

INTERIM FINANCIAL STATEMENTS
For the year ended 31st March 2014



PEOPLE'S LEASING & FINANCE PLC

STATEMENT OF FINANCIAL POSITION

| As at | Company | | | | Group | | |
|--|------------------------------------|------------------------------------|----------------------------------|-------------|------------------------------------|----------------------------------|-------------|
| | 31.03.2014 Rs. Mn. Unaudited | 31.03.2013 Rs. Mn. Restated* | 31.03.2013 Rs. Mn. Audited | Change % | 31.03.2014 Rs. Mn. Unaudited | 31.03.2013 Rs. Mn. Audited | Change % |
| Assets | | | | | | | |
| Cash and cash equivalents | 11,453 | 4,007 | 2,763 | 185.8 | 11,696 | 4,303 | 171.8 |
| Other balances with banks & financial institutions | 3,330 | 698 | 638 | 377.1 | 4,726 | 1,894 | 149.5 |
| Derivative financial instrument | - | - | - | - | - | - | - |
| Financial assets held-for-trading | 184 | 142 | 57 | 29.6 | 378 | 238 | 58.8 |
| Loans and receivables | 90,218 | 88,404 | 75,723 | 2.1 | 90,342 | 88,298 | 2.3 |
| Insurance and reinsurance receivables | - | - | - | - | 138 | 159 | (13.2) |
| Financial investments – Available-for-sale | 224 | 184 | 184 | 21.7 | 1,317 | 1,174 | 12.2 |
| Financial investments – Held-to-maturity | 4,747 | 540 | - | 779.1 | 4,747 | 540 | 779.1 |
| Investments in subsidiaries | 1,475 | 1,475 | 3,183 | - | - | - | - |
| Investments in associates | - | - | - | - | - | - | - |
| Goodwill and intangible assets | 348 | 344 | 35 | 1.2 | 356 | 358 | (0.6) |
| Property, plant and equipment | 801 | 691 | 604 | 15.9 | 3,052 | 2,641 | 15.6 |
| Investment property | 55 | 56 | 56 | (1.8) | - | - | - |
| Other assets | 940 | 898 | 643 | 4.7 | 1,665 | 1,541 | 8.0 |
| Total assets | 113,775 | 97,439 | 83,886 | 16.8 | 118,417 | 101,146 | 17.1 |
| Liabilities | | | | | | | |
| Due to banks | 14,132 | 15,802 | 14,954 | (10.6) | 15,770 | 17,215 | (8.4) |
| Due to customers | 40,921 | 18,847 | 6,830 | 117.1 | 40,839 | 18,710 | 118.3 |
| Debt Securities issued | 34,473 | 40,431 | 40,431 | (14.7) | 34,369 | 40,331 | (14.8) |
| Other Financial liabilities | 2,870 | 3,014 | 2,845 | (4.8) | 2,759 | 3,043 | (9.3) |
| Insurance and reinsurance payable | - | - | - | - | 2,571 | 2,217 | 16.0 |
| Current tax liabilities | 447 | 40 | - | 1,017.5 | 541 | 86 | 529.1 |
| Deferred tax liabilities | 1,573 | 1,201 | 1,105 | 31.0 | 1,599 | 1,210 | 32.1 |
| Other liabilities | 164 | 81 | 48 | 102.5 | 194 | 82 | 136.6 |
| Total liabilities | 94,580 | 79,416 | 66,213 | 19.1 | 98,642 | 82,894 | 19.0 |
| Equity | | | | | | | |
| Capital | 12,736 | 12,536 | 12,258 | 1.6 | 12,736 | 12,536 | 1.6 |
| Statutory reserve fund | 1,016 | 860 | 707 | 18.1 | 1,016 | 860 | 18.1 |
| Retained earnings | 4,002 | 3,496 | 3,623 | 14.5 | 4,570 | 3,724 | 22.7 |
| Other reserves | 1,441 | 1,131 | 1,085 | 27.4 | 1,453 | 1,132 | 28.4 |
| Total equity | 19,195 | 18,023 | 17,673 | 6.5 | 19,775 | 18,252 | 8.3 |
| Total liabilities and equity | 113,775 | 97,439 | 83,886 | 16.8 | 118,417 | 101,146 | 17.1 |
| Contingencies | 2,302 | 1,803 | 1,794 | 27.7 | 2,302 | 1,803 | 27.7 |
| Commitments | 78 | 227 | 227 | (65.6) | 701 | 1,602 | (56.2) |
| Net assets value per ordinary share (Rs.) | 12.15 | 11.55 | 11.33 | 5.2 | 12.48 | 11.70 | 6.6 |

* 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 31st March 2014 and its profit for the year ended 31st March 2014.

(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

19th May 2014

Colombo.

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

(Sgd.)

Director

(Sgd.)

Chief Executive Officer

INCOME STATEMENT - COMPANY

| | For the year ended | | | | For the quarter ended | | |
|--|----------------------|-----------------------|--------------------|--------|-----------------------|-----------------------|--------|
| | 31.03.2014 | 31.03.2013 | 31.03.2013 | Change | 31.03.2014 | 31.03.2013 | Change |
| | Rs. Mn. Unaudited | Rs. Mn. Unaudited* | Rs. Mn. Audited | % | Rs. Mn. Unaudited | Rs. Mn. Unaudited* | % |
| Interest income | 19,534 | 17,245 | 14,627 | 13.3 | 5,088 | 4,542 | 12.0 |
| Less: Interest expense | 11,266 | 10,140 | 8,458 | 11.1 | 3,001 | 2,717 | 10.5 |
| Net interest income | 8,268 | 7,105 | 6,169 | 16.4 | 2,087 | 1,825 | 14.4 |
| Net fee and commission income | 854 | 731 | 741 | 16.8 | 226 | 174 | 29.9 |
| Other operating income | 241 | 228 | 479 | 5.7 | 82 | 85 | (3.5) |
| Total operating income | 9,363 | 8,064 | 7,389 | 16.1 | 2,395 | 2,084 | 14.9 |
| Less: Impairment charges for loans and receivables | 1,218 | 698 | 523 | 74.5 | 102 | 93 | 9.7 |
| Net operating income | 8,145 | 7,366 | 6,866 | 10.6 | 2,293 | 1,991 | 15.2 |
| Less: | | | | | | | |
| Personnel expenses | 1,338 | 1,026 | 917 | 30.4 | 354 | 284 | 24.6 |
| Depreciation of property, plant and equipment | 182 | 178 | 147 | 2.2 | 43 | 45 | (4.4) |
| Amortisation and impairment of intangible assets | 15 | 12 | 12 | 25.0 | 4 | 3 | 33.3 |
| Other operating expenses | 1,930 | 1,731 | 1,527 | 11.5 | 538 | 444 | 21.2 |
| Total operating expenses | 3,465 | 2,947 | 2,603 | 17.6 | 939 | 776 | 21.0 |
| Operating profit before value added tax (VAT) | 4,680 | 4,419 | 4,263 | 5.9 | 1,354 | 1,215 | 11.4 |
| Less: Value added tax (VAT) on financial services | 292 | 285 | 257 | 2.5 | 77 | 90 | (14.4) |
| Operating profit after value added tax (VAT) | 4,388 | 4,134 | 4,006 | 6.1 | 1,277 | 1,125 | 13.5 |
| Less: Income tax expense | 1,264 | 1,285 | 1,163 | (1.6) | 352 | 395 | (10.9) |
| Profit for the period | 3,124 | 2,849 | 2,843 | 9.7 | 925 | 730 | 26.7 |
| Basic/Diluted earnings per ordinary share (Rs.) | 1.98 | 1.83 | 1.82 | 8.2 | 0.59 | 0.46 | 26.7 |

* 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.

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

INCOME STATEMENT - GROUP

| | For the year ended | | | For the quarter ended | | |
|--|----------------------|--------------------|---------|-----------------------|----------------------|---------|
| | 31.03.2014 | 31.03.2013 | Change | 31.03.2014 | 31.03.2013 | Change |
| | Rs. Mn. Unaudited | Rs. Mn. Audited | % | Rs. Mn. Unaudited | Rs. Mn. Unaudited | % |
| Interest income | 20,053 | 17,485 | 14.7 | 5,282 | 4,636 | 13.9 |
| Less: Interest expense | 11,396 | 10,308 | 10.6 | 3,010 | 2,774 | 8.5 |
| Net interest income | 8,657 | 7,177 | 20.6 | 2,272 | 1,862 | 22.0 |
| Net earned premiums | 3,464 | 2,448 | 41.5 | 1,425 | 659 | 116.2 |
| Net fee and commission income | 393 | 517 | (24.0) | 72 | 143 | (49.7) |
| Other operating income | 266 | 363 | (26.7) | 137 | 85 | 61.2 |
| Total operating income | 12,780 | 10,505 | 21.7 | 3,906 | 2,749 | 42.1 |
| Less: Impairment charges for loans and receivables | 1,230 | 699 | 76.0 | 104 | 94 | 10.6 |
| Net operating income | 11,550 | 9,806 | 17.8 | 3,802 | 2,655 | 43.2 |
| Less: | | | | | | |
| Personnel expenses | 1,522 | 1,123 | 35.5 | 420 | 312 | 34.6 |
| Depreciation of property, plant and equipment | 260 | 243 | 7.0 | 64 | 46 | 39.1 |
| Amortisation and impairment of intangible assets | 20 | 18 | 11.1 | 9 | 9 | - |
| Benefits, claims and underwriting expenditure | 2,597 | 1,939 | 33.9 | 1,061 | 493 | 115.2 |
| Other operating expenses | 1,918 | 1,656 | 15.8 | 586 | 463 | 26.6 |
| Total operating expenses | 6,317 | 4,979 | 26.9 | 2,140 | 1,323 | 61.8 |
| Operating profit before value added tax (VAT) | 5,233 | 4,827 | 8.4 | 1,662 | 1,332 | 24.8 |
| Less: Value added tax (VAT) on financial services | 302 | 288 | 4.9 | 80 | 79 | 1.3 |
| Operating profit after value added tax (VAT) | 4,931 | 4,539 | 8.6 | 1,582 | 1,253 | 26.3 |
| Less: Income tax expense | 1,468 | 1,429 | 2.7 | 422 | 394 | 7.1 |
| Profit for the period | 3,463 | 3,110 | 11.4 | 1,160 | 859 | 35.0 |
| Profit attributable to: | | | | | | |
| Equity holders of the parent | 3,463 | 3,077 | 12.5 | 1,160 | 854 | 35.8 |
| Minority interest | - | 33 | (100.0) | - | 5 | (100.0) |
| | <u>3,463</u> | <u>3,110</u> | 11.4 | <u>1,160</u> | <u>859</u> | 35.0 |
| Earnings per share | | | | | | |
| Basic/Diluted earnings per ordinary share (Rs.) | 2.19 | 1.97 | 11.4 | 0.73 | 0.54 | 35.0 |

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

STATEMENT OF COMPREHENSIVE INCOME - COMPANY

| | For the year ended | | | | For the quarter ended | | |
|---|------------------------------------|-------------------------------------|----------------------------------|-------------|------------------------------------|------------------------------------|-------------|
| | 31.03.2014 Rs. Mn. Unaudited | 31.03.2013 Rs. Mn. Unaudited* | 31.03.2013 Rs. Mn. Audited | Change % | 31.03.2014 Rs. Mn. Unaudited | 31.03.2013 Rs. Mn. Unaudited | Change % |
| Profit for the period | 3,124 | 2,849 | 2,843 | 9.7 | 925 | 730 | 26.7 |
| Other comprehensive income/(expenses) | | | | | | | |
| Actuarial gains and losses on defined benefit plans | (57) | - | - | - | (57) | - | - |
| Gains and losses on derivative financial Assets | 1 | - | - | - | 1 | - | - |
| Gains/ (losses) on re-measuring available-for-sale financial assets | 65 | (30) | (30) | (316.7) | 73 | (26) | (380.8) |
| Less: Tax expense/(income) relating to components of other comprehensive income | (16) | - | - | - | 16 | - | - |
| Other comprehensive income for the period, net of taxes | 25 | (30) | (30) | (183.3) | 1 | (26) | (103.8) |
| Total comprehensive income for the period | 3,149 | 2,819 | 2,813 | 11.7 | 926 | 704 | 31.5 |

* 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.

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

STATEMENT OF COMPREHENSIVE INCOME - GROUP

| | For the year ended | | | For the quarter ended | | |
|---|--------------------|--------------|----------------|-----------------------|-------------|----------------|
| | 31.03.2014 | 31.03.2013 | Change | 31.03.2014 | 31.03.2013 | Change |
| | Rs. Mn. | Rs. Mn. | % | Rs. Mn. | Rs. Mn. | % |
| | Unaudited | Unaudited | | Unaudited | Unaudited | |
| Profit for the period | 3,463 | 3,110 | 11.4 | 1,160 | 859 | 35.0 |
| Other comprehensive income/(expenses) | | | | | | |
| Actuarial gains and losses on defined benefit plans | (58) | - | - | (58) | - | - |
| Gains and losses on derivative financial Assets | 1 | - | - | 1 | - | - |
| Gains/ (losses) on re-measuring available-for-sale financial assets | 67 | (24) | (379.2) | 76 | (21) | (461.9) |
| Less: Tax expense/(income) relating to components of other comprehensive income | (17) | 1 | (1,800.0) | (17) | 1 | (1,800.0) |
| Other comprehensive income for the period, net of taxes | 27 | (25) | (208.0) | 36 | (22) | (263.6) |
| Total comprehensive income for the period | 3,490 | 3,085 | 13.1 | 1,196 | 837 | 42.9 |
| Attributable to: | | | | | | |
| Equity holders of the parent | 3,490 | 3,052 | 14.4 | 1,196 | 832 | 43.8 |
| Minority interest | - | 33 | (100.0) | - | 5 | (100.0) |
| | 3,490 | 3,085 | 13.1 | 1,196 | 837 | 42.9 |

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 Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY - COMPANY

| | Capital | Statutory Reserve Fund | Other Reserves | | | | Cash Flow Hedge Reserve | Retained Earnings | Total Equity |
|--|---------------|------------------------|-----------------|-----------------------|-----------------|----------------------------|-------------------------|-------------------|---------------|
| | | | General Reserve | Tax Equalisation Fund | Investment Fund | Available for Sale Reserve | | | |
| | | | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. | | | |
| Balance as at 01.04.2012 | 12,058 | 565 | 300 | 100 | 517 | (91) | - | 3,360 | 16,809 |
| Total comprehensive income for the year ended 31.03.2013 | | | | | | | | | |
| Profit for the year ended 31.03.2013 | - | - | - | - | - | - | - | 2,843 | 2,843 |
| Other comprehensive income (net of tax) | - | - | - | - | - | (30) | - | - | (30) |
| Transactions with equity holders, recognised directly in equity | | | | | | | | | |
| Transfer from preference shares on redemption | 200 | - | - | - | - | - | - | (200) | - |
| Issue of shares | - | - | - | - | - | - | - | - | - |
| Transfers to reserves during the period | - | 142 | - | - | 289 | - | - | (431) | - |
| Dividend paid | - | - | - | - | - | - | - | (1,949) | (1,949) |
| Balance as at 31.03.2013 | 12,258 | 707 | 300 | 100 | 806 | (121) | - | 3,623 | 17,673 |
| Adjustments due to Merger | - | 153 | - | - | 46 | - | - | 151 | 350 |
| Issue of shares | 278 | - | - | - | - | - | - | (278) | - |
| Balance as at 01.04.2013* | 12,536 | 860 | 300 | 100 | 852 | (121) | - | 3,496 | 18,023 |
| Balance as at 01.04.2013 | 12,536 | 860 | 300 | 100 | 852 | (121) | - | 3,496 | 18,023 |
| Total comprehensive income for the year ended 31.03.2014 | | | | | | | | | |
| Profit for the year ended 31.03.2014 | - | - | - | - | - | - | - | 3,124 | 3,124 |
| Other comprehensive income (net of tax) | - | - | - | - | - | 65 | 1 | (43) | 23 |
| Transactions with equity holders, recognised directly in equity | | | | | | | | | |
| Transfer from preference shares on redemption | 200 | - | - | - | - | - | - | (200) | - |
| Transfers to reserves during the period | - | 156 | - | - | 244 | - | - | (400) | - |
| Dividend paid | - | - | - | - | - | - | - | (1,975) | (1,975) |
| Balance as at 31.03.2014 | 12,736 | 1,016 | 300 | 100 | 1,096 | (56) | 1 | 4,002 | 19,195 |

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Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY - GROUP

| | Capital | Statutory Reserve Fund | Other Reserves | | | | | Available for Sale Reserve | Cash Flow Hedge Reserve | Retained Earnings | Total | Non-controlling Interest | Total Equity |
|--|---------------|------------------------|-----------------|-----------------------|-----------------|------------------------------|--------------|----------------------------|-------------------------|-------------------|------------|--------------------------|--------------|
| | | | General Reserve | Tax Equalisation Fund | Investment Fund | Capital Contribution Reserve | | | | | | | |
| | | | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. | | | | | | |
| Balance as at 01.04.2012 | 12,058 | 659 | 300 | 100 | 543 | - | (95) | - | 3,444 | 17,009 | 208 | 17,217 | |
| Total comprehensive income for the year ended 31.03.2013 | | | | | | - | | | | | | | |
| Profit for the year ended 31.03.2013 | - | - | - | - | - | - | - | - | 3,077 | 3,077 | 33 | 3,110 | |
| Other comprehensive income (net of tax) | - | - | - | - | - | - | (24) | - | - | (24) | - | (24) | |
| Transactions with equity holders, recognised directly in equity | | | | | | | | | | | | | |
| Transfer from preference shares on redemption | 200 | - | - | - | - | - | - | - | (200) | - | - | - | |
| Disposal of changes in holding | - | - | - | - | - | - | - | - | (18) | (18) | (47) | (65) | |
| Transfers to reserves during the period | - | 201 | - | - | 308 | - | - | - | (509) | - | - | - | |
| Dividend paid | - | - | - | - | - | - | - | - | (1,950) | (1,950) | (36) | (1,986) | |
| Balance as at 31.03.2013 | 12,258 | 860 | 300 | 100 | 851 | - | (119) | - | 3,844 | 18,094 | 158 | 18,252 | |
| Adjustments due to Merger | - | - | - | - | - | - | - | - | 158 | 158 | (158) | - | |
| Issue of shares | 278 | - | - | - | - | - | - | - | (278) | - | - | - | |
| Balance as at 01.04.2013* | 12,536 | 860 | 300 | 100 | 851 | - | (119) | - | 3,724 | 18,252 | - | 18,252 | |
| Balance as at 01.04.2013 | 12,536 | 860 | 300 | 100 | 851 | - | (119) | - | 3,724 | 18,252 | - | 18,252 | |
| Total comprehensive income for the year ended 31.03.2014 | | | | | | | | | | | | | |
| Profit for the year ended 31.03.2014 | - | - | - | - | - | - | - | - | 3,463 | 3,463 | - | 3,463 | |
| Other comprehensive income (net of tax) | - | - | - | - | - | - | 67 | 1 | (40) | 28 | - | 28 | |
| Transactions with equity holders, recognised directly in equity | | | | | | | | | | | | | |
| Transfer from preference shares on redemption | 200 | - | - | - | - | - | - | - | (200) | - | - | - | |
| Transfers to reserves during the period | - | 156 | - | - | 246 | - | - | - | (402) | - | - | - | |
| Transfers to capital contribution reserve | - | - | - | - | - | 7 | - | - | - | 7 | - | 7 | |
| Dividend paid | - | - | - | - | - | - | - | - | (1,975) | (1,975) | - | (1,975) | |
| Balance as at 31.03.2014 | 12,736 | 1,016 | 300 | 100 | 1,097 | 7 | (52) | 1 | 4,570 | 19,775 | - | 19,775 | |

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Figures in brackets indicate deductions.

CASH FLOW STATEMENT

| For the year ended 31st March | Company | | Group | |
|---|----------------------|-----------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | Rs. Mn. Unaudited | Rs. Mn. Unaudited* | Rs. Mn. Unaudited | Rs. Mn. Unaudited |
| Cash flows from operating activities | | | | |
| Profit before tax | 4,388 | 4,134 | 4,931 | 4,539 |
| Adjustment for: | | | | |
| Non-cash items included in profits before tax | 1,423 | 899 | 1,491 | 895 |
| Change in operating assets | (9,925) | (4,578) | (10,605) | (5,201) |
| Change in operating liabilities | 15,079 | 5,402 | 15,579 | 5,732 |
| Dividend income from investments | (134) | (78) | (3) | (28) |
| Gratuity paid | (7) | (5) | (7) | (5) |
| Tax paid | (358) | (811) | (451) | (744) |
| Net cash generated from operating activities | 10,466 | 4,963 | 10,935 | 5,188 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | (302) | (191) | (681) | (648) |
| Proceeds from the sale of property, plant and equipment | 13 | 35 | 20 | 646 |
| Purchase of intangible assets | (15) | (11) | (15) | (25) |
| Net cash flow from merger | - | 1,189 | - | - |
| Dividends received from investments | 134 | 78 | 3 | 28 |
| Net cash from/(used in) investing activities | (170) | 1,100 | (673) | 1 |
| Cash flows from financing activities | | | | |
| Dividend paid to shareholders | (1,975) | (1,950) | (1,975) | (1,986) |
| Redemption of preference shares | (200) | (200) | (200) | (200) |
| Net cash (used in) financing activities | (2,175) | (2,150) | (2,175) | (2,186) |
| Net increase/(decrease) in cash & cash equivalents | 8,121 | 3,913 | 8,087 | 3,003 |
| Cash and cash equivalents at the beginning of the period | 3,178 | (735) | 3,342 | 339 |
| Cash and cash equivalents at the end of the period | 11,299 | 3,178 | 11,429 | 3,342 |
| Cash and cash equivalents | 11,453 | 4,007 | 11,696 | 4,303 |
| Bank overdraft | (154) | (829) | (267) | (961) |
| | 11,299 | 3,178 | 11,429 | 3,342 |

* 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.

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Figures in brackets indicate deductions.

SEGMENTAL ANALYSIS - GROUP

| For the year ended 31st March | Lease & HP | | Loans | | Islamic | | Insurance | | Other | | Eliminations | | Group | |
|---|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. | Rs. Mn. |
| Interest income | 15,716 | 13,905 | 2,677 | 1,194 | 853 | 833 | 434 | 254 | 574 | 1,411 | (201) | (112) | 20,053 | 17,485 |
| Net earned premiums | - | - | - | - | - | - | 3,464 | 2,448 | - | - | - | - | 3,464 | 2,448 |
| Net fee and commission income | 700 | 622 | 119 | 53 | 38 | 35 | - | - | 293 | 351 | (757) | (544) | 393 | 517 |
| Net trading income | - | - | - | - | - | - | 22 | 1 | 8 | 29 | - | - | 30 | 30 |
| Other operating income | 217 | 173 | 37 | 15 | 3 | 10 | 37 | 3 | 174 | 173 | (231) | (42) | 237 | 332 |
| Gross revenue | 16,633 | 14,700 | 2,833 | 1,262 | 894 | 878 | 3,957 | 2,706 | 1,049 | 1,964 | (1,189) | (698) | 24,177 | 20,812 |
| Total Operating income | 7,647 | 7,586 | 1,303 | 651 | 411 | 453 | 4,023 | 1,397 | 482 | 1,013 | (1,086) | (596) | 12,780 | 10,504 |
| Credit losses | 1,105 | 623 | 105 | 23 | 20 | 52 | - | - | - | - | - | - | 1,230 | 698 |
| Net operating income | 6,542 | 6,963 | 1,198 | 628 | 391 | 401 | 4,023 | 1,397 | 482 | 1,013 | (1,086) | (596) | 11,550 | 9,806 |
| Segment result | 3,600 | 3,352 | 613 | 288 | 194 | 200 | 862 | 617 | 227 | 448 | (263) | (78) | 5,233 | 4,827 |
| VAT on financial services | | | | | | | | | | | | | 302 | 288 |
| Income tax expenses | | | | | | | | | | | | | 1,468 | 1,429 |
| Non-controlling interest | | | | | | | | | | | | | - | 33 |
| Profit attributable to equity holder | | | | | | | | | | | | | 3,463 | 3,077 |
| Segment Assets | 91,308 | 82,776 | 15,553 | 7,107 | 5,314 | 5 | 4,108 | 3,319 | 5,760 | 11,058 | (3,626) | (3,119) | 118,417 | 101,146 |
| Total Assets | 91,308 | 82,776 | 15,553 | 7,107 | 5,314 | 5 | 4,108 | 3,319 | 5,760 | 11,058 | (3,626) | (3,119) | 118,417 | 101,146 |
| Segment Liabilities | 75,194 | 63,547 | 12,808 | 5,456 | 4,782 | 4,414 | 2,953 | 2,456 | 4,743 | 8,489 | (1,838) | (1,468) | 98,642 | 82,894 |
| Total Liability | 75,194 | 63,547 | 12,808 | 5,456 | 4,782 | 4,414 | 2,953 | 2,456 | 4,743 | 8,489 | (1,838) | (1,468) | 98,642 | 82,894 |

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

INFORMATION ON ORDINARY SHARES OF THE COMPANY

Market Price

| | 2014 Rs. | 2013 Rs. |
|---|-------------|-------------|
| Highest price during the quarter ended 31st March : | 15.70 | 14.40 |
| Lowest price during the quarter ended 31st March : | 13.40 | 13.10 |
| Closing price as at 31st March : | 14.30 | 13.40 |

Stated Capital

Stated Capital as at 31st March 2014 was represented by the number of shares in issue as given below;

| | As at 31st March 2014 | | As at 31st March 2013 | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 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 | - | 850,000,000 | - | 650,000,000 |
| Issue of new shares due to merger | - | - | 19,862,322 | 278,072,508 |
| Total | 1,579,862,482 | 12,736,073,308 | 1,579,862,482 | 12,536,073,308 |

SHAREHOLDERS' INFORMATION

Twenty Largest Ordinary Shareholders as at 31st March 2014

Twenty largest ordinary shareholders of the Company as at 31st March 2014 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 | 75,477,861 | 4.78 |
| 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 | 13,420,466 | 0.85 |
| 7 | Bank of Ceylon No. 1 Account | 11,453,600 | 0.72 |
| 8 | Northern Trust Global Services Luxembourg S/A Ashmore Sicav Indian Small-Ca | 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 | AIA Insurance Lanka PLC A/C No. 07 | 7,092,734 | 0.45 |
| 13 | Ceylon Investment PLC A/C # 01 | 6,954,891 | 0.44 |
| 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 | Ceylon Guardian Investment Trust PLC A/C # 01 | 3,640,800 | 0.23 |
| 17 | NDB Capital Holdings PLC | 3,288,800 | 0.21 |
| 18 | The Ceylon Chamber of Commerce Account No. 02 | 3,007,996 | 0.19 |
| 19 | David Pieris Motor Company Limited | 2,250,000 | 0.14 |
| 20 | The Ceylon Guardian Investment Trust PLC A/C # 02 | 2,202,395 | 0.14 |

Public Holdings

The percentage of ordinary shares held by the public as at 31st March 2014 was 24.85%.

Directors'/ CEO's Holding in Shares as at 31st March 2014

The number of ordinary shares held by the directors and CEO as at 31st March 2014 was as follows;

| Name | Position | No. of Shares |
|--|----------|---------------|
| Mr. Gamini Sedara Senarath | Chairman | - |
| Mr. Namasivayam Vasantha Kumar | Director | 1,000,000 |
| Mr. Palihawadana Arachchige Irenius Sirinimal Perera | Director | 20,000 |
| Mr. Piyadasa Kudabalage | Director | - |
| Mr. Heyara Hewage Anura Chandrasiri | Director | - |
| Mr. Don Padmasiri Kumarage | CEO | 233,858 |

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 conform to the current presentation.
2. The Interim Financial Statements for the year ended 31st March 2014 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 comprise 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. 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.
7. Rs. 6,000,000,000 worth Debentures which were 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 sources, to minimize the mismatch in funding exposure, to minimize the interest rate risk and the gap exposure in assets/ liabilities portfolio and provide investors a structure that meet their risk-return and maturity needs.
8. Pursuant to the amalgamation of People's Finance PLC with the Company 19,862,322 number of shares of People's Leasing & Finance PLC (the Amalgamated Company) were issued on 05th April 2013 to the minority shareholders of People's Finance PLC in the proportion of 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.
9. The Company did not raise funds through a share issue, debenture or a rights issue during the period ended 31st March 2014 except for the shares issued to minority shareholders of People's Finance PLC as described in note 8 and there is no material change in the utilisation of funds during the period.
10. The Company paid preference dividend of Rs. 55,250,000 on 31st of October 2013 and Rs. 55,250,000 on 31 March 2014 for the financial year 2013/2014.
11. During the year ended 31st March 2014 the Company redeemed 20,000,000 preference shares at Rs. 10/- each (5,000,000 on 30th April 2013, 5,000,000 on 30th September 2013, 5,000,000 on 31st October 2013 and 5,000,000 on 31st March 2014).
12. 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.
13. The Central Bank of Sri Lanka appointed People's Leasing & Finance PLC as the managing agent of Central Investments & Finance PLC with effect from 1st July 2013.
14. 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.
15. Ms. M. G. Jinadasa, Dr. Don Joseph Douglas Jayakody and Mr. Hennek Gedara Wajira Swarna Sri Bandara have resigned from the office of Non- Executive Director of the Company with effect from 18th April 2013, 27th September 2013 and 14th October 2013 respectively.

EXPLANATORY NOTES

16. The Company received an interim dividend of Rs. 81,440,305/- on the 30th of September 2013 and final dividend of Rs. 41,029,289 on 27th March 2014 for the financial year ended 31st December 2013 from People's Insurance Limited.
17. On the 11th of December 2013, the Company declared an interim dividend of Rs. 0.75 per share for the financial year 2013/2014 and the same was paid on the 3rd of January 2014. The total dividend paid amounted to Rs. 1,184,896,862/-.
18. Pursuant to the approval given by the Controller of Exchange therefor, the Board of Directors of People's Leasing & Finance PLC on 24th December 2013 duly approved the availing itself of a syndicated term loan of US\$ 50,000,000 from Emirates NBD Bank PJSC of United Arab Emirates and The Commercial Bank of Qatar of State of Qatar.
A facility agreement was entered into by the Company with aforesaid banks on 24th December 2013 and the proceeds thereof were received by the Company on 31st December 2013.
19. The Company makes use of forward rate agreement to manage exposures to foreign currency risks, including exposures arising from highly probable forecast transactions and firm commitments. In order to manage particular risk, the Company applies hedge accounting for transactions which meet specified criteria.
Accordingly the Company entered in to US\$ 14.5 million forward rate agreement with People's Bank on 23rd March 2014 to manage foreign currency risk arising from above mentioned syndicated term loan.
Subsequent to such agreement, the Company entered into another forward rate agreement for US\$ 15.75 million with HSBC Bank on the date 11th April 2014.
20. Corporate guarantee issued to Sampath Bank PLC by People's Leasing & Finance PLC on behalf of People's Leasing Property Development Limited amounting to Rs. 1,475,000,000 expired during the year.
21. On 16th May 2014, the Company declared a final dividend of Rs. 0.50 (Cents Fifty) per share for the financial year ended 31st March 2014, subject to obtaining the approval of the shareholders of the Company therefor at the Annual General Meeting of the Company scheduled for 27th June 2014.
22. Except for the note 19 and 21, there have been no material events subsequent to the reporting date, which require adjustments to or disclosures in the interim financial statements.
23. Except for the note 19 and 20, 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.

DEBENTURE INFORMATION

Market Prices for the quarter ended 31st March 2014

| Debenture Type | Highest Rs. | Lowest Rs. | Last Traded Rs. |
|---|-------------|------------|-----------------|
| 4 Years - 16.50% p.a. payable semi-annually | 115.37 | 100.00 | 115.30 |
| 5 Years - 16.75% p.a. payable semi-annually | 119.69 | 100.00 | 118.44 |
| 5 Years - 17.00% p.a. payable annually | 118.86 | 116.00 | 118.86 |

Interest Rates

| Debenture Type | 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 Rates of Comparable Government Securities

| | |
|------------------------|---------------|
| 6 Months Treasury Bill | 6.82% |
| 1 Year Treasury Bill | 7.05% |
| 4 Year Treasury Bond | 14.10% |
| 5 Year Treasury Bond | 8.65% |

(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 | 14.31% | 10.59% |
| 5 Years - 16.75% p.a. payable semi-annually | 14.14% | 11.12% |
| 5 Years - 17.00% p.a. payable annually | 14.30% | 11.23% |

Ratios

| | As at 31.03.2014 | As at 31.03.2013 |
|------------------------------|---------------------|---------------------|
| Debt to Equity Ratio (Times) | 4.38 | 4.64 |
| Interest Cover (Times) | 1.39 | 1.38 |
| Quick Asset Ratio (%) | 72.91 | 67.22 |