

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 2018

STATEMENT OF PROFIT OR LOSS

For the six months ended 30th September	Company			Group		Change %
	2018 Rs. '000 Unaudited	2017 Rs. '000 Unaudited	Change %	2018 Rs. '000 Unaudited	2017 Rs. '000 Unaudited	
Interest income	14,851,156	12,825,790	15.8	15,488,570	13,207,631	17.3
Less: Interest expense	7,508,114	7,146,674	5.1	7,594,647	7,203,016	5.4
Net interest income	7,343,042	5,679,116	29.3	7,893,923	6,004,615	31.5
Fee and commission income	608,835	559,655	8.8	388,416	295,290	31.5
Fee and commission expenses	-	-	-	-	-	-
Net fee and commission income	608,835	559,655	8.8	388,416	295,290	31.5
Net earned premiums	-	-	-	2,284,688	1,967,639	16.1
Net gain/(loss) from trading	(22,843)	20,178	(213.2)	(46,238)	58,522	(179.0)

Net gain/(loss) from financial investments	-	-	-	-	-	-
Other operating income (net)	197,290	240,332	(17.9)	248,391	212,231	17.0
Total operating income	8,126,324	6,499,281	25.0	10,769,180	8,538,297	26.1
Less: Impairment for loans and other losses						
Individual impairment	58,540	31,826	83.9	58,540	31,826	83.9
Collective impairment	914,068	860,376	6.2	989,784	882,650	12.1
Other losses	149,805	44,614	235.8	149,805	44,614	235.8
Net operating income	7,003,911	5,562,465	25.9	9,571,051	7,579,207	26.3
Less:						
Personnel expenses	1,706,606	1,534,114	11.2	2,047,622	1,725,558	18.7
Depreciation of property, plant and equipment	84,176	89,660	(6.1)	144,327	136,463	5.8
Amortisation and impairment of intangible assets	5,808	4,787	21.3	6,890	6,040	14.1
Benefits, claims and underwriting expenditure	-	-	-	1,644,018	1,396,712	17.7
Other operating expenses	1,363,849	1,198,872	13.8	1,418,554	1,228,100	15.5
Total operating expenses	3,160,439	2,827,433	11.8	5,261,411	4,492,873	17.1
Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services	3,843,472	2,735,032	40.5	4,309,640	3,086,334	39.6
Less: VAT & NBT on financial services	784,087	548,581	42.9	799,787	559,781	42.9

Operating profit after VAT & NBT on financial services	3,059,385	2,186,451	39.9	3,509,853	2,526,553	38.9
Share of profit/(loss) of an associate (net of tax)	-	-	-	(1,110)	(25,121)	(95.6)
Profit before income tax	3,059,385	2,186,451	39.9	3,508,743	2,501,432	40.3
Less: Income tax expense	892,863	599,006	49.1	1,028,584	674,330	52.5
Profit for the period	2,166,522	1,587,445	36.5	2,480,159	1,827,102	35.7
Profit attributable to:						
Equity holders of the parent	2,166,522	1,587,445	36.5	2,390,894	1,733,873	37.9
Minority interest	-	-	-	89,265	93,229	(4.3)
	2,166,522	1,587,445	36.5	2,480,159	1,827,102	35.7
Basic/Diluted earnings per ordinary share (Rs.)	1.37	1.00	37.0	1.51	1.10	37.3

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

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September	Company			Group		
	2018 Rs. '000 Unaudited	2017 Rs. '000 Unaudited	Chang e %	2018 Rs. '000 Unaudited	2017 Rs. '000 Unaudited	Chang e %
Profit for the period	2,166,522	1,587,445	36.5	2,480,159	1,827,102	35.7
Other comprehensive income/(expenses) (net of tax)						
Actuarial gains and losses on defined benefit plans	-	-	-	(324)	-	(100.0)
Gains/ (losses) on derivative financial assets	-	(879)	(100.0)	-	(879)	(100.0)
Net gains/(losses) arising from translating the Financial Statements of the foreign subsidiary	-	-	-	182,248	-	100.0
Gains/ (losses) on re-measuring available-for-sale financial assets	(75,111)	(7,401)	914.9	(75,242)	(358)	20,917.3
Revaluation of land and buildings	7,302	-	100.0	7,302	-	100.0
Capital gain tax	-	-	-	(83,461)	-	(100.0)
Less: Tax expense/(income) relating to components of other comprehensive income	2,045	-	(100.0)	2,045	-	(100.0)
Other comprehensive income for the period, net of taxes	(69,854)	(8,280)	743.6	28,478	(1,237)	(2,402.2)
Total comprehensive income for the period	2,096,668	1,579,165	32.8	2,508,637	1,825,865	37.4

Profit attributable to:						
Equity holders of the parent	(69,854)	(8,280)	743.6	28,511	(2,998)	(1,051.0)
Minority interest	-	-	-	(33)	1,761	(101.9)
	(69,854)	(8,280)	743.6	28,478	(1,237)	(2,402.2)
	2,096,668	1,579,165	32.8	2,508,637	1,825,865	37.4

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

DEBENTURE INFORMATION

Market Prices for the quarter ended 30th September 2018

Debenture Type	Highest Rs.	Lowest Rs.	Last Traded Rs.
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			Has not been traded
2016 - 4 Years - 12.25% p.a. payable semi-annually			Has not been traded
2016 - 5 Years - 12.60% p.a. payable semi-annually			Has not been traded
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 (%)
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	8.60%
1 Year Treasury Bill	9.51%
2 Year Treasury Bond	9.92%
3 Year Treasury Bond	10.03%
5 Year Treasury Bond	9.91%
(Above rates are excluding withholding tax)	

Current Yield & Yield to Maturity

Debenture Type	Current Yield (%)	Yield to Maturity (%)
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

INFORMATION ON ORDINARY SHARES OF THE COMPANY

Market Price	2018 Rs.	2017 Rs.
Highest price during the quarter ended 30th September :	15.50	18.00
Lowest price during the quarter ended 30th September :	14.00	16.70
Closing price as at 30th September :	14.20	17.00

Issued Capital

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

	As at 30th September 2018		As at 30th September 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

STATEMENT OF FINANCIAL POSITION

As at	Company				Group			
	30.09.2018	30.09.2017	Change	31.03.2018	30.09.2018	30.09.2017	Change	31.03.2018
	Rs. '000 Unaudited	Rs. '000 Unaudited	%	Rs. '000 Audited	Rs. '000 Unaudited	Rs. '000 Unaudited	%	Rs. '000 Audited
Assets								
Cash and cash equivalents	2,528,905	3,681,684	(31.3)	4,414,083	2,860,811	4,071,184	(29.7)	4,766,920
Balances with banks & financial institutions	3,075,670	3,475,730	(11.5)	4,370,473	6,526,534	5,750,322	13.5	8,758,715
Financial assets - Held-for-trading	104,988	188,081	(44.2)	174,736	211,140	412,107	(48.8)	315,485
Loans and receivables - Leases	87,858,342	80,371,567	9.3	85,227,987	87,858,342	80,371,567	9.3	85,227,987
Loans and receivables - Hire purchase	514,639	3,060,438	(83.2)	1,010,802	2,538,739	4,377,334	(42.0)	2,656,330
Loans and receivables - Others	60,848,407	51,454,175	18.3	54,724,147	63,254,467	51,564,921	22.7	54,828,259
Insurance and reinsurance receivables	-	-	-	-	460,287	329,126	39.9	406,687
Financial investments – Available-for-sale	150,151	277,082	(45.8)	219,132	1,061,742	1,302,607	(18.5)	1,343,454
Financial investments – Held-to-maturity	6,883,339	5,176,535	33.0	4,889,641	6,883,339	5,176,535	33.0	4,889,641
Current tax receivables	-	-	-	89,849	-	-	-	89,849
Investments in subsidiaries	3,213,788	2,075,000	54.9	3,213,788	-	-	-	-
Investments in associate	586,427	586,427	-	586,427	422,330	451,261	(6.4)	423,439
Investment property	-	100,800	(100.0)	134,400	1,131,704	-	100.0	1,265,996
Property, plant and equipment	1,077,916	1,208,201	(10.8)	1,166,883	4,011,169	4,989,788	(19.6)	4,112,715
Goodwill and intangible assets	341,987	333,220	2.6	346,395	450,877	332,194	35.7	452,883
Leasehold property	85,597	87,131	(1.8)	87,131	85,597	87,131	(1.8)	87,131
Deferred tax assets	-	-	-	-	35,427	26,196	35.2	28,155
Other assets	981,256	963,895	1.8	832,219	1,080,059	1,027,504	5.1	1,299,753
Total assets	168,251,412	153,039,966	9.9	161,488,093	178,872,564	160,269,777	11.6	170,953,399
Liabilities								
Due to banks	29,548,505	28,437,313	3.9	29,423,568	32,019,639	29,948,487	6.9	31,336,173
Due to customers	71,517,915	58,542,589	22.2	69,763,219	71,180,557	58,170,972	22.4	69,377,794
Debt securities issued	30,598,540	33,441,730	(8.5)	26,281,723	30,465,766	33,333,382	(8.6)	26,281,723

Other financial liabilities	3,673,198	3,379,946	8.7	4,645,818	3,477,620	3,164,392	9.9	4,473,552
Insurance and reinsurance payable	-	-	-	-	4,271,098	3,769,993	13.3	4,054,586
Current tax liabilities	307,813	263,073	17.0	-	360,077	312,614	15.2	62,673
Deferred tax liabilities	2,275,868	1,797,331	26.6	2,275,868	2,446,559	1,849,672	32.3	2,338,807
Other liabilities	1,993,008	1,691,459	17.8	2,068,075	2,116,287	1,809,048	17.0	2,173,950
Total liabilities	139,914,847	127,553,441	9.7	134,458,271	146,337,603	132,358,560	10.6	140,099,258
Equity								
Capital	13,236,073	13,236,073	-	13,236,073	13,236,073	13,236,073	-	13,236,073
Statutory reserve fund	1,938,538	1,701,319	13.9	1,837,413	1,938,538	1,701,319	13.9	1,837,413
Retained earnings	13,190,196	10,118,223	30.4	11,502,165	14,988,629	11,424,145	31.2	13,167,172
Other reserves	(28,242)	430,910	(106.6)	454,171	154,918	419,721	(63.1)	448,413
Total Equity attributable to equity holders of the Company	28,336,565	25,486,525	11.2	27,029,822	30,318,158	26,781,258	13.2	28,689,071
Non-controlling interest	-	-	-	-	2,216,803	1,129,959	96.2	2,165,070
Total Equity	28,336,565	25,486,525	11.2	27,029,822	32,534,961	27,911,217	16.6	30,854,141
Total liabilities and equity	168,251,412	153,039,966	9.9	161,488,093	178,872,564	160,269,777	11.6	170,953,399
Contingencies	775,952	824,103	(5.8)	757,492	775,952	824,103	(5.8)	757,492
Commitments	6,654,060	3,788,254	75.6	6,713,373	6,712,685	3,926,492	71.0	6,865,862
Net assets value per ordinary share (Rs.)	17.94	16.13	11.2	17.11	19.19	16.95	13.2	18.16

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.)

A.S. Ibrahim

Chief Executive Officer

(sgd.)

Sanjeewa Bandaranayake

Chief Financial Officer

The Board of Directors is responsible for these Financial Statements.

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

(sgd.)

Hemasiri Fernando

Chairman

(sgd.)

M.P. Amirthanayagam

Deputy Chairman

26/10/2018

Colombo

SELECTED PERFORMANCE INDICATORS

	Company	
	As at 30.09.2018	As at 30.09.2017
Regulatory Capital Adequacy		
Core Capital (Tier1 Capital) - Rs. '000	24,430,476	23,441,231
Total Capital Base - Rs. '000	25,737,546	21,811,046
Core Capital to Risk Weighted Assets Ratio (Minimum 5%) (%)	13.58	16.93
Total Capital to Risk Weighted Assets Ratio (Minimum 10%) (%)	14.31	15.76
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%) (%)	38.37	44.81
Asset Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances - Rs. '000	6,500,756	3,700,044
Gross Non-Performing Advances Ratio (%)	4.23	2.69
Net- Non-Performing Advances Ratio (%)	0.80	0.60
Profitability (Annualized)		
Interest Margin (%)	9.77	7.96
Return on Average Assets (before Tax) (%)		

	3.71	2.88
Return on Average Equity (after tax) (%)	15.65	12.65
Regulatory Liquidity - Rs. '000		
Required Minimum Amount of Liquid Assets	10,610,957	9,212,159
Available Amount of Liquid Assets	11,043,030	10,236,015
Required Minimum Amount of Government Securities	6,813,138	4,939,014
Available Amount of Government Securities	6,966,535	5,460,529
Memorandum information		
Number of employees	2,187	2,100
Number of branches	103	103
Number of service centers	101	101
Number of pawning centers	-	-

SHAREHOLDERS' INFORMATION

Twenty Largest Ordinary Shareholders as at 30th September 2018

Twenty largest ordinary shareholders of the Company as at 30th September 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	Rubber Investment Trust Limited A/C # 01	16,361,361	1.04
6	CitiBank Newyork S/A Norges Bank Account 2	15,775,303	1.00
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 September 2018 was 24.96% and the number of shareholders representing the public holding was 8,906.

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

The number of ordinary shares held by the directors and CEO as at 30th September 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. Kennedy D. Gunawardena	Director	-
Mr. N.W.A.M.U.K.K.E Weerasinghe	Director	-
Mr. Ahamed Sabry Ibrahim	CEO	-

Float adjusted Market Capitalisation

The Float adjusted market capitalization as at 30th September 2018 - Rs. 5,600,420,672.40

The Float adjusted market capitalization of the Company falls under Option 3 of Rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.