

INTERIM FINANCIAL STATEMENTS

PEOPLE'S MERCHANT FINANCE PLC

For the year ended 31st March 2018



Contents

Financial Information

Statement of Financial Position	03
Statement of Profit or Loss - Company	04
Statement of Profit or Loss - Group	05
Statement of Comprehensive Income - Company	06
Statement of Comprehensive Income - Group	07
Statement of Changes in Equity - Company	08
Statement of Changes in Equity - Group	09
Statement of Cash Flows	10
Analysis of Financial Instruments by Measurement Basis - Company	11
Analysis of Financial Instruments by Measurement Basis - Group	12
Segmental Analysis	13
Information on Ordinary Shares of the Company	14
Shareholders' Information	15
Explanatory Notes	16
Related Party Disclosure - Company	17
Corporate Information	18

**INTERIM
FINANCIAL
STATEMENTS**

STATEMENT OF FINANCIAL POSITION

As at	Company			Group		
	31.03.18 Unaudited* Rs. '000	31.03.17 Audited Rs. '000	Change %	31.03.18 Unaudited* Rs. '000	31.03.17 Audited Rs. '000	Change %
Assets						
Cash and cash equivalents	289,945	313,065	(7.4)	290,214	313,419	(7.4)
Investment in fixed deposits	46,048	3,771	1,121.1	46,048	3,771	1,121.1
Assets held for sale	-	1,041,251	(100.0)	-	1,040,828	(100.0)
Financial investments - held for trading	2,580	2,562	0.7	2,580	2,562	0.7
Loans and advances to customers	2,494,448	2,005,094	24.4	2,494,448	2,005,094	24.4
Financial investments – available for sale	23	23	-	23	23	-
Property, plant and equipment	11,303	9,380	20.5	11,303	9,380	20.5
Intangible assets	6,371	8,435	(24.5)	6,371	8,435	(24.5)
Other assets	83,200	78,931	5.4	83,200	78,931	5.4
Total Assets	2,933,918	3,462,512	(15.3)	2,934,187	3,462,443	(15.3)
Liabilities						
Due to banks	96,556	562,459	(82.8)	96,556	562,459	(82.8)
Due to customers	2,455,586	2,396,177	2.5	2,455,586	2,396,177	2.5
Debt securities issued	14,800	14,200	4.2	14,800	14,200	4.2
Other liabilities	145,220	126,222	15.1	146,438	127,934	14.5
Total Liabilities	2,712,162	3,099,058	(12.5)	2,713,380	3,100,770	(12.5)
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	(863,730)	(1,295,630)	33.3	(864,679)	(1,297,411)	33.4
Total Equity	221,756	363,454	(39.0)	220,807	361,673	(38.9)
Total Liabilities & Equity	2,933,918	3,462,512	(15.3)	2,934,187	3,462,443	(15.3)
Contingent liabilities and commitments	64,820	55,541	16.7	64,820	55,541	16.7
Net assets value per ordinary share (Rs.)	3.29	5.38	(39.0)	3.27	5.36	(38.9)

CERTIFICATION

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

(Sgd.)

Aloka Hewawasam
Manager - Finance

(Sgd.)

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.

(Sgd.)

Hemasiri Fernando
Chairman

(Sgd.)

M.P. Amirthanayagam
Director

10th May 2018

Colombo

Figures in brackets indicate deductions.

*The above figures are provisional and subject to audit.

**INTERIM
FINANCIAL
STATEMENTS**
STATEMENT OF PROFIT OR LOSS - COMPANY

	For the year ended			For the quarter ended		
	31/03/18 Unaudited* Rs. '000	31/03/17 Audited* Rs. '000	Rs. Change %	31/03/18 Unaudited* Rs. '000	31/03/17 Unaudited* Rs. '000	Change %
Interest income	431,790	365,433	18.2	138,554	95,577	45.0
Less: Interest expense	339,682	342,347	(0.8)	81,556	103,792	(21.4)
Net interest income	92,108	23,086	299.0	56,998	(8,215)	793.8
Fee and commission income	6,644	5,893	12.7	4,856	5,224	(7.0)
Other operating income	28,653	4,209	580.8	12,065	4,439	171.8
Total operating income	127,405	33,188	283.9	73,919	1,448	5,004.9
Less: Net impairment charges /(reversal) on financial assets	63,376	40,428	56.8	40,543	42,498	(4.6)
Net operating income	64,029	(7,240)	984.4	33,376	(41,050)	181.3
Less: Staff costs	96,542	92,499	4.4	26,942	26,184	2.9
Depreciation & Amortisation	5,040	15,106	(66.6)	1,151	4,872	(76.4)
Other expenses	104,695	88,189	18.7	27,316	22,923	19.2
Operating profit before VAT & NBT on financial services	(142,248)	(203,034)	29.9	(22,033)	(95,028)	76.8
Less : VAT & NBT on financial services	-	-	-	-	-	-
Loss before income tax	(142,248)	(203,034)	29.9	(22,033)	(95,028)	76.8
Less: Income tax expense	-	(3,682)	(100.0)	-	20,001	(100.0)
Loss for the period	(142,248)	(199,352)	28.6	(22,033)	(115,029)	80.8
Basic loss per ordinary share - (Rs)	(2.11)	(2.95)	28.6	(0.33)	(1.70)	80.8

Figures in brackets indicate deductions.

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

**INTERIM
FINANCIAL
STATEMENTS**

STATEMENT OF PROFIT OR LOSS - GROUP

	For the year ended			For the quarter ended		
	31/03/18 Unaudited* Rs. '000	31/03/17 Audited* Rs. '000	Change %	31/03/18 Unaudited* Rs. '000	31/03/17 Unaudited* Rs. '000	Change %
Interest income	431,790	365,433	18.2	138,554	95,577	45.0
Less: Interest expense	339,682	342,347	(0.8)	81,556	103,792	(21.4)
Net interest income	92,108	23,086	299.0	56,998	(8,215)	793.8
Fee and commission income	6,644	5,893	12.7	4,856	5,224	(7.0)
Other operating income	28,827	4,212	584.4	12,239	4,442	175.5
Total operating income	127,579	33,191	284.4	74,093	1,451	5,006.3
Less: Net impairment charges/ (reversal) on financial assets	63,376	40,428	56.8	40,543	42,498	(4.6)
Net operating income	64,203	(7,237)	987.1	33,550	(41,047)	181.7
Less: Staff costs	96,542	92,499	4.4	26,942	26,184	2.9
Depreciation	4,617	11,508	(59.9)	728	4,872	(85.1)
Other expenses	104,460	89,180	17.1	27,081	23,735	14.1
Operating profit before VAT & NBT on financial services	(141,416)	(200,424)	29.4	(21,201)	(95,837)	77.9
Less : VAT & NBT on financial services	-	-	-	-	-	-
Loss before income tax	(141,416)	(200,424)	29.4	(21,201)	(95,837)	77.9
Less: Income tax expense	-	(3,682)	(100.0)	-	20,180	(100.0)
Loss for the period	(141,416)	(196,742)	28.1	(21,201)	(116,017)	81.7
Basic loss per ordinary share - (Rs)	(2.10)	(2.91)	28.1	(0.31)	(1.72)	81.7

Figures in brackets indicate deductions.

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

**INTERIM
FINANCIAL
STATEMENTS**

STATEMENT OF OTHER COMPREHENSIVE INCOME - COMPANY

	For the year ended			For the quarter ended		
	31/03/18 Unaudited* Rs. '000	31/03/17 Audited* Rs. '000	Change %	31/03/18 Unaudited* Rs. '000	31/03/17 Unaudited* Rs. '000	Change %
Loss for the period	(142,248)	(199,352)	28.6	(22,033)	(115,029)	80.8
Other comprehensive income						
Items that are or may be reclassified to profit or loss						
Net change in fair value of available for sale reserve	-	273	(100.0)	-	-	-
Available for sale reserve re-classification to income statement	-	12,288	(100.0)	-	-	-
Related taxes	-	(3,517)	(100.0)	-	-	-
Items that will never be reclassified to profit or loss						
Actuarial gain on defined benefit plans	762	588	29.6	762	588	29.6
Related taxes	(213)	(165)	29.1	(213)	(165)	29.1
Other comprehensive income/(loss) for the period	549	9,467	(94.2)	549	423	29.8
Total comprehensive loss for the period	(141,699)	(189,885)	25.4	(21,484)	(114,606)	81.3

Figures in brackets indicate deductions.

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

**INTERIM
FINANCIAL
STATEMENTS**

STATEMENT OF OTHER COMPREHENSIVE INCOME - GROUP

	For the year ended			For the quarter ended		
	31/03/18 Unaudited* Rs. '000	31/03/17 Audited* Rs. '000	Change %	31/03/18 Unaudited* Rs. '000	31/03/17 Unaudited* Rs. '000	Change %
Loss for the period	(141,416)	(196,742)	28.1	(21,201)	(116,017)	81.7
Other comprehensive income						
Items that are or may be reclassified to profit or loss						
Net change in fair value of available for sale reserve	-	273	(100.0)	-	-	-
Available for sale reserve re-classification to income statement	-	12,288	(100.0)	-	-	-
Related taxes	-	(3,517)	(100.0)	-	-	-
Items that will never be reclassified to profit or loss						
Actuarial gain on defined benefit plans	762	588	29.6	762	588	29.6
Related taxes	(213)	(165)	29.1	(213)	(165)	29.1
Other comprehensive income/(loss) for the period	549	9,467	(94.2)	549	423	29.8
Total comprehensive loss for the period	(140,867)	(187,275)	24.8	(20,652)	(115,594)	82.1

Figures in brackets indicate deductions.

*The above figures are provisional and subject to audit.

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

	Stated Capital '000	Rs. 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	(1,096,701)	553,339
Total comprehensive income for the year ended 31.03.2017							
Loss for the year ended 31.03.2017		-	-	-	-	(199,352)	(199,352)
Other comprehensive income/(Loss)		-	-	9,044	-	423	9,467
Total comprehensive income/(Loss) for the year ended 31.03.2017		-	-	9,044	-	(198,929)	(189,885)
Balance as at 31st March 2017	1,078,227		7,259	-	573,598	(1,295,630)	363,454
Balance as at 1st April 2017	1,078,227		7,259	-	573,598	(1,295,630)	363,454
Total comprehensive income for the year ended 31.03.2018							
Loss for the year ended 31.03.2018		-	-	-	-	(142,248)	(142,248)
Other comprehensive income/(Loss)		-	-	-	(573,598)	574,147	549
Total comprehensive income/(Loss) for the year ended 31.03.2018		-	-	-	(573,598)	431,899	(141,699)
Balance as at 31st March 2018	1,078,227		7,259	-	-	(863,731)	221,755
<i>Figures in brackets indicate deductions.</i>							
<i>*The above figures are provisional and subject to audit.</i>							

**INTERIM
FINANCIAL
STATEMENTS**

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 year ended 31.03.2017						
Loss for the year ended 31.03.2017	-	-	-	-	(196,742)	(196,742)
Other comprehensive income/(Loss)	-	-	9,044	-	423	9,467
Total comprehensive income/(Loss) for the year ended 31.03.2017	-	-	9,044	-	(196,319)	(187,275)
Balance as at 31st March 2017	1,078,227	7,259	-	573,598	(1,297,411)	361,673
Balance as at 1st April 2017	1,078,227	7,259	-	573,598	(1,297,411)	361,673
Total comprehensive income for the year ended 31.03.2018						
Loss for the year ended 31.03.2018	-	-	-	-	(141,416)	(141,416)
Other comprehensive income/(Loss)	-	-	-	(573,598)	574,147	549
Total comprehensive income/(Loss) for the year ended 31.03.2018	-	-	-	(573,598)	432,731	(140,867)
Balance as at 31st March 2018	1,078,227	7,259	-	-	(864,680)	220,806

Figures in brackets indicate deductions.

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

**INTERIM
FINANCIAL
STATEMENTS**

STATEMENT OF CASH FLOWS

<i>For the year ended 31st March</i>	COMPANY		GROUP	
	2018 Unaudited* Rs '000	2017 Audited Rs '000	2018 Unaudited* Rs '000	2017 Audited Rs '000
Cash flows from operating activities				
Loss before taxation	(142,248)	(203,034)	(141,416)	(200,424)
Adjustment for:				
Non-cash items included in Loss before tax				
Reversal of interest from investing activities	(67,948)	(35,516)	(67,948)	(35,516)
Reversal of fair value change on shares	(18)	(22)	(18)	(22)
Reversal of fair value gain from AFS Reserve	-	12,288	-	12,288
Dividend income from investments	(307)	(229)	(307)	(229)
Depreciation reversal	2,319	12,712	2,319	9,113
Amortization reversal	2,721	2,394	2,721	2,394
Charge for the retirement benefit obligation	3,134	2,836	3,134	2,836
Reversal of profit from disposal of property, plant & equipment	(1,460)	(549)	(1,460)	(549)
Reversal of Impairment on Loans and advances to customers	63,376	40,428	63,376	40,428
Changes in				
Loans and advances to customers	(552,732)	(353,020)	(552,730)	(353,020)
Other assets	(4,269)	9,320	(4,269)	9,320
Operating liabilities	17,469	(19,613)	16,551	(18,632)
Due to customers	59,409	(444,927)	59,410	(444,927)
Gratuity paid	(456)	(803)	(456)	(803)
Net cash (used in) operating activities	(621,009)	(977,735)	(621,092)	(977,743)
Cash Flows from Investing Activities				
Interest income on short term investment	67,948	35,516	67,948	35,516
Changes in available for sale securities	-	52,392	-	52,392
Changes in investment in fixed deposits	(42,277)	216,607	(42,277)	216,607
Purchase of property, plant & equipment	(4,242)	(5,241)	(4,242)	(5,241)
Purchase of intangible assets	(657)	(9,841)	(657)	(9,841)
Proceeds from sale of property, plant & equipment	1,042,710	700	1,042,710	700
Dividends received from investments	307	229	307	229
Net cash generated from / (used in) investing activities	1,063,789	290,363	1,063,789	290,363
Cash Flows from Financing Activities				
Net borrowings	(354,465)	354,465	(354,465)	354,465
Net cash generated from / (used in) financing activities	(354,465)	354,465	(354,465)	354,465
Net cash change	88,318	(332,907)	88,232	(332,915)
Cash and cash equivalents at the beginning of the period	105,071	437,978	105,425	438,340
Cash and cash equivalents at the end of the period	193,389	105,071	193,657	105,425
Cash and cash equivalents at the end of the period				
Cash, Current and Savings Accounts at the end of the period	289,945	313,065	290,214	313,419
Bank Overdraft at the end of the period	(96,556)	(207,994)	(96,556)	(207,994)
	193,389	105,071	193,658	105,425

Figures in brackets indicate deductions.

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

**INTERIM
FINANCIAL
STATEMENTS**

ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS

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	-	2,494,448	-	2,494,448
Financial investments – available for sale	-	-	23	23
Total Financial Assets	2,580	2,830,441	23	2,833,044
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	
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	

**INTERIM
FINANCIAL
STATEMENTS**

ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS

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	-	2,494,448	-	2,494,448
Financial investments – available for sale	-	-	23	23
Total Financial Assets	2,580	2,830,710	23	2,833,313
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	
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	

**INTERIM
FINANCIAL
STATEMENTS**
SEGMENTAL ANALYSIS

Rs. '000

For the year ended 31st March	Leasing & Hire Purchases		Trade Bills, Loans and Pawning		Margin Trading		Other		Total Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Income										
Interest income	217,435	227,179	76,209	66,717	41,667	36,022	96,479	35,516	431,790	365,433
Fee and commission income	6,644	5,824	-	-	-	-	-	69	6,644	5,893
Other operating income	6,928	5,512	11,087	1,392	-	-	10,813	9,574	28,828	16,478
Net gain/(loss) from financial assets - Held for trading	-	-	-	-	-	-	-	(12,266)	-	(12,266)
Gross revenue	231,007	238,515	87,296	68,109	41,667	36,022	107,292	32,893	467,262	375,538
(-) Interest expenses	254,897	185,083	40,370	86,093	37,710	29,762	6,705	41,408	339,682	342,347
Total operating income	(23,890)	53,432	46,926	(17,984)	3,957	6,260	100,587	(8,515)	127,580	33,191
(-) Credit losses	59,239	(71,836)	2,549	69,113	24,435	43,151	(22,846)	-	63,376	40,428
Net operating income	(83,129)	125,268	44,377	(87,097)	(20,478)	(36,891)	123,433	(8,515)	64,204	(7,237)
(-) Depreciation & other expenses	154,296	104,442	24,437	48,583	22,827	16,794	4,059	23,367	205,619	193,187
Segment results	(237,425)	20,825	19,940	(135,680)	(43,305)	(53,685)	119,374	(31,882)	(141,416)	(200,424)
(-) VAT & NBT on financial services	-	-	-	-	-	-	-	-	-	-
(-) Income tax expense									-	(3,682)
Loss attributable to equity holders									(141,416)	(196,742)
As at 31st March										
Segment Assets	2,201,815	1,871,904	348,714	870,733	325,739	301,010	57,919	418,796	2,934,187	3,462,443
Total Assets	2,201,815	1,871,904	348,714	870,733	325,739	301,010	57,919	418,796	2,934,187	3,462,443
Segment Liabilities	2,036,120	1,676,372	322,473	779,779	301,226	269,568	53,560	375,051	2,713,380	3,100,770
Total Liabilities	2,036,120	1,676,372	322,473	779,779	301,226	269,568	53,560	375,051	2,713,380	3,100,770

Figures in brackets indicate deductions.

*The above figures are provisional and subject to audit.

**INTERIM
FINANCIAL
STATEMENTS**

INFORMATION ON ORDINARY SHARES OF THE COMPANY

<u>Market Price</u>	2018 Rs.	2017 Rs.
Highest price during the quarter ended 31st March	14.00	19.60
Lowest price during the quarter ended 31st March	11.00	9.40
Closing price as at 31st March	11.00	13.90
<u>Capital</u>	2018	2017
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 31.03.2018	As at 31.03.2017
Debt to equity ratio (times)	0.07	8.53
Interest cover (times)	0.58	0.40
Quick asset ratio (%)	1.39	0.46

**INTERIM
FINANCIAL
STATEMENTS**

SHAREHOLDERS' INFORMATION

Twenty Largest Ordinary Shareholders as at 31st March 2018

Twenty largest ordinary shareholders of the Company as at 31st March 2018 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 People'S Leasing & Finance Plc/Dr.H.S.D.Soyso & Mrs.G.Soyso	211,608	0.31%
6 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore	206,000	0.31%
7 Mr. Z.G.Carimjee	196,158	0.29%
8 Sandwave Limited	127,453	0.19%
9 Mr.H.Beruwalage	116,200	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.Gunathilake	77,021	0.11%
19 Mr.S.Munaweera	70,900	0.11%
20 Dr. G.R. Constantine	70,315	0.10%
	62,025,958	91.90%

Directors'/CEO's Holding in Shares as at 31st March 2018	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. A.S. Ibrahim	Director	-
Mr.U.N.Gunasekara	CEO	-
		1,000,000

Public Holding

The percentage of ordinary share held by the public as at 31st March 2018 was 11.30% and number of shareholders representing the public holding was 10,133. The float adjusted market capitalization as at 31st March 2018 was Rs: 83,902,500/-

**INTERIM
FINANCIAL
STATEMENTS**
EXPLANATORY NOTES

- 1) The Interim Financial Statements for the year ended 31st March 2018 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) Central Bank of Sri Lanka has directed People's Merchant Finance PLC to amalgamate 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. Further to a request made by the Board of Directors of People's Merchant Finance PLC, Monetary Board of the Central Bank of Sri Lanka has granted six months' period until 30th September 2018 to effect the merger.
- 5) The company transferred its 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) The contingent liabilities for the year ended 31st March 2018 has been increased as a result of unutilised margin trading loan balances of the clients.
- 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 year ended 31st March	Immediate Parent		Subsidiary		Affiliate	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
Items in Statement of Profit or Loss						
Interest Income	10,022	1,601	-	-	6,154	-
Interest Expense	4,461	33,436	-	-	-	-
Items in Statement of Financial Position						
As at 31st March	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
Assets						
Cash and cash equivalents	72,383	29,981		-	-	-
Investment in fixed deposits	-	3,771		-	-	-
Investment in subsidiaries - Investment	-	-		175,000	-	-
- Provision made	-	-		(175,000)	-	-
Other Assets - Due from Subsidiary	-	-		18,823	-	-
- Provision made	-	-		(18,823)	-	-
Liabilities						
Due to banks	-	562,459		-	-	-
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. N.Vasantha Kumar
Mr. M.P. Amirthanayagam
Mr. A.S. Ibrahim
Dr. D.W.S.S.R.N.J. Dandeniya
Mr. A.P. Weerasinghe
Mr. J.A. Fernando
Mr. L. De Fonseka

Integrated Risk Management Committee

Mr. J.A. Fernando
Mr. L. De Fonseka
Dr. D.W.S.S.R.N.J. Dandeniya
Mr. U.N. Gunasekara - CEO

Board Audit Committee

Mr. J.A. Fernando
Mr. A.P. Weerasinghe
Mr. A.S. Ibrahim

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. U.N. Gunasekara - CEO
Mr. Charith Gunarathne - DGM - Credit & Asset Finance
Mr. Yasas 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