

INTERIM FINANCIAL STATEMENTS

PEOPLE'S LEASING & FINANCE PLC

For the three months ended 30th June 2018

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**INTERIM
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STATEMENT OF FINANCIAL POSITION

As at	Company			Group		
	30.06.2018 Rs. Mn. Unaudited*	31.03.2018 Rs. Mn. Audited	Change %	30.06.2018 Rs. Mn. Unaudited*	31.03.2018 Rs. Mn. Audited	Change %
Assets						
Cash and cash equivalents	2,180	4,414	(50.6)	2,762	4,767	(42.1)
Balances with banks & financial institutions	3,016	4,370	(31.0)	6,088	8,759	(30.5)
Financial assets held-for-trading	166	175	(5.1)	295	315	(6.3)
Loans and receivables	144,107	140,963	2.2	147,992	142,713	3.7
Insurance and reinsurance receivables	-	-	-	406	407	(0.2)
Financial assets - Available-for-sale	197	219	(10.0)	1,090	1,343	(18.8)
Financial assets - Held-to-maturity	6,959	4,890	42.3	6,959	4,890	42.3
Current tax receivables	-	90	(100.0)	-	90	(100.0)
Investments in subsidiaries	3,214	3,214	-	-	-	-
Investments in associates	586	586	-	425	423	0.5
Investment property	-	134	(100.0)	1,132	1,266	(10.6)
Property, plant and equipment	1,146	1,167	(1.8)	4,076	4,113	(0.9)
Goodwill and intangible assets	345	346	(0.3)	451	453	(0.4)
Leasehold Property	86	87	(1.1)	86	87	(1.1)
Deferred tax assets	-	-	-	28	28	-
Other assets	854	833	2.5	994	1,299	(23.5)
Total assets	162,856	161,488	0.8	172,784	170,953	1.1
Liabilities						
Due to banks	25,222	29,424	(14.3)	27,383	31,336	(12.6)
Due to customers	70,106	69,763	0.5	69,626	69,378	0.4
Debt securities issued	32,216	26,282	22.6	32,088	26,282	22.1
Other financial liabilities	3,890	4,646	(16.3)	3,747	4,473	(16.2)
Insurance and reinsurance payable	-	-	-	4,218	4,055	4.0
Current tax liabilities	49	-	100.0	121	63	92.1
Deferred tax liabilities	2,276	2,276	-	2,332	2,339	(0.3)
Other liabilities	2,066	2,068	(0.1)	2,172	2,174	(0.1)
Total liabilities	135,825	134,459	1.0	141,687	140,100	1.1
Equity						
Capital	13,236	13,236	-	13,236	13,236	-
Statutory reserve fund	1,876	1,837	2.1	1,876	1,837	2.1
Retained earnings	11,493	11,502	(0.1)	13,335	13,167	1.3
Other reserves	426	454	(6.2)	456	448	1.8
Total Equity attributable to equity holders of the Company	27,031	27,029	0.0	28,903	28,688	0.7
Non-controlling interest	-	-	-	2,194	2,165	1.3
Total Equity	27,031	27,029	0.0	31,097	30,853	0.8
Total liabilities and equity	162,856	161,488	0.8	172,784	170,953	1.1
Contingencies	774	757	2.2	774	757	2.2
Commitments	6,634	6,713	(1.2)	6,697	6,866	(2.5)
Net assets value per ordinary share (Rs.)	17.11	17.11	-	18.29	18.16	0.7

CERTIFICATION

We certify that the above Interim Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

(sgd.)

Sanjeewa Bandaranayake

Chief Financial Officer

The Board of Directors is responsible for these Interim Financial Statements.

Approved and Signed for and on behalf of the Board:

(sgd.)

Hemasiri Fernando

Chairman

26th July 2018

Colombo.

* The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

(sgd.)

A.S. Ibrahim

Chief Executive Officer

(sgd.)

M.P. Amirthanayagam

Deputy Chairman

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STATEMENT OF PROFIT OR LOSS

For the three months ended 30th June	Company			Group		
	2018 Rs. Mn. Unaudited*	2017 Rs. Mn. Unaudited*	Change %	2018 Rs. Mn. Unaudited*	2017 Rs. Mn. Unaudited*	Change %
Interest income	7,221	6,260	15.4	7,518	6,452	16.5
Less: Interest expense	3,683	3,512	4.9	3,729	3,539	5.4
Net interest income	3,538	2,748	28.7	3,789	2,913	30.1
Net earned premiums	-	-	-	1,106	953	16.1
Net fee and commission income	263	237	11.0	159	101	57.4
Net trading income	(9)	32	(128.1)	(21)	75	(128.0)
Other operating income	46	80	(42.5)	146	93	57.0
Total operating income	3,838	3,097	23.9	5,179	4,135	25.2
Less: Impairment charges for loans and receivables	818	539	51.8	859	549	56.5
Net operating income	3,020	2,558	18.1	4,320	3,586	20.5
Less:						
Personnel expenses	808	660	22.4	972	754	28.9
Depreciation & Amortisation	46	45	2.2	77	69	11.6
Benefits, claims and underwriting expenditure	-	-	-	821	682	20.4
Other operating expenses	670	684	(2.0)	694	689	0.7
Total operating expenses	1,524	1,389	9.7	2,564	2,194	16.9
Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services	1,496	1,169	28.0	1,756	1,392	26.1
Less: VAT & NBT on financial services	335	224	49.6	343	230	49.1
Operating profit after VAT & NBT on financial services	1,161	945	22.9	1,413	1,162	21.6
Share of profit/(loss) of an associate	-	-	-	1	(16)	106.3
Profit before income tax	1,161	945	22.9	1,414	1,146	23.4
Less: Income tax expense	341	259	31.7	388	295	31.5
Profit for the period	820	686	19.5	1,026	851	20.6
Profit Attributable to :						
Equity holders	820	686	19.5	997	796	25.3
Non-controlling interest	-	-	-	29	55	(47.3)
Profit for the period	820	686	19.5	1,026	851	20.6
Basic/Diluted earnings per ordinary share (Rs.)	0.52	0.43	19.5	0.63	0.54	16.0

* The above figures are provisional and subject to audit.
Figures in brackets indicate deductions.

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STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30th June	Company			Group		
	2018 Rs. Mn. Unaudited*	2017 Rs. Mn. Unaudited*	Change %	2018 Rs. Mn. Unaudited*	2017 Rs. Mn. Unaudited*	Change %
Profit for the period	820	686	19.5	1,026	851	20.6
Other comprehensive income/(expenses)						
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</i>						
Cash flow hedges						
Gains/(losses) on derivative financial assets	-	(1)	(100.0)	-	(1)	(100.0)
Net gains/(losses) arising from translating the Financial Statements of the foreign subsidiary	-	-	-	36	-	100.0
Available-for-sale financial assets						
Gains/ (losses) on re-measuring available-for-sale financial assets	(28)	9	411.1	(28)	14	300.0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(28)	8	450.0	8	13	38.5
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):</i>						
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	-
Deferred tax effect on above	-	-	-	-	-	-
Recycling to Statement of Profit or Loss for impairment	-	-	-	-	-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-	-	-	-	-
Other comprehensive income for the period, net of taxes	(28)	8	450.0	8	13	38.5
Total comprehensive income for the period	792	694	14.1	1,034	864	19.7
Profit Attributable to :						
Equity holders	792	694	14.1	1,034	862	20.0
Non-controlling interest	-	-	-	-	2	(100.0)
Profit for the period	792	694	14.1	1,034	864	19.7

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STATEMENT OF CHANGES IN EQUITY - COMPANY

	Capital	Statutory Reserve Fund	Other Reserves					Retained Earnings	Total Equity
			General Reserve	Tax Equalisation Fund	Revaluation Reserve	Available for Sale Reserve	Cash Flow Hedge Reserve		
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	
Balance as at 01.04.2017	13,236	1,622	300	100	7	31	1	9,400	24,697
Total comprehensive income for the three months ended 30.06.2017									
Profit for the three months ended 30.06.2017	-	-	-	-	-	-	-	686	686
Other comprehensive income (net of tax)	-	-	-	-	-	9	(1)	-	8
Total comprehensive income for the three months ended 30.06.2017	-	-	-	-	-	9	(1)	686	694
Transactions with equity holders, recognised directly in equity									
Transfers to reserves during the period	-	34	-	-	-	-	-	(34)	-
Dividend paid	-	-	-	-	-	-	-	(790)	(790)
Total transactions with equity holders	-	34	-	-	-	-	-	(824)	(790)
Balance as at 30.06.2017	13,236	1,656	300	100	7	40	-	9,262	24,601
Balance as at 01.04.2018	13,236	1,837	300	100	47	7	-	11,502	27,029
Total comprehensive income for the three months ended 30.06.2018									
Profit for the three months ended 30.06.2018	-	-	-	-	-	-	-	820	820
Other comprehensive income (net of tax)	-	-	-	-	-	(28)	-	-	(28)
Total comprehensive income for the three months ended 30.06.2018	-	-	-	-	-	(28)	-	820	792
Transactions with equity holders, recognised directly in equity									
Transfers to reserves during the period	-	39	-	-	-	-	-	(39)	-
Dividend paid	-	-	-	-	-	-	-	(790)	(790)
Total transactions with equity holders	-	39	-	-	-	-	-	(829)	(790)
Balance as at 30.06.2018	13,236	1,876	300	100	47	(21)	-	11,493	27,031

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

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STATEMENT OF CHANGES IN EQUITY - GROUP

	Capital	Statutory Reserve Fund	Other Reserves				Cash Flow Hedge Reserve	Retained Earnings	Total	Non-controlling Interest	Total Equity
			General Reserve	Tax Equalisation Fund	Exchange Equalisation Fund	Available for Sale Reserve					
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
Balance as at 01.04.2017	13,236	1,622	300	100	-	20	1	10,561	25,840	1,085	26,925
Total comprehensive income for the three months ended 30.06.2017											
Profit for the three months ended 30.06.2017	-	-	-	-	-	-	-	796	796	55	851
Other comprehensive income (net of tax)	-	-	-	-	-	14	(1)	(1)	12	2	14
Total comprehensive income for the three months ended 30.06.2017	-	-	-	-	-	14	(1)	795	808	57	865
Transactions with equity holders, recognised directly in equity											
Transfers to reserves during the period	-	34	-	-	-	-	-	(34)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(790)	(790)	(13)	(803)
Total transactions with equity holders	-	34	-	-	-	-	-	(824)	(790)	(13)	(803)
Balance as at 30.06.2017	13,236	1,656	300	100		34	-	10,532	25,858	1,129	26,987
Balance as at 01.04.2018	13,236	1,837	300	100	3	45	-	13,167	28,688	2,165	30,853
Total comprehensive income for the three months ended 30.06.2018											
Profit for the three months ended 30.06.2018	-	-	-	-	-	-	-	997	997	29	1,026
Other comprehensive income (net of tax)	-	-	-	-	36	(28)	-	-	8	-	8
Total comprehensive income for the three months ended 30.06.2018	-	-	-	-	36	(28)	-	997	1,005	29	1,034
Transactions with equity holders, recognised directly in equity											
Transfers to reserves during the period	-	39	-	-	-	-	-	(39)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(790)	(790)	-	(790)
Total transactions with equity holders	-	39	-	-	-	-	-	(829)	(790)	-	(790)
Balance as at 30.06.2018	13,236	1,876	300	100	39	17	-	13,335	28,903	2,194	31,097

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Figures in brackets indicate deductions.

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STATEMENT OF CASH FLOWS

For the period ended 30th June	Company		Group	
	2018 Rs. Mn. Unaudited*	2017 Rs. Mn. Audited	2018 Rs. Mn. Unaudited*	2017 Rs. Mn. Audited
Cash flows from operating activities				
Profit before tax	1,161	945	1,414	1,146
Adjustment for:				
Non-cash items included in profit before tax	868	565	997	558
Change in operating assets	(4,684)	(1,924)	(4,961)	(2,310)
Change in operating liabilities	(530)	4,487	(511)	4,659
Share of (profit)/loss in associate (net of tax)	-	-	(1)	16
Dividend income from investments	(12)	(50)	(13)	(17)
Net unrealised gains/(losses) arising from translating the Financial Statements of foreign subsidiary	-	-	36	-
Gratuity paid	(3)	(1)	(22)	(1)
Income tax paid	(108)	(152)	(123)	(164)
Net cash generated from/(used in) operating activities	(3,308)	3,870	(3,184)	3,887
Cash flows from investing activities				
Purchase of property, plant and equipment	(21)	(35)	(7)	(104)
Proceeds from the sale of property, plant and equipment	-	-	(29)	-
Purchase of intangible assets	(1)	(18)	(1)	(18)
Proceeds from the sale of investment property	141	-	141	-
Dividend received from investments	12	50	13	17
Net cash (used in)/generated from investing activities	131	(3)	117	(105)
Cash flows from financing activities				
Net borrowings	2,365	(4,198)	2,328	(4,128)
Dividend paid to shareholders	(790)	(790)	(790)	(790)
Dividend paid to non-controlling interest	-	-	-	(13)
Net cash (used in)/generated from financing activities	1,575	(4,988)	1,538	(4,931)
Net (decrease) in cash & cash equivalents	(1,602)	(1,121)	(1,529)	(1,149)
Cash and cash equivalents at the beginning of the period	3,149	5,142	3,162	5,518
Cash and cash equivalents at the end of the period	1,547	4,021	1,633	4,369
Cash and cash equivalents	2,180	4,541	2,762	5,108
Bank overdraft	(633)	(520)	(1,129)	(739)
	1,547	4,021	1,633	4,369

* The above figures are provisional and subject to audit.
Figures in brackets indicate deductions.

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ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Company					
As at 30th June 2018	FVTPL Rs. Mn.	HTM Rs. Mn.	L & R Rs. Mn.	AFS Rs. Mn.	Total Rs. Mn.
ASSETS					
Cash and cash equivalents	-	-	2,180	-	2,180
Balances with banks & financial institutions	-	-	3,016	-	3,016
Financial assets - Held-for-trading	166	-	-	-	166
Loans and receivables	-	-	144,107	-	144,107
Financial assets - Available-for-sale	-	-	-	197	197
Financial assets - Held-to maturity	-	6,959	-	-	6,959
Other financial assets	-	-	164	-	164
Total financial assets	166	6,959	149,467	197	156,789
As at 30th June 2018	FVTPL Rs. Mn.	Other Financial Liabilities at amortized cost Rs. Mn.		Total Rs. Mn.	
LIABILITIES					
Due to banks	-	25,222		25,222	
Due to customers	-	70,106		70,106	
Debt securities issued	-	32,216		32,216	
Other financial liabilities	-	3,890		3,890	
Total financial liabilities	-	131,434		131,434	
Company					
As at 31st March 2018	FVTPL Rs. Mn.	HTM Rs. Mn.	L & R Rs. Mn.	AFS Rs. Mn.	Total Rs. Mn.
ASSETS					
Cash and cash equivalents	-	-	4,414	-	4,414
Balances with banks & financial institutions	-	-	4,370	-	4,370
Financial assets - Held-for-trading	175	-	-	-	175
Loans and receivables	-	-	140,963	-	140,963
Financial assets - Available-for-sale	-	-	-	219	219
Financial assets - Held-to maturity	-	4,890	-	-	4,890
Other financial assets	-	-	146	-	146
Total financial assets	175	4,890	149,893	219	155,177
As at 31st March 2018	FVTPL Rs. Mn.	Other Financial Liabilities at amortized cost Rs. Mn.		Total Rs. Mn.	
LIABILITIES					
Due to banks	-	29,424		29,424	
Due to customers	-	69,763		69,763	
Debt securities issued	-	26,282		26,282	
Other financial liabilities	-	4,646		4,646	
Total financial liabilities	-	130,115		130,115	

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ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Group					
As at 30th June 2018	FVTPL Rs. Mn.	HTM Rs. Mn.	L & R Rs. Mn.	AFS Rs. Mn.	Total Rs. Mn.
ASSETS					
Cash and cash equivalents	-	-	2,762	-	2,762
Balances with banks & financial institutions	-	-	6,088	-	6,088
Financial assets - Held-for-trading	295	-	-	-	295
Loans and receivables	-	-	147,992	-	147,992
Insurance and reinsurance receivables	-	-	406	-	406
Financial assets - Available-for-sale	-	-	-	1,090	1,090
Financial assets - Held-to maturity	-	6,959	-	-	6,959
Total financial assets	295	6,959	157,248	1,090	165,592

As at 30th June 2018	FVTPL Rs. Mn.	Other Financial Liabilities at amortized cost Rs. Mn.	Total Rs. Mn.
LIABILITIES			
Due to banks	-	27,383	27,383
Due to customers	-	69,626	69,626
Debt securities issued	-	32,088	32,088
Other financial liabilities	-	3,747	3,747
Insurance and reinsurance payable	-	4,218	4,218
Total financial liabilities	-	137,062	137,062

Group					
As at 31st March 2018	FVTPL Rs. Mn.	HTM Rs. Mn.	L & R Rs. Mn.	AFS Rs. Mn.	Total Rs. Mn.
ASSETS					
Cash and cash equivalents	-	-	4,767	-	4,767
Balances with banks & financial institutions	-	-	8,759	-	8,759
Financial assets - Held-for-trading	315	-	-	-	315
Loans and receivables	-	-	142,713	-	142,713
Insurance and reinsurance receivables	-	-	407	-	407
Financial assets - Available-for-sale	-	-	-	1,343	1,343
Financial assets - Held-to maturity	-	4,890	-	-	4,890
Total financial assets	315	4,890	156,646	1,343	163,194

As at 31st March 2018	FVTPL Rs. Mn.	Other Financial Liabilities at amortized cost Rs. Mn.	Total Rs. Mn.
LIABILITIES			
Due to banks	-	31,336	31,336
Due to customers	-	69,378	69,378
Debt securities issued	-	26,282	26,282
Other financial liabilities	-	4,473	4,473
Insurance and reinsurance payable	-	4,055	4,055
Total financial liabilities	-	135,524	135,524

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SEGMENTAL ANALYSIS - GROUP

For the period ended 30th June	Lease & HP		Loans		Islamic		Insurance		Other		Eliminations		Group	
	2018 Rs. Mn.	2017 Rs. Mn.	2018 Rs. Mn.	2017 Rs. Mn.	2018 Rs. Mn.	2017 Rs. Mn.	2018 Rs. Mn.	2017 Rs. Mn.	2018 Rs. Mn.	2017 Rs. Mn.	2018 Rs. Mn.	2017 Rs. Mn.	2018 Rs. Mn.	2017 Rs. Mn.
Interest income	4,114	3,473	2,704	2,368	352	338	157	147	259	200	(68)	(74)	7,518	6,452
Net earned premiums	-	-	-	-	-	-	1,143	988	-	-	(38)	(35)	1,106	953
Net fee and commission income	188	137	123	93	16	13	-	-	69	69	(238)	(211)	159	101
Net trading income	-	-	-	-	-	-	(12)	43	(9)	32	-	-	(21)	75
Other operating income	30	26	19	18	3	3	15	12	97	87	(16)	(53)	146	93
Gross revenue	4,332	3,636	2,846	2,479	371	354	1,303	1,190	416	388	(360)	(373)	8,908	7,674
Interest expenses	2,065	1,915	1,357	1,306	177	187	-	-	198	204	(68)	(73)	3,729	3,539
Total operating income	2,267	1,721	1,489	1,173	194	167	1,303	1,190	218	184	(292)	(300)	5,179	4,135
Credit losses	451	(64)	356	588	39	25	-	-	13	-	-	-	859	549
Net operating income	1,816	1,785	1,133	585	155	142	1,303	1,190	205	184	(292)	(300)	4,320	3,586
Depreciation	34	31	21	19	5	4	6	4	4	3	11	11	81	72
Segment result	881	648	579	442	75	63	153	212	85	69	(17)	(42)	1,756	1,392
VAT & NBT on financial services													343	230
Share of (loss) of an associate (net of tax)													1	(16)
Income tax expenses													388	295
Profit attributable to equity holder													1,026	851
As at 30th June														
Segment Assets	90,217	85,064	56,301	52,749	12,859	10,886	7,947	7,141	11,073	7,878	(5,613)	(5,752)	172,784	157,966
Total Assets	90,217	85,064	56,301	52,749	12,859	10,886	7,947	7,141	11,073	7,878	(5,613)	(5,752)	172,784	157,966
Segment Liabilities	74,158	70,543	46,280	43,745	10,570	9,028	4,804	4,276	9,102	6,533	(3,227)	(3,145)	141,687	130,980
Total Liabilities	74,158	70,543	46,280	43,745	10,570	9,028	4,804	4,276	9,102	6,533	(3,227)	(3,145)	141,687	130,980

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

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INFORMATION ON ORDINARY SHARES OF THE COMPANY

Market Price

	2018 Rs.	2017 Rs.
Highest price during the quarter ended 30th June :	16.10	19.20
Lowest price during the quarter ended 30th June :	15.00	15.50
Closing price as at 30th June :	15.30	18.00

Issued Capital

Issued Capital as at 30th June 2018 was represented by the number of shares in issue as given below;

	As at 30th June 2018		As at 30th June 2017	
	Number	Rs.	Number	Rs.
Ordinary shares	1,579,862,482	11,886,073,308	1,579,862,482	11,886,073,308
Transfer from preference shares on redemption	-	1,350,000,000	-	1,350,000,000
Total	1,579,862,482	13,236,073,308	1,579,862,482	13,236,073,308

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SHAREHOLDERS' INFORMATION

Twenty Largest Ordinary Shareholders as at 30th June 2018

Twenty largest ordinary shareholders of the Company as at 30th June 2018 were as follows;

No.	Name of the Shareholder	No. of Shares	%
1	People's Bank	1,184,896,862	75.00
2	Employees Provident Fund	85,748,846	5.43
3	BNYM SA/NV RE-Neon Liberty Lorikeet Master Fund LP	73,084,030	4.63
4	National Savings Bank	43,668,157	2.76
5	CitiBank Newyork S/A Norges Bank Account 2	15,775,303	1.00
6	Rubber Investment Trust Limited A/C # 01	15,523,883	0.98
7	Bank of Ceylon No. 1 Account	11,453,600	0.72
8	Sri Lanka Insurance Corporation Ltd-General Fund	7,022,962	0.44
9	AIA Insurance Lanka PLC A/C No.07	5,197,515	0.33
10	Ceylon Investment PLC A/C # 01	4,954,891	0.31
11	Union Assurance PLC/No-01A/C	3,821,672	0.24
12	Ceylon Guardian Investment Trust PLC A/C # 02	3,340,505	0.21
13	Caceis Bank Luxembourg-Intereffekt Investments Funds Luxembourg	2,887,743	0.18
14	Hatton National Bank PLC A/C No.4 (HNB Retirement Pension Fund)	2,719,743	0.17
15	Employees Trust Fund Board	2,356,087	0.15
16	Akbar Brothers Pvt Ltd A/C No 1	1,894,014	0.12
17	Deutsche Bank AG as Trustee for Guardian Acuity Equity Fund	1,715,000	0.11
18	First Capital Limited	1,700,000	0.11
19	Mr. Merrill Joseph Fernando	1,600,000	0.10
20	Ceylon Investment PLC	1,583,145	0.10

Public Holding

The percentage of ordinary shares held by the public as at 30th June 2018 was 24.94% and the number of shareholders representing the public holding was 8,941.

Directors/ CEO's Holding in Shares as at 30th June 2018

The number of ordinary shares held by the directors and CEO as at 30th June 2018 were as follows;

Name	Position	No. of Shares
Mr. Hemasiri Fernando	Chairman	-
Mr. Michael Pradeep Amirthanayagam	Deputy Chairman	10,000
Mr. Jehan Prasanna Amaratunga	Director	-
Mr. Goluhewage Bindu Rasitha Poojitha Gunawardana	Director	-
Mr. Johnson Anthony Fernando	Director	-
Mr. Mohamed Anise Mohamed Rizwan	Director	-
Dr. Ali Asgar Shabbir Gulamhusein	Director	-
Mr. Ahamed Sabry Ibrahim	CEO	-

INTERIM FINANCIAL STATEMENTS

EXPLANATORY NOTES

1. There are no significant changes in the accounting policies and methods of computation since the publication of financial statements in the annual report for the year 2017/18.
2. The Interim Financial Statements for the three months ended 30th June 2018 are drawn up from unaudited accounts of the Company, its subsidiary companies: People's Leasing Property Development Limited, People's Leasing Fleet Management Limited, People's Insurance PLC, People's Leasing Havelock Properties Limited, People's Microfinance Limited, Lankan Alliance Finance Limited and its associate: People's Merchant Finance PLC.
3. The Interim Financial Statements are in compliance with the Sri Lanka Accounting Standard - LKAS 34: Interim Financial Reporting and the provisions of the Companies Act No. 7 of 2007 and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
4. All known expenses including management fees and similar expenses have been provided for in these financial statements.
5. On the 11th April 2018 the Company opened the issue of 40,000,000 Senior Unsecured Redeemable Debentures of Rs. 100/- each with an option to issue up to a further 20,000,000 in the event of an oversubscription. The issue was oversubscribed and closed on the 11th April 2018. Objectives of the issue were to repay the short term facilities obtained to settle the debentures matured on the 26th March 2018 and for Company's working capital requirements. Debentures were allocated among applicants on 18th April 2018 and listed on the Debt Securities Main Board of the Colombo Stock Exchange on 27th April 2018.
6. Pursuant to a direction issued by the Monetary Board of the Central Bank of Sri Lanka to amalgamate People's Merchant Finance PLC with People's Leasing & Finance PLC ("the Company"), the Company made an announcement thereon to the Colombo Stock Exchange on 29th July 2016 and 31st March 2017.

However the Monetary Board of the Central Bank of Sri Lanka has granted an extension of six (06) months until 30th September 2018 to effect the merger of People's Merchant Finance PLC with the Company.

7. Mr. R M Jayasena has retired from the office of Independent Non- Executive Director of the Company with effect from 17th June 2018.
8. On 10th July 2018, the Company paid a final dividend of Rs. 0.50 (Cents Fifty) per share totaling to Rs. 789.9 million for the financial year 2017/18.
9. Sri Lanka Accounting Standard - SLFRS 9 on "Financial Instruments"

The Sri Lanka Accounting Standard - SLFRS 9 on "Financial Instruments", which replaces the existing guidance on LKAS 39 on "Financial Instruments: Recognition and Measurement" has become effective for annual reporting periods beginning on or after January 01, 2018. SLFRS 9 replaces the "Incurred Loss Model" in LKAS 39 with forward looking "Expected Loss Model" ("ECL") which requires considerable judgment over how changes in economic factors affect ECL, which in turn is to be determined on a probability weighted basis. SLFRS 9 also contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed based on their cash flow characteristics.

Based on the "Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements" issued by The Institute of Chartered Accountants of Sri Lanka entities are granted with the option to prepare Interim Financial Statements continuing the application of LKAS 39 with disclosures on impact to the Statement of Profit or Loss and Other Comprehensive Income for the period if SLFRS 9 has been applied.

Accordingly, as permitted by the above SoAT, the Company has prepared the Interim Financial Statements for the quarter ended 30th June 2018 based on LKAS 39.

INTERIM FINANCIAL STATEMENTS

EXPLANATORY NOTES

Impact on Statement of Profit or Loss and Net Assets

Based on the assessments undertaken to date which is yet to be audited, the total estimated additional impairment provision as at 30th June 2018 on adoption of SLFRS 9 is expected to be in the range of 10% to 20% compared to the total impairment provision determined as per LKAS 39. The impact of the new classification and measurement approach for financial assets is not expected to be material.

Accordingly, the increase in impairment provision based on ECL model under SLFRS 9, had it been effective as at 30th June 2018, would have reduced the Company's net assets by approximately 1% to 3% and the Total Capital Adequacy ratio by 30 to 50 basis points.

10. There have been no material events subsequent to the reporting date, which require adjustments to or disclosures in the interim financial statements.
11. There has been no significant change in the nature of the contingent liabilities for the three months ended 30th June 2018 which were disclosed in the Annual Report for the year ended 31st March 2018.

INTERIM FINANCIAL STATEMENTS

DEBENTURE INFORMATION

Market Prices for the quarter ended 30th June 2018

Debenture Type	Highest Rs.	Lowest Rs.	Last Traded Rs.
2014 - 4 Years - 9.63% p.a. payable annually	Traded only once		100.00
2015 - 4 Years - 9.60% p.a. payable semi-annually	Has not been traded		
2015 - 5 Years - 9.95% p.a. payable annually	Has not been traded		
2016 - 3 Years - 11.90% p.a. payable semi-annually	Traded only once		100.00
2016 - 4 Years - 12.25% p.a. payable semi-annually	Traded only once		100.00
2016 - 5 Years - 12.60% p.a. payable semi-annually	Traded only once		100.00
2018 - 4 Years - 12.40% p.a. payable annually	Has not been traded		
2018 - 5 Years - 12.80% p.a. payable annually	Has not been traded		

Interest Rates

Debenture Type	Coupon Rate (%)	Annual Effective Rate (%)
2014 - 4 Years - 9.63% p.a. payable annually	9.63	9.63
2015 - 4 Years - 9.60% p.a. payable semi-annually	9.60	9.83
2015 - 5 Years - 9.95% p.a. payable annually	9.95	9.95
2016 - 3 Years - 11.90% p.a. payable semi-annually	11.90	12.25
2016 - 4 Years - 12.25% p.a. payable semi-annually	12.25	12.63
2016 - 5 Years - 12.60% p.a. payable semi-annually	12.60	13.00
2018 - 4 Years - 12.40% p.a. payable annually	12.40	12.40
2018 - 5 Years - 12.80% p.a. payable annually	12.80	12.80

Interest Rates of Comparable Government Securities

6 Months Treasury Bill	8.85%
1 Year Treasury Bill	9.39%
2 Year Treasury Bond	9.92%
3 Year Treasury Bond	9.79%
5 Year Treasury Bond	10.51%

(Above rates are excluding 10% withholding tax)

Current Yield & Yield to Maturity

Debenture Type	Current Yield (%)	Yield to Maturity (%)
2014 - 4 Years - 9.63% p.a. payable annually	9.63	9.63
2015 - 4 Years - 9.60% p.a. payable semi-annually	9.60	9.60
2015 - 5 Years - 9.95% p.a. payable annually	9.95	9.95
2016 - 3 Years - 11.90% p.a. payable semi-annually	11.90	11.90
2016 - 4 Years - 12.25% p.a. payable semi-annually	12.25	12.25
2016 - 5 Years - 12.60% p.a. payable semi-annually	12.60	12.60
2018 - 4 Years - 12.40% p.a. payable annually	12.40	12.40
2018 - 5 Years - 12.80% p.a. payable annually	12.80	12.80

INTERIM FINANCIAL STATEMENTS

DEBENTURE INFORMATION

Ratios								As at 30.06.2018	As at 31.03.2018
Debt to Equity Ratio (Times)								2.14	2.13
Interest Cover (Times)								1.32	1.40
Quick Asset Ratio (%)								74.11	72.20
Utilisation of Funds Raised via Capital Market									
Objective Number	Objective as per Prospectus	Amount allocated as per Prospectus in Rs.'000	Proposed date of utilisation as per Prospectus	Amount allocated from proceeds in Rs.'000 (A)	% of total proceeds	Amounts utilised in Rs.'000 (B)	% of utilisation against allocation (B/A)	Clarification if not fully utilised including where the funds are invested	
Issue of listed, senior, unsecured, redeemable, rated debentures during the year 2015									
1	The funds raised through this Debenture Issue will be utilized to finance working capital requirements to match the medium to long term lending of PLC and to minimize the interest rate risk.	6,000,000	Within 12 months from the date of allotment	6,000,000	100%	6,000,000	100%	N/A	
Issue of listed, senior, unsecured, redeemable, rated debentures during the year 2016									
1	The funds raised through this Debenture Issue will be utilized to finance the budgeted lending portfolio and working capital requirements	8,000,000	Within 12 months from the date of allotment	8,000,000	100%	8,000,000	100%	N/A	
Issue of listed, senior, unsecured, redeemable, rated debentures during the year 2018									
1	The funds raised through this Debenture Issue will be utilized to repay the short term facilities obtained to settle the debentures matured on the 26th March 2018 and for Company's working capital requirements.	6,000,000	Within 12 months from the date of allotment	6,000,000	100%	6,000,000	100%	N/A	

INTERIM FINANCIAL STATEMENTS

RELATED PARTY DISCLOSURE

Transactions with Related entities Company

The Company had the under mentioned financial dealings during the period with the following related entities.

	Immediate Parent		Subsidiaries		Associate	
	2018 Rs. '000	2017 Rs. '000	2018 Rs. '000	2017 Rs. '000	2018 Rs. '000	2017 Rs. '000
Items in Statement of Profit or Loss						
Interest income	180,485	146,871	12,543	7,587	6,154	-
Interest expense	210,367	283,852	55,057	52,414	-	-
Fee & Commission income	-	-	144,116	148,176	-	-
Other operating income	-	-	10,812	46,448	-	-
Benefits, claims and underwriting expenditure	-	-	33,233	31,322	-	-
Other operating expenses	8,847	7,211	72,348	61,671	-	-
Items in Statement of Financial Position						
Assets						
Cash and cash equivalents	1,449,995	1,754,688	-	-	-	-
Balances with banks & financial institutions	2,117,048	2,755,005	-	-	-	-
Loans and receivables	-	-	1,649,479	1,894,729	-	-
Financial investments - Held-to-maturity	5,262,549	3,524,615	-	-	-	-
Investments in subsidiaries/ Associate	-	-	3,213,788	2,075,000	586,427	586,427
Other assets	-	-	166,137	148,021	-	-
Liabilities						
Due to banks	6,663,179	7,628,024	-	-	-	-
Due to customers	-	-	492,448	246,254	-	-
Debt Securities issued	1,854,867	1,443,261	-	104,223	-	-
Other Financial liabilities	-	-	799,550	552,575	-	-
Other liabilities	4,292	5,843	8,541	-	-	-
Transactions						
Dividend paid	540,383	544,876	-	-	-	-
Off- Balance Sheet Items						
Gauarantees	-	-	550,000	550,000	-	-

CORPORATE INFORMATION

Name of Company

People's Leasing & Finance PLC
(Subsidiary of People's Bank)

Legal Form

Public Limited Liability Company
(Incorporated and domiciled in Sri Lanka)
quoted in the Colombo Stock Exchange

Date of Incorporation

22nd August 1995

Company Registration Number

PB 647 PQ

Accounting Year-end

31st March

Stock Exchange Listing

The Ordinary shares of the Company
were quoted on the Main Board of the
Colombo Stock Exchange (CSE) on 24th
November 2011.

Senior, Unsecured, Redeemable, three year
(2014/17) and four year (2014/18) Debentures
were listed on the Debt Securities Main Board
of Colombo Stock Exchange on 3rd October 2014.

Senior, Unsecured, Redeemable, four year
(2015/19) and five year (2015/20) Debentures
were listed on the Debt Securities Main Board
of Colombo Stock Exchange on 20th November
2015.

Senior, Unsecured, Redeemable, three year
(2016/19), four year (2016/20) and five year
(2016/21) Debentures were listed on the Debt
Securities Main Board of Colombo Stock Exchange
on 23rd November 2016.

Senior, Unsecured, Redeemable, four year
(2018/22) and five year (2018/23) Debentures
were listed on the Debt Securities Main Board
of Colombo Stock Exchange on 27th April 2018.

Registered Office

& Principal Place of Business

1161, Maradana Road, Borella
Colombo 08, Sri Lanka.
Postal Code: 00800
Telephone +94 11 2631631
Fax +94 11 2631980/81

[Email: plclease@plc.lk](mailto:plclease@plc.lk)

[Web Address: www.plc.lk](http://www.plc.lk)

Company Secretary

Mr. Rohan Pathirage

Registrars

SSP Corporate Services (Pvt) Ltd
No. 101, Inner Flower Road,
Colombo 03, Sri Lanka.
Telephone: +94 11 2573894, +94 11 2576871
Fax: +94 11 2573609
[E-mail: sspsec@sltnet.lk](mailto:sspsec@sltnet.lk)

Auditors

M/s. Ernst & Young
Chartered Accountants,
201, De Saram Place,
P.O. Box 101,
Colombo 10,
Sri Lanka.

Bankers

People's Bank
Sampath Bank PLC
Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
HSBC
National Development Bank PLC
Nations Trust Bank PLC
Seylan Bank PLC
Standard Chartered Bank
Deutsche Bank
Habib Bank
Union Bank of Colombo PLC
Public Bank Berhad
Citibank N.A.
Indian Bank
Indian Overseas Bank
Pan Asia Banking Corporation PLC
Axis Bank
MCB bank

Branch Offices

Akuressa, Ambalangoda, Ambalanthota,
Ampara, Anuradhapura, Awissawella,
Badulla, Balangoda, Bandarawela,
Battaramulla, Batticaloa, Benthot, Chilaw,
Chunnakam, Colpetty, Dambulla, Dehiwala,
Deniyaya, Digana, Elpitiya, Embilipitiya, Galle,
Gampaha, Gampola, Giriulla, Godakawela,
Grandpass, Hambantota, Hanwella, Hatton,
Havelock, Homagama, Horana, Ja-Ela, Jaffna,
Kadawatha, Kaduwela, Kalawanchikudi,
Kalawana, Kalmunai, Kalutara, Kamburupitiya,
Kandy, Kandy - Alsafa, Kandy II, Kanthale,
Kattankudy, Kegalle, Kekirawa, Kelaniya,
Kilinochchi, Kinniya, Kirindiwela, Kuliyaipitiya,
Kurunegala, Mahaiyawa, Maharagama,
Mahiyanganaya, Mannar, Matale, Matara,
Medawachchiya, Mathugama, Mawanella,
Melsiripura, Merigama, Metropolitan,
Minuwangoda, Monaragala, Moratuwa, Mutur,
Narammala, Nattandiya, Nawalapitiya, Negombo,
Neluwa, Nittambuwa, Nugegoda, Nuwara Eliya,
Panadura, Pelmadulla, Pettah, Pilimathalawa,
Piliyandala, Polonnaruwa, Puttalam, Ratnapura,
Tangalle, Thambuttegama, Thissamaharamaya,
Trincomalee, Union Place, Urubokka, Vavuniya,
Walasmulla, Ward Place, Warakapola,
Wariyapola, Wattala, Welimada, Wellawaya,
Wellawatta, Wennappuwa

Board of Directors and Board Sub-Committees

Board of Directors

Mr. Hemasiri Fernando - Chairman
Mr. M.P. Amirthanayagam - Deputy Chairman
Mr. J.P. Amaratunga
Mr. G.B.R.P. Gunawardana
Mr. J.A. Fernando
Mr. M.A.M. Rizwan
Dr. A.A.S. Gulamhusein

Board Sub-Committees

Integrated Risk Management Committee

Mr. M.P. Amirthanayagam - Chairman
Mr. G.B.R.P. Gunawardana
Mr. M.A.M. Rizwan
Mr. A.S. Ibrahim
Mr. Sanjeewa Bandaranayake
Mr. L. Fernando
Mr. R. Tennakoon

Board Audit Committee

Mr. J.P. Amaratunga - Chairman
Mr. M.P. Amirthanayagam
Mr. M.A.M. Rizwan

Remuneration & Nomination Committee

Mr. J.P. Amaratunga - Chairman
Mr. M.P. Amirthanayagam
Mr. J.A. Fernando

Related Party Transactions Review Committee

Mr. M.P. Amirthanayagam - Chairman
Mr. J.A. Fernando
Mr. M.A.M. Rizwan

Subsidiary and Associate Companies

Subsidiary Companies

People's Leasing Fleet Management Limited
People's Leasing Property Development
Limited
People's Leasing Havelock Properties Limited
People's Insurance PLC
People's Microfinance Limited
Lankan Alliance Finance Limited

Associate Company

People's Merchant Finance PLC

Corporate Memberships

Asian Leasing and Finance Association
Credit Information Bureau of Sri Lanka
Financial Ombudsman-Sri Lanka
Leasing Association of Sri Lanka

Vehicle Yards

No. 429, 2nd Division, Darly Road, Colombo
10, Sri Lanka.
No. 496, Makola North, Makola, Sri Lanka.
No. 225/D, Nayagala Road, Heiyanthuduwa,
Mabima, Sri Lanka.
No.8, Pothuvil Road, Monaragala, Sri Lanka
Ketalagolla, Beligamuwa, Galewela, Sri Lanka

Tax Payer Identity Number (TIN)

114 156396 0000

VAT Registration Number

114 156396 7000

Central Bank Registration Number

046 (Under the Finance Business Act No.42 of
2011)

Credit Agency Status

An approved Credit Agency under the
Mortgage Act No.6 of 1949 and the Trust
Receipt Ordinance No.12 of 1947 by the
Department of Commerce.

Credit Rating

'AA-' (Ika) stable by Fitch Ratings Lanka
Limited
'B+'/'B' by Standard & Poor's Rating
Services
'B' stable by Fitch Ratings International

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PEOPLE'S LEASING & FINANCE PLC