

# CONDENSED INTERIM FINANCIAL STATEMENTS

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PEOPLE'S MERCHANT FINANCE PLC

*For the period ended 31st December 2019*



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

As at	Company			Group		
	31.12.19 Reviewed* Rs. '000	31.03.19 Audited Rs. '000	Change %	31.12.19 Reviewed* Rs. '000	31.03.19 Audited Rs. '000	Change %
<b>Assets</b>						
Cash and cash equivalents	290,757	226,281	28.5	291,013	226,537	28.5
Balances with banks and financial institutions	920,861	56,747	1,522.7	920,861	56,747	1,522.7
Financial assets measured at amortised cost - Loans and advances	1,778,383	2,504,264	(29.0)	1,778,383	2,504,264	(29.0)
Investments in securities	517,883	2,142	24,077.5	517,883	2,142	24,077.5
Property, plant and equipment	10,929	13,568	(19.5)	10,929	13,568	(19.5)
Intangible assets	3,048	5,125	(40.5)	3,048	5,125	(40.5)
Other Assets	95,075	85,256	11.5	95,075	85,256	11.5
<b>Total Assets</b>	<b>3,616,936</b>	<b>2,893,383</b>	<b>25.0</b>	<b>3,617,192</b>	<b>2,893,639</b>	<b>25.0</b>
<b>Liabilities</b>						
Due to banks	-	219,144	(100.0)	-	219,144	(100.0)
Financial liabilities at amortised cost - due to depositors	2,227,322	2,434,733	(8.5)	2,227,322	2,434,733	(8.5)
Debt securities issued	15,850	15,400	2.9	15,850	15,400	2.9
Other liabilities	87,553	81,147	7.9	87,831	81,425	7.9
<b>Total Liabilities</b>	<b>2,330,725</b>	<b>2,750,424</b>	<b>(15.3)</b>	<b>2,331,003</b>	<b>2,750,702</b>	<b>(15.3)</b>
<b>Equity</b>						
Stated capital	2,440,290	1,238,302	97.1	2,440,290	1,238,302	97.1
Statutory reserve fund	7,259	7,259	-	7,259	7,259	-
Accumulated losses	(1,161,338)	(1,102,602)	5.3	(1,161,360)	(1,102,624)	5.3
<b>Total Equity</b>	<b>1,286,211</b>	<b>142,959</b>	<b>799.7</b>	<b>1,286,189</b>	<b>142,937</b>	<b>799.8</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,616,936</b>	<b>2,893,383</b>	<b>25.0</b>	<b>3,617,192</b>	<b>2,893,639</b>	<b>25.0</b>
Contingent liabilities and commitments	77,077	47,431	62.5	77,077	47,431	62.5
Net assets value per ordinary share (Rs.)	6.10	1.69	259.9	6.10	1.69	259.9

**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*

**Rangana Koralage**  
Chief Executive Officer (Acting)/ Executive Director

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

30th January 2020

Colombo

*Figures in brackets indicate deductions.*

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

	For the nine months ended			For the quarter ended		
	31/12/19 Reviewed* Rs. '000	31/12/18 Unaudited* Rs. '000	Change %	31/12/19 Reviewed* Rs. '000	31/12/18 Unaudited* Rs. '000	Change %
<b>Gross Income</b>	491,478	461,682	6.5	151,284	161,669	(6.4)
Interest income	445,957	403,461	10.5	132,686	148,539	(10.7)
Less: Interest expense	228,131	267,749	(14.8)	69,919	97,487	(28.3)
<b>Net interest income</b>	<b>217,826</b>	<b>135,712</b>	<b>60.5</b>	<b>62,767</b>	<b>51,052</b>	<b>22.9</b>
Fee and commission income	4,183	6,823	(38.7)	2,002	2,594	(22.8)
Net fair value gain/(loss) from financial assets at FVTPL	16,538	(111)	(15,012.3)	14,149	162	8,639.2
Other operating income	24,800	51,509	(51.9)	2,448	10,374	(76.4)
<b>Total operating income</b>	<b>263,347</b>	<b>193,933</b>	<b>35.8</b>	<b>81,365</b>	<b>64,182</b>	<b>26.8</b>
Less: Impairment charges for loans and receivables and other losses	100,807	21,957	359.1	10,310	17,157	(39.9)
<b>Net operating income</b>	<b>162,540</b>	<b>171,976</b>	<b>(5.5)</b>	<b>71,055</b>	<b>47,025</b>	<b>51.1</b>
Less: Personnel Expenses	93,884	94,113	(0.2)	30,500	33,935	(10.1)
Depreciation of property, plant and equipment	3,296	2,633	25.2	1,103	941	17.2
Amortisation of intangible assets	2,453	2,289	7.2	831	785	5.9
Other expenses	113,008	85,414	32.3	41,309	28,766	43.6
<b>Operating profit/(loss) before tax on financial services</b>	<b>(50,101)</b>	<b>(12,473)</b>	<b>(301.7)</b>	<b>(2,689)</b>	<b>(17,402)</b>	<b>84.5</b>
Less : Tax on financial services	8,635	10,469	(17.5)	4,451	2,547	74.7
<b>Profit/(Loss) before income tax</b>	<b>(58,736)</b>	<b>(22,942)</b>	<b>(156.0)</b>	<b>(7,140)</b>	<b>(19,949)</b>	<b>64.2</b>
Less: Income tax expense	-	-	-	-	-	-
<b>Profit/(Loss) for the period</b>	<b>(58,736)</b>	<b>(22,942)</b>	<b>(156.0)</b>	<b>(7,140)</b>	<b>(19,949)</b>	<b>64.2</b>
Basic loss per ordinary share - (Rs)	(0.47)	(0.34)	(37.3)	(0.06)	(0.30)	80.8

*As permitted by the SOAT (the statement of alternative treatment) issued by the CA Sri Lanka, the company presented the interim financial statements for the period ended 31st December 2018 based on LKAS 39 and these comparative information has not been restated.*

*Figures in brackets indicate deductions.*

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

	For the nine months ended			For the quarter ended		
	31/12/19	31/12/18	Change %	31/12/19	31/12/18	Change %
	Reviewed* Rs. '000	Unaudited* Rs. '000		Reviewed* Rs. '000	Unaudited* Rs. '000	
<b>Gross Income</b>	<b>491,478</b>	461,682	6.5	<b>151,284</b>	161,669	(6.4)
Interest income	445,957	403,461	10.5	132,686	148,539	(10.7)
Less: Interest expense	228,131	267,749	(14.8)	69,919	97,487	(28.3)
<b>Net interest income</b>	<b>217,826</b>	<b>135,712</b>	60.5	<b>62,767</b>	<b>51,052</b>	22.9
Fee and commission income	4,183	6,823	(38.7)	2,002	2,594	(22.8)
Net fair value gain/(loss) from financial assets at FVTPL	16,538	(111)	100.0	14,149	162	8,639.2
Other operating income	24,800	51,509	(51.9)	2,448	10,374	(76.4)
<b>Total operating income</b>	<b>263,347</b>	<b>193,933</b>	35.8	<b>81,365</b>	<b>64,182</b>	26.8
Less: Net impairment charges/ (reversal) on financial assets	100,807	21,957	359.1	10,310	17,157	(39.9)
<b>Net operating income</b>	<b>162,540</b>	<b>171,976</b>	(5.5)	<b>71,055</b>	<b>47,025</b>	51.1
Less: Staff costs	93,884	94,113	(0.2)	30,500	33,935	(10.1)
Depreciation of property, plant and equipment	3,296	2,633	25.2	1,103	941	17.2
Amortisation of intangible assets	2,453	2,289	7.2	831	785	5.9
Other expenses	113,008	85,414	32.3	41,309	28,766	43.6
<b>Operating profit/(loss) before tax on financial services</b>	<b>(50,101)</b>	<b>(12,473)</b>	(301.7)	<b>(2,689)</b>	<b>(17,402)</b>	84.5
Less : Tax on financial services	8,635	10,469	(17.5)	4,451	2,547	74.7
<b>Profit/(Loss) before income tax</b>	<b>(58,736)</b>	<b>(22,942)</b>	(156.0)	<b>(7,140)</b>	<b>(19,949)</b>	64.2
Less: Income tax expense	-	-	-	-	-	-
<b>Profit/(Loss) for the period</b>	<b>(58,736)</b>	<b>(22,942)</b>	(156.0)	<b>(7,140)</b>	<b>(19,949)</b>	64.2
Basic loss per ordinary share - (Rs)	(0.47)	(0.34)	(37.3)	(0.06)	(0.30)	80.8

*As permitted by the SOAT (the statement of alternative treatment) issued by the CA Sri Lanka, the company presented the interim financial statements for the period ended 31st December 2018 based on LKAS 39 and these comparative information has not been restated.*

*Figures in brackets indicate deductions.*

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

	For the nine months ended			For the quarter ended		
	31/12/19 Reviewed* Rs. '000	31/12/18 Unaudited* Rs. '000	Change %	31/12/19 Reviewed* Rs. '000	31/12/18 Unaudited* Rs. '000	Change %
<b>Profit / (Loss) for the period</b>	(58,736)	(22,942)	(156.0)	(7,140)	(19,949)	64.2
<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 actuarial loss	-	-	-	-	-	-
<b>Other comprehensive income/(expense) for the period</b>	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	(58,736)	(22,942)	(156.0)	(7,140)	(19,949)	64.2

*As permitted by the SOAT (the statement of alternative treatment) issued by the CA Sri Lanka, the company presented the interim financial statements for the period ended 31st December 2018 based on LKAS 39 and these comparative information has not been restated.*

*Figures in brackets indicate deductions.*

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

	For the nine months ended			For the quarter ended		
	31/12/19 Reviewed* Rs. '000	31/12/18 Unaudited*	Change %	31/12/19 Reviewed* Rs. '000	31/12/18 Unaudited* Rs. '000	Change %
<b>Profit / (Loss) for the period</b>	(58,736)	(22,942)	(156.0)	(7,140)	(19,949)	64.2
<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>	(58,736)	(22,942)	(156.0)	(7,140)	(19,949)	64.2

*As permitted by the SOAT (the statement of alternative treatment) issued by the CA Sri Lanka, the company presented the interim financial statements for the period ended 31st December 2018 based on LKAS 39 and these comparative information has not been restated.*

*Figures in brackets indicate deductions.*

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

	Stated Capital Rs. '000	Statutory Reserve Fund Rs. '000	Accumulated Losses Rs. '000	Total Equity Rs. '000
<b>Balance as at 1st April 2018</b>	<b>1,078,227</b>	<b>7,259</b>	<b>(869,795)</b>	<b>215,691</b>
Profit/(Loss) for the nine months ended 31.12.2018	-	-	(22,942)	(22,942)
<b>Total comprehensive income/(expense) for the nine months ended 31.12.2018</b>	<b>-</b>	<b>-</b>	<b>(22,942)</b>	<b>(22,942)</b>
<b>Balance as at 31st December 2018</b>	<b>1,078,227</b>	<b>7,259</b>	<b>(892,737)</b>	<b>192,749</b>
<b>Balance as at 1st April 2019</b>	<b>1,238,302</b>	<b>7,259</b>	<b>(1,102,602)</b>	<b>142,959</b>
Profit/(Loss) for the nine months ended 31.12.2019	-	-	(58,736)	(58,736)
Right issue of shares	1,201,988	-	-	1,201,988
<b>Total comprehensive income/(expense) for the nine months ended 31.12.2019</b>	<b>1,201,988</b>	<b>-</b>	<b>(58,736)</b>	<b>1,143,252</b>
<b>Balance as at 31st December 2019</b>	<b>2,440,290</b>	<b>7,259</b>	<b>(1,161,338)</b>	<b>1,286,211</b>
<i>Figures in brackets indicate deductions.</i>				



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

	Stated Capital Rs. '000	Statutory Reserve Fund Rs. '000	Accumulated Losses Rs. '000	Total Equity Rs. '000
<b>Balance as at 1st April 2018</b>	<b>1,078,227</b>	<b>7,259</b>	<b>(870,742)</b>	<b>214,744</b>
Profit/(Loss) for the nine months ended 31.12.2018	-	-	(22,942)	(22,942)
<b>Total comprehensive income/(expense) for the nine months ended 31.12.2018</b>	<b>-</b>	<b>-</b>	<b>(22,942)</b>	<b>(22,942)</b>
<b>Balance as at 31st December 2018</b>	<b>1,078,227</b>	<b>7,259</b>	<b>(893,684)</b>	<b>191,802</b>
<b>Balance as at 1st April 2019</b>	<b>1,238,302</b>	<b>7,259</b>	<b>(1,102,624)</b>	<b>142,937</b>
Profit/(Loss) for the nine months ended 31.12.2019	-	-	(58,736)	(58,736)
Right issue of shares	1,201,988	-	-	1,201,988
<b>Total comprehensive income/(expense) for the nine months ended 31.12.2019</b>	<b>1,201,988</b>	<b>-</b>	<b>(58,736)</b>	<b>1,143,252</b>
<b>Balance as at 31st December 2019</b>	<b>2,440,290</b>	<b>7,259</b>	<b>(1,161,360)</b>	<b>1,286,189</b>
<i>Figures in brackets indicate deductions.</i>				

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

For the nine months ended 31st December	COMPANY		GROUP	
	2019 Reviewed* Rs '000	2018 Unaudited Rs '000	2019 Reviewed* Rs '000	2018 Unaudited Rs '000
<b>Cash flows from operating activities</b>				
<b>Loss before taxation</b>	(58,736)	(22,942)	(58,736)	(22,942)
<b>Adjustment for:</b>				
<b>Non-cash items included in Loss before tax</b>				
Interest from investing activities	(84,970)	17,108	(84,970)	17,108
Fair value change on shares	(596)	111	(596)	111
Reversal of gain on investment on unit trust	(15,942)	-	(15,942)	-
Dividend income from investments	-	-	-	-
Depreciation of property, plant & equipment	3,296	2,633	3,296	2,633
Amortization of intangible assets	2,453	2,289	2,453	2,289
Gain on disposal of property, plant & equipment	-	-	-	-
Impairment on Loans and receivables and other losses	100,807	21,957	100,807	21,957
<b>Changes in</b>				-
Loans and advances to customers	625,074	(518,564)	625,074	(518,564)
Other assets	(9,022)	(1,383)	(9,022)	(1,114)
Operating liabilities	10,084	(61,568)	10,084	(61,568)
Due to customers	(207,411)	(177,789)	(207,411)	(177,789)
Gratuity paid	(3,229)	(1,047)	(3,229)	(1,047)
Income Tax paid	-	-	-	-
<b>Net cash generated from/(used in) operating activities</b>	<b>361,808</b>	<b>(739,195)</b>	<b>361,808</b>	<b>(738,926)</b>
<b>Cash Flows from Investing Activities</b>				
Interest income on short term investment	84,970	(17,108)	84,970	(17,108)
Net investment in fixed deposits	(864,114)	5,693	(864,114)	5,693
Investment in unit trust	(500,000)	-	(500,000)	-
Purchase of property, plant & equipment	(1,032)	(5,002)	(1,032)	(5,002)
Proceeds from sale of property, plant & equipment	-	-	-	-
Dividend received from investments	-	-	-	-
<b>Net cash generated from/(used in) investing activities</b>	<b>(1,280,176)</b>	<b>(16,417)</b>	<b>(1,280,176)</b>	<b>(16,417)</b>
<b>Cash Flows from Financing Activities</b>				
Issue of new shares	1,201,988	-	1,201,988	-
Net borrowings	-	-	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>1,201,988</b>	<b>-</b>	<b>1,201,988</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>283,620</b>	<b>(755,612)</b>	<b>283,620</b>	<b>(755,343)</b>
Cash and cash equivalents at the beginning of the period	7,137	193,389	7,393	193,389
<b>Cash and cash equivalents at the end of the period</b>	<b>290,757</b>	<b>(562,223)</b>	<b>291,013</b>	<b>(561,954)</b>
<b>Cash and cash equivalents at the end of the period</b>				
Cash, Current and Savings Accounts at the end of the period	290,757	244,206	291,013	244,475
Bank Overdraft at the end of the period	-	(806,429)	-	(806,429)
	<b>290,757</b>	<b>(562,223)</b>	<b>291,013</b>	<b>(561,954)</b>

*Figures in brackets indicate deductions.*

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

As at 31st December 2019	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	-	290,757	290,757
Balances with banks and financial institutions	-	920,861	920,861
Financial assets measured at amortised cost - Loans and advances	-	1,778,383	1,778,383
Investments in securities	517,883	-	517,883
<b>Total Financial Assets</b>	<b>517,883</b>	<b>2,990,001</b>	<b>3,507,884</b>
<b>Liabilities</b>			
Due to banks	-	-	-
Financial liabilities at amortised cost - due to depositors	-	2,227,322	2,227,322
Debt securities issued	-	15,850	15,850
<b>Total Liabilities</b>	<b>-</b>	<b>2,243,172</b>	<b>2,243,172</b>
As at 31st March 2019	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	-	226,281	226,281
Balances with banks and financial institutions	-	56,747	56,747
Financial assets measured at amortised cost - Loans and advances	-	2,504,264	2,504,264
Investments in securities	2,142	-	2,142
<b>Total Financial Assets</b>	<b>2,142</b>	<b>2,787,292</b>	<b>2,789,434</b>
<b>Liabilities</b>			
Due to banks	-	219,144	219,144
Financial liabilities at amortised cost - due to depositors	-	2,434,733	2,434,733
Debt securities issued	-	15,400	15,400
<b>Total Liabilities</b>	<b>-</b>	<b>2,669,277</b>	<b>2,669,277</b>

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

As at 31st December 2019	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	-	291,013	291,013
Balances with banks and financial institutions	-	920,861	920,861
Financial assets measured at amortised cost - Loans and advances	-	1,778,383	1,778,383
Investments in securities	517,883	-	517,883
<b>Total Financial Assets</b>	<b>517,883</b>	<b>2,990,257</b>	<b>3,508,140</b>
<b>Liabilities</b>			
Due to banks	-	-	-
Financial liabilities at amortised cost - due to depositors	-	2,227,322	2,227,322
Debt securities issued	-	15,850	15,850
<b>Total Liabilities</b>	<b>-</b>	<b>2,243,172</b>	<b>2,243,172</b>
As at 31st March 2019	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	-	226,537	226,537
Balances with banks and financial institutions	-	56,747	56,747
Financial assets measured at amortised cost - Loans and advances	-	2,504,264	2,504,264
Investments in securities	2,142	-	2,142
<b>Total Financial Assets</b>	<b>2,142</b>	<b>2,787,548</b>	<b>2,789,690</b>
<b>Liabilities</b>			
Due to banks	-	219,144	219,144
Financial liabilities at amortised cost - due to depositors	-	2,434,733	2,434,733
Debt securities issued	-	15,400	15,400
<b>Total Liabilities</b>	<b>-</b>	<b>2,669,277</b>	<b>2,669,277</b>

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

Rs. '000

For the nine months ended 31st December	Leasing & Hire Purchases		Loans and Pawning		Margin Trading		Other		Total Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Income</b>										
Interest income	219,790	252,701	87,274	88,100	19,393	18,643	119,500	44,017	445,957	403,461
Fee and commission income	3,520	6,239	663	584	-	-	-	-	4,183	6,823
Other operating income	10,709	23,076	13,383	27,974	-	-	17,244	348	41,338	51,398
<b>Gross revenue</b>	<b>234,020</b>	<b>282,016</b>	<b>101,320</b>	<b>116,658</b>	<b>19,393</b>	<b>18,643</b>	<b>136,744</b>	<b>44,365</b>	<b>491,478</b>	<b>461,682</b>
Less: Interest expenses	167,167	178,942	28,185	71,213	24,229	14,369	8,550	3,225	228,131	267,749
<b>Total operating income</b>	<b>66,853</b>	<b>103,074</b>	<b>73,136</b>	<b>45,445</b>	<b>(4,837)</b>	<b>4,274</b>	<b>128,194</b>	<b>41,140</b>	<b>263,347</b>	<b>193,933</b>
Net impairment charges/(reversal)	84,886	2,166	15,921	23,733	-	(3,943)	-	-	100,807	21,957
<b>Net operating income</b>	<b>(18,033)</b>	<b>100,908</b>	<b>57,214</b>	<b>21,712</b>	<b>(4,837)</b>	<b>8,217</b>	<b>128,194</b>	<b>41,140</b>	<b>162,539</b>	<b>171,975</b>
Less: Operating Expenses	155,816	123,271	26,271	49,058	22,584	9,899	7,970	2,222	212,641	184,448
<b>Segment results</b>	<b>(173,849)</b>	<b>(22,363)</b>	<b>30,943</b>	<b>(27,346)</b>	<b>(27,420)</b>	<b>(1,682)</b>	<b>120,223</b>	<b>38,918</b>	<b>(50,101)</b>	<b>(12,473)</b>
Less: Tax on financial services	-	-	-	-	-	-	-	-	8,635	10,469
Less: Income tax expense									-	-
<b>Loss attributable to equity holders</b>									<b>(58,736)</b>	<b>(22,942)</b>
<b>As at 31st December</b>										
Segment Assets	2,650,560	2,255,404	446,890	897,576	384,168	181,106	135,574	40,650	3,617,192	3,374,736
<b>Total Assets</b>	<b>2,650,560</b>	<b>2,255,404</b>	<b>446,890</b>	<b>897,576</b>	<b>384,168</b>	<b>181,106</b>	<b>135,574</b>	<b>40,650</b>	<b>3,617,192</b>	<b>3,374,736</b>
Segment Liabilities	1,708,082	2,127,218	287,987	846,562	247,567	170,813	87,367	38,340	2,331,003	3,182,934
<b>Total Liabilities</b>	<b>1,708,082</b>	<b>2,127,218</b>	<b>287,987</b>	<b>846,562</b>	<b>247,567</b>	<b>170,813</b>	<b>87,367</b>	<b>38,340</b>	<b>2,331,003</b>	<b>3,182,934</b>

Figures in brackets indicate deductions.

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

<b><u>Market Price</u></b>	<b>2019 Rs.</b>	<b>2018 Rs.</b>
Highest price during the quarter ended 31st December	12.50	12.50
Lowest price during the quarter ended 31st December	8.50	8.20
Closing price as at 31st December	10.60	11.40
<b><u>Capital</u></b>	<b>2019</b>	<b>2018</b>
Ordinary Shares (Number of Shares)	210,875,000	67,500,000
Ordinary Shares (Value Rs.)	2,440,290,000	1,078,227,500
<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 31.12.2019</b>	<b>As at 31.03.2019</b>
Debt to equity ratio (times)	1.74	17.14
Interest cover (times)	0.90	0.80
Quick asset ratio (%)	19.69	0.95

**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 Nine months ended 31st December	Sterling Capital Investment (Pvt) Ltd		People's Bank		PMB Services Ltd	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Interest Income	-	-	16,913	820	-	-
Interest Expense	-	-	2,579	40,339	-	-
Fees & commission income	-	-	-	-	-	-
Other operating Expense	-	-	13,629	11,571	-	-
<b>Items in Statement of Financial Position</b>						
As at 31st December	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
<b>Assets</b>						
Cash and cash equivalents	-	-	27,261	36,359	-	-
Investment in fixed deposits	-	-	620,880	-	-	-
Investment in subsidiaries - Investment	-	-	-	-	175,000	175,000
Other Assets - Due from Subsidiary	-	-	-	-	19,140	18,823
- Provision made	-	-	-	-	(194,140)	(193,823)
<b>Liabilities</b>						
Due to banks	-	-	-	806,429	-	-
Debt Securities issued	-	-	15,850	15,250	-	-

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

<b>Twenty Largest Ordinary Shareholders as at 31st December 2019</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	77,667	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>205,709,378</b>	<b>97.56%</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. G.B.R.P.Gunawardana	Director	-
Mrs. G. Kodagoda	Director	-
<b>Total</b>		<b>2,500</b>

\* Mr. Madusanka was appointed as Acting Chief Executive Officer / Executive Director with effect from 20th January 2020.

	<b>No: of Shares</b>
<b>Issued Share Capital as at 31st December 2019</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 (9,917 Shareholders)	8,193,129
<b>Public Holding as a % of Shares Issued</b>	<b>3.88%</b>

Issued Share Capital as at 31st December 2019	210,875,000
Closing Mkt Price	10.60
Total Market Capitalization	2,235,275,000
Public Shareholding (9,917 Shareholders)	3.88%
<b>Float adjusted market capitalization</b>	<b>86,728,670</b>



**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 The company has adopted to SLFRS 09 with retrospective effect. The first day impact from the adoption has been adjusted to the retained earnings as at 31st March 2018. Thus the unaudited comparative figures for the previous period shows the calculations as per LKAS 39, where as the current period figures are shown in accordance with SLFRS 09. However the audited comparative figures are shown in accordance with SLFRS 09.
- 3 There are no significant changes in the accounting policies and the methods of computation since the publication of 2018/19 Audited Financial Statements.
- 4 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.
- 5 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.

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

<p><b>Name of Company</b> People's Merchant Finance PLC</p> <p><b>Legal Form</b> Public Limited Liability Company (Incorporated and domiciled in Sri Lanka)</p> <p><b>Date of Incorporation</b> 26<sup>th</sup> January 1983</p> <p><b>Company Registration Number</b> PQ 200</p> <p><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.</p> <p>Ordinary Shares has been transferred to Diri Savi Board with effect from July 02,2018</p> <p><b>Accounting Year-End</b> March -31</p> <p><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></p> <p><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></p> <p><b>Auditors</b> M/s. KPMG Chartered Accountants 32A, Sir Mohamed Macan Maker Mawatha, Colombo 03.</p>	<p><b>Branch Offices</b> Anuradhapura Kurunegala Negombo Trincomalee Kandy Matara Awissawella Matugama Elpitiya Gampaha Wellawatta Pawning Center</p> <p><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. G.B.R.P.Gunawardana Mrs.G.Kodagoda</p> <p><b>Integrated Risk Management Committee</b> Mr. C.P.Abeywickrama - Chairman Mr. C.S.Manoharan Mr. D.N.Daluwatte Ms.Muditha Jayawickrema, DGM- Legal/Compliance Officer</p> <p><b>Board Audit Committee</b> Mr. C.S.Manoharan - Chairman Mr. C.P.Abeywickrama Mr. K.R.P.Madusanka</p> <p><b>Remuneration Committee</b> Mr. C.P.Abeywickrama - Chairman Mr. C.S.Manoharan Mr. K.R.P.Madusanka</p> <p><b>Nomination Committee</b> Mr. C.P.Abeywickrama - Chairman Mr. C.S.Manoharan Mr. K.R.P.Madusanka</p>	<p><b>Related Party Transactions Review Committee</b> Mr. C.S.Manoharan - Chairman Mr. K.R.P.Madusanka</p> <p><b>Corporate Management</b> Mr. Amila Katuwawala - DGM - Credit Mr. Yasas Ariyaratne -DGM - Branch Operations Mrs. Muditha Jayawickrema - DGM - Legal /Compliance Officer</p> <p><b>Bankers</b> People's Bank</p> <p><b>Subsidiary Company</b> PMB Services Limited</p> <p><b>Vehicle Yards</b> No. 21, Nawam Mawatha, Colombo 02, Sri Lanka. Avinro Motors, Hiripitiya Road, Wellawa, Sri Lanka.</p> <p><b>Tax Payer Identity Number (TIN)</b> 134000228</p> <p><b>VAT Registration Number</b> 134000228 7000</p> <p><b>Central Bank Registration Number</b> LFC/043 (Under the Finance Business Act No. 42 of 2011)</p> <p><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.</p> <p><b>Credit Rating</b> [SL]B; rating put on watch with developing implications by ICRA Lanka Limited.</p>
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