singapore		194,882,451	16.35
5	Mrs. S. A. Fernando		72,916,100	6.12
6	Mr. W K V M Fernando & Mrs. K W S H Fernando		40,452,878	3.39
7	Mrs. K W S H Fernando & Mr. W K V M Fernando		33,036,133	2.77
8	Miss. W N C Fernando		32,452,991	2.72
9	Seylan Bank PLC/ Jayantha Dewage		20,767,464	1.74
10	Mr. R Gautam		15,157,671	1.27
11	Mr. A Sithampalam		13,560,000	1.14
12	Sinharaja Hills Plantation (Pvt) Limited		13,380,242	1.12
13	Andaradeniya Estate (Private) Limited		13,000,000	1.09
14	Mr. H K Pushpakumara		11,470,674	0.96
15	Global Rubber Industries Private Limited		10,170,000	0.85
16	Mr. B L Jayaratne & Dr. Y S Liyanage		7,905,000	0.66
17	Mr. S P Kannangara (Deceased)		6,302,367	0.53
18	Mrs.V R Jayasinghe		6,000,000	0.50
19	Mr. V R Kathiragammatamby		5,700,000	0.48
20	Mr. C R Perera		5,250,000	0.44
	Miss S Durga		5,100,000	0.43
			4,576,806	0.38
			866,592,126	72.72
	Other		325,174,646	27.28
	Total		1,191,766,772	100.00