

People's Leasing & Finance PLC

(A Subsidiary of People's Bank)

Rated AA-(lka) by Fitch Ratings Lanka and Internationally rated B+/B by Standard & Poor's and B by Fitch Ratings International.

Interim Financial Statements for the six months ended 30th September 2016

STATEMENT OF PROFIT OR LOSS For the period ended 30th September 2016

For the six months ended 30th September						
	Company			Group		
	2016 Rs. '000 Unaudited	2015 Rs. '000 Unaudited	Change %	2016 Rs. '000 Unaudited	2015 Rs. '000 Unaudited	Change %
Interest income	10,082,342	8,997,913	12.1	10,444,128	9,184,984	13.7
Less: Interest expense	5,224,058	3,873,987	34.8	5,269,402	3,921,071	34.4
Net interest income	4,858,284	5,123,926	(5.2)	5,174,726	5,263,913	(1.7)
Fee and commission income	535,262	435,702	22.9	294,922	223,159	32.2
Fee and commission expenses	-	-	-	-	-	-
Net fee and commission income	535,262	435,702	22.9	294,922	223,159	32.2
Net earned premiums	-	-	-	1,774,169	1,584,803	11.9
Net gain/(loss) from trading	27,787	11,623	139.1	82,987	19,518	325.2

Net gain/(loss) from financial investments	-	-	-	-	-	-
Other operating income (net)	380,962	258,740	47.2	321,124	246,101	30.5
Total operating income	5,802,295	5,829,991	(0.5)	7,647,928	7,337,494	4.2
Less: Impairment for loans and other losses						
Individual impairment	21,157	(51,833)	(140.8)	21,157	(51,833)	(140.8)
Collective impairment	(152,760)	168,862	(190.5)	(125,556)	184,696	(168.0)
Other losses	65,781	262,901	(75.0)	65,781	262,901	(75.0)
Net operating income	5,868,117	5,450,061	7.7	7,686,546	6,941,730	10.7
Less:						
Personnel expenses	1,227,217	856,084	43.4	1,403,217	984,272	42.6
Depreciation of property, plant and equipment	91,011	96,745	(5.9)	138,403	137,030	1.0
Amortisation and impairment of intangible assets	5,590	1,273	339.1	1,761	2,771	(36.4)
Benefits, claims and underwriting expenditure	-	-	-	1,309,582	1,107,321	18.3
Other operating expenses	1,266,532	1,059,082	19.6	1,325,509	1,068,735	24.0
Total operating expenses	2,590,350	2,013,184	28.7	4,178,472	3,300,129	26.6
Operating profit before value added tax (VAT)	3,277,767	3,436,877	(4.6)	3,508,074	3,641,601	(3.7)
Less: Value added tax (VAT) on financial services	340,523	246,456	38.2	350,523	251,956	39.1

Operating profit after value added tax (VAT)	2,937,244	3,190,421	(7.9)	3,157,551	3,389,645	(6.8)
Share of profit/(loss) of an associate (net of tax)	-	-	-	(17,970)	(7,142)	(100.0)
Operating profit after value added tax (VAT)	2,937,244	3,190,421	(7.9)	3,139,581	3,382,503	(7.2)
Less: Income tax expense	780,956	928,370	(15.9)	865,226	1,033,844	(16.3)
Profit for the period	2,156,288	2,262,051	(4.7)	2,274,355	2,348,659	(3.2)
Profit attributable to:						
Equity holders of the parent	2,156,288	2,262,051	(4.7)	2,193,314	2,348,659	(6.6)
Minority interest	-	-	-	81,041	-	-
	2,156,288	2,262,051	(4.7)	2,274,355	2,348,659	(3.2)
Basic/Diluted earnings per ordinary share (Rs.)	1.36	1.43	(5.0)	1.44	1.49	(3.4)

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30th September

For the six months ended 30th September	Company			Group		
	2016 Rs. '000 Unaudited	2015 Rs. '000 Unaudited	Change %	2015 Rs. '000 Unaudited	2015 Rs. '000 Unaudited	Change %
Profit for the period	2,156,288	2,262,051	(4.7)	2,274,355	2,348,659	(3.2)
Other comprehensive income/(expenses) (net of tax)						
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	-
Gains/ (losses) on derivative financial assets	9,951	14,746	(32.5)	9,951	14,746	(100.0)
Gains/ (losses) on re-measuring available-for-sale financial assets	(60,626)	69,843	(186.8)	(47,170)	70,122	(167.3)
Revaluation of land and buildings	-	13,811	100.0	-	-	-
Less: Tax expense/ (income) relating to components of other comprehensive income	-	-	-	-	-	-
Other comprehensive income for the period, net of taxes	(50,675)	98,400	(151.5)	(37,219)	84,868	(143.9)
Total comprehensive income for the period	2,105,613	2,360,451	(10.8)	2,237,136	2,433,527	(8.1)

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

DEBENTURE INFORMATION

Market Prices for the quarter ended 30th September 2016

Debenture Type	Highest Rs.	Lowest Rs.	Last Traded Rs.
2013 - 4 Years - 16.50% p.a. payable semi-annually	101.89	101.41	101.41
2013 - 5 Years - 16.75% p.a. payable semi-annually	Traded only once		105.50
2013 - 5 Years - 17.00% p.a. payable annually	107.50	107.00	107.50
2014 - 3 Years - 8.75% p.a. payable annually	Has not been traded		
2014 - 4 Years - 9.63% p.a. payable annually	Has not been traded		
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		

Interest Rates

Debenture Type	Coupon Rate (%)	Annual Effective Rate (%)
2013 - 4 Years - 16.50% p.a. payable semi annually	16.50	17.18
2013 - 5 Years - 16.75% p.a. payable semi annually	16.75	17.45
2013 - 5 Years - 17.00% p.a. payable annually	17.00	17.00
2014 - 3 Years - 8.75% p.a. payable annually	8.75	8.75
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

Interest Rates of Comparable Government Securities

6 Months Treasury Bill	9.39%
1 Year Treasury Bill	10.11%
2 Year Treasury Bond	11.04%
3 Year Treasury Bond	11.62%
4 Year Treasury Bond	11.93%
5 Year Treasury Bond	11.76%
(Above rates are excluding 10% withholding tax)	

Current Yield & Yield to Maturity

Debenture Type	Current Yield (%)	Yield to Maturity (%)
2013 - 4 Years - 16.50% p.a. payable semi-annually	16.27%	14.24%
2013 - 5 Years - 16.75% p.a. payable semi-annually	15.88%	13.06%
2013 - 5 Years - 17.00% p.a. payable annually	15.81%	12.01%
2014 - 3 Years - 8.75% p.a. payable annually	8.59%	7.97%
2014 - 4 Years - 9.63% p.a. payable annually	9.27%	8.36%
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%

Ratios

	As at 30.09.2016	As at 31.03.2016
Debt to Equity Ratio (Times)	3.05	2.68
Interest Cover (Times)	1.56	1.77
Quick Asset Ratio (%)	82.98	78.41

INFORMATION ON ORDINARY SHARES OF THE COMPANY

Market Price

	2016 Rs.	2015 Rs.
Highest price during the quarter ended 30th September :	19.30	26.50
Lowest price during the quarter ended 30th September :	17.80	21.90
Closing price as at 30th September :	18.70	22.10

Capital

Capital as at 30th September 2016 was represented by the number of shares in issue as given below;

	As at 30th September 2016		As at 30th September 2015	
	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	-	1,150,000,000
Total	1,579,862,482	13,236,073,308	1,579,862,482	13,036,073,308

STATEMENT OF FINANCIAL POSITION

As at 30th September 2016

As at	Company				Group			
	30.09.2016	30.09.2015	Change	31.03.2016	30.09.2016	30.09.2015	Change	31.03.2016
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	Rs. '000	%	Rs. '000
	Unaudited	Unaudited		Audited	Unaudited	Unaudited		Audited
Assets								
Cash and cash equivalents	5,051,163	1,711,889	195.1	3,206,733	5,522,694	2,020,894	173.3	3,555,643
Balances with banks & financial institutions	81,415	335,498	(75.7)	847,448	1,691,833	1,749,782	(3.3)	2,543,016
Derivative financial instrument	-	23,925	(100.0)	-	-	23,925	(100.0)	-
Financial assets held-for-trading	221,042	261,141	(15.4)	211,651	557,703	589,021	(5.3)	527,438
Loans and receivables - Leases	70,015,776	60,162,979	16.4	63,349,941	70,015,776	60,162,980	16.4	63,349,941
Loans and receivables - Hire purchase	7,598,443	15,870,632	(52.1)	11,017,047	8,893,425	16,338,399	(45.6)	11,896,883
Loans and receivables - Others	48,902,322	27,268,009	79.3	35,505,427	49,001,264	26,985,144	81.6	35,909,613
Insurance and reinsurance receivables	-	-	-	-	310,168	260,571	19.0	206,303
Financial investments – Available-for-sale	308,849	821,590	(62.4)	500,357	1,641,480	1,930,409	(15.0)	1,739,956
Financial investments – Held-to-maturity	4,994,347	5,469,200	(8.7)	4,930,236	4,994,347	5,469,200	(8.7)	4,930,236
Investments in subsidiaries	1,975,000	1,875,000	5.3	1,875,000	-	-	-	-
Investments in associates	586,427	586,427	-	586,427	532,287	579,285	(8.1)	550,257
Investment property	90,752	82,503	10.0	90,752	-	-	-	-
Property, plant and equipment	1,174,859	1,139,336	3.1	1,120,600	4,614,211	3,965,442	16.4	4,209,533
Goodwill and intangible assets	324,373	338,189	(4.1)	329,963	326,089	344,685	(5.4)	333,175
Other assets	2,869,708	693,040	314.1	764,066	2,911,295	1,240,415	134.7	1,334,274
Total assets	144,194,476	116,639,358	23.6	124,335,648	151,012,572	121,660,152	24.1	131,086,268
Liabilities								
Due to banks	37,447,898	25,036,269	49.6	26,431,628	39,182,775	26,159,606	49.8	28,059,677
Due to customers	39,257,406	34,286,855	14.5	33,836,428	39,037,020	34,180,073	14.2	33,677,260
Debt securities issued	35,618,645	27,245,441	30.7	34,387,677	35,510,283	27,137,109	30.9	34,283,621
Other financial liabilities	3,765,810	4,604,555	(18.2)	2,730,484	3,684,494	4,494,215	(18.0)	2,888,399
Derivative financial instrument	10,550	-	100.0	-	10,550	-	100.0	-

Insurance and reinsurance payable	-	-	-	-	3,433,059	3,101,546	10.7	3,181,588
Current tax liabilities	531,969	580,861	(8.4)	937,999	576,382	658,879	(12.5)	1,017,694
Deferred tax liabilities	1,821,897	1,949,490	(6.5)	1,821,897	1,836,263	1,976,105	(7.1)	1,840,724
Other liabilities	1,652,751	229,576	619.9	1,417,667	1,691,769	256,261	560.2	1,467,033
Total liabilities	120,106,926	93,933,047	27.9	101,563,780	124,962,595	97,963,794	27.6	106,415,996
Equity								
Capital	13,236,073	13,036,073	1.5	13,136,073	13,236,073	13,036,073	1.5	13,136,073
Statutory reserve fund	1,529,298	1,317,218	16.1	1,421,483	1,529,298	1,317,218	16.1	1,421,483
Retained earnings	8,840,771	7,748,620	14.1	7,682,230	9,792,301	8,749,310	11.9	8,600,098
Other reserves	481,408	604,400	(20.3)	532,082	472,356	593,757	(20.4)	509,575
Total Equity attributable to equity holders of the Company	24,087,550	22,706,311	6.1	22,771,868	25,030,028	23,696,358	5.6	23,667,229
Non-controlling interest	-	-	-	-	1,019,949	-	100.0	1,003,043
Total Equity	24,087,550	22,706,311	6.1	22,771,868	26,049,977	23,696,358	9.9	24,670,272
Total liabilities and equity	144,194,476	116,639,358	23.6	124,335,648	151,012,572	121,660,152	24.1	131,086,268
Contingencies	820,937	457,316	79.5	783,168	820,937	457,316	79.5	783,168
Commitments	5,013,894	3,060,520	63.8	1,568,642	5,612,186	3,914,208	43.4	2,167,322
Net assets value per ordinary share (Rs.)	15.25	14.37	6.1	14.41	15.84	15.00	5.6	14.98

CERTIFICATION

We, the undersigned, being the Chief Executive Officer and the Chief Financial Officer of People's Leasing & Finance PLC certify jointly that:

- a) the above statements have been prepared in compliance with the format and the definitions prescribed by the Central Bank of Sri Lanka;
- b) the information contained in these statements have been extracted from the unaudited financial statements of People's Leasing & Finance PLC unless indicated as audited.

(Sgd.)

D.P. Kumarage

Chief Executive Officer

(Sgd.)

Sanjeewa Bandaranayake

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board
by;

(Sgd.)

Hemasiri Fernando

Chairman

(Sgd.)

M.P. Amirthanayagam

Deputy Chairman

10/25/2016

Colombo

Figures in brackets indicate deductions.

SELECTED PERFORMANCE INDICATORS**As at 30th September 2016**

	Company	
	As at 30.09.2016	As at 30.09.2015
Regulatory Capital Adequacy		
Core Capital (Tier1 Capital) - Rs. '000	21,432,961	19,819,964
Total Capital Base - Rs. '000	19,845,619	18,139,377
Core Capital to Risk Weighted Assets Ratio (Minimum 5%) (%)	16.28	18.64
Total Capital to Risk Weighted Assets Ratio (Minimum 10%) (%)	15.08	17.06
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%) (%)	167.60	151.00
Asset Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances - Rs. '000	2,004,942	3,316,414
Gross Non-Performing Advances Ratio (%)	1.57	2.69
Net- Non-Performing Advances Ratio (%)	0.24	0.61
Profitability(Annualized)		
Interest Margin (%)	7.70	9.53
Return on Average Assets (before Tax) (%)	3.96	5.57
Return on Average Equity (after tax) (%)	22.73	20.64
Regulatory Liquidity - Rs. '000		
Required Minimum Amount of Liquid Assets	6,524,214	5,349,465
Available Amount of Liquid Assets	9,558,372	6,930,432

	Company	
	As at 30.09.2016	As at 30.09.2015
Required Minimum Amount of Government Securities	3,856,800	4,005,926
Available Amount of Government Securities	8,283,494	5,648,864
Memorandum information		
Number of employees	2,014	1,709
Number of branches	92	89
Number of service centers	111	111
Number of pawning centers	-	-

SHAREHOLDERS' INFORMATION

Twenty Largest Ordinary Shareholders as at 30th September 2016

Twenty largest ordinary shareholders of the Company as at 30th September 2016 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-Neon Liberty Lorikeet Master Fund LP	63,069,853	3.99
4	National Savings Bank	43,668,157	2.76
5	Citi Bank Newyork S/A Norges Bank Account 2	23,775,303	1.50
6	Bank of Ceylon No. 1 Account	11,453,600	0.72
7	AIA Insurance Lanka PLC A/C No.07	5,476,721	0.35
8	Ceylon Investment PLC A/C # 01	4,954,891	0.31
9	BNYM SA/NV-NLCF Fund LP	4,916,003	0.31
10	Sri Lanka Insurance Corporation Ltd-General Fund	4,033,000	0.26
11	Union Assurance PLC/No-01A/C	3,821,672	0.24
12	Caceis Bank Luxembourg-Intereffekt Investments Funds N.V.	2,887,743	0.18
13	The Ceylon Guardian Investment Trust PLC A/C # 02	2,733,505	0.17
14	Deutsche Bank AG as Trustee to Candor Growth Fund	2,388,804	0.15
15	Employees Trust Fund Board	2,356,087	0.15
16	Deutsche Bank AG as Trustee to Candor Opportunities Fund	2,000,000	0.13
17	Dr. ThirugnanasambandarSenthilverl	1,957,684	0.12
18	Akbar Brothers Pvt Ltd A/C No 1	1,847,829	0.12
19	Seylan Bank PLC/ Arc Capital (Pvt) Ltd	1,756,616	0.11
20	Union Assurance PLC/ Account No. 05 (Unit-Linked Life Insurance Fund-Equity Tracker Fund)	1,617,917	0.10

Public Holding

The percentage of ordinary shares held by the public as at 30th September 2016 was 24.89% and the number of shareholders representing the public holding was 9,239.

Directors'/ CEO's Holding in Shares as at 30th September 2016

The number of ordinary shares held by the directors and CEO as at 30th September 2016 were as follows;

Name	Position	No. of Shares
Mr. Hemasiri Fernando	Chairman	-
Mr. Michael Pradeep Amirthanayagam	Deputy Chairman	10,000
Mr. JehanPrasannaAmaratunga	Director	-
Mr. GoluhewageBinduRasithaPoojithaGunawardana	Director	-
Mr. Johnson Anthony Fernando	Director	-
Mr. Mohamed Anise Mohamed Rizwan	Director	-
Mr. RathnayakeMudiyanselageJayasena	Director	-
Dr. Ali AsgarShabbirGulamhusein	Director	110,000
Mr. Don PadmasiriKumarage	CEO	713,258