

# CONDENSED INTERIM FINANCIAL STATEMENTS

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PEOPLE'S MERCHANT FINANCE PLC

*For the period ended 30th June 2020*



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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF FINANCIAL POSITION**

As at	Company			Group		
	30.06.20 Reviewed Rs. '000	31.03.20 Audited Rs. '000	Change %	30.06.20 Reviewed Rs. '000	31.03.20 Audited Rs. '000	Change %
<b>Assets</b>						
Cash and cash equivalents	220,074	291,440	(24.5)	220,324	291,690	(24.5)
Balances with banks and financial institutions	1,194,457	1,214,097	(1.6)	1,194,457	1,214,097	(1.6)
Financial assets measured at amortised cost - Loans and advances	1,758,489	1,658,310	6.0	1,758,489	1,658,310	6.0
Investments in securities	393,768	486,188	(19.0)	393,768	486,188	(19.0)
Property, plant and equipment	13,159	11,539	14.0	13,159	11,539	14.0
Intangible assets	3,610	2,483	45.4	3,610	2,483	45.4
Right of use assets	56,410	63,643	(11.4)	56,410	63,643	(11.4)
Other Assets	88,751	87,242	1.7	88,751	87,242	1.7
<b>Total Assets</b>	<b>3,728,718</b>	<b>3,814,942</b>	<b>(2.3)</b>	<b>3,728,968</b>	<b>3,815,192</b>	<b>(2.3)</b>
<b>Liabilities</b>						
Due to banks	-	1,715	(100.0)	-	1,715	(100.0)
Financial liabilities at amortised cost - due to depositors	2,044,513	2,100,936	(2.7)	2,044,513	2,100,936	(2.7)
Debt securities issued	16,150	16,000	0.9	16,150	16,000	0.9
Lease liabilities	65,343	74,386	(12.2)	65,343	74,386	(12.2)
Other liabilities	78,412	69,404	13.0	78,771	69,763	12.9
<b>Total Liabilities</b>	<b>2,204,418</b>	<b>2,262,441</b>	<b>(2.6)</b>	<b>2,204,777</b>	<b>2,262,800</b>	<b>(2.6)</b>
<b>Equity</b>						
Stated capital	2,440,290	2,440,290	-	2,440,290	2,440,290	-
Advance against stated capital	300,000	300,000	-	300,000	300,000	-
Statutory reserve fund	7,259	7,259	-	7,259	7,259	-
Accumulated losses	(1,223,249)	(1,195,048)	2.4	(1,223,358)	(1,195,157)	(2.4)
<b>Total Equity</b>	<b>1,524,300</b>	<b>1,552,501</b>	<b>(1.8)</b>	<b>1,524,191</b>	<b>1,552,392</b>	<b>(1.8)</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,728,718</b>	<b>3,814,942</b>	<b>(2.3)</b>	<b>3,728,968</b>	<b>3,815,192</b>	<b>(2.3)</b>
Contingent liabilities and commitments	66,589	40,028	66.4	66,589	40,028	66.4
Net assets value per ordinary share (Rs.)	7.23	7.36	(1.8)	7.23	7.36	(1.8)

**CERTIFICATION**

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

(Signed)

**Uditha Nadeeshan**  
Accountant

(Signed)

**Nalin Wijekoon**  
Chief Executive 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 of Directors.

(Signed)

**Chandula Abeywickrema**  
Chairman

(Signed)

**Channa Manoharan**  
Director

13th August 2020

Colombo

*Figures in brackets indicate deductions.*

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF PROFIT OR LOSS**

For the three months ended 30th June	Company			Group		
	30/06/2020 Reviewed Rs. '000	30/06/2019 Unaudited* Rs. '000 Restated	Change %	30/06/2020 Reviewed Rs. '000	30/06/2019 Unaudited* Rs. '000 Restated	Change %
<b>Gross Income</b>	124,382	161,880	(23.2)	124,382	161,880	(23.2)
Interest income	104,040	153,033	(32.0)	104,040	153,033	(32.0)
Less: Interest expense	59,620	82,300	(27.6)	59,620	82,300	(27.6)
<b>Net interest income</b>	<b>44,420</b>	<b>70,733</b>	(37.2)	<b>44,420</b>	<b>70,733</b>	(37.2)
Fee and commission income	1,225	861	42.2	1,225	861	42.2
Net fair value gain/(loss) from financial assets at FVTPL	12,581	(87)	14,560.7	12,581	(87)	14,560.7
Other operating income	6,537	8,073	(19.0)	6,537	8,073	(19.0)
<b>Total operating income</b>	<b>64,763</b>	<b>79,580</b>	(18.6)	<b>64,763</b>	<b>79,580</b>	(18.6)
Less: Impairment charges for loans and receivables and other losses	33,337	30,503	9.3	33,337	30,503	9.3
<b>Net operating income</b>	<b>31,426</b>	<b>49,077</b>	(36.0)	<b>31,426</b>	<b>49,077</b>	(36.0)
Less: Personnel Expenses	28,454	31,845	(10.6)	28,454	31,845	(10.6)
Depreciation of property, plant and equipment	948	1,096	(13.6)	948	1,096	(13.6)
Amortisation of intangible assets	280	810	(65.5)	280	810	(65.5)
Amortisation of right of use assets	7,233	7,233	-	7,233	7,233	-
Other expenses	22,712	17,667	28.6	22,712	17,667	28.6
<b>Operating profit/(loss) before tax on financial services</b>	<b>(28,201)</b>	<b>(9,574)</b>	194.6	<b>(28,201)</b>	<b>(9,574)</b>	194.6
Less : Tax on financial services	-	351	(100.0)	-	351	(100.0)
<b>Profit/(Loss) before income tax</b>	<b>(28,201)</b>	<b>(9,925)</b>	184.1	<b>(28,201)</b>	<b>(9,925)</b>	184.1
Less: Income tax expense	-	-	-	-	-	-
<b>Profit/(Loss) for the period</b>	<b>(28,201)</b>	<b>(9,925)</b>	184.1	<b>(28,201)</b>	<b>(9,925)</b>	184.1
Basic loss per ordinary share - (Rs)	(0.13)	(0.10)	33.7	(0.13)	(0.10)	33.7

*Figures in brackets indicate deductions.*

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**

For the three months ended 30th June	Company			Group		
	30/06/2020 Reviewed Rs. '000	30/06/2019 Unaudited* Rs. '000 Restated	Change %	30/06/2020 Reviewed Rs. '000	30/06/2019 Unaudited* Rs. '000 Restated	Change %
<b>Profit / (Loss) for the period</b>	(28,201)	(9,925)	184.1	(28,201)	(9,925)	184.1
<b>Other comprehensive income</b>						
<b>Items that are or may be reclassified to profit or loss</b>						
Net change in fair value of available for sale reserve	-	-	-	-	-	-
Financial assets at FVOCI re-classification to income statement	-	-	-	-	-	-
Related taxes	-	-	-	-	-	-
<b>Items that will not be reclassified to profit or loss</b>						
Actuarial loss on defined benefit plans	-	-	-	-	-	-
Deffered tax effect on acturial loss	-	-	-	-	-	-
<b>Other comprehensive income/(expense) for the period</b>	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	(28,201)	(9,925)	184.1	(28,201)	(9,925)	184.1
<i>Figures in brackets indicate deductions.</i>						

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY - COMPANY**

Company	Stated capital	Advance against stated capital	Reserve fund	Retained earnings	Total equity
<i>In thousands of rupees</i>					
<b>Balance at 1 April 2020</b>	<b>2,440,290</b>	<b>300,000</b>	<b>7,259</b>	<b>(1,195,048)</b>	<b>1,552,501</b>
Loss for the quarter ended 30.06.2020	-	-	-	(28,201)	(28,201)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,201)</b>	<b>(28,201)</b>
<b>Balance at 30 June 2020</b>	<b>2,440,290</b>	<b>300,000</b>	<b>7,259</b>	<b>(1,223,249)</b>	<b>1,524,300</b>
<b>Balance at 1 April 2019</b>	<b>1,238,302</b>	<b>-</b>	<b>7,259</b>	<b>(1,102,603)</b>	<b>142,958</b>
Loss for the quarter ended 30.06.2019	-	-	-	(9,925)	(9,925)
Total other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,925)</b>	<b>(9,925)</b>
<b>Transactions with owners of the Company</b>					
<b>Contributions and distributions</b>					
Right issue of shares	1,201,988	-	-	-	1,201,988
<b>Total contribution and distribution</b>	<b>1,201,988</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,201,988</b>
<b>Total transactions with owners of the Company</b>	<b>1,201,988</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,201,988</b>
<b>Balance at 30 June 2019 as previously reported</b>	<b>2,440,290</b>	<b>-</b>	<b>7,259</b>	<b>(1,112,528)</b>	<b>1,335,021</b>
Impact of correction of errors - Transaction cost related to rights issue	-	-	-	(12,020)	(12,020)
<b>Restated balance at 30 June 2019</b>	<b>2,440,290</b>	<b>-</b>	<b>7,259</b>	<b>(1,124,548)</b>	<b>121,013</b>

*Figures in brackets indicate deductions.*

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY - GROUP**

Group	Stated capital	Advance against stated capital	Reserve fund	Retained earnings	Total equity
<i>In thousands of rupees</i>					
<b>Balance at 1 April 2020</b>	<b>2,440,290</b>	<b>300,000</b>	<b>7,259</b>	<b>(1,195,157)</b>	<b>1,552,392</b>
Loss for the quarter ended 30.06.2020	-	-	-	(28,201)	(28,201)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,201)</b>	<b>(28,201)</b>
<b>Balance at 30 June 2020</b>	<b>2,440,290</b>	<b>300,000</b>	<b>7,259</b>	<b>(1,223,358)</b>	<b>1,524,191</b>
<b>Balance at 1 April 2019</b>	<b>1,238,302</b>	<b>-</b>	<b>7,259</b>	<b>(1,102,625)</b>	<b>142,936</b>
Loss for the quarter ended 30.06.2019	-	-	-	(9,925)	(9,925)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,925)</b>	<b>(9,925)</b>
<b>Transactions with owners of the Company</b>					
<b>Contributions and distributions</b>					
Right issue of shares	1,201,988	-	-	-	1,201,988
<b>Total contribution and distribution</b>	<b>1,201,988</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,201,988</b>
<b>Total transactions with owners of the Company</b>	<b>1,201,988</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,201,988</b>
<b>Balance at 30 June 2019 as previously reported</b>	<b>2,440,290</b>	<b>-</b>	<b>7,259</b>	<b>(1,112,550)</b>	<b>1,334,999</b>
Impact of correction of errors - Transaction cost related to rights issue	-	-	-	(12,020)	(12,020)
<b>Restated balance at 30 June 2019</b>	<b>1,238,302</b>	<b>-</b>	<b>7,259</b>	<b>(1,124,570)</b>	<b>120,991</b>

*Figures in brackets indicate deductions.*

*The notes to the Financial Statements form an integral part of these Financial Statements.*

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CASH FLOWS**

For the three months ended 30th June	COMPANY		GROUP	
	2020 Reviewed Rs '000	2019 Unaudited Rs '000	2020 Reviewed Rs '000	2019 Unaudited Rs '000
<b>Cash flows from operating activities</b>				
Loss before tax	(28,201)	(9,925)	(28,201)	(9,925)
<b>Adjustment for:</b>				
- Depreciation and amortisation	8,460	9,138	8,460	9,138
- Net gain on investment securities at FVPTL	(12,581)	88	(12,581)	88
- Net impairment loss on loans and advances	33,337	30,503	33,337	30,503
- Interest expense on preference shares	150	150	150	150
- Interest expense on leases	1,954	2,717	1,954	2,717
- Dividend on equity securities at FVPTL	(8)	(11)	(8)	(11)
- Interest income	(18,734)	(21,676)	(18,734)	(21,676)
- Provision for retirement benefit obligation	1,150	1,050	1,150	1,050
- Loss / (Gain) on disposal of property, plant and equipment	14	(231)	14	(231)
	<b>(14,458)</b>	11,803	<b>(14,458)</b>	11,803
<b>Changes in</b>				
Financial assets measured at amortised cost - Loans and advances	(133,517)	296,253	(133,517)	296,253
Other assets	(1,508)	(10,026)	(1,508)	(10,026)
Due to customers	(56,423)	13,114	(56,423)	13,114
Other liabilities	12,106	(4,858)	12,106	(4,858)
	<b>(193,800)</b>	306,286	<b>(193,800)</b>	306,286
Retiring gratuity paid	(4,247)	-	(4,247)	-
Income tax paid	-	-	-	-
<b>Net cash from/ (used in) operating activities</b>	<b>(198,047)</b>	306,286	<b>(198,047)</b>	306,286
<b>Cash flows from investing activities</b>				
Interest income on short term investment	18,734	21,676	18,734	21,676
Net proceeds from investments in fixed deposits	19,640	(996,029)	19,640	(996,029)
Net proceeds from investments in securities	105,000	-	105,000	-
Acquisition of property, plant and equipment	(2,589)	(61)	(2,589)	(61)
Purchase of intangible assets	(1,406)	-	(1,406)	-
Proceeds from disposal of property, plant and equipment	7	231	7	231
Dividends received from investments	8	11	8	11
<b>Net cash from investing activities</b>	<b>139,394</b>	(974,172)	<b>139,394</b>	(974,172)
<b>Cash flows from financing activities</b>				
Net proceeds from rights issue of shares	-	1,189,968	-	1,189,968
Lease rental payments	(10,997)	(4,552)	(10,997)	(4,552)
<b>Net cash from / (used in) financing activities</b>	<b>(10,997)</b>	1,185,416	<b>(10,997)</b>	1,185,416
Net increase / (decrease) in cash and cash equivalents	(69,650)	517,530	(69,650)	517,530
Cash and cash equivalents at beginning of the year	289,725	7,137	289,975	7,393
<b>Cash and cash equivalents at the end of the year</b>	<b>220,075</b>	524,667	<b>220,325</b>	524,923
<b>Cash and cash equivalents at the end of the year</b>				
Cash and cash equivalents	220,074	524,667	220,324	524,923
Bank overdraft	-	-	-	-
	<b>220,075</b>	524,667	<b>220,325</b>	524,923

*The notes to the financial statements are an integral part of these financial statements.*

*Figures in brackets indicate deductions.*



**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS**

As at 30th June 2020	Company		
	Financial instruments recognized through profit or loss (FVTPL) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	Total Rs. '000
<b>Assets</b>			
Cash and cash equivalents	-	220,074	<b>220,074</b>
Balances with banks and financial institutions	-	1,194,457	<b>1,194,457</b>
Financial assets measured at amortised cost - Loans and advances	-	1,758,489	<b>1,758,489</b>
Investments in securities	393,768	-	<b>393,768</b>
<b>Total Financial Assets</b>	<b>393,768</b>	<b>3,173,021</b>	<b>3,566,788</b>
<b>Liabilities</b>			
Due to banks	-	-	-
Financial liabilities at amortised cost - due to depositors	-	2,044,513	<b>2,044,513</b>
Debt securities issued	-	16,150	<b>16,150</b>
<b>Total Liabilities</b>	-	<b>2,060,663</b>	<b>2,060,663</b>
As at 31st March 2020	Company		
	Financial instruments recognized through profit or loss (FVTPL) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	Total Rs. '000
<b>Assets</b>			
Cash and cash equivalents	-	291,440	<b>291,440</b>
Balances with banks and financial institutions	-	1,214,097	<b>1,214,097</b>
Financial assets measured at amortised cost - Loans and advances	-	1,658,310	<b>1,658,310</b>
Investments in securities	486,188	-	<b>486,188</b>
<b>Total Financial Assets</b>	<b>486,188</b>	<b>3,163,847</b>	<b>3,650,035</b>
<b>Liabilities</b>			
Due to banks	-	1,715	1,715
Financial liabilities at amortised cost - due to depositors	-	2,100,936	2,100,936
Debt securities issued	-	16,000	16,000
<b>Total Liabilities</b>	-	<b>2,118,651</b>	<b>2,118,651</b>

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS**

As at 30th June 2020	Group		
	Financial instruments recognized through profit or loss (FVTPL) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	Total Rs. '000
<b>Assets</b>			
Cash and cash equivalents	-	220,324	220,324
Balances with banks and financial institutions	-	1,194,457	1,194,457
Financial assets measured at amortised cost - Loans and advances	-	1,758,489	1,758,489
Investments in securities	393,768	-	393,768
<b>Total Financial Assets</b>	<b>393,768</b>	<b>3,173,271</b>	<b>3,567,038</b>
<b>Liabilities</b>			
Due to banks	-	-	-
Financial liabilities at amortised cost - due to depositors	-	2,044,513	2,044,513
Debt securities issued	-	16,150	16,150
<b>Total Liabilities</b>	<b>-</b>	<b>2,060,663</b>	<b>2,060,663</b>
As at 31st March 2020	Group		
	Financial instruments recognized through profit or loss (FVTPL) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	Total Rs. '000
<b>Assets</b>			
Cash and cash equivalents	-	291,690	291,690
Balances with banks and financial institutions	-	1,214,097	1,214,097
Financial assets measured at amortised cost - Loans and advances	-	1,658,310	1,658,310
Investments in securities	486,188	-	486,188
<b>Total Financial Assets</b>	<b>486,188</b>	<b>3,164,097</b>	<b>3,650,285</b>
<b>Liabilities</b>			
Due to banks	-	1,715	1,715
Financial liabilities at amortised cost - due to depositors	-	2,100,936	2,100,936
Debt securities issued	-	16,000	16,000
<b>Total Liabilities</b>	<b>-</b>	<b>2,118,651</b>	<b>2,118,651</b>

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**SEGMENTAL ANALYSIS**

Rs. '000

For the three months ended 30th June	Leasing & Hire Purchases		Loans and Pawning		Margin Trading		Other		Total Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Income</b>										
Interest income	46,445	83,753	20,670	31,436	5,609	6,146	31,315	31,698	104,040	153,033
Fee and commission income	970	686	255	175	-	-	-	-	1,225	861
Net income from other financial instruments at FVTPL	-	-	-	-	-	-	12,581	(87)	12,581	(87)
Other operating income	310	1,219	458	6,462	-	-	5,769	392	6,537	8,073
<b>Gross revenue</b>	<b>47,726</b>	<b>85,658</b>	<b>21,383</b>	<b>38,073</b>	<b>5,609</b>	<b>6,146</b>	<b>49,665</b>	<b>32,003</b>	<b>124,382</b>	<b>161,880</b>
Less: Interest expenses	17,852	33,020	7,867	10,788	2,073	2,115	31,828	36,377	59,620	82,300
<b>Total operating income</b>	<b>29,873</b>	<b>52,638</b>	<b>13,516</b>	<b>27,285</b>	<b>3,536</b>	<b>4,031</b>	<b>17,836</b>	<b>(4,374)</b>	<b>64,763</b>	<b>79,580</b>
Net impairment charges/(reversal)	18,038	16,005	15,299	14,498	-	-	-	-	33,337	30,503
<b>Net operating income</b>	<b>11,835</b>	<b>36,633</b>	<b>(1,784)</b>	<b>12,787</b>	<b>3,536</b>	<b>4,031</b>	<b>17,836</b>	<b>(4,374)</b>	<b>31,425</b>	<b>49,077</b>
Less: Operating Expenses	17,854	23,532	7,868	7,688	2,073	1,507	31,831	25,924	59,626	58,651
<b>Segment results</b>	<b>(6,019)</b>	<b>13,100</b>	<b>(9,652)</b>	<b>5,099</b>	<b>1,463</b>	<b>2,524</b>	<b>(13,996)</b>	<b>(30,298)</b>	<b>(28,201)</b>	<b>(9,574)</b>
Less: Tax on financial services	-	-	-	-	-	-	-	-	-	351
Less: Income tax expense	-	-	-	-	-	-	-	-	-	-
<b>Loss attributable to equity holders</b>									<b>(28,201)</b>	<b>(9,924)</b>
<b>As at 30th June</b>										
Segment Assets	1,116,575	1,552,351	492,044	507,171	129,637	99,435	1,990,712	1,710,433	3,728,968	3,869,391
<b>Total Assets</b>	<b>1,116,575</b>	<b>1,552,351</b>	<b>492,044</b>	<b>507,171</b>	<b>129,637</b>	<b>99,435</b>	<b>1,990,712</b>	<b>1,710,433</b>	<b>3,728,968</b>	<b>3,869,391</b>
Segment Liabilities	660,182	1,020,952	290,924	333,557	76,649	65,397	1,177,022	1,124,750	2,204,777	2,544,655
<b>Total Liabilities</b>	<b>1,822,816</b>	<b>1,020,952</b>	<b>287,010</b>	<b>333,557</b>	<b>253</b>	<b>65,397</b>	<b>94,697</b>	<b>1,124,750</b>	<b>2,204,777</b>	<b>2,544,655</b>

Figures in brackets indicate deductions.

**Basis of allocation**

Items that are not specifically allocated to each segment are allocated based on the respective asset base of each segment under consideration. The comparative items have been restated under the same basis.

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**RELATED PARTY DISCLOSURE**

<b>Transactions with Related entities</b>						
The Company had the under mentioned financial dealings during the period with the following related entities.						
<b>Items in Statement of Profit or Loss</b>						
For the Three months ended 30th June	Sterling Capital Investment (Pvt) Ltd		People's Bank		PMB Services Ltd	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Interest Income	-	-	3,675	14,204	-	-
Interest Expense	-	-	-	2,409	-	-
Other operating Expense	-	-	4,938	3,897	-	-
<b>Items in Statement of Financial Position</b>						
As at 30th June	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
<b>Assets</b>						
Cash and cash equivalents	-	-	23,750	110,906	-	-
Investment in fixed deposits	-	-	26,596	750,000	-	-
Other receivables	188	-	-	-	-	-
Investment in subsidiaries - Investment	-	-	-	-	175,000	175,000
Other Assets - Due from Subsidiary	-	-	-	-	19,221	19,140
- Provision made	-	-	-	-	(194,221)	(194,140)
<b>Liabilities</b>						
Due to banks	-	-	-	-	-	-
Debt Securities issued	-	-	16,150	15,550	-	-

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**COMPARATIVE INFORMATION**

The Group has applied SLFRS 16 - Leases from the financial year beginning on April 01, 2019. However, the total impact of the adoption of SLFRS 16 has been recorded in the last quarter of the year. Therefore, the error has been corrected by restating the affected financial statement line items for the prior period.

In addition to that, the Company has incurred a transaction cost of Rs. 12,020/- in issuing ordinary shares through rights issue. This has been classified as an expense in the three-month period ended June 30, 2019. The error has been corrected by restating the affected financial statement line items for the prior period.

The following table summarizes the impacts on the Group's and Company's financial statements.

*Statement of profit or loss and OCI - Group/Company*

<b>For the three-month period ended 30 June 2019</b>	<b>Impact of correction of error</b>		
	<b>As previously reported</b>	<b>Adjustments</b>	<b>As restated</b>
In thousand of Rupees			
Amortization of right of use assets	-	(7,233)	(7,233)
Other expenses	(35,164)	17,497	(17,667)
Other	14,975	-	14,975
<b>Profit/(Loss) for the period</b>	<b>(20,189)</b>	<b>10,265</b>	<b>(9,924)</b>
<b>Total comprehensive income</b>	<b>(20,189)</b>	<b>10,265</b>	<b>(9,924)</b>
<b>Basic loss per shares</b>	<b>(0.096)</b>	<b>0.049</b>	<b>(0.047)</b>

There is no material impact on the total operating, investing or financing cash flows for the three-month period ended 30 June 2019.

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**EXPLANATORY NOTES**

- 1 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 .
- 2 There are no significant changes in the accounting policies and the methods of computation since the publication of 2019/20 Audited Financial Statements.
- 3 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.
- 4 The Monetary Board of the Central Bank of Sri Lanka has issued a direction on the company under Section 12 of the Finance Business Act No: 42 of 2011 to cap the total deposit and borrowing liabilities (with accrued interest) at Rs: 2,500 Mn and Rs: 39 Mn respectively, with immediate effect until such time the company meets the required minimum core capital as per the Finance Business Act Direction No 2 of 2017 - Minimum Core Capital. However, due to the impact of COVID-19, the Central Bank of Sri Lanka has extended the minimum core capital requirement of Rs. 2.0 Bn to 01 January 2021. As a result, the Company is currently meeting the minimum core capital requirement of Rs. 1.5 Bn as at the reporting date.

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**INFORMATION ON ORDINARY SHARES OF THE COMPANY**

<b><u>Market Price</u></b>	<b>2020 Rs.</b>	<b>2019 Rs.</b>
Highest price during the quarter ended 30th June	10.00	9.80
Lowest price during the quarter ended 30th June	7.00	8.80
Closing price as at 30th June	8.00	8.90
<b><u>Capital</u></b>	<b>2020</b>	<b>2019</b>
Ordinary Shares (Number of Shares)	210,875,000	210,875,000
Ordinary Shares (Value Rs.)	2,440,290,000	2,440,290,000
Advance against Stated Capital (Value Rs.)	300,000,000	-
<b><u>Preference Shares</u></b>		
Cumulative Preference Shares (Number of Shares)	1,000,000	1,000,000
Cumulative Preference Shares (Value Rs.)	10,000,000	10,000,000
<b><u>Ratios</u></b>	<b>As at 30.06.2020</b>	<b>As at 31.03.2020</b>
Debt to equity ratio (times)	1.35	1.36
Interest cover (times)	0.53	0.73
Quick asset ratio (%)	45.49	51.32

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**SHAREHOLDERS' INFORMATION**

<b>Twenty Largest Ordinary Shareholders as at 30th June 2020</b>		
<b>Name of the Share Holder</b>	<b>No: of Shares</b>	<b>%</b>
1 Sterling Capital Investments (Pvt) Ltd	143,809,123	68.20%
2 People's Bank	33,856,246	16.06%
3 People's Leasing & Finance PLC	25,014,002	11.86%
4 Mr. L. De Fonseka	1,000,000	0.47%
5 Mr. H.V. Pakianathan	340,993	0.16%
6 People's Leasing & Finance PLC/ Dr. H.S.D. Soysa & Mrs. G. Soysa	310,704	0.15%
7 Mr. Z.G. Carimjee	200,000	0.09%
8 Mr. H. Beruwalage	116,200	0.06%
9 Mr. H.P.G.N. Pathirana	108,390	0.05%
10 Mr. B.W. Kundanmal	102,100	0.05%
11 Mrs. R.D. Jayawardana / Mr. S. Munaweera	100,987	0.05%
12 Mr. P.K. Biswas	100,000	0.05%
13 Richard Pieris Financial Services (Pvt) Ltd/ Mr. C. Thalagahawatte	93,984	0.04%
14 Asha Financial Services Limited/ Mr. C.N. Pakianathan	92,975	0.04%
15 Mr. A.H. Munasinghe	84,084	0.04%
16 Mrs. R.D. Jayawardana	77,667	0.04%
17 Mr. S. Munaweera / Mrs.R.D. Jayawardana	77,167	0.04%
18 Mr. M.D.W.J.A Gunathilake	77,021	0.04%
19 People's Leasing & Finance PLC / L.P.Hapangama	76,335	0.04%
20 Mr. S. Munaweera	70,900	0.03%
	<b>205,708,878</b>	<b>97.55%</b>

<b>Directors' Shareholding</b>	<b>Position</b>	<b>No: of Shares</b>
Mr. C.P.Abeywickrama	Chairman	-
Mr. D.N.Daluwatte	Director	2,500
Mr. C.S.Manoharan	Director	-
Mr. K.R.P.Madusanka	Director	-
Mr.M.J.T.Waas	Director	-
<b>Total</b>		<b>2,500</b>

	<b>No: of Shares</b>
<b>Issued Share Capital as at 30th June 2020</b>	<b>210,875,000</b>
<i>Less:</i>	
Parent Company	143,809,123
Subsidiaries or Associate Companies of Parent	58,870,248
Directors shareholding	2,500
Spouses & Children under 18 and Close Family of Directors	-
Chief Executive Officers Shareholding	-
Spouse, Children under/over 18 & close family Members of CEO	-
Holding of 5% or more jointly or severally	-
Public Shareholding	8,193,129
<b>Public Holding as a % of Shares Issued</b>	<b>3.89%</b>

Issued Share Capital as at 30th June 2020	210,875,000
Closing Mkt Price	8.00
Total Market Capitalization	1,687,000,000
Public Shareholding	3.89%
<b>Float adjusted market capitalization</b>	<b>65,624,300</b>



**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**CORPORATE INFORMATION**

<b>Name of Company</b> People's Merchant Finance PLC	<b>Branch Offices</b> Anuradhapura Kurunegala Negombo Trincomalee Kandy Matara Awissawella Matugama Elpitiya Gampaha Wellawatta Pawning Center	<b>Related Party Transactions Review Committee</b> Mr. C.S.Manoharan - Chairman Mr. D.N.Daluwatte Mr. K.R.P.Madusanka
<b>Legal Form</b> Public Limited Liability Company (Incorporated and domiciled in Sri Lanka)		<b>Bankers</b> People's Bank
<b>Date of Incorporation</b> 26 <sup>th</sup> January 1983		<b>Subsidiary Company</b> PMB Services Limited
<b>Company Registration Number</b> PQ 200		<b>Vehicle Yards</b> No. 21, Nawam Mawatha, Colombo 02, Sri Lanka. Avinro Motors, Hiripitiya Road, Wellawa, Sri Lanka.
<b>Stock Exchange Listing</b> The ordinary shares of the Company were quoted on the Colombo Stock Exchange (CSE) on 11 <sup>th</sup> July 1994.  Ordinary Shares has been transferred to Diri Savi Board with effect from July 02, 2018	<b>Board of Directors and Board Sub-Committees</b> <b>Board of Directors</b> Mr. C.P.Abeywickrama - Chairman Mr. D.N.Daluwatte Mr. C.S.Manoharan Mr. K.R.P.Madusanka Mr.M.J.T.Waas	<b>Tax Payer Identity Number (TIN)</b> 134000228
<b>Accounting Year-End</b> March -31	<b>Integrated Risk Management Committee</b> Mr. C.P.Abeywickrama - Chairman Mr. C.S.Manoharan Mr. D.N.Daluwatte Mr. K.R.P.Madusanka Mr.N.H.G.Wijekoon, CEO Mr. Athula Banadaranayake. Chief Manager-Risk Ms.Shyamali Pematratne, Compliance Officer	<b>VAT Registration Number</b> 134000228 7000
<b>Registered Office &amp; Principle Place of Business</b> No. 21, Nawam Mawatha, Colombo 02, Sri Lanka Telephone +94112300191 / +94117666333 Fax +94112300190 Email; <a href="mailto:info@pmb.lk">info@pmb.lk</a> Web Address; <a href="http://www.peoplesmerchant.lk">www.peoplesmerchant.lk</a>		<b>Central Bank Registration Number</b> LFC/043 (Under the Finance Business Act No. 42 of 2011)
<b>Registrars</b> SSP Corporate Services (Pvt) Ltd No. 101, Inner Flower Road, Colombo 03, Sri Lanka Telephone; +94112573894, +94112576871 Fax; +94112573609 Email; <a href="mailto:sspsec@slt.net.lk">sspsec@slt.net.lk</a>	<b>Board Audit Committee</b> Mr. C.S.Manoharan - Chairman Mr. C.P.Abeywickrama Mr. K.R.P.Madusanka	<b>Credit Agency Status</b> 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.
<b>Auditors</b> M/s. KPMG Chartered Accountants 32A, Sir Mohamed Macan Maker Mawatha, Colombo 03.	<b>Remuneration Committee</b> Mr. C.P.Abeywickrama - Chairman Mr. C.S.Manoharan Mr. K.R.P.Madusanka	<b>Credit Rating</b> [SL]B; rating put on watch with developing implications by ICRA Lanka Limited.
	<b>Nomination Committee</b> Mr. C.P.Abeywickrama - Chairman Mr. C.S.Manoharan Mr. K.R.P.Madusanka	