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Board of Directors  
People's Leasing & Finance PLC  
No.1161, Maradana Road  
Colombo 08.

19 June 2015

## **Accountants' Report for Inclusion in the Prospectus of People's Leasing & Finance PLC**

Dear Sirs/Madam

### **Introduction**

This report has been prepared for the inclusion in the Prospectus issued in connection with the issuance of Forty Million (40,000,000) Rated, Listed senior unsecured, Redeemable AA- rated four year Debentures 2015/2019 and five year Debentures 2015/2020 and in the event of oversubscription a further amount of debentures to be issued not exceeding further twenty million (20,000,000) totalling up to a maximum of sixty million (60,000,000) at a par value of Rs 100/-

We have examined the financial statements of People's Leasing & Finance PLC ("Company") and the consolidated financial statements of the Company and its Subsidiaries. ("the Group") and report as follows.

### **1. Incorporation**

#### **Company**

People's Leasing & Finance PLC (the 'Company'), is a Public Limited Liability Company incorporated on 22 August 1995 and domiciled in Sri Lanka. The Company has a primary listing on the Colombo Stock Exchange on 24 November 2011. It is a Finance Company, Licenced, by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011.

### **2. Financial Statements**

#### **2.1 Five-Year Summary of Audited Financial Statements**

A summary of the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statements of Cash Flow of People's Leasing & Finance PLC and a summary of consolidated Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statements of Cash Flow of the Company and its subsidiaries for the financial years ended 31 March 2011 to 31 March 2015, based on the audited financial statements are set out on Chapter 7.2 of the Prospectus.

## 2.2 Audited Financial Statements for the year ended 31 March 2015

Our audit report on the Financial Statements for the year ended 31 March 2015 together with such financial statements comprising Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Cash Flow Statement along with the accounting policies and notes thereon, is available on the websites of the Company and the Colombo Stock Exchange where the management is responsible for the electronic presentation of the financial report and to ensure the electronic version of the audited financial report and the auditor's report on the website is identical to the final signed hard copy version.

## 2.3 Audit Reports

We have audited the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the years ended 31 March 2011 to 31 March 2015. Unqualified audit opinions have been issued for the said financial years by our reports dated 27 May 2011, 26 April 2012, 10 June 2013, 19 May 2014 and 28 April 2015 respectively.

## 2.4 Accounting Policies

The financial statements of the Company for the years ended 31 March 2011 to 31 March 2015 comply with Sri Lanka Accounting Standards.

The accounting policies of the Company are stated in detail in the audited financial statements of the Company for the year ended 31 March 2015. There were no material changes in the accounting policies of the Company for the years ended 31 March 2011 to 31 March 2015, except for adoption of revised Sri Lanka Accounting Standards during the year ended 31 March 2013.

### First-time adoption of Sri Lanka Accounting Standards ("SLFRS/LKAS")

For all periods up to and including the year ended 31 March 2011, the Company has prepared its financial statements in accordance with previous Sri Lanka Accounting Standards (SLASs). The financial statements, for the year ended 31 March 2012 are the first-time the Company has prepared in accordance with revised Sri Lanka Accounting Standards comprising SLFRS and LKAS effective for the period beginning on or after 01 April 2011.



## 2.5 Dividends

The Company has declared dividends in respect of Ordinary Voting Shares for the years ended 31 March 2011 to 31 March 2015 in the following manner.

	Dividend Paid (Rs.)	Dividend per Share (Rs.)
2010/11	75,000,012	1.50
2011/12	1,560,000,160	1.00
2012/13	1,950,000,200	1.25
2013/14	1,974,828,103	1.25
2014/15	1,974,828,103	1.25

## 2.6 Events Occurring After the Reporting Date

The Board of Directors of the Company has proposed a final dividend of Rs. 0.50 per share for the Ordinary Shareholders of the Company for the year ended 31 March 2015. This will be declared at the Annual General Meeting to be held on 27th June 2015, upon approval of the shareholders.

As proposed in the interim budget presented to the parliament on 29th January 2015 one-off "Super Gain Tax" of 25% to be levied on any company which posted a profit exceeding Rs. 2,000 million for the year of assessment 2013/14. Having recorded a post-tax profit of Rs. 3,123.7 million for the financial year 2013/14 People's Leasing & Finance PLC is subject to this proposal. However, the impact cannot be assessed at this point as the detail of the computation is not yet known.

Other than above there were no significant events that occurred after the last reporting date that require adjustments to or disclosures in the financial statements.

## 2.7 Restriction on Use

This report is made solely for the purpose of the Board of Directors of People's Leasing & Finance PLC in its application to Securities & Exchange Commission of Sri Lanka for the purpose of offering Forty Million (40,000,000) Rated, Listed senior unsecured, Redeemable AA(-) rated four year Debentures 2015/2019 and five year Debentures 2015/2020 and in the event of oversubscription a further amount of debentures to be issued not exceeding further twenty million (20,000,000) totalling up to a maximum of sixty million (60,000,000) at a par value of Rs 100/-. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the addressee, for our audit work, for this report we have formed. This report should not to be used, circulated, quoted or otherwise referred to for any other purpose.

Yours faithfully,

*Ernst & Young*

