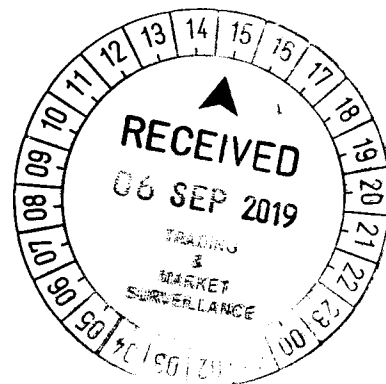


September 6, 2019

PMF / 2019 / E / 98

Ms. Nilupa Perera
Head of Trading, Market Surveillance & Corporate Affairs
Colombo Stock Exchange
04-01, World Trade Centre
Echelon Square
Colombo 01



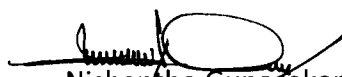
Dear Madam,

RESOLUTION OF EMPHASIS OF MATTER ON GOING CONCERN

We wish to submit below listed documents confirming that the matters giving rise to the emphasis of matter on going concern reported in the Audited Financial statements for the year ended March 31, 2018 has been resolved.

1. Declaration by the Board of Directors of the People's Merchant Finance PLC (PMB) stating that matters giving rise to the Emphasis of matter on going concern have been resolved (Annexure I)
2. Confirmation issued by the Audit Committee of the PMB stating that the matters giving rise to the Emphasis of Matter on going concern have been resolved (Annexure II)
3. Declaration by KPMG as to the resolution of all matters giving rise to the emphasis of matter on going concern (Annexure III)

Thank you


Nishantha Gunasekara
Chief Executive Officer

TA
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06/9



August 28, 2019

Ms. Nilupa Perera
Head of Trading, Market, Surveillance & Corporate Affairs
Colombo Stock Exchange
04-01, West Block
World Trade Centre
Echelon Square
Colombo 01

PMF / 2019 / E / 91

Dear Madam,

**DECLARATION BY THE BOARD OF DIRECTORS OF THE PEOPLE'S MERCHANT FINANCE PLC
REGARDING THE RESOLUTION OF ALL MATTERS GIVING RISE TO THE EMPHASIS OF
MATTER ON GOING CONCERN**

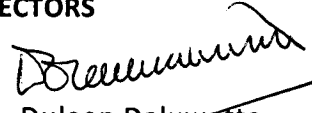
We hereby confirm that the matters giving rise to the emphasis matter on going concern reported in the Audited Financial statements for the year ended March 31, 2018 has been resolved due to following;

1. People's Merchant Finance PLC (PMB) entered into a shareholder agreement with the new investor Sterling Capital Investment (Private) Limited, whereby the new controlling shareholder infused fresh capital into PMB followed by a rights issue which increased the Company's core capital over the Central Bank's minimum requirement. Accordingly, the controlling shareholder infused Rs. 160,075,000/- in the PMF through a private placement on March 28, 2019. Further, an amount of Rs. 1,200,648,494/- was infused as capital by the PMB through a rights issue. The controlling shareholder, Sterling Capital Investment (Private) Limited presently has a 67.9% interest in the Company. Shareholder approval for both the private placement and the rights issue was obtained at the EGM held on March 27, 2019.
2. The new Board of Directors was appointed effective 26th June 2019 with the approval of CBSL. The New Board of Directors are currently putting in place measures to turnaround the company including strengthening the governance and operational aspects. Furthermore, Board of Directors are evaluating new strategies including synergies that would be extended through the majority shareholder's business line.
3. In consideration of the above, the Board of Directors are confident that the Company has the ability to continue as a going concern. Any material uncertainty on the going concern of the Company has now been mitigated. Therefore matters giving rise to the Emphasis of matter on going concern have been resolved.

Thank you

ON BEHALF OF THE BOARD OF DIRECTORS


Chandula Abeywickrema
Director


Duleep Daluwatte
Director

August 28, 2019

PMF / 2019 / E / 90

Ms. Nilupa Perera
Head of Trading, Market, Surveillance & Corporate Affairs
Colombo Stock Exchange
04-01, West Block
World Trade Centre
Echelon Square
Colombo 01

Dear Madam,

**PEOPLE'S MERCHANT FINANCE PLC – AUDIT COMMITTEE CONFIRMATION ON
RESOLUTION OF EMPHASIS OF MATTER ON GOING CONCERN**

We hereby confirm that the matters giving rise to the emphasis of matter on going concern reported in the Audited Financial statements for the year ended March 31, 2018 has been resolved due to following;

The People's Merchant Finance PLC (PMB) entered into a shareholder agreement with the new investor Sterling Capital Investment (Private) Limited, whereby the new controlling shareholder infused fresh capital into the Company followed by a rights issue which increased the Company's core capital over the Central Bank's minimum requirement. Accordingly, the controlling shareholder infused Rs. 160,075,000/- in the Company through a private placement on 28 March 2019. Further, an amount of Rs. 1,200,648,494/- was infused as capital by the Company through a rights issue. The controlling shareholder, Sterling Capital Investment (Private) Limited presently has a 67.9% interest in the Company.

The new Board of Directors was appointed effective 26th June 2019 with the approval of CBSL. The New Board of Directors are currently putting in place measures to turnaround the company including strengthening the governance and operational aspects.

Furthermore, the Board of Directors are evaluating new strategies including synergies that would be extended through the majority shareholder's business line.

In consideration of the above, the Board of Directors are confident that the Company has the ability to continue as a going concern.

Any material uncertainty on the going concern of the Company has now been mitigated. Therefore matters giving rise to the Emphasis of matter on going concern have been resolved.

Yours faithfully

ON BEHALF OF THE BOARD AUDIT COMMITTEE OF PMB

Channa Manoharan

CHAIRMAN OF BOARD AUDIT COMMITTEE



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

The Board of Directors

People's Merchant Finance PLC

No 21, Nawam Mawatha

Colombo 02

5 September 2019

Dear Sirs,

People's Merchant Finance PLC ("the Company") – Emphasis of Matter Paragraph

Events triggered to include an Emphasis of Matter (EOM) paragraph in the Auditor's Report.

The Auditors Report on the financial statements as at 31st March 2018 drew attention (Emphasis of Matter) to Note 37 to the financial statements of the Company to a material uncertainty related to a significant doubt about the Company's ability to continue as a going concern.

Events triggered to exclude Emphasis of Matter (EOM) paragraph from the Auditor's Report on the financial statements of the Company for the year ended 31st March 2019.

Note 40 to the financial statements of the Company as at 31st March 2019 is reproduced below:

People's Merchant Finance PLC (PMF), entered into an investment agreement with People's Bank, People's Leasing & Finance PLC and Sterling Capital Investments (Private) Limited (SCIL) on 3 October 2018. Based on the provisions of the agreement, SCIL subscribed and fully paid for 16,850,000 Ordinary voting shares representing 19.98% of the stake in the Company by way of a private placement on 29 March 2019.

Subsequent to the reporting date, SCIL further subscribed for 126,384,052 ordinary voting shares of the Company for a total consideration of Rs. 1,201 Mn on 8th of May 2019, resulting in the total stake of SCIL in PMF to increase up to 67.9%.

The reconstituted board is exploring options to increase the capital during the financial year 2019/20 in order to meet the minimum core capital requirements of Rs.2 Billion by 1 January 2020 in compliance with the Finance Business Act (Minimum Core Capital) Direction No 02 of 2017.

In consideration of the above, the Board of Directors is confident that the Company has the ability to continue as a going concern.



The aforesaid Note to the financial statements explains the basis on which the Directors concluded that the going concern assumption is appropriate in the preparation of the financial statements of the Company as at and for the year ended 31st March 2019. We noted that there was a significant infusion of capital during the year ended 31st March 2019 and immediately after the reporting date, resulting in an increase in the Net Assets of the Company. Hence, these factors indicate that there is no materiality uncertainty on the going concern assumption in the preparation of financial statements and with adequate disclosures in the financial statements, no 'Emphasis of matter' required in the Auditor's Report on the financial statements for the year ended 31st March 2019.

KPMG

CHARTERED ACCOUNTANTS

Colombo

05 September 2019