

INTERIM FINANCIAL STATEMENTS

PEOPLE'S LEASING & FINANCE PLC

For the three months ended 30th June 2020

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STATEMENT OF FINANCIAL POSITION

As at	Company			Group		
	30.06.2020 Rs. Mn. Unaudited*	31.03.2020 Rs. Mn. Audited	Change %	30.06.2020 Rs. Mn. Unaudited*	31.03.2020 Rs. Mn. Audited	Change %
Assets						
Cash and cash equivalents	2,153	7,164	(69.9)	2,753	7,693	(64.2)
Balances with banks & financial institutions	4,337	3,206	35.3	7,342	6,661	10.2
Financial assets - Fair value through profit or loss	512	1,032	(50.4)	1,330	1,199	10.9
Loans and receivables - Amortised cost	145,712	147,748	(1.4)	151,786	154,135	(1.5)
Insurance and reinsurance receivables	-	-	-	1,145	1,195	(4.2)
Financial assets - Fair value other comprehensive income	338	324	4.3	1,292	1,456	(11.3)
Debt instrument - Amortised cost	7,412	4,107	80.5	8,118	4,813	68.7
Investments in subsidiaries	3,214	3,214	-	-	-	-
Investment property	-	-	-	1,132	1,132	-
Right-of-use assets	1,805	1,939	(6.9)	1,548	1,639	(5.6)
Property, plant and equipment	1,117	1,144	(2.4)	3,940	3,998	(1.5)
Goodwill and intangible assets	233	258	(9.7)	354	369	(4.1)
Deferred tax assets	413	376	9.8	513	472	8.7
Other assets	1,090	1,148	(5.1)	1,375	1,235	11.3
Total assets	168,336	171,660	(1.9)	182,628	185,997	(1.8)
Liabilities						
Due to banks - Amortised cost	6,699	7,938	(15.6)	9,647	10,978	(12.1)
Due to customers - Amortised cost	106,416	106,701	(0.3)	107,123	107,686	(0.5)
Debt securities issued - Amortised cost	17,753	18,479	(3.9)	17,624	18,338	(3.9)
Other financial liabilities - Amortised cost	1,833	3,014	(39.2)	1,704	2,830	(39.8)
Insurance and reinsurance payable	-	-	-	4,836	5,065	(4.5)
Lease liabilities - Amortised cost	1,811	1,909	(5.1)	1,539	1,594	(3.5)
Current tax liabilities	1,576	1,803	(12.6)	1,800	2,077	(13.3)
Deferred tax liabilities	-	-	-	418	418	-
Other liabilities	1,815	1,570	15.6	1,891	1,701	11.2
Total liabilities	137,903	141,414	(2.5)	146,582	150,687	(2.7)
Equity						
Stated Capital	13,915	13,915	-	13,915	13,915	-
Statutory reserve fund	2,205	2,205	-	2,235	2,235	-
Retained earnings	14,402	14,228	1.2	17,103	16,518	3.5
Other reserves	(89)	(102)	12.7	289	285	1.4
Total equity attributable to equity holders of the Company	30,433	30,246	0.6	33,542	32,953	1.8
Non-controlling interest	-	-	-	2,504	2,357	6.2
Total equity	30,433	30,246	0.6	36,046	35,310	2.1
Total liabilities and equity	168,336	171,660	(1.9)	182,628	185,997	(1.8)
Contingencies	714	688	3.8	732	706	3.7
Commitments	4,851	4,629	4.8	4,851	4,645	4.4
Net assets value per ordinary share (Rs.)	18.70	18.58	0.6	20.61	20.25	1.8

CERTIFICATION

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

(sgd.)

Omal Sumanasiri

Chief Manager Finance

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

Approved and Signed for and on behalf of the Board:

(sgd.)

Sujeewa Rajapakse

Chairman

11th September 2020

Colombo.

* The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

(sgd.)

A. S. Ibrahim

Chief Executive Officer

(sgd.)

Rohan Pathirage

Director

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STATEMENT OF PROFIT OR LOSS

For the three months ended 30th June	Company			Group		
	2020 Rs. Mn. Unaudited*	2019 Rs. Mn. Restated Unaudited*	Change %	2020 Rs. Mn. Unaudited*	2019 Rs. Mn. Restated Unaudited*	Change %
Interest income	6,001	7,931	(24.3)	6,432	8,333	(22.8)
Less: Interest expense	3,561	4,181	(14.8)	3,635	4,256	(14.6)
Net interest income	2,440	3,750	(34.9)	2,797	4,077	(31.4)
Net earned premiums	-	-	-	1,292	1,273	1.5
Net fee and commission income	275	373	(26.3)	134	262	(48.9)
Net trading income	14	(17)	182.4	27	(17)	258.8
Other operating income	-	4	(100.0)	32	74	(56.8)
Total operating income	2,729	4,110	(33.6)	4,282	5,669	(24.5)
Less: Impairment charges for loans and receivables	1,052	1,298	(19.0)	1,170	1,336	(12.4)
Net operating income	1,677	2,812	(40.4)	3,112	4,333	(28.2)
Less:						
Personnel expenses	699	944	(26.0)	907	1,151	(21.2)
Depreciation & Amortisation	200	199	0.5	187	201	(7.0)
Benefits, claims and underwriting expenditure	-	-	-	405	815	(50.3)
Other operating expenses	348	530	(34.3)	422	650	(35.1)
Total operating expenses	1,247	1,673	(25.5)	1,921	2,817	(31.8)
Operating profit before tax on financial services	430	1,139	(62.2)	1,191	1,516	(21.4)
Less: Tax on financial services	160	444	(64.0)	165	451	(63.4)
Profit before income tax	270	695	(61.2)	1,026	1,065	(3.7)
Less: Income tax expense	96	229	(58.1)	289	371	(22.1)
Profit for the period	174	466	(62.7)	737	694	6.2
Profit Attributable to :						
Equity holders	174	466	(62.7)	593	638	(7.1)
Non-controlling interest	-	-	-	144	56	157.1
Profit for the period	174	466	(62.7)	737	694	6.2
Basic/Diluted earnings per ordinary share (Rs.)	0.11	0.29	(63.8)	0.36	0.40	(9.8)

* 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		
	2020 Rs. Mn. Unaudited*	2019 Rs. Mn. Restated Unaudited*	Change %	2020 Rs. Mn. Unaudited*	2019 Rs. Mn. Restated Unaudited*	Change %
Profit for the period	174	466	(62.7)	737	694	6.2
Other comprehensive income/(expenses)						
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</i>						
Net gains/(losses) arising from translating the Financial Statements of the foreign subsidiary	-	-	-	(26)	(7)	(271.4)
Financial assets-FVOCI						
Gains/ (losses) on re-measuring FVOCI financial assets	13	-	100.0	30	1	2,900.0
Deferred tax effect on above	-	-	-	(5)	-	(100.0)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	13	-	100.0	(1)	(6)	83.3
Other comprehensive income for the period, net of taxes	13	-	100.0	(1)	(6)	83.3
Total comprehensive income for the period	187	466	(59.9)	736	688	7.0
Profit Attributable to :						
Equity holders	13	-	100.0	(4)	(6)	33.3
Non-controlling interest	-	-	-	3	-	100.0
Other comprehensive income for the period, net of taxes	13	-	100.0	(1)	(6)	83.3
Total comprehensive income for the period	187	466	(59.9)	736	688	7.0

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STATEMENT OF CHANGES IN EQUITY - COMPANY

	Capital	Statutory Reserve Fund	Other Reserves <u>Fair Value</u> Reserve	Retained Earnings	Total Equity
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
Balance as at 01.04.2019	13,236	2,058	(53)	13,362	28,603
Total comprehensive income for the three months ended 30.06.2019					
Profit for the three months ended 30.06.2019	-	-	-	466	466
Other comprehensive income (net of tax)	-	-	-	-	-
Total comprehensive income for the three months ended 30.06.2019	-	-	-	466	466
Transactions with equity holders, recognised directly in equity					
Transfers to reserves during the period	-	24	-	(24)	-
Dividend paid	-	-	-	-	-
Total transactions with equity holders	-	24	-	(24)	-
Balance as at 30.06.2019	13,236	2,082	(53)	13,804	29,069
Balance as at 01.04.2020	13,915	2,205	(102)	14,228	30,246
Total comprehensive income for the three months ended 30.06.2020					
Profit for the three months ended 30.06.2020	-	-	-	174	174
Other comprehensive income (net of tax)	-	-	13	-	13
Total comprehensive income for the three months ended 30.06.2020	-	-	13	174	187
Transactions with equity holders, recognised directly in equity					
Transfers to reserves during the period	-	-	-	-	-
Dividend paid	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-
Balance as at 30.06.2020	13,915	2,205	(89)	14,402	30,433

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STATEMENT OF CHANGES IN EQUITY - GROUP

	Capital Rs. Mn.	Statutory Reserve Fund Rs. Mn.	Other Reserves		Retained Earnings Rs. Mn.	Total Rs. Mn.	Non- controlling Interest Rs. Mn.	Total Equity Rs. Mn.
			Exchange Equalisation Fund Rs. Mn.	Fair Value Reserve Rs. Mn.				
Balance as at 01.04.2019	13,236	2,071	262	(55)	15,198	30,712	2,270	32,982
Total comprehensive income for the three months ended 30.06.2019								
Profit for the three months ended 30.06.2019	-	-	-	-	638	638	56	694
Other comprehensive income (net of tax)	-	-	(7)	1	-	(6)	-	(6)
Total comprehensive income for the three months ended 30.06.2019	-	-	(7)	1	638	632	56	688
Transactions with equity holders, recognised directly in equity								
Transfers to reserves during the period	-	24	-	-	(24)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	24	-	-	(24)	-	-	-
Balance as at 30.06.2019	13,236	2,095	255	(54)	15,812	31,344	2,326	33,670
Balance as at 01.04.2020	13,915	2,235	401	(116)	16,518	32,953	2,357	35,310
Total comprehensive income for the three months ended 30.06.2020								
Profit for the three months ended 30.06.2020	-	-	-	-	593	593	144	737
Other comprehensive income (net of tax)	-	-	(26)	30	(8)	(4)	3	(1)
Total comprehensive income for the three months ended 30.06.2020	-	-	(26)	30	585	589	147	736
Transactions with equity holders, recognised directly in equity								
Transfers to reserves during the period	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-	-	-
Balance as at 30.06.2020	13,915	2,235	375	(86)	17,103	33,542	2,504	36,046

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Figures in brackets indicate deductions.

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STATEMENT OF CASH FLOWS

For the three months ended 30th June	Company		Group	
	2020 Rs. Mn. Unaudited*	2019 Rs. Mn. Restated Unaudited*	2020 Rs. Mn. Unaudited*	2019 Rs. Mn. Restated Unaudited*
Cash flows from operating activities				
Profit before tax	270	695	1,026	1,065
Adjustment for:				
Non-cash items included in profit before tax	1,324	1,571	1,462	1,707
Change in operating assets	(2,857)	1,055	(2,792)	210
Change in operating liabilities	(1,401)	6,957	(2,052)	7,461
Dividend income from investments	(165)	-	-	-
Net unrealised gains/(losses) arising from translating the Financial Statements of foreign subsidiary	-	-	(26)	(7)
Gratuity paid	(2)	(4)	(4)	(4)
Income tax paid	(360)	(199)	(420)	(210)
Net cash generated from/(used in) operating activities	(3,191)	10,075	(2,806)	10,222
Cash flows from investing activities				
Purchase of property, plant and equipment	(19)	(13)	(89)	(301)
Proceeds from the sale of property, plant and equipment	-	1	-	1
Purchase of intangible assets	-	(1)	-	(1)
Dividend received from investments	165	-	-	-
Net cash (used in)/generated from investing activities	146	(13)	(89)	(301)
Cash flows from financing activities				
Net borrowings	(2,474)	(10,601)	(2,528)	(10,363)
Net cash (used in)/generated from financing activities	(2,474)	(10,601)	(2,528)	(10,363)
Net (decrease) in cash & cash equivalents	(5,519)	(539)	(5,423)	(442)
Cash and cash equivalents at the beginning of the period	7,139	2,943	6,999	3,037
Cash and cash equivalents at the end of the period	1,620	2,404	1,576	2,595
Cash and cash equivalents	2,153	2,519	2,753	2,891
Bank overdraft	(533)	(115)	(1,177)	(296)
Cash and cash equivalents at the end of the period	1,620	2,404	1,576	2,595

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Figures in brackets indicate deductions.

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ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Company				
As at 30th June 2020				
	Financial assets recognised through profit or loss (FVTPL) Rs. Mn.	Financial assets at amortised cost (AC) Rs. Mn.	Financial assets at fair value through other comprehensive income(FVOCI) Rs. Mn.	Total Rs. Mn.
ASSETS				
Cash and cash equivalents	-	2,153	-	2,153
Balances with banks & financial institutions	-	4,337	-	4,337
Financial assets -Fair value through profit or loss	512	-	-	512
Loans and receivables - Amortised cost	-	145,712	-	145,712
Financial assets - Fair value other comprehensive income	-	-	338	338
Debt instrument - Amortised cost	-	7,412	-	7,412
Other financial assets	-	223	-	223
Total financial assets	512	159,837	338	160,687

Company			
As at 30th June 2020			
	FVTPL Rs. Mn.	Other Financial Liabilities at amortized cost Rs. Mn.	Total Rs. Mn.
LIABILITIES			
Due to banks - Amortised cost	-	6,699	6,699
Due to customers - Amortised cost	-	106,416	106,416
Debt securities issued - Amortised cost	-	17,753	17,753
Other financial liabilities - Amortised cost	-	1,833	1,833
Lease liabilities - Amortised cost	-	1,811	1,811
Total financial liabilities	-	134,512	134,512

Company				
As at 31st March 2020				
	Financial assets recognised through profit or loss (FVTPL) Rs. Mn.	Financial assets at amortised cost (AC) Rs. Mn.	Financial assets at fair value through other comprehensive income(FVOCI) Rs. Mn.	Total Rs. Mn.
ASSETS				
Cash and cash equivalents	-	7,164	-	7,164
Balances with banks & financial institutions	-	3,206	-	3,206
Financial assets -Fair value through profit or loss	1,032	-	-	1,032
Loans and receivables - Amortised cost	-	147,748	-	147,748
Financial assets - Fair value other comprehensive income	-	-	324	324
Debt instrument - Amortised cost	-	4,107	-	4,107
Other financial assets	-	233	-	233
Total financial assets	1,032	162,458	324	163,814

Company			
As at 31st March 2020			
	FVTPL Rs. Mn.	Other Financial Liabilities at amortized cost Rs. Mn.	Total Rs. Mn.
LIABILITIES			
Due to banks - Amortised cost	-	7,938	7,938
Due to customers - Amortised cost	-	106,701	106,701
Debt securities issued - Amortised cost	-	18,479	18,479
Other financial liabilities - Amortised cost	-	3,014	3,014
Lease liabilities - Amortised cost	-	1,909	1,909
Total financial liabilities	-	138,041	138,041

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ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Group As at 30th June 2020		Financial assets recognised through profit or loss (FVTPL) Rs. Mn.	Financial assets at amortised cost (AC) Rs. Mn.	Financial assets at fair value through other comprehensive income(FVOCI) Rs. Mn.	Total Rs. Mn.
ASSETS					
Cash and cash equivalents	-	2,753	-	-	2,753
Balances with banks & financial institutions	-	7,342	-	-	7,342
Financial assets -Fair value through profit or loss	1,330	-	-	-	1,330
Loans and receivables - Amortised cost	-	151,786	-	-	151,786
Insurance and reinsurance receivables	-	1,145	-	-	1,145
Financial assets - Fair value other comprehensive income	-	-	-	1,292	1,292
Debt instrument - Amortised cost	-	8,118	-	-	8,118
Total financial assets	1,330	171,144	1,292	1,292	173,766

As at 30th June 2020		FVTPL Rs. Mn.	Other Financial Liabilities at amortized cost Rs. Mn.	Total Rs. Mn.
LIABILITIES				
Due to banks - Amortised cost	-	-	9,647	9,647
Due to customers - Amortised cost	-	-	107,123	107,123
Debt securities issued - Amortised cost	-	-	17,624	17,624
Other financial liabilities - Amortised cost	-	-	1,704	1,704
Lease liabilities - Amortised cost	-	-	1,539	1,539
Insurance and reinsurance payable	-	-	4,836	4,836
Total financial liabilities	-	-	142,473	142,473

Group As at 31st March 2020		Financial assets recognised through profit or loss (FVTPL) Rs. Mn.	Financial assets at amortised cost (AC) Rs. Mn.	Financial assets at fair value through other comprehensive income(FVOCI) Rs. Mn.	Total Rs. Mn.
ASSETS					
Cash and cash equivalents	-	7,693	-	-	7,693
Balances with banks & financial institutions	-	6,661	-	-	6,661
Financial assets -Fair value through profit or loss	1,199	-	-	-	1,199
Loans and receivables - Amortised cost	-	154,135	-	-	154,135
Insurance and reinsurance receivables	-	1,195	-	-	1,195
Financial assets - Fair value other comprehensive income	-	-	-	1,456	1,456
Debt instrument - Amortised cost	-	4,813	-	-	4,813
Total financial assets	1,199	174,497	1,456	1,456	177,152

As at 31st March 2020		FVTPL Rs. Mn.	Other Financial Liabilities at amortized cost Rs. Mn.	Total Rs. Mn.
LIABILITIES				
Due to banks - Amortised cost	-	-	10,978	10,978
Due to customers - Amortised cost	-	-	107,686	107,686
Debt securities issued - Amortised cost	-	-	18,338	18,338
Other financial liabilities - Amortised cost	-	-	2,830	2,830
Insurance and reinsurance payable	-	-	5,065	5,065
Lease liabilities - Amortised cost	-	-	1,594	1,594
Total financial liabilities	-	-	146,491	146,491

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FAIR VALUE HIERARCHY

Company				
As at 30th June 2020	Level 1	Level 2	Level 3	Total
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
Financial assets				
Financial assets -Fair value through profit or loss				
Quoted Investments	9	-	-	9
Investment in unit trust	-	503	-	503
Sub total	9	503	-	512
Financial assets - Fair value through other comprehensive income				
Quoted Investments	338	-	-	338
Sub total	338	-	-	338
Total	347	503	-	850
As at 31st March 2020	Level 1	Level 2	Level 3	Total
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
Financial assets				
Financial assets -Fair value through profit or loss				
Quoted Investments	14	-	-	14
Investment in unit trust	-	1,018	-	1,018
Sub total	14	1,018	-	1,032
Financial assets - Fair value through other comprehensive income				
Quoted Investments	324	-	-	324
Sub total	324	-	-	324
Total	338	1,018	-	1,356
Group				
As at 30th June 2020	Level 1	Level 2	Level 3	Total
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
Financial assets				
Financial assets -Fair value through profit or loss				
Quoted Investments	672	-	-	672
Investment in unit trust	-	658	-	658
Sub total	672	658	-	1,330
Financial assets - Fair value through other comprehensive income				
Quoted Investments	338	-	-	338
Treasury bills	-	954	-	954
Sub total	338	954	-	1,292
Non financial assets - Investment property				
Land and building	-	-	1,132	1,132
Sub total	-	-	1,132	1,132
Total	1,010	1,612	1,132	3,754
As at 31st March 2020	Level 1	Level 2	Level 3	Total
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
Financial assets				
Financial assets -Fair value through profit or loss				
Quoted Investments	28	-	-	28
Investment in unit trust	-	1,171	-	1,171
Sub total	28	1,171	-	1,199
Financial assets - Fair value through other comprehensive income				
Quoted Investments	325	-	-	325
Treasury bills	-	1,131	-	1,131
Sub total	325	1,131	-	1,456
Non financial assets - Investment property				
Land and building	-	-	1,132	1,132
Sub total	-	-	1,132	1,132
Total	353	2,302	1,132	3,787

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SEGMENTAL ANALYSIS - GROUP

For the three months ended 30th June	Lease & HP		Loans		Islamic		Insurance		Other		Eliminations		Group	
	2020 Rs. Mn.	2019 Rs. Mn.	2020 Rs. Mn.	2019 Rs. Mn.	2020 Rs. Mn.	2019 Rs. Mn.	2020 Rs. Mn.	2019 Rs. Mn.	2020 Rs. Mn.	2019 Rs. Mn.	2020 Rs. Mn.	2019 Rs. Mn.	2020 Rs. Mn.	2019 Rs. Mn.
Interest income	3,271	4,224	2,552	3,304	261	381	190	185	223	321	(65)	(82)	6,432	8,333
Net earned premiums	-	-	-	-	-	-	1,331	1,311	-	-	(40)	(39)	1,292	1,273
Net fee and commission income	177	233	138	183	14	21	-	-	69	69	(265)	(245)	134	262
Net trading income	-	-	-	-	-	-	15	(2)	12	(15)	-	-	27	(17)
Other operating income	-	4	-	3	-	-	13	19	32	68	(11)	(18)	32	74
Gross revenue	3,448	4,461	2,690	3,490	275	402	1,549	1,513	336	443	(381)	(384)	7,917	9,925
Interest expenses	1,890	2,200	1,474	1,726	151	196	-	-	185	216	(65)	(82)	3,635	4,256
Total operating income	1,558	2,261	1,216	1,764	124	206	1,549	1,513	151	228	(316)	(302)	4,282	5,669
Credit losses	86	809	859	461	165	61	-	-	60	5	-	-	1,170	1,336
Net operating income	1,472	1,452	357	1,303	(41)	145	1,549	1,513	91	223	(316)	(302)	3,112	4,333
Depreciation	103	74	82	60	7	7	23	22	15	11	(43)	27	187	201
Segment result	276	638	214	499	22	58	666	279	27	56	(14)	(14)	1,191	1,516
Tax on financial services													165	451
Income tax expenses													289	371
Profit attributable to equity holder													737	694
As at 30th June 2020														
Segment Assets	88,147	87,793	71,096	71,444	6,539	7,788	10,293	9,676	12,960	13,294	(6,407)	(5,583)	182,628	184,412
Total Assets	88,147	87,793	71,096	71,444	6,539	7,788	10,293	9,676	12,960	13,294	(6,407)	(5,583)	182,628	184,412
Segment Liabilities	71,298	71,995	57,505	58,587	5,289	6,387	6,133	6,191	10,482	10,901	(4,125)	(3,302)	146,582	150,759
Total Liabilities	71,298	71,995	57,505	58,587	5,289	6,387	6,133	6,191	10,482	10,901	(4,125)	(3,302)	146,582	150,759

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

INTERIM FINANCIAL STATEMENTS

INFORMATION ON ORDINARY SHARES OF THE COMPANY

Market Price

	2020 Rs.	2019 Rs.
Highest price during the quarter ended 30th June :	13.30	14.50
Lowest price during the quarter ended 30th June :	9.10	13.00
Last traded price as at 30th June :	12.90	14.00

Issued Capital

Issued Capital as at 30th June 2020 was represented by the number of shares in issue as given below;

	As at 30th June 2020		As at 30th June 2019	
	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
Scrip Dividend	47,840,906	679,340,867	-	-
Total	1,627,703,388	13,915,414,175	1,579,862,482	13,236,073,308

INTERIM FINANCIAL STATEMENTS

SHAREHOLDERS' INFORMATION

Twenty Largest Ordinary Shareholders as at 30th June 2020

Twenty largest ordinary shareholders of the Company as at 30th June 2020 were as follows;

No.	Name of the Shareholder	No. of Shares	%
1	People's Bank	1,220,777,540	75.00
2	Employees Provident Fund	88,345,465	5.43
3	BNYM SA NV RE-Neon Liberty Lorikeet Master Fund LP	75,297,137	4.63
4	National Savings Bank	44,990,502	2.76
5	CitiBank Newyork S/A Norges Bank Account 2	27,595,977	1.70
6	Rubber Investment Trust Limited A/C # 01	16,914,702	1.04
7	Bank of Ceylon No. 1 Account	11,800,434	0.72
8	Sri Lanka Insurance Corporation Ltd-General Fund	7,235,629	0.44
9	Ceylon Investment PLC A/C # 01	5,104,933	0.31
10	AIA Insurance Lanka Limited A/C No.07	4,969,904	0.31
11	Ceylon Guardian Investment Trust PLC A/C # 02	3,243,679	0.20
12	Commercial Bank Of Ceylon PLC/Metrocorp (Pvt) Ltd	3,000,000	0.18
13	Hatton National Bank PLC A/C No.4 (HNB Retirement Pension Fund)	2,802,101	0.17
14	Perera And Sons Bakers Pvt Limited	2,500,000	0.15
15	Employees Trust Fund Board	2,427,433	0.15
16	Union Assurance PLC- Universal Life Fund	2,097,745	0.13
17	Akbar Brothers Pvt Ltd A/C No 1	2,065,214	0.13
18	AIA Insurance Lanka Limited A/C No.06	2,054,702	0.13
19	Mr. Merrill Joseph Fernando	1,648,450	0.10
20	Pershing LLC S/A Averbach Grauson & Co.	1,636,867	0.10

Public Holding

The percentage of ordinary shares held by the public as at 30th June 2020 was 24.94% and the number of shareholders representing the public holding was 8,783.

Directors/ CEO's Holding in Shares as at 30th June 2020

The number of ordinary shares held by the directors and CEO as at 30th June 2020 were as follows;

Name	Position	No. of Shares
Mr.Sujeewa Rajapakse	Chairman	143,054
Mr. Rohan Pathirage	Director	247,267
Mr.Azzam A. Ahamat	Director	-
Mr.S. Ahangama	Director	-
Mr.K.C.J.C. Fonseka	Director	49,968
Mr.C.J.Wijetillake	Director	-
Mr.U.L.A.W. Bandara	Director	-
Ms.M.C. Pietersz	Director	-
Mr. Ahamed Sabry Ibrahim	CEO	-

Float adjusted Market Capitalisation

The Float adjusted market capitalization as at 30th June 2020 - Rs. 5,237,140,722

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.

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 2019/20.
2. The Interim Financial Statements for the three months ended 30th June 2020 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 Micro-commerce Ltd., Lankan Alliance Finance Limited.
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. Mr. Goluhewage Bindu Rasitha Poojitha Gunawardana, resigned from the post of Director of the Company with effect from 25th June 2020.
6. Mr. Ranjith Kodituwakku was appointed to the Board of the Company as Non-Independent Non-Executive Directors with effect from 13th August 2020.
7. Comparative figures have been re-stated/re-classified where necessary, to conform to the current period presentation. The following line items of the Interim Financial Statements for the quarter ended 30th June 2019 have been restated due to the adoption of SLFRS 16.

Impact for the three months ended 30th June 2019 due to adoption of SLFRS 16

For the three months ended 30th June	Note	Company			Group		
		As disclosed previously	Current Presentation (Restated)	Adjustment	As disclosed previously	Current Presentation (Restated)	Adjustment
		Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
Interest income		7,931	7,931	-	8,333	8,333	-
Less: Interest expense	A	4,117	4,181	64	4,208	4,256	48
Net interest income		3,814	3,750	(64)	4,125	4,077	(48)
Net earned premiums		-	-	-	1,273	1,273	-
Net fee and commission income		373	373	-	262	262	-
Net trading income		(17)	(17)	-	(17)	(17)	-
Other operating income		4	4	-	74	74	-
Total operating income		4,174	4,110	(64)	5,717	5,669	(48)
Less: Impairment charges for loans and receivables		1,298	1,298	-	1,336	1,336	-
Net operating income		2,876	2,812	(64)	4,381	4,333	(48)
Less:							
Personnel expenses		944	944	-	1,151	1,151	-
Depreciation & Amortisation	B	59	199	140	107	201	94
Benefits, claims and underwriting expenditure		-	-	-	815	815	-
Other operating expenses	C	698	530	(168)	770	650	(120)
Total operating expenses		1,701	1,673	(28)	2,843	2,817	(26)
Operating profit before tax on financial services		1,175	1,139	(36)	1,538	1,516	(22)
Less: Tax on financial services	D	442	444	2	450	451	1
Profit before income tax		733	695	(38)	1,088	1,065	(23)
Less: Income tax expense	E	253	229	(24)	375	371	(4)
Profit for the period		480	466	(14)	713	694	(19)

INTERIM FINANCIAL STATEMENTS

EXPLANATORY NOTES

Note A - With the adoption of SLFRS 16 -“Leases” during the financial year, interest cost relating to lease liabilities has been charged to interest expense.

Note B - Depreciation relating to Right-of-use asset has been charged to Depreciation & Amortisation with the adoption of SLFRS 16.

Note C - Rent expense relating to lease agreement has been removed with the above adjustment.

Note D - Tax on financial services has been adjusted with the above adjustment.

Note E - Income tax expense has been adjusted with the above adjustment.

8 It has been proposed to reduce income tax rate on companies from 28% to 24% pending formal approval from the Parliament as an amendment to the Inland Revenue Act No. 24 of 2017. As it is not considered as substantially enacted as at the reporting date, the tax rate adapted for the computation of deferred tax remains at 28%.

9 Considering the fact that non-availability of foreign funding sources at competitive rates at the moment the Company decided to withdraw its International rating from 30th April 2020 onwards.

10 The outbreak and spread of the coronavirus globally has caused disruption to business and economic activities and has created a widespread uncertainty to the global economy. Further the various quarantine measures adopted by different countries greatly affected global trade. In Sri Lanka, PLC strictly followed the guidelines and instructions issued by the government health authorities and the Central Bank of Sri Lanka (CBSL) when conducting its commercial operations.

The Institute of Chartered Accountants of Sri Lanka has provided a guideline in assessing expected credit losses under SLFRS-9. As per this guideline, as a practical expedient, entities are allowed to use the Probability of Default (PD), Loss Given Default (LGD), Economic Factor Adjustment (EFA) and Staging of Contracts applicable as at 31st December 2019.

However, the Company has used the Probability of Default as at 30th June 2020 whereas Loss Given Default and Economic Factor Adjustment as used in the audited financial statements as at 31st March 2020, in computing the expected credit losses for the period ended 30th June 2020.

Since the debt moratorium process impacted around 40% of the Company's portfolio resulting in a revision to the original average effective rate of the total portfolio from 19.84% to 16.72% as well as a significant extension on the average maturity of the total portfolio, the management is in the view that there is a substantial change of terms by this modification. Therefore the Company adjusted original effective rate for moratorium facilities and accounted accordingly.

Furthermore, required adjustments on the relief measures for affected businesses and individuals in line with the directions issued by the CBSL have been made by the Group.

11 There have been no material events subsequent to the reporting date, which require adjustments to or disclosures in the interim financial statements other than implication of Covid 19 outbreak on financial statements have been considered as adjusting events and incorporated in the financial statements where necessary.

12 There has been no significant change in the nature of the contingent liabilities for the three months ended 30th June 2020 which were disclosed in the Annual Report for the year ended 31st March 2020.

INTERIM FINANCIAL STATEMENTS

ANALYSIS OF LOANS AND RECEIVABLES IMPAIRMENT

**Analysis by stage wise
Company - 30 June 2020**

	Stage 1 Rs. Mn.	Stage 2 Rs. Mn.	Stage 3 Rs. Mn.	Total Rs. Mn.
Loans and receivables	84,188	33,692	37,528	155,408
(Less):				
Individual impairment charges	-	-	1,325	1,325
Collective impairment charges	904	1,073	6,394	8,371
Net loans and receivables	83,284	32,619	29,809	145,712

Company - 31 March 2020

Loans and receivables	85,843	38,428	32,227	156,498
(Less):				
Individual impairment charges	-	-	1,316	1,316
Collective impairment charges	675	1,183	5,576	7,434
Net loans and receivables	85,168	37,245	25,335	147,748

Group - 30 June 2020

Loans and receivables	69,135	46,633	46,336	162,104
(Less):				
Individual impairment charges	-	-	1,440	1,440
Collective impairment charges	1,128	1,324	6,426	8,878
Net loans and receivables	68,007	45,309	38,470	151,786

Group - 31 March 2020

Loans and receivables	88,208	41,813	33,284	163,305
(Less):				
Individual impairment charges	-	-	1,429	1,429
Collective impairment charges	750	1,333	5,658	7,741
Net loans and receivables	87,458	40,480	26,197	154,135

INTERIM FINANCIAL STATEMENTS

DEBENTURE INFORMATION

Market Prices for the quarter ended 30th June 2020

Debenture Type	Highest Rs.	Lowest Rs.	Last Traded Rs.
2015 - 5 Years - 9.95% p.a. payable 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 - 5 Years - 9.95% p.a. payable annually	9.95	9.95
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	5.33%
1 Year Treasury Bill	5.66%
3 Year Treasury Bond	7.75%
5 Year Treasury Bond	8.59%

Current Yield & Yield to Maturity

Debenture Type	Current Yield (%)	Yield to Maturity (%)
2015 - 5 Years - 9.95% p.a. payable annually	9.95	9.95
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 30.06.2020	As at 31.03.2020
Debt to Equity Ratio (Times)							0.80	0.87
Interest Cover (Times)							1.08	1.29
Quick Asset Ratio (%)							63.10	71.01
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 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 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 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	
	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000
Items in Statement of Profit or Loss				
Interest income	194,629	291,100	45,756	15,394
Interest expense	51,016	148,169	18,361	65,458
Fee & Commission income	-	-	180,673	159,041
Other operating income	-	-	-	-
Benefits, claims and underwriting expenditure	-	-	34,761	32,486
Other operating expenses	7,126	9,341	71,784	76,907
Items in Statement of Financial Position				
Assets				
Cash and cash equivalents	1,339,327	1,674,588	-	-
Balances with banks & financial institutions	4,336,910	3,119,335	-	-
Loans and receivables	-	-	1,655,152	1,796,862
Financial investments - Held-to-maturity	7,411,878	8,171,880	-	-
Investments in subsidiaries	-	-	3,213,788	3,213,788
Other assets	-	-	367,615	169,305
Total	13,088,115	12,965,803	5,236,555	5,179,955
Liabilities				
Due to banks	1,690,781	3,903,833	-	-
Due to customers	-	-	606,580	468,129
Debt Securities issued	-	-	128,846	128,897
Other Financial liabilities	-	-	586,380	632,979
Other liabilities	10,707	2,959	6,130	4,311
Total	1,701,488	3,906,792	1,327,936	1,234,316
Transactions				
Transaction cost on debenture issue and securitisation	4,381	4,820	-	-
Cash and cash equivalents - Repo investments	750,000	-	-	-
Cash and cash equivalents - Repo settlements	5,913,506	153,780	-	-
Balances with banks & financial institutions - FD investments	4,193,425	1,691,324	-	-
Balances with banks & financial institutions - FD withdrawals	3,125,752	1,698,971	-	-
Loans and receivables - Grantings	-	-	104,432	535,290
Loans and receivables - Repayments	-	-	143,284	361,048
Debt instruments - Amortised cost - Investments	5,387,464	2,743,180	-	-
Debt instruments - Amortised cost - Settlements	2,187,464	2,743,180	-	-
Due to banks - Borrowings	1,000,000	1,600,000	-	-
Due to banks - Repayment	1,209,727	2,025,037	-	-
Due to customers - Investments	-	-	142,813	272,462
Due to customers - Settlements	-	-	142,813	272,462
Total	23,771,719	12,660,292	533,342	1,441,262
Off- Balance Sheet Items				
Guarantees	-	-	300,000	300,000

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.

47,840,906 Ordinary shares of the company were listed with effect from 9th August 2019, pursuant to a scrip dividend.

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

Senior, Unsecured, Redeemable, 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
Web Address: www.plc.lk

Compliance Officer

Ms. Zairaa Kaleel

Company Secretary

Ms. Lakmini Kottegoda

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

Auditor

Auditor General
Auditor General's Department,
No. 306/72, Polduwa Road,
Battaramulla.

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
Indian Bank
Indian Overseas Bank
Pan Asia Banking Corporation PLC
MCB bank

Branch Offices

Akuressa, Ambalangoda, Ambalanthota,
Ampara, Anuradhapura, Awissawella,
Badulla, Balangoda, Bandarawela,
Battaramulla, Batticaloa, Benthota, 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, Kirindiwela, Kuliypitiya,
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 - As at 30th June 2020

Mr. Sujeewa Rajapakse - Chairman
Mr. Rohan Pathirage
Mr. Azzam A. Ahamat
Mr. S. Ahangama
Mr. K.C.J.C. Fonseka
Mr. C.J. Wijetillake
Mr. U.L.A.W. Bandara
Ms. M.C. Pietersz

Board Audit Committee

Ms. M.C. Pietersz - Chairperson
Mr. U.L.A.W. Bandara - Member
Mr. Azzam A. Ahamat - Member

Integrated Risk Management Committee

Mr. C.J. Wijetillake - Chairman
Mr. Azzam A. Ahamat - Member
Mr. K.C.J.C. Fonseka - Member

Remuneration and Nomination Committee

Mr. U.L.A.W. Bandara - Chairman
Ms. M.C. Pietersz - Member
Mr. Rohan Pathirage - Member

Related Party Transaction Review Committee

Mr. Chanura Wijetillake - Chairman
Mr. U.L.A.W. Bandara - Member
Mr. S. Ahangama - Member

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 Micro-commerce Ltd.
Lankan Alliance Finance Limited

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

"A+" (Ika) by Fitch Ratings Lanka Limited

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PEOPLE'S LEASING & FINANCE PLC