

INTERIM FINANCIAL STATEMENTS

PEOPLE'S MERCHANT FINANCE PLC

For the period ended 31st March 2019



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**INTERIM
FINANCIAL
STATEMENTS**
STATEMENT OF FINANCIAL POSITION

As at	Company			Group		
	31.03.19 Unaudited* Rs. '000	31.03.18 Audited Rs. '000	Change %	31.03.19 Unaudited* Rs. '000	31.03.18 Audited Rs. '000	Change %
Assets						
Cash and cash equivalents	226,281	289,945	(22.0)	226,537	290,214	(21.9)
Investment in fixed deposits	56,747	46,048	23.2	56,747	46,048	23.2
Financial investments - FVTPL	2,127	2,580	(17.6)	2,127	2,580	(17.6)
Loans and advances to customers	2,514,904	2,488,467	1.1	2,514,904	2,488,467	1.1
Financial investments – FVOCI	23	23	-	23	23	-
Other non financial assets	81,665	83,202	(1.8)	80,642	83,202	(3.1)
Property, plant and equipment	13,568	11,303	20.0	13,568	11,303	20.0
Intangible assets	5,125	6,371	(19.6)	5,125	6,371	(19.6)
Total Assets	2,900,440	2,927,939	(0.9)	2,899,673	2,928,208	(1.0)
Liabilities						
Due to banks	218,895	96,556	126.7	218,895	96,556	126.7
Due to customers	2,438,729	2,455,586	(0.7)	2,438,729	2,455,586	(0.7)
Debt securities issued	15,400	14,800	4.1	15,400	14,800	4.1
Other liabilities	82,936	145,306	(42.9)	83,094	146,522	(43.3)
Total Liabilities	2,755,960	2,712,248	1.6	2,756,118	2,713,464	1.6
Equity						
Stated capital	1,238,302	1,078,227	14.8	1,238,302	1,078,227	14.8
Statutory reserve fund	7,259	7,259	-	7,259	7,259	-
Retained earnings	(1,101,081)	(869,795)	26.6	(1,102,006)	(870,742)	26.6
Total Equity	144,480	215,691	(33.0)	143,555	214,744	(33.2)
Total Liabilities & Equity	2,900,440	2,927,939	(0.9)	2,899,673	2,928,208	(1.0)
Contingent liabilities and commitments	46,531	64,820	(28.2)	46,531	64,820	(28.2)
Net assets value per ordinary share (Rs.)	1.71	3.20	(46.4)	1.70	3.18	(46.5)

CERTIFICATION

We certify that the above interim financial statements are in compliance with the requirement of the Companies Act No 07 of 2007.

(signed)

Aloka Hewawasam
Manager - Finance

(signed)

Nishantha Gunasekera
Chief Executive Officer

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

(signed)

Hemasiri Fernando
Chairman

(signed)

Nilmini Premalal
Director

23rd May 2019
Colombo

Figures in brackets indicate deductions.

**The above figures are provisional and subject to audit.*

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STATEMENT OF PROFIT OR LOSS - COMPANY

	For the year ended			For the quarter ended		
	31/03/19 Unaudited* Rs. '000	31/03/18 Audited* Rs. '000	Change %	31/03/19 Unaudited* Rs. '000	31/03/18 Unaudited* Rs. '000	Change %
Interest income	552,942	431,790	28.1	149,481	138,554	7.9
Less: Interest expense	360,409	339,682	6.1	92,660	81,556	13.6
Net interest income	192,533	92,108	109.0	56,821	56,998	(0.3)
Fee and commission income	8,151	6,562	24.2	1,328	4,856	(72.7)
Other operating income	61,230	28,652	113.7	9,832	12,065	(18.5)
Total operating income	261,914	127,322	105.7	67,981	73,919	(8.0)
Less: Net impairment charges /(reversal) on financial assets	84,145	94,900	(11.3)	62,188	40,543	53.4
Net operating income	177,769	32,422	448.3	5,793	33,376	(82.6)
Less: Staff costs	128,480	96,543	33.1	34,367	26,942	27.6
Depreciation & Amortisation	6,786	5,040	34.6	1,864	1,151	61.9
Other expenses	122,279	79,364	54.1	36,865	27,316	35.0
Operating profit/(loss) before VAT & NBT on financial services	(79,776)	(148,525)	46.3	(67,303)	(22,033)	(205.5)
Less : VAT & NBT on financial services	10,645	-	-	176	-	-
Profit/(Loss) before income tax	(90,421)	(148,525)	39.1	(67,479)	(22,033)	(206.3)
Less: Income tax expense	1,742	(213)	(918.0)	1,742	-	-
Profit/(Loss) for the period	(92,163)	(148,312)	37.9	(69,221)	(22,033)	(214.2)
Basic loss per ordinary share - (Rs)	(1.37)	(2.20)	37.9	(1.03)	(0.33)	(214.2)

Figures in brackets indicate deductions.

**The above figures are provisional and subject to audit.*

**INTERIM
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STATEMENT OF PROFIT OR LOSS - GROUP

	For the year ended			For the quarter ended		
	31/03/19 Unaudited* Rs. '000	31/03/18 Audited* Rs. '000	Change %	31/03/19 Unaudited* Rs. '000	31/03/18 Unaudited* Rs. '000	Change %
Interest income	552,942	431,790	28.1	149,481	138,554	7.9
Less: Interest expense	360,409	339,682	6.1	92,660	81,556	13.6
Net interest income	192,533	92,108	109.0	56,821	56,998	(0.3)
Fee and commission income	8,151	6,562	24.2	1,328	4,856	(72.7)
Other operating income	61,230	28,828	112.4	9,832	12,239	(19.7)
Total operating income	261,914	127,498	105.4	67,981	74,093	(8.2)
Less: Net impairment charges/ (reversal) on financial assets	84,145	94,900	(11.3)	62,188	40,543	53.4
Net operating income	177,769	32,598	445.3	5,793	33,550	(82.7)
Less: Staff costs	128,480	96,543	33.1	34,367	26,942	27.6
Depreciation & Amortisation	6,786	5,040	34.6	1,864	728	156.0
Other expenses	122,257	78,706	55.3	36,842	27,081	36.0
Operating profit/(loss) before VAT & NBT on financial services	(79,754)	(147,691)	46.0	(67,280)	(21,201)	(217.3)
Less : VAT & NBT on financial services	10,645	-	-	176	-	-
Profit/(Loss) before income tax	(90,399)	(147,691)	38.8	(67,456)	(21,201)	(218.2)
Less: Income tax expense	1,742	(213)	(918.0)	1,742	-	0
Profit/(Loss) for the period	(92,141)	(147,478)	37.5	(69,198)	(21,201)	(226.4)
Basic loss per ordinary share - (Rs)	(1.37)	(2.18)	37.5	(1.03)	(0.31)	(226.4)

Figures in brackets indicate deductions.

*The above figures are provisional and subject to audit.

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STATEMENT OF OTHER COMPREHENSIVE INCOME - COMPANY

	For the year ended			For the quarter ended		
	31/03/19 Unaudited* Rs. '000	31/03/18 Audited* Rs. '000	Change %	31/03/19 Unaudited* Rs. '000	31/03/18 Unaudited* Rs. '000	Change %
Profit / (Loss) for the period	(92,163)	(148,312)	37.9	(69,221)	(22,033)	(214.2)
Other comprehensive income						
Items that are or may be reclassified to profit or loss						
Net change in fair value of available for sale reserve	-	-	-	-	-	-
Available for sale reserve re-classification to income statement	-	-	-	-	-	-
Related taxes	-	-	-	-	-	-
Items that will not be reclassified to profit or loss						
Actuarial loss on defined benefit plans	(6,223)	762	916.6	(6,223)	762	916.6
Deffered tax effect on acturial loss	1,742	(213)	918.0	1,742	(213)	918.0
Other comprehensive income/(expense) for the period	(4,480)	549	916.1	(4,480)	549	916.1
Total comprehensive loss for the period	(96,643)	(147,763)	34.6	(73,701)	(21,484)	(243.1)
<i>Figures in brackets indicate deductions.</i>						
<i>*The above figures are provisional and subject to audit.</i>						

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STATEMENT OF OTHER COMPREHENSIVE INCOME - GROUP

	For the year ended			For the quarter ended		
	31/03/19 Unaudited* Rs. '000	31/03/18 Audited* Rs. '000	Change %	31/03/19 Unaudited* Rs. '000	31/03/18 Unaudited* Rs. '000	Change %
Profit / (Loss) for the period	(92,141)	(147,478)	37.5	(69,198)	(21,201)	(226.4)
Other comprehensive income						
Items that are or may be reclassified to profit or loss						
Net change in fair value of available for sale reserve	-	-	-	-	-	-
Available for sale reserve re-classification to income statement	-	-	-	-	-	-
Related taxes	-	-	-	-	-	-
Items that will not be reclassified to profit or loss						
Actuarial loss on defined benefit plans	(6,223)	762	916.6	(6,223)	762	916.6
Deffered tax effect on acturial loss	1,742	(213)	918.0	1,742	(213)	918.0
Other comprehensive income/(expense) for the period	(4,480)	549	916.1	(4,480)	549	916.1
Total comprehensive loss for the period	(96,621)	(146,929)	34.2	(73,678)	(20,652)	(256.8)

Figures in brackets indicate deductions.

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STATEMENT OF CHANGES IN EQUITY - COMPANY

	Stated Capital Rs. '000	Statutory Reserve Fund Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Equity Rs. '000
Balance as at 1st April 2017	1,078,227	7,259	573,598	(1,295,630)	363,454
Profit/(Loss) for the year ended 31.03.2018	-	-	-	(148,312)	(148,312)
Other comprehensive income/(Loss) for the year (net of tax)	-	-	-	549	549
Transfer Revaluation Reserve on disposal	-	-	(573,598)	573,598	-
Total comprehensive income/(expense) for the year ended 31.03.2018	-	-	(573,598)	425,835	(147,763)
Balance as at 31st March 2018	1,078,227	7,259	-	(869,795)	215,691
Balance as at 1st April 2018	1,078,227	7,259	-	(869,795)	215,691
Profit/(Loss) for the year ended 31.03.2019	-	-	-	(92,163)	(92,163)
Private Placement of Shares	160,075	-	-	-	160,075
Prior year IFRS adjustment - SLFRS 9	-	-	-	(134,643)	(134,643)
Other comprehensive income/(expense)	-	-	-	(4,480)	(4,480)
Total comprehensive income/(expense) for the year ended 31.03.2019	160,075	-	-	(231,286)	(71,211)
Balance as at 31st March 2019	1,238,302	7,259	-	(1,101,081)	144,480

Figures in brackets indicate deductions.

**The above figures are provisional and subject to audit.*

**INTERIM
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STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital Rs. '000	Statutory Reserve Fund Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Equity Rs. '000
Balance as at 1st April 2017	1,078,227	7,259	573,598	(1,297,411)	361,673
Profit/(Loss) for the year ended 31.03.2018	-	-	-	(147,478)	(147,478)
Other comprehensive income/(Loss) for the year (net of tax)	-	-	-	549	549
Transfer Revaluation Reserve on disposal	-	-	(573,598)	573,598	-
Total comprehensive income/(expense) for the year ended 31.03.2018	-	-	(573,598)	426,669	(146,929)
Balance as at 31st March 2018	1,078,227	7,259	-	(870,742)	214,744
Balance as at 1st April 2018	1,078,227	7,259	-	(870,742)	214,744
Profit/(Loss) for the year ended 31.03.2019	-	-	-	(92,141)	(92,141)
Private Placement of Shares	160,075	-	-	-	160,075
Prior year IFRS adjustment - SLFRS 9	-	-	-	(134,643)	(134,643)
Other comprehensive income/(expense)	-	-	-	(4,480)	(4,480)
Total comprehensive income/(expense) for the year ended 31.03.2019	160,075	-	-	(231,264)	(71,189)
Balance as at 31st March 2019	1,238,302	7,259	-	(1,102,006)	143,555
<i>Figures in brackets indicate deductions.</i>					
<i>*The above figures are provisional and subject to audit.</i>					

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STATEMENT OF CASH FLOWS

For the year ended 31st March	COMPANY		GROUP	
	2019 Unaudited* Rs '000	2018 Audited Rs '000	2019 Unaudited* Rs '000	2018 Audited Rs '000
Cash flows from operating activities				
Loss before taxation	(90,421)	(148,525)	(92,141)	(147,691)
Adjustment for:				
Non-cash items included in Loss before tax				
Reversal of interest from investing activities	(22,625)	(67,948)	(22,625)	(67,948)
Reversal of fair value change on shares	453	(18)	453	(18)
Dividend income from investments	(298)	(307)	(298)	(307)
Depreciation of property, plant & equipment	3,703	2,319	3,703	2,319
Amortization of intangible assets	3,083	2,721	3,083	2,721
Provision for the retirement benefit obligation	22,006	3,134	22,006	3,134
Gain on disposal of property, plant & equipment	(277)	(1,460)	(277)	(1,460)
Prior year adjustment - SLFRS 9	(134,643)	-	(134,643)	-
Impairment on Loans and receivables and other losses	84,145	94,900	84,145	94,900
Changes in				
Loans and advances to customers	(110,582)	(578,273)	(110,582)	(578,273)
Other assets	1,537	(4,271)	1,537	(4,271)
Operating liabilities	(88,353)	17,768	(86,376)	16,849
Due to customers	(16,857)	59,410	(16,857)	59,410
Gratuity paid	(1,646)	(456)	(1,646)	(456)
Income Tax paid	-	-	-	-
Net cash generated from/(used in) operating activities	(350,775)	(621,006)	(350,520)	(621,091)
Cash Flows from Investing Activities				
Interest income on short term investment	22,625	67,948	22,625	67,948
Net investment in fixed deposits	(10,699)	(42,277)	(10,699)	(42,277)
Purchase of property, plant & equipment	(5,968)	(4,242)	(5,968)	(4,242)
Purchase of intangible assets	(1,837)	(657)	(1,837)	(657)
Proceeds from disposal of Assets held for sale	-	1,040,000	-	1,040,000
Proceeds from sale of property, plant & equipment	277	2,710	277	2,710
Dividend received from investments	298	307	298	307
Net cash generated from/(used in) investing activities	4,696	1,063,789	4,696	1,063,789
Cash Flows from Financing Activities				
Issue of new shares	160,075	-	160,075	-
Net borrowings	-	(354,465)	-	(354,465)
Net cash generated from/(used in) financing activities	160,075	(354,465)	160,075	(354,465)
Net increase/(decrease) in cash and cash equivalents	(186,003)	88,318	(185,748)	88,233
Cash and cash equivalents at the beginning of the period	193,389	105,071	193,389	105,425
Cash and cash equivalents at the end of the period	7,386	193,389	7,641	193,658
Cash and cash equivalents at the end of the period				
Cash, Current and Savings Accounts at the end of the period	226,281	289,945	226,537	290,214
Bank Overdraft at the end of the period	(218,895)	(96,556)	(218,895)	(96,556)
	7,386	193,389	7,642	193,658

Figures in brackets indicate deductions.

*The above figures are provisional and subject to audit.

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ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS

As at 31st March 2019	Company			
	Financial instruments recognized through profit or loss (FVTPL) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	Financial instruments at fair value through other comprehensive income (FVOCI) Rs. '000	Total Rs. '000
Assets				
Cash and cash equivalents	-	226,281	-	226,281
Investment in fixed deposits	-	56,747	-	56,747
Financial investments - FVTPL	2,127	-	-	2,127
Loans and advances to customers	-	2,514,904	-	2,514,904
Financial investments – FVOCI	-	-	23	23
Total Financial Assets	2,127	2,797,932	23	2,800,082
Liabilities				
Due to banks	-	218,895	-	218,895
Due to customers	-	2,438,729	-	2,438,729
Debt securities issued	-	15,400	-	15,400
Total Liabilities	-	2,673,024	-	2,673,024
As at 31st March 2018	Company			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
Assets				
Cash and cash equivalents	-	289,945	-	289,945
Investment in fixed deposits	-	46,048	-	46,048
Financial investments - held for trading	2,580	-	-	2,580
Loans and advances to customers	-	2,488,467	-	2,488,467
Financial investments – available for sale	-	-	23	23
Total Financial Assets	2,580	2,824,460	23	2,827,063
As at 31st March 2018	FVTPL Rs. '000	Other Financial		Total Rs. '000
		Liabilities	Rs. '000	
Liabilities				
Due to banks	-	96,556	96,556	96,556
Due to customers	-	2,455,586	2,455,586	2,455,586
Debt securities issued	-	14,800	14,800	14,800
Total Liabilities	-	2,566,942	2,566,942	2,566,942

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ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS

As at 31st March 2019	Group			
	Financial instruments recognized through profit or loss (FVTPL) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	Financial instruments at fair value through other comprehensive income (FVOCI) Rs. '000	Total Rs. '000
Assets				
Cash and cash equivalents	-	226,537	-	226,537
Investment in fixed deposits	-	56,747	-	56,747
Financial investments - FVTPL	2,127	-	-	2,127
Loans and advances to customers	-	2,514,904	-	2,514,904
Financial investments – FVOCI	-	-	23	23
Total Financial Assets	2,127	2,798,188	23	2,800,338
Liabilities				
Due to banks	-	218,895	-	218,895
Due to customers	-	2,438,729	-	2,438,729
Debt securities issued	-	15,400	-	15,400
Total Liabilities	-	2,673,024	-	2,673,024
As at 31st March 2018	Group			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
Assets				
Cash and cash equivalents	-	290,214	-	290,214
Investment in fixed deposits	-	46,048	-	46,048
Financial investments - held for trading	2,580	-	-	2,580
Loans and advances to customers	-	2,488,467	-	2,488,467
Financial investments – available for sale	-	-	23	23
Total Financial Assets	2,580	2,824,729	23	2,827,332
As at 31st March 2018	FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000	
Liabilities				
Due to banks	-	96,556	96,556	
Due to customers	-	2,455,586	2,455,586	
Debt securities issued	-	14,800	14,800	
Total Liabilities	-	2,566,942	2,566,942	

**INTERIM
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SEGMENTAL ANALYSIS**

Rs. '000

For the year ended 31st March	Leasing & Hire Purchases		Loans and Pawning		Margin Trading		Other		Total Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Income										
Interest income	345,942	244,708	122,966	77,467	25,233	41,667	58,801	67,948	552,942	431,790
Fee and commission income	7,259	6,513	891	-	-	-	-	49	8,151	6,562
Other operating income	25,532	7,884	35,342	1,216	-	-	357	19,727	61,230	28,827
Gross revenue	378,733	259,105	159,199	78,683	25,233	41,667	59,158	87,724	622,322	467,179
Less: Interest expenses	243,586	190,772	89,377	77,026	22,304	34,680	5,143	37,203	360,409	339,682
Total operating income	135,147	68,333	69,822	1,657	2,929	6,987	54,015	50,521	261,913	127,497
Net impairment charges/(reversal)	31,828	(152,486)	56,260	204,234	(3,943)	43,151	-	-	84,145	94,899
Net operating income	103,319	220,819	13,562	(202,577)	6,872	(36,164)	54,015	50,521	177,768	32,598
Less: Depreciation & other expenses	174,048	101,254	63,860	40,882	15,937	18,407	3,675	19,746	257,522	180,289
Segment results	(70,729)	119,565	(50,298)	(243,459)	(9,064)	(54,571)	50,340	30,775	(79,754)	(147,691)
Less: VAT & NBT on financial services	-	-	-	-	-	-	-	-	10,645	-
Less: Income tax expense									1,742	(213)
Loss attributable to equity holders									(92,141)	(147,478)
As at 31st March										
Segment Assets	1,959,770	1,644,542	719,080	663,999	179,445	298,960	41,378	320,707	2,899,673	2,928,208
Total Assets	1,959,770	1,644,542	719,080	663,999	179,445	298,960	41,378	320,707	2,899,673	2,928,208
Segment Liabilities	1,862,747	1,523,938	683,480	615,304	170,561	277,035	39,330	297,188	2,756,118	2,713,464
Total Liabilities	1,862,747	1,523,938	683,480	615,304	170,561	277,035	39,330	297,188	2,756,118	2,713,464

Figures in brackets indicate deductions.

*The above figures are provisional and subject to audit.

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INFORMATION ON ORDINARY SHARES OF THE COMPANY

<u>Market Price</u>	2019 Rs.	2018 Rs.
Highest price during the quarter ended 31st March	12.00	14.00
Lowest price during the quarter ended 31st March	9.00	11.00
Closing price as at 31st March	9.20	11.00
<u>Capital</u>	2019	2018
Ordinary Shares (Number of Shares)	84,350,000	67,500,000
Ordinary Shares (Value Rs.)	1,238,302,500	1,078,227,500
<u>Ratios</u>	As at 31.03.2019	As at 31.03.2018
Debt to equity ratio (times)	17.10	11.50
Interest cover (times)	0.25	0.73
Quick asset ratio (%)	0.95	1.39

**INTERIM
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RELATED PARTY DISCLOSURE

Transactions with Related entities						
The Company had the under mentioned financial dealings during the period with the following related entities.						
For the year ended 31st March	Immediate Parent		Subsidiary		Affiliate	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Items in Statement of Profit or Loss						
Interest Income	256	10,022	-	-	-	-
Interest Expense	59,123	4,461	-	-	-	-
Other operating Expense	15,428	-	-	-	-	-
Other fees & comission income	-	-	-	-	1,421	6,154
Other fees & comission Expense	-	-	-	-	2,157	-
Items in Statement of Financial Position						
As at 31st March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Assets						
Cash and cash equivalents	29,022	72,383	-	-	-	-
Investment in fixed deposits	-	-	-	-	-	103,980
Investment in subsidiaries - Investment	-	-	175,000	175,000	-	-
- Provision made	-	-	(175,000)	(175,000)	-	-
Other Assets - Due from Subsidiary	-	-	19,140	18,906	-	-
- Provision made	-	-	(19,140)	(18,906)	-	-
Liabilities						
Due to banks	219,051	-	-	-	-	-
Debt Securities issued	10,000	10,000	-	-	-	-

**INTERIM
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SHAREHOLDERS' INFORMATION

Twenty Largest Ordinary Shareholders as at 31st March 2019

Twenty largest ordinary shareholders of the Company as at 31st March 2019 were as follows;

Name of the Share Holder	No of Shares	%
1 People's Bank	33,856,246	40.14%
2 People's Leasing & Finance PLC	25,014,002	29.66%
3 Sterling Capital Investments (Pvt) Ltd	16,850,000	19.98%
4 Mr. L. De Fonseka	1,000,000	1.19%
5 Mr.H.V.Pakianathan	340,993	0.40%
6 People's Leasing & Finance PLC/Dr. H.S.D.Soyas & Mrs.G.Soyas	309,377	0.37%
7 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore	206,000	0.24%
8 Mr. Z.G.Carimjee	196,158	0.23%
9 Mr.H.Beruwalage	116,200	0.14%
10 Richard Pieris Financial Services (Pvt) Ltd/ Mr. C.Thalagahawatte	105,984	0.13%
11 Mr. H.P.G.N Pathirana	104,890	0.12%
12 Mr.B.W.Kundanmal	102,100	0.12%
13 Mrs. R.D. Jayawardana / Mr.S.Munaweera	100,987	0.12%
14 Mr. P.K. Biswas	100,000	0.12%
15 Asha Financial Services Limited/Mr.C.N.Pakianathan	92,975	0.11%
15 Mr. A.H. Munasinghe	84,084	0.10%
17 Mrs. R.D. Jayawardana	77,667	0.09%
18 Mr.S.Munaweera / Mrs.R.D. Jayawardana	77,667	0.09%
19 Mr. M.D.W.J.A Gunathilake	77,021	0.09%
20 People's Leasing & Finance PLC/L.P.Hapangama	76,335	0.09%
	78,888,686	93.53%

Directors'/CEO's Holding in Shares as at 31st March 2019	Position	No of Shares
Mr. Hemasiri Fernando	Chairman	-
Mr. N.V. Kumar	Director	-
Mr. A.P. Weerasinghe	Director	-
Dr. D.W.S.S.R.N.J. Dandeniya	Director	-
Mr. L. De Fonseka	Director	1,000,000
Mr. A.S. Ibrahim	Director	-
Mrs. R.P.N. Premalal	Director	-
Mr.U.N.Gunasekara	CEO	-
		1,000,000

Public Holding

The percentage of ordinary share held by the public as at 31st March 2019 was 29.02% and number of shareholders representing the public holding was 10,086. The float adjusted market capitalization as at 31st March 2019 was Rs: 225,201,004/-

**INTERIM
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EXPLANATORY NOTES

- 1) The Interim Financial Statements for the quarter ended 31st March 2019 are drawn up from unaudited accounts of the Company, and its subsidiary, PMB Services limited.
- 2) 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 Colombo Stock Exchange .
- 3) The Sri Lanka Accounting Standard – SLFRS 9 on “Financial Instruments”, which replaces the existing guidance on LKAS 39 on “Financial Instruments: Recognition and Measurement” has become effective for annual reporting periods beginning on or after January 01, 2018. SLFRS 9 replaces the “Incurred Loss Model” in LKAS 39 with forward looking “Expected Loss Model (“ECL”)” which requires considerable judgement over how changes in economic factors affect ECL, which in turn is to be determined on a probability weighted basis. SLFRS 9 also contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed based on their cash flow characteristics.
Accordingly, the Company has adopted SLFRS 9 & prepared the Interim Financial Statements for the period ended 31st March 2019 based on SLFRS 9.
- 4) There are no significant changes in the accounting policies and the methods of computation since the publication of 2017/18 Audited Financial Statement other than the adoption of SLFRS 9.
- 5) As per a direction issued by the Central Bank of Sri Lanka, People’s Merchant Finance PLC (Company) is required to raise sufficient funding in order to meet the minimum capital requirements stipulated by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011. In this regard, the Company has completed a strategic investment to meet the core capital requirements by way of a Private Placement and a Rights Issue. Both the Private Placement & the Rights Issue were completed by 13th May 2019 and the mandatory offer has been made to the other shareholders.
- 6) There been no material events subsequent to the reporting date, other than mentioned above, which require adjustments to or disclosure in the interim financial statements.

**INTERIM
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CORPORATE INFORMATION

<p>Name of Company People's Merchant Finance PLC (Subsidiary of People's Bank)</p> <p>Legal Form Public Limited Liability Company (Incorporated and domiciled in Sri Lanka)</p> <p>Date of Incorporation 26th January 1983</p> <p>Company Registration Number PQ 200</p> <p>Stock Exchange Listing The ordinary shares of the Company were quoted on the Colombo Stock Exchange (CSE) on 11th July 1994. Ordinary Shares listed 67,500,000 Ordinary Shares has been transferred to Diri Savi Board with effect from July 02,2018</p> <p>Accounting Year-End March -31</p> <p>Registered Office & Principle Place of Business No. 21, Nawam Mawatha, Colombo 02, Sri Lanka Telephone +94112300191 / +94117666333 Fax +94112300190 Email; info@pmb.lk Web Address; www.peoplesmerchant.lk</p> <p>Registrars SSP Corporate Services (Pvt) Ltd No. 101, Inner Flower Road, Colombo 03, Sri Lanka Telephone; +94112573894, +94112576871 Fax; +94112573609 Email; sspsec@sltnet.lk</p> <p>Auditors M/s. KPMG Chartered Accountants 32A, Sir Mohamed Macan Maker Mawatha, Colombo 03.</p>	<p>Branch Offices Anuradhapura Kurunegala Negombo Trincomalee Kandy Matara Awissawella Matugama Elpitiya Gampaha Wellawatta Pawning Center</p> <p>Board of Directors and Board Sub-Committees Board of Directors Mr. Hemasiri Fernando - Chairman Mr. N.V. Kumar Mr. A.P. Weerasinghe Dr. D.W.S.S.R.N.J. Dandeniya Mr. L. De Fonseka Mr. A.S. Ibrahim Mrs. R.P.N. Premalal</p> <p>Integrated Risk Management Committee Mr. N.V. Kumar Mr. L. De Fonseka Dr. D.W.S.S.R.N.J. Dandeniya Mr. U.N. Gunasekara - CEO Ms.Muditha Jayawickrema, DGM-Legal & HR Mr.Charith Guneratne,DGM- Credit & Asset Finance</p> <p>Board Audit Committee Ms. R.P.N.Premalal Mr. A.P. Weerasinghe Mr. L. De Fonseka</p> <p>Related Party Transactions Review Committee Mr. L. De Fonseka Mr. A.S. Ibrahim Mr. A.P. Weerasinghe</p> <p>Investment Advisory Committee Mr. N.V. Kumar Mr. A.S. Ibrahim Mr. A.P Weerasinghe</p>	<p>Remuneration & Nomination Committee of the Board Mr. A.P. Weerasinghe – Chairman of the Committee Mr. N.V. Kumar Dr. D.W.S.S.R.N.J. Dandeniya</p> <p>Corporate Management Mr. U.N. Gunasekara - CEO Mr. Charith Gunarathne - DGM - Credit & Asset Finance Mr. Yasas Ariyaratne -DGM - Business Promotions Mrs. Muditha Jayawickrema - DGM - Legal & HR</p> <p>Bankers People's Bank Pan Asia Bank</p> <p>Subsidiary Company PMB Services Limited</p> <p>Vehicle Yards No. 21, Nawam Mawatha, Colombo 02, Sri Lanka. Avinro Motors, Hiripitiya Road, Wellawa, Sri Lanka.</p> <p>Tax Payer Identity Number (TIN) 134000228</p> <p>VAT Registration Number 134000228 7000</p> <p>Central Bank Registration Number LFC/043 (Under the Finance Business Act No. 42 of 2011)</p> <p>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.</p> <p>Credit Rating [SL]B; rating put on watch with developing implications by ICRA Lanka Limited</p>
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