

INTERIM FINANCIAL STATEMENTS

PEOPLE'S MERCHANT FINANCE PLC

For the six months ended 30th September 2017



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**INTERIM
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STATEMENT OF FINANCIAL POSITION

As at	Company			Group		
	30.09.17 Unaudited* Rs. '000	31.03.17 Audited Rs. '000	Change %	30.09.17 Unaudited* Rs. '000	31.03.17 Audited Rs. '000	Change %
Assets						
Cash and cash equivalents	357,254	313,065	14.1	357,608	313,419	14.1
Investment in fixed deposits	462,379	3,771	12,161.4	462,379	3,771	12,161.4
Assets held for sale	-	1,041,251	(100.0)	-	1,040,828	(100.0)
Financial investments - held for trading	2,522	2,562	(1.6)	2,522	2,562	(1.6)
Loans and advances to customers	2,007,868	2,005,094	0.1	2,007,868	2,005,094	0.1
Financial investments – available for sale	23	23	-	23	23	-
Property, plant and equipment	10,109	9,380	7.8	10,109	9,380	7.8
Intangible assets	7,489	8,435	(11.2)	7,489	8,435	(11.2)
Other assets	85,231	78,931	8.0	85,231	78,931	8.0
Total Assets	2,932,875	3,462,512	(15.3)	2,933,229	3,462,443	(15.3)
Liabilities						
Due to banks	24,169	562,459	(95.7)	24,169	562,459	(95.7)
Due to customers	2,465,042	2,396,177	2.9	2,465,042	2,396,177	2.9
Debt securities issued	14,500	14,200	2.1	14,500	14,200	2.1
Other liabilities	133,497	126,222	5.8	135,209	127,934	5.7
Total Liabilities	2,637,208	3,099,058	(14.9)	2,638,920	3,100,770	(14.9)
Equity						
Stated capital	1,078,227	1,078,227	-	1,078,227	1,078,227	-
Statutory reserve fund	7,259	7,259	-	7,259	7,259	-
Revaluation reserve	-	573,598	(100.0)	-	573,598	(100.0)
Retained earnings	(789,819)	(1,295,630)	(39.0)	(791,177)	(1,297,411)	(39.0)
Total Equity	295,667	363,454	(18.7)	294,309	361,673	(18.6)
Total Liabilities & Equity	2,932,875	3,462,512	(15.3)	2,933,229	3,462,443	(15.3)
Contingent liabilities and commitments	73,334	55,541	32.0	73,334	55,541	32.0
Net assets value per ordinary share (Rs.)	4.38	5.38	(18.7)	4.36	5.36	(18.6)

CERTIFICATION

We certify that the above interim financial statements are in compliance with the requirement of the Companies Act No 07 of 2007 and give a true and fair view of the state of affairs of People's Merchant Finance PLC and the Group as at 30th September 2017 and its loss for the six months ended 30th September 2017.

(Sgd.)

Aloka Hewawasam

Manager - Finance

(Sgd.)

Sanjeewa Bandaranayake

Acting CEO

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.

(Sgd.)

Hemasiri Fernando

Chairman

(Sgd.)

M.P. Amirthanayagam

Director

9th November 2017

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 six months ended			For the quarter ended		
	30/09/17 Unaudited* Rs. '000	30/09/16 Unaudited* Rs. '000	Change %	30/09/17 Unaudited* Rs. '000	30/09/16 Unaudited* Rs. '000	Change %
Interest income	188,588	176,441	6.9	100,002	87,740	14.0
Less: Interest expense	168,835	148,150	14.0	80,246	78,215	2.6
Net interest income	19,753	28,291	(30.2)	19,756	9,525	107.4
Fee and commission income	818	1,283	(36.2)	487	870	(44.0)
Other operating income	13,558	(5,936)	(328.4)	6,940	(9,562)	(172.6)
Total operating income	34,129	23,638	44.4	27,183	833	3,163.3
Less: Net impairment charges /(reversal) on financial assets	3,438	(12,847)	(126.8)	1,614	(17,373)	(109.3)
Net operating income	30,691	36,485	(15.9)	25,569	18,206	40.4
Less: Staff costs	46,268	40,850	13.3	24,367	22,350	9.0
Depreciation	2,536	7,135	(64.5)	1,292	3,823	(66.2)
Other expenses	49,674	40,508	22.6	25,702	22,427	14.6
Operating profit before VAT & NBT on financial services	(67,787)	(52,008)	30.3	(25,792)	(30,394)	(15.1)
Less : VAT & NBT on financial services	-	-	-	-	-	-
Loss before income tax	(67,787)	(52,008)	30.3	(25,792)	(30,394)	(15.1)
Less: Income tax expense	-	(3,517)	-	-	(3,517)	-
Loss for the period	(67,787)	(48,491)	39.8	(25,792)	(26,877)	(4.0)
Basic loss per ordinary share - (Rs)	(1.00)	(0.72)	39.8	(0.38)	(0.40)	(4.0)

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

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STATEMENT OF PROFIT OR LOSS - GROUP

	For the six months ended			For the quarter ended		
	30/09/17 Unaudited* Rs. '000	30/09/16 Unaudited* Rs. '000	Change %	30/09/17 Unaudited* Rs. '000	30/09/16 Unaudited* Rs. '000	Change %
Interest income	188,588	176,441	6.9	100,002	87,740	14.0
Less: Interest expense	168,835	148,150	14.0	80,246	78,215	2.6
Net interest income	19,753	28,291	(30.2)	19,756	9,525	107.4
Fee and commission income	818	1,283	(36.2)	487	870	(44.0)
Other operating income	13,558	(5,936)	(328.4)	6,940	(9,562)	(172.6)
Total operating income	34,129	23,638	44.4	27,183	833	3,163.3
Less: Net impairment charges/ (reversal) on financial assets	3,438	(12,847)	(126.8)	1,614	(17,373)	(109.3)
Net operating income	30,691	36,485	(15.9)	25,569	18,206	40.4
Less: Staff costs	46,268	40,850	13.3	24,367	22,350	9.0
Depreciation	2,536	7,135	(64.5)	1,292	3,823	(66.2)
Other expenses	49,251	40,508	21.6	25,702	22,427	14.6
Operating profit before VAT & NBT on financial services	(67,364)	(52,008)	29.5	(25,792)	(30,394)	(15.1)
Less : VAT & NBT on financial services	-	-	-	-	-	-
Loss before income tax	(67,364)	(52,008)	29.5	(25,792)	(30,394)	(15.1)
Less: Income tax expense	-	(3,517)	(100.0)	-	(3,517)	(100.0)
Loss for the period	(67,364)	(48,491)	38.9	(25,792)	(26,877)	(4.0)
Basic loss per ordinary share - (Rs)	(1.00)	(0.72)	38.9	(0.38)	(0.40)	(4.0)
<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 - COMPANY

	For the six months ended			For the quarter ended		
	30/09/17 Unaudited* Rs. '000	30/09/16 Unaudited* Rs. '000	Change %	30/09/17 Unaudited* Rs. '000	30/09/16 Unaudited* Rs. '000	Change %
Loss for the period	(67,787)	(48,491)	39.8	(25,792)	(26,877)	(4.0)
Other comprehensive income						
Items that are or may be reclassified to profit or loss						
Net change in fair value of available for sale reserve	-	(1,457)	(100.0)	-	-	-
Available for sale reserve re-classification to income statement	-	10,501	(100.0)	-	10,501	(100.0)
Related taxes	-	-	-	-	-	-
Items that will never be reclassified to profit or loss						
Actuarial gain on defined benefit plans	-	-	-	-	-	-
Related taxes	-	-	-	-	-	-
Other comprehensive income/(loss) for the period	-	9,044	(100.0)	-	10,501	(100.0)
Total comprehensive loss for the period	(67,787)	(39,447)	71.8	(25,792)	(16,376)	57.5

Figures in brackets indicate deductions.

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

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STATEMENT OF OTHER COMPREHENSIVE INCOME - GROUP

	For the six months ended			For the quarter ended		
	30/09/17 Unaudited* Rs. '000	30/09/16 Unaudited* Rs. '000	Change %	30/09/17 Unaudited* Rs. '000	30/09/16 Unaudited* Rs. '000	Change %
Loss for the period	(67,364)	(48,491)	38.9	(25,792)	(26,877)	(4.04)
Other comprehensive income						
Items that are or may be reclassified to profit or loss						
Net change in fair value of available for sale reserve	-	(1,457)	(100.0)	-	-	-
Available for sale reserve re-classification to income statement	-	10,501	(100.0)	-	10,501	(100.0)
Related taxes	-	-	-	-	-	-
Items that will never be reclassified to profit or loss						
Actuarial gain on defined benefit plans	-	-	-	-	-	-
Related taxes	-	-	-	-	-	-
Other comprehensive income/(loss) for the period	-	9,044	(100.00)	-	10,501	(100.0)
Total comprehensive loss for the period	(67,364)	(39,447)	70.8	(25,792)	(16,376)	57.5

Figures in brackets indicate deductions.

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STATEMENT OF CHANGES IN EQUITY - COMPANY

	Stated Capital '000	Rs. Fund Rs. '000	Statutory Reserve Rs. '000	Available For Sale Reserve Rs. '000	Revaluation Reserve '000	Rs. Retained Earnings '000	Rs. Total Equity Rs. '000
Balance as at 1st April 2016	1,078,227		7,259	(9,044)	573,598	(1,096,701)	553,339
Total comprehensive income for the six months ended 30.09.2016							
Loss for the six months ended 30.09.2016	-		-	-	-	(48,491)	(48,491)
Other comprehensive income/(Loss)	-		-	9,044	-	-	9,044
Total comprehensive income/(Loss) for the six months ended 30.09.2016	-		-	9,044	-	(48,491)	(39,447)
Balance as at 30th September 2016	1,078,227		7,259	-	573,598	(1,145,192)	513,892
Balance as at 1st April 2017	1,078,227		7,259	-	573,598	(1,295,630)	363,454
Total comprehensive income for the six months ended 30.09.2017							
Loss for the six months ended 30.09.2017	-		-	-	-	(67,787)	(67,787)
Other comprehensive income/(Loss)	-		-	-	(573,598)	573,598	-
Total comprehensive income/(Loss) for the six months ended 30.09.2017	-		-	-	(573,598)	505,811	(67,787)
Balance as at 30th September 2017	1,078,227		7,259	-	-	(789,819)	295,667

Figures in brackets indicate deductions.

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

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STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital Rs. '000	Statutory Reserve Fund Rs. '000	Available For Sale Reserve Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Equity Rs. '000
Balance as at 1st April 2016	1,078,227	7,259	(9,044)	573,598	(1,101,092)	548,948
Total comprehensive income for the six months ended 30.09.2016						
Loss for the six months ended 30.09.2016	-	-	-	-	(48,491)	(48,491)
Other comprehensive income/(Loss)	-	-	9,044	-	-	9,044
Total comprehensive income/(Loss) for the six months ended 30.09.2016	-	-	9,044	-	(48,491)	(39,447)
Balance as at 30th September 2016	1,078,227	7,259	-	573,598	(1,149,583)	509,501
Balance as at 1st April 2017	1,078,227	7,259	-	573,598	(1,297,411)	361,673
Total comprehensive income for the six months ended 30.09.2017						
Loss for the six months ended 30.09.2017	-	-	-	-	(67,364)	(67,364)
Other comprehensive income/(Loss)	-	-	-	(573,598)	573,598	-
Total comprehensive income/(Loss) for the six months ended 30.09.2017	-	-	-	(573,598)	506,234	(67,364)
Balance as at 30th September 2017	1,078,227	7,259	-	-	(791,177)	294,309
<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

<i>For the six months ended 30th September</i>	COMPANY		GROUP	
	2017 Unaudited* Rs '000	2016 Unaudited Rs '000	2017 Unaudited* Rs '000	2016 Unaudited Rs '000
Cash flows from operating activities				
Loss before taxation	(67,787)	(52,008)	(67,364)	(52,008)
Adjustment for:				
Non-cash items included in Loss before tax				
Reversal of interest from investing activities	(30,925)	(19,001)	(30,925)	(19,001)
Reversal of fair value change on shares	40	(437)	40	(437)
Depreciation reversal	1,284	6,514	1,284	6,514
Amortization reversal	1,252	621	1,252	621
Reversal of Impairment on Loans and advances to customers	(508)	(91,548)	(508)	(91,548)
Changes in				
Loans and advances to customers	(2,266)	(250,230)	(2,266)	(250,230)
Other assets	(6,300)	(5,304)	(6,300)	(5,304)
Operating liabilities	7,576	(116)	7,507	246
Due to customers	68,865	(326,396)	68,865	(326,396)
Gratuity paid	-	(762)	-	(762)
Net cash (used in) operating activities	(28,769)	(738,667)	(28,415)	(738,305)
Cash Flows from Investing Activities				
Interest income on short term investment	30,925	19,001	30,925	19,001
Changes in available for sale securities	-	55,638	-	55,638
Changes in investment in fixed deposits	(458,608)	216,743	(458,608)	216,743
Net Proceeds from the sale of property, plant & equipment	1,038,931	(3,956)	1,038,931	(3,956)
Net cash generated from / (used in) investing activities	611,248	287,426	611,248	287,426
Cash Flows from Financing Activities				
Net borrowings	(354,465)	178,000	(354,465)	178,000
Net cash generated from / (used in) financing activities	(354,465)	178,000	(354,465)	178,000
Net cash change	228,014	(273,241)	228,368	(272,879)
Cash and cash equivalents at the beginning of the period	105,071	437,978	105,071	437,978
Cash and cash equivalents at the end of the period	333,085	164,737	333,439	165,099
Cash and cash equivalents at the end of the period				
Cash, Current and Savings Accounts at the end of the period	357,254	270,901	357,608	271,263
Bank Overdraft at the end of the period	(24,169)	(106,164)	(24,169)	(106,164)
	333,085	164,737	333,439	165,099
<i>Figures in brackets indicate deductions.</i>				
<i>*The above figures are provisional and subject to audit.</i>				

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ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS

As at 30th September 2017	Company			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
Assets				
Cash and cash equivalents	-	357,254	-	357,254
Investment in fixed deposits	-	462,379	-	462,379
Financial investments - held for trading	2,522	-	-	2,522
Loans and advances to customers	-	2,007,868	-	2,007,868
Financial investments – available for sale	-	-	23	23
Total Financial Assets	2,522	2,827,501	23	2,830,046
As at 30th September 2017				
	FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000	
Liabilities				
Due to banks	-	24,169	24,169	
Due to customers	-	2,465,042	2,465,042	
Debt securities issued	-	14,500	14,500	
Total Liabilities	-	2,503,711	2,503,711	
As at 31st March 2017				
As at 31st March 2017	Company			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
Assets				
Cash and cash equivalents	-	313,065	-	313,065
Investment in fixed deposits	-	3,771	-	3,771
Financial investments - held for trading	2,562	-	-	2,562
Loans and advances to customers	-	2,005,094	-	2,005,094
Financial investments – available for sale	-	-	23	23
Total Financial Assets	2,562	2,321,930	23	2,324,515
As at 31st March 2017				
	FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000	
Liabilities				
Due to banks	-	562,459	562,459	
Due to customers	-	2,396,177	2,396,177	
Debt securities issued	-	14,200	14,200	
Total Liabilities	-	2,972,836	2,972,836	

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ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS

As at 30th September 2017	Group			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
Assets				
Cash and cash equivalents	-	357,608	-	357,608
Investment in fixed deposits	-	462,379	-	462,379
Financial investments - held for trading	2,522	-	-	2,522
Loans and advances to customers	-	2,007,868	-	2,007,868
Financial investments – available for sale	-	-	23	23
Total Financial Assets	2,522	2,827,855	23	2,830,400
As at 30th September 2017				
		FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000
Liabilities				
Due to banks		-	24,169	24,169
Due to customers		-	2,465,042	2,465,042
Debt securities issued		-	14,500	14,500
Total Liabilities		-	2,503,711	2,503,711
As at 31st March 2017				
As at 31st March 2017	Group			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
Assets				
Cash and cash equivalents	-	313,419	-	313,419
Investment in fixed deposits	-	3,771	-	3,771
Financial investments - held for trading	2,562	-	-	2,562
Loans and advances to customers	-	2,005,094	-	2,005,094
Financial investments – available for sale	-	-	23	23
Total Financial Assets	2,562	2,322,284	23	2,324,869
As at 31st March 2017				
		FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000
Liabilities				
Due to banks		-	562,459	562,459
Due to customers		-	2,396,177	2,396,177
Debt securities issued		-	14,200	14,200
Total Liabilities		-	2,972,836	2,972,836

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SEGMENTAL ANALYSIS**

Rs. '000

For the six months ended 30th September	Leasing & Hire Purchases		Trade Bills, Loans and Pawning		Margin Trading		Other		Total Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Income										
Interest income	102,855	112,722	32,602	22,961	10,251	17,712	42,880	23,046	188,588	176,441
Fee and commission income	818	1,283	-	-	-	-	-	-	818	1,283
Other operating income	5,240	4,107	5,137	824	-	-	3,181	(10,867)	13,558	(5,936)
Gross revenue	108,913	118,112	37,739	23,785	10,251	17,712	46,061	12,179	202,964	171,788
Interest expenses	123,686	89,909	22,256	36,159	19,116	18,219	3,777	3,863	168,835	148,150
Total operating income	(14,773)	28,203	15,483	(12,374)	(8,865)	(507)	42,285	8,316	34,129	23,638
Credit losses	6,462	18,734	1,873	(31,581)	(347)	-	(4,550)	-	3,438	(12,847)
Net operating income	(21,236)	9,469	13,610	19,207	(8,518)	(507)	46,835	8,316	30,691	36,485
Depreciation	1,858	4,344	334	1,747	287	880	57	164	2,536	7,135
Segment results	(93,070)	(44,235)	684	(2,392)	(19,620)	(11,390)	44,642	6,009	(67,364)	(52,008)
VAT & NBT on financial services	-	-	-	-	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-	-	-	-	(3,517)
Loss attributable to equity holders									(67,364)	(48,491)
As at 30th September										
Segment Assets	2,148,837	2,100,657	386,667	844,840	332,114	425,687	65,611	90,251	2,933,229	3,461,435
Total Assets	2,148,837	2,100,657	386,667	844,840	332,114	425,687	65,611	90,251	2,933,229	3,461,435
Segment Liabilities	1,933,230	1,788,789	347,871	719,413	298,791	362,488	59,028	76,852	2,638,920	2,947,543
Total Liabilities	1,933,230	1,788,789	347,871	719,413	298,791	362,488	59,028	76,852	2,638,920	2,947,543

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>	2017 Rs.	2016 Rs.
Highest price during the quarter ended 30th September	17.60	25.00
Lowest price during the quarter ended 30th September	13.00	18.30
Closing price as at 30th September	14.50	20.90
<u>Capital</u>	2017	2016
Ordinary Shares (Number of Shares)	67,500,000	67,500,000
Ordinary Shares (Value Rs.)	1,078,227,000	1,078,227,000
<u>Ratios</u>	As at 30.09.2017	As at 30.09.2016
Debt to equity ratio (times)	8.92	5.74
Interest cover (times)	0.60	0.65
Quick asset ratio (%)	5.16	0.66

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SHAREHOLDERS' INFORMATION

Twenty Largest Ordinary Shareholders as at 30th September 2017

Twenty largest ordinary shareholders of the Company as at 30th September 2017 were as follows;

Name of the Share Holder	No of Shares	%
1 People's Bank	33,856,246	50.16
2 People's Leasing & Finance PLC	25,014,002	37.06
3 Mr. L. De Fonseka	1,000,000	1.48
4 Mr.H.V.Pakianathan	338,591	0.50
5 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore	206,000	0.31
6 Mr. Z.G.Carimjee	196,158	0.29
7 Sandwave Limited	127,453	0.19
8 Mr.H.Beruwalage	116,200	0.17
9 Waldock Mackenzie Ltd / Mrs. G. Soysa	111,920	0.17
10 Mr.Thalangahawatte	105,984	0.16
11 Mr.B.W.Kundanmal	102,100	0.15
12 Mrs. R.D. Jayawardana / Mr.S.Munaweera	100,987	0.15
13 Mr. Biswas	100,000	0.15
14 Asha Financial Services Limited/Mr.C.N.Pakianathan	92,975	0.14
15 Mr. A.H. Munasinghe	84,084	0.12
16 Mrs. R.D. Jayawardana	77,667	0.12
17 Mr.S.Munaweera/ Mrs. R.D. Jayawardana	77,667	0.12
18 Mr.Gunathilaka	77,021	0.11
19 Waldock Mackenzie Limited / Dr.H.S.D.Soysa	70,995	0.11
20 Mr.S.Munaweera	70,900	0.11
	61,926,950	91.77

Directors'/CEO's Holding in Shares as at 30th September 2017	Position	No of Shares
Mr. H. Fernando	Chairman	-
Mr. N.V. Kumar	Director	-
Mr. J.A. Fernando	Director	-
Mr. M.P. Amirthanayagam	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.U.N.Gunasekara	Director	-
Mr.K.S.Bandaranayaka	Acting CEO	-
		1,000,000

Public Holding

The percentage of ordinary share held by the public as at 30th September 2017 was 11.30% and number of shareholders representing the public holding was 10,135.

**INTERIM
FINANCIAL
STATEMENTS**
EXPLANATORY NOTES

- 1) The Interim Financial Statements for the six months ended 30th September 2017 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 Colombo Stock Exchange .
- 3) There are no significant changes in the accounting policies and the methods of computation since the publication of 2016/17 Audited Financial Statement.
- 4) The Board of Directors has decided to amalgamate the Company with People's Leasing & Finance PLC (PLC) within the 2016/17 financial year in pursuance of a direction issued by the Monetary Board of the Central Bank of Sri Lanka, subject to receiving all approvals required therefore. The modality of the proposed amalgamation is yet to be finalized. Subsequently the Monetary Board of the Central Bank of Sri Lanka has granted PLC an extension of one (01) year until 31st March 2018 to effect the merger.
- 5) The company transferred it's property located at No.21, Nawam Mawatha Colombo 02, to the People's Bank (Parent Company) for Rs. 1,040 million on 19th May 2017 with the approval of Board of Directors and Central Bank of Sri Lanka.
- 6) In terms of Section 8 of the Listing Rules of the Colombo Stock Exchange, the Company summoned an Extra Ordinary General Meeting (EGM) of the shareholders of the Company pursuant to the provisions of section 220 of the Companies Act No 07 of 2007 (Serious Loss of Capital), at People's Merchant Finance PLC office Complex on 30th March 2017. In the EGM ordinary resolution was passed to authorise to carry on the business of the Company to the best advantage of all stakeholders of the Company, after considering the Report prepared by the Directors of the Company.
- 7) There has been no significant change in the nature of the contingent liabilities for the six months ended 30th September 2017 which were disclosed in the 2016/17 Audited Financial Statements.
- 8) There have been no material event subsequent to the reporting date, which require adjustments to or disclosure in the interim financial statements.

**INTERIM
FINANCIAL
STATEMENTS**
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 six months ended 30th September	Immediate Parent		Subsidiary		Affiliate	
	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000
Items in Statement of Profit or Loss						
Interest Income	9,430	1,052	-	-	1,301	-
Interest Expense	11,816	1,448	-	-	-	-
Items in Statement of Financial Position						
As at 30th September	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000
Assets						
Cash and cash equivalents	134,530	38,363	-	-	-	-
Investment in fixed deposits	104,177	3,635	-	-	101,301	-
Investment in subsidiaries - Investment	-	-	175,000	175,000	-	-
- Provision made	-	-	(175,000)	(175,000)	-	-
Other Assets - Due from Subsidiary	-	-	18,823	18,349	-	-
- Provision made	-	-	(18,823)	(18,349)	-	-
Liabilities						
Due to banks	24,169	178,000	-	-	-	-
Debt Securities issued	10,000	10,000	-	-	-	-

Corporate Information

Name of Company

People's Merchant Finance PLC
(Subsidiary of People's Bank)

Legal Form

Public Limited Liability Company
(Incorporated and domiciled in Sri Lanka)

Date of Incorporation

26th January 1983

Company Registration Number

PQ 200

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

Accounting Year-End

March -31

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

Registrars

SSP Corporate Services (Pvt) Ltd

No. 101, Inner Flower Road,
Colombo 03, Sri Lanka
Telephone; +94112573894, +94112576871
Fax; +94112573609
Email; sspsec@sltnet.lk

Auditors

M/s. KPMG
Chartered Accountants
32A, Sir Mohamed Macan Maker Mawatha,
Colombo 03.

Bankers

People's Bank

Branch Offices

Anuradhapura
Kurunegala
Negombo
Trincomalee
Kandy
Matara
Awissawella
Matugama
Elpitiya
Gampaha
Wellawatta Pawning Center

Board of Directors and Board Sub-Committees**Board of Directors**

Mr. Hemasiri Fernando - Chairman
Mr. A.P. Weerasinghe
Mr. L. De Fonseka
Mr. D.W.S.S.R.N.J. Dandeniya
Mr. U.N. Gunasekara
Mr. M.P. Amirthanayagam
Mr. J.A. Fernando
Mr. N.Vasantha Kumar

Integrated Risk Management Committee

Mr. J.A. Fernando
Mr. L. De Fonseka
Mr. D.W.S.S.R.N.J. Dandeniya
Acting CEO - Mr. K.S.Bandaranayake

Board Audit Committee

Mr. U.N. Gunasekara
Mr. A.P. Weerasinghe
Mr. J.A. Fernando

Related Party Transactions Review Committee

Mr. M.P. Amirthanayagam
Mr. L. De Fonseka
Mr. A.P. Weerasinghe

Board Remuneration Committee

Mr. M.P. Amirthanayagam
Mr. N.Vasantha Kumar

Corporate Management

Mr. K.S.Bandaranayake - Acting CEO
Mr. Charith Gunarathne - DGM - Credit & Asset Finance
Mr. Yasar Ariyaratne -DGM - Business Promotions
Mrs. Muditha Jayawickrema - DGM - Legal & HR

Subsidiary Company

PMB Services Limited

Vehicle Yard

No. 21, Nawam Mawatha, Colombo 02, Sri Lanka

Tax Payer Identity Number (TIN)

134000228

VAT Registration Number

134000228 7000

Central Bank Registration Number

LFC/043 (Under the Finance Business Act No. 42 of 2011)

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