

INTERIM FINANCIAL STATEMENTS
For the three months ended 30th June 2013



PEOPLE'S LEASING & FINANCE PLC

INCOME STATEMENT

For the three months ended 30th June	Company			Group		
	2013	2012	Growth %	2013	2012	Growth %
	Rs. Mn. Unaudited	Rs. Mn. Unaudited		Rs. Mn. Unaudited	Rs. Mn. Unaudited	
Interest income	4,725	3,960	19.3	4,826	3,967	21.7
Less: Interest expense	2,786	2,295	21.4	2,840	2,322	22.3
Net interest income	1,939	1,665	16.5	1,986	1,645	20.7
Net earned premiums	-	-	-	665	569	16.9
Net fee and commission income	143	136	5.1	76	81	(6.2)
Other operating income	26	59	(55.9)	10	148	(93.2)
Total operating income	2,108	1,860	13.3	2,737	2,443	12.0
Less: Impairment charges for loans and receivables	377	237	59.1	379	237	59.9
Net operating income	1,731	1,623	6.7	2,358	2,206	6.9
Less:						
Personnel expenses	276	275	0.4	313	295	6.1
Depreciation of property, plant and equipment	47	45	4.4	65	65	-
Amortisation and impairment of intangible assets	3	3	-	3	5	(40.0)
Benefits, claims and underwriting expenditure	-	-	-	595	507	17.4
Other operating expenses	419	347	20.7	336	260	29.2
Total operating expenses	745	670	11.2	1,312	1,132	15.9
Operating profit before value added tax (VAT)	986	953	3.5	1,046	1,074	(2.6)
Less: Value added tax (VAT) on financial services	60	79	(24.1)	62	79	(21.5)
Operating profit after value added tax (VAT)	926	874	5.9	984	995	(1.1)
Less: Income tax expense	270	262	3.1	303	332	(8.7)
Profit for the period	656	612	7.2	681	663	2.7
Earnings per share on profit						
Basic earnings per ordinary share	0.41	0.39	5.1	0.43	0.42	2.4

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30th June	Company			Group		
	2013 Rs. Mn. Unaudited	2012 Rs. Mn. Unaudited	Growth %	2013 Rs. Mn. Unaudited	2012 Rs. Mn. Unaudited	Growth %
Profit for the period	656	612	7.2	681	663	2.7
Other comprehensive income/(expenses)						
Gains/ (losses) on re-measuring available-for-sale financial assets	12	(9)	(233.3)	11	(5)	(320.0)
Less: Tax expense/(income) relating to components of other comprehensive income						
Other comprehensive income for the period, net of taxes	12	(9)	(233.3)	11	(5)	(320.0)
Total comprehensive income for the period	668	603	10.8	692	658	5.2
Attributable to:						
Equity holders of the parent	668	603	10.8	692	658	5.2

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

STATEMENT OF FINANCIAL POSITION

As at	Company			Group		
	30.06.2013 Rs. Mn. Unaudited	31.03.2013 Rs. Mn. Audited*	Growth %	30.06.2013 Rs. Mn. Unaudited	31.03.2013 Rs. Mn. Audited*	Growth %
Assets						
Cash in hand	245	517	(52.6)	254	520	(51.2)
Securities purchase under resale agreement	1,468	1,659	(11.5)	1,577	1,934	(18.5)
Balances with banks & financial institutions	2,430	2,528	(3.9)	3,649	3,743	(2.5)
Financial investments - held-for-trading	167	142	17.6	297	238	24.8
Loans and receivables	90,055	88,405	1.9	89,875	88,298	1.8
Reinsurance and insurance receivable	-	-	-	148	159	(6.9)
Financial investments – available-for-sale	196	184	6.5	1,429	1,174	21.7
Financial investments – held-to-maturity	652	540	20.7	652	540	20.7
Investments in subsidiaries	1,475	1,475	-	-	-	-
Investments in associates	-	-	-	-	-	-
Goodwill and intangible assets	352	357	(1.4)	364	357	2.0
Property, plant and equipment	732	690	6.1	2,695	2,641	2.0
Investment property	56	56	-	-	-	-
Other assets	644	903	(28.7)	1,279	1,539	(16.9)
Total assets	98,472	97,456	1.0	102,219	101,143	1.1
Liabilities						
Financial liabilities	78,304	78,151	0.2	79,349	79,299	0.1
Insurance liabilities and reinsurance payable	-	-	-	2,341	2,217	5.6
Current tax liabilities	232	40	480.0	310	86	260.5
Deferred tax liabilities	1,201	1,201	-	1,210	1,210	-
Other liabilities	57	54	5.6	67	81	(17.3)
Total liabilities	79,794	79,446	0.4	83,277	82,893	0.5
Equity						
Capital	12,586	12,536	0.4	12,586	12,536	0.4
Statutory reserve fund	894	860	4.0	894	860	4.0
Retained earnings	3,967	3,483	13.9	4,230	3,721	13.7
Other reserves	1,231	1,131	8.8	1,232	1,133	8.7
Total equity	18,678	18,010	3.7	18,942	18,250	3.8
Total liabilities and equities	98,472	97,456	1.0	102,219	101,143	1.1
Contingencies	361	1,803	(80.0)	361	1,803	(80.0)
Capital commitments	126	227	(44.5)	1,494	1,602	(6.7)
Net assets value per ordinary share (Rs.)	11.82	11.54	2.4	11.99	11.70	2.5

* Since People's Leasing & Finance PLC merged with its subsidiary People's Finance PLC with effect from 2nd April 2013 figures as at 31st March 2013 are shown after amalgamating the separately audited financial statements of two entities.

CERTIFICATION

I certify that the above Interim Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007 and give a true and fair view of the state of affairs of People's Leasing & Finance PLC and the Group as at 30th June 2013 and its profit for the three months ended 30th June 2013.

(Sgd.)

Chief Financial Officer

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

Approved and Signed for and on behalf of the Board:

(Sgd.)

Chairman

(Sgd.)

Director

(Sgd.)

Chief Executive Officer

06th August 2013
Colombo.

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

STATEMENT OF CHANGES IN EQUITY - COMPANY

	Capital	Statutory Reserve Fund	Other Reserves			Available for Sale Reserves	Retained Earnings	Total Equity
			General Reserves	Tax Equalisation Fund	Investment Fund			
	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.	
Balance as at 01.04.2012	12,058	659	300	100	543	(91)	3,620	17,189
Total comprehensive income for the three months ended 30.06.2012								
Profit for the three months ended 30.06.2012	-	-	-	-	-	-	612	612
Other comprehensive income (net of tax)	-	-	-	-	-	(9)	-	(9)
Transactions with equity holders, recognised directly in equity								
Transfer from preference shares on redemption	50	-	-	-	-	-	(50)	-
Transfers to reserves during the period	-	51	-	-	95	-	(146)	-
Dividend paid	-	-	-	-	-	-	(780)	(780)
Balance as at 30.06.2012	12,108	710	300	100	638	(100)	3,256	17,012
Balance as at 01.04.2013	12,258	860	300	100	852	(121)	3,761	18,010
Total comprehensive income for the three months ended 30.06.2013								
Profit for the three months ended 30.06.2013	-	-	-	-	-	-	656	656
Other comprehensive income (net of tax)	-	-	-	-	-	12	-	12
Transactions with equity holders, recognised directly in equity								
Issue of shares	278	-	-	-	-	-	(278)	-
Transfer from preference shares on redemption	50	-	-	-	-	-	(50)	-
Transfers to reserves during the period	-	34	-	-	88	-	(122)	-
Balance as at 30.06.2013	12,586	894	300	100	940	(109)	3,967	18,678

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY - GROUP

	Capital	Statutory Reserve Fund	Other Reserves			Available for Sale Reserves	Retained Earnings	Total Equity
			General Reserves	Tax Equalisation Fund	Investment Fund			
			Rs. Mn.	Rs. Mn.	Rs. Mn.			
Balance as at 01.04.2012	12,058	659	300	100	543	(95)	3,567	17,132
Total comprehensive income for the three months ended 30.06.2012								
Profit for the three months ended 30.06.2012	-	-	-	-	-	-	663	663
Other comprehensive income (net of tax)	-	-	-	-	-	(5)	-	(5)
Transactions with equity holders, recognised directly in equity								
Transfer from preference shares on redemption	50	-	-	-	-	-	(50)	-
Transfers to reserves during the period	-	51	-	-	95	-	(146)	-
Dividend paid							(780)	(780)
Balance as at 30.06.2012	12,108	710	300	100	638	(100)	3,254	17,010
Balance as at 01.04.2013	12,258	860	300	100	852	(119)	3,999	18,250
Total comprehensive income for the three months ended 30.06.2013								
Profit for the three months ended 30.06.2013	-	-	-	-	-	-	681	681
Other comprehensive income (net of tax)	-	-	-	-	-	11	-	11
Transactions with equity holders, recognised directly in equity								
Issue of shares	278	-	-	-	-	-	(278)	-
Transfer from preference shares on redemption	50	-	-	-	-	-	(50)	-
Transfers to reserves during the period	-	34	-	-	88	-	(122)	-
Balance as at 30.06.2013	12,586	894	300	100	940	(108)	4,230	18,942

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

CASH FLOW STATEMENT

For the three months ended 30th June	Company		Group	
	2013	2012	2013	2012
	Rs. Mn. Unaudited	Rs. Mn. Unaudited	Rs. Mn. Unaudited	Rs. Mn. Unaudited
Cash flows from operating activities				
Profit before tax	926	874	984	995
Adjustment for:				
Non-cash items included in profits before tax	55	44	35	19
Change in operating assets	(1,391)	29	(1,306)	179
Change in operating liabilities	166	603	173	402
Dividend income from investments	(57)	(13)	-	(2)
Gratuity paid	(4)	(1)	(4)	(1)
Net cash generated from operating activities	(305)	1,536	(118)	1,592
Cash flows from investing activities				
Purchase of property, plant and equipment	(88)	(22)	(92)	(79)
Proceeds from the sale of property, plant and equipment	13	27	13	62
Net purchase of intangible assets	(12)	(5)	(12)	(5)
Net investment in Sri Lanka government securities	(112)	(109)	(356)	430
Dividends received from investments	57	13	-	2
Investment in Financial assets held-for-trading	(25)	(1)	(59)	(12)
Net change in deposits with banks and financial institutions	57	100	1,313	(249)
Net cash (used in)/from investing activities	(110)	3	807	149
Cash flows from financing activities				
Dividend paid to shareholders	-	(780)	-	(780)
Net cash from financing activities	-	(780)	-	(780)
Net increase/(decrease) in cash & cash equivalents	(415)	759	689	961
Cash and cash equivalents at the beginning of the period	3,237	(29)	3,342	379
Cash and cash equivalents at the end of the period	2,822	730	4,031	1,340

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

SEGMENTAL ANALYSIS - GROUP

For the three months ended 30th June	Lease & Advances		Insurance		Other		Eliminations		Group	
	2013 Rs. Mn.	2012 Rs. Mn.	2013 Rs. Mn.	2012 Rs. Mn.	2013 Rs. Mn.	2012 Rs. Mn.	2013 Rs. Mn.	2012 Rs. Mn.	2013 Rs. Mn.	2012 Rs. Mn.
Interest income	4,705	3,908	-	-	159	88	(38)	(29)	4,826	3,967
Net earned premiums	-	-	665	569	-	-	-	-	665	569
Net fee and commission income	178	118	-	-	35	78	(137)	(115)	76	81
Other operating income	10	22	16	5	56	132	(72)	(11)	10	148
Total revenue	4,893	4,048	681	574	250	298	(247)	(155)	5,577	4,765
Profit from operation	863	845	120	120	44	62	(43)	(32)	984	995
Income Tax expenses									303	332
Profit attributable to equity holders									681	663
Segment Assets	99,224	92,772	3,510	2,612	2,701	2,509	(3,216)	(2,703)	102,219	95,190
Total Assets	99,224	92,772	3,510	2,612	2,701	2,509	(3,216)	(2,703)	102,219	95,190
Segment Liabilities	80,474	75,709	2,617	1,904	1,734	1,626	(1,548)	(1,058)	83,277	78,181
Total Liability	80,474	75,709	2,617	1,904	1,734	1,626	(1,548)	(1,058)	83,277	78,181

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

INFORMATION ON ORDINARY SHARES OF THE COMPANY

Market Price

	2013 Rs.	2012 Rs.
Highest price during the quarter ended 30th June :	15.60	12.00
Lowest price during the quarter ended 30th June :	13.10	10.40
Closing price as at 30th June :	14.70	11.70

Stated Capital

Stated Capital as at 30th June 2013 was represented by the number of shares in issue as given below;

	As at 30th June 2013		As at 30th June 2012	
	Number	Rs.	Number	Rs.
Ordinary shares	1,579,862,482	11,886,073,308	1,560,000,160	11,608,000,800
Transfer from preference shares on redemption	70,000,000	700,000,000	50,000,000	500,000,000
Total	1,649,862,482	12,586,073,308	1,610,000,160	12,108,000,800

SHAREHOLDERS' INFORMATION

Twenty Largest Ordinary Shareholders as at 30th June 2013

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

No.	Name of the Shareholder	No. of Shares	%
1	People's Bank	1,182,878,074	74.87
2	Employees' Provident Fund	62,835,194	3.98
3	National Savings Bank	59,237,340	3.75
4	Distilleries Company of Sri Lanka PLC	24,517,300	1.55
5	HSBC INTL Nominees Ltd- Credit Suisse AG Zurich	18,000,000	1.14
6	HSBC INTL NOM Ltd - JPMCB-J.P. Morgan Clearing Corp	14,176,666	0.90
7	Bank of Ceylon No. 1 Account	11,453,600	0.72
8	HSBC International Nominees Limited-SSBT-The Ashmoreemm Umbrella Funds Trust	10,797,914	0.68
9	Bny-CF Ruffer Investment Funds: CF Ruffer Pacific Fund	10,000,000	0.63
10	Sanasa Development Bank Limited	9,864,800	0.62
11	Waldock Mackenzie Limited/ Capital Alliance Holdings Ltd	9,295,200	0.59
12	Ceylon Investment PLC A/C # 01	6,954,891	0.44
13	Mr . D. P. Kumarage	5,182,133	0.33
14	Sampath Bank Limited A/C No. 1	5,000,000	0.32
15	Gampaha District Co-operative Rural Bank Union Ltd.	4,921,800	0.31
16	AVIVA NDB Insurance PLC A/C No. 07	4,106,079	0.26
17	Ceylon Guardian Investment Trust PLC A/C # 01	3,640,800	0.23
18	NDB Capital Holdings PLC	3,288,800	0.21
19	HSBC INTL NOM Ltd- Jpmire-GAM Star Fund PLS	3,000,000	0.19
20	The Ceylon Chamber of Commerce Account No. 02	2,672,996	0.17

Public Holdings

The percentage of ordinary shares held by the public as at 30th June 2013 was 24.72%.

Directors'/ CEO's Holding in Shares as at 30th June 2013

The number of ordinary shares held by the directors and CEO as at 30th June 2013 was as follows;

Name	Position	No. of Shares
Mr. Gamini Sedara Senarath	Chairman	-
Dr. Don Joseph Douglas Jayakody	Director	91,700
Mr. Hennek Gedara Wajira Swarna Sri Bandara	Director	-
Mr. Namasivayam Vasantha Kumar	Director	1,000,000
Mr. Palihawadana Arachchige Irenius Sirinimal Perera	Director	20,000
Mr. Don Padmasiri Kumarage	CEO	5,182,133

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 2012/13. As the Company merged with its subsidiary People's Finance PLC with effect from 2nd April 2013 the comparative figures of the Company have been merged with the financials of People's Finance PLC to confirm to the current presentation.
2. The Interim Financial Statements for the three months ended 30th June 2013 are drawn up from unaudited accounts of the Company, its subsidiary companies and its associate.
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. The consolidated financial statements of the Company comprises of the Company and its subsidiaries: People's Leasing Property Development Limited, People's Leasing Fleet Management Limited, People's Insurance Limited, People's Leasing Havelock Properties Limited, People's Microfinance Limited and the Group's interest in its associate: City Finance Corporation Limited (formerly known as Industrial Finance Limited).
5. All known expenses including management fees and similar expenses have been provided for in these financial statements.
6. Bank guarantee issued to Sampath Bank PLC by People's Leasing & Finance PLC on behalf of People's Leasing Property Development Ltd amounting to Rs. 1,475,000 was expired during the period. Except that there has been no significant change in the nature of the contingent liabilities which were disclosed in the Annual Report for the year ended 31st March 2013.
7. Registrar General of Companies issued the Certificate of Amalgamation confirming the amalgamation of People's Finance PLC with People's Leasing & Finance PLC effective from 02nd April 2013.
8. Rs. 6,000,000,000 worth Debentures which allocated among applicants on 27th March 2013 were listed on the Debt Securities Main Board of the Colombo Stock Exchange on 04th April 2013. Objectives of the issue were to utilize the proceeds for the working capital purposes of the Company, access to additional source of funds from non deposit source, to minimize the mismatch in funding exposure, to minimize the interest rate risk and the gap exposure in assets/ liabilities portfolio, provide investors a structure that meet their risk-return and maturity needs.
9. Pursuant to the amalgamation 19,862,322 number of shares of the People's Leasing & Finance PLC (the Amalgamated Company) were issued on 05th April 2013 to the minority shareholders of People's Finance PLC in a way that, three shares for every one share held in People's Finance PLC. Aforesaid shares were listed on the Main Board of the Colombo Stock Exchange on 10th April 2013.
10. Ms. M. G. Jinadasa resigned from the office of Independent, Non- Executive Director of the Company with effect from 18th April 2013.
11. The Company did not raise funds through a share issue, debenture or a rights issue during the period ended 30th June 2013 except for the shares issued to minority shareholders of People's Finance PLC as described in note 9 and there is no material change in the utilisation of funds during the period.
12. On 30th April 2013 the Company redeemed 5,000,000 preference shares at Rs. 10/- each.
13. Pursuant to the approval given by the shareholders of the Company at the 17th Annual General Meeting held on 18th July 2013, the Company paid a final dividend of Rs. 0.50 per ordinary share on 30th July 2013 for the financial year ended 31st March 2013.
14. The Central Bank of Sri Lanka appointed People's Leasing & Finance PLC as the managing agent of the Central Investment & Finance PLC with effect from 1st July 2013.
15. Mr. Piyadasa Kudabalage and Mr. Heyara Hewage Anura Chandrasiri were appointed to the Board of the Company as Non-Independent Non-Executive Director and Independent Non-Executive Director respectively with effect from 18th July 2013.
16. There have been no material events subsequent to the reporting date, which require adjustments to or disclosures in the interim financial statements.

DEBENTURE INFORMATION

Market Prices for the quarter ended 30th June 2013

Debenture Type	Highest Rs.	Lowest Rs.	Last Traded Rs.
4 Years - 16.50% p.a. payable semi-annually	Not traded during the period		
5 Years - 16.75% p.a. payable semi-annually	107.00	105.00	107.00
5 Years - 17.00% p.a. payable annually	Not traded during the period		

Interest Rates

	Coupon Rate (%)	Annual Effective Rate (%)
4 Years - 16.50% p.a. payable semi annually	16.50	17.18
5 Years - 16.75% p.a. payable semi annually	16.75	17.45
5 Years - 17.00% p.a. payable annually	17.00	17.00

Interest Rate of Comparable Government Securities

6 Months Treasury Bill	9.70%
1 Year Treasury Bill	10.66%
4 Year Treasury Bond	14.10%
5 Year Treasury Bond	11.45%

(Above rates are excluding 10% withholding tax)

Current Yield & Yield to Maturity

Debenture Type	Current yield (%)	Yield to maturity (%)
4 Years - 16.50% p.a. payable semi-annually	Not traded during the period	
5 Years - 16.75% p.a. payable semi-annually	15.65	17.61
5 Years - 17.00% p.a. payable annually	Not traded during the period	

Ratios

	As at 30.06.2013	As at 31.03.2013
Debt to Equity Ratio (Times)	4.02	3.52
Interest Cover (Times)	1.33	1.47
Quick Asset Ratio (%)	67.60	76.10