

# INTERIM FINANCIAL STATEMENTS

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PEOPLE'S MERCHANT FINANCE PLC

*For the nine months ended 31st December 2017*



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**STATEMENT OF FINANCIAL POSITION**

As at	Company			Group		
	31.12.17 Unaudited* Rs. '000	31.03.17 Audited Rs. '000	Change %	31.12.17 Unaudited* Rs. '000	31.03.17 Audited Rs. '000	Change %
<b>Assets</b>						
Cash and cash equivalents	263,662	313,065	(15.8)	264,016	313,419	(15.8)
Investment in fixed deposits	491,952	3,771	12,945.7	491,952	3,771	12,945.7
Assets held for sale	-	1,041,251	(100.0)	-	1,040,828	(100.0)
Financial investments - held for trading	2,462	2,562	(3.9)	2,462	2,562	(3.9)
Loans and advances to customers	2,095,753	2,005,094	4.5	2,095,753	2,005,094	4.5
Financial investments – available for sale	23	23	-	23	23	-
Property, plant and equipment	10,087	9,380	7.5	10,087	9,380	7.5
Intangible assets	7,184	8,435	(14.8)	7,184	8,435	(14.8)
Other assets	85,403	78,931	8.2	85,403	78,931	8.2
<b>Total Assets</b>	<b>2,956,526</b>	<b>3,462,512</b>	<b>(14.6)</b>	<b>2,956,880</b>	<b>3,462,443</b>	<b>(14.6)</b>
<b>Liabilities</b>						
Due to banks	28,376	562,459	(95.0)	28,376	562,459	(95.0)
Due to customers	2,544,051	2,396,177	6.2	2,544,051	2,396,177	6.2
Debt securities issued	14,500	14,200	2.1	14,500	14,200	2.1
Other liabilities	126,358	126,222	0.1	128,070	127,934	0.1
<b>Total Liabilities</b>	<b>2,713,285</b>	<b>3,099,058</b>	<b>(12.4)</b>	<b>2,714,997</b>	<b>3,100,770</b>	<b>(12.4)</b>
<b>Equity</b>						
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	(842,245)	(1,295,630)	(35.0)	(843,603)	(1,297,411)	(35.0)
<b>Total Equity</b>	<b>243,241</b>	<b>363,454</b>	<b>(33.1)</b>	<b>241,883</b>	<b>361,673</b>	<b>(33.1)</b>
<b>Total Liabilities &amp; Equity</b>	<b>2,956,526</b>	<b>3,462,512</b>	<b>(14.6)</b>	<b>2,956,880</b>	<b>3,462,443</b>	<b>(14.6)</b>
Contingent liabilities and commitments	1,998	55,541	(96.4)	1,998	55,541	(96.4)
Net assets value per ordinary share (Rs.)	3.60	5.38	(33.1)	3.58	5.36	(33.1)

**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 31st December 2017 and its loss for the nine months ended 31st December 2017.

(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

19th January 2018

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 nine months ended			For the quarter ended		
	31/12/17 Unaudited* Rs. '000	31/12/16 Unaudited* Rs. '000	Change %	31/12/17 Unaudited* Rs. '000	31/12/16 Unaudited* Rs. '000	Change %
Interest income	293,236	269,856	8.7	104,648	93,415	12.0
Less: Interest expense	258,126	238,555	8.2	89,291	90,405	(1.2)
<b>Net interest income</b>	<b>35,110</b>	<b>31,301</b>	12.2	<b>15,356</b>	<b>3,010</b>	410.2
Fee and commission income	1,788	4,380	(59.2)	970	1,473	(34.1)
Other operating income	16,588	(5,069)	(427.2)	3,030	2,489	21.7
<b>Total operating income</b>	<b>53,486</b>	<b>30,612</b>	74.7	<b>19,357</b>	<b>6,972</b>	177.6
Less: Net impairment charges /(reversal) on financial assets	22,833	(2,070)	(1,203.0)	19,395	10,777	80.0
<b>Net operating income</b>	<b>30,653</b>	<b>32,682</b>	(6.2)	<b>(38)</b>	<b>(3,805)</b>	(99.0)
Less: Staff costs	69,600	66,315	5.0	23,332	25,465	(8.4)
Depreciation	3,889	10,235	(62.0)	1,353	3,101	(56.4)
Other expenses	77,378	65,266	18.6	27,704	24,755	11.9
<b>Operating profit before VAT &amp; NBT on financial services</b>	<b>(120,214)</b>	<b>(109,134)</b>	10.2	<b>(52,427)</b>	<b>(57,126)</b>	(8.2)
Less : VAT & NBT on financial services	-	-	-	-	-	-
<b>Loss before income tax</b>	<b>(120,214)</b>	<b>(109,134)</b>	10.2	<b>(52,427)</b>	<b>(57,126)</b>	(8.2)
Less: Income tax expense	-	(23,683)	-	-	(20,166)	-
<b>Loss for the period</b>	<b>(120,214)</b>	<b>(85,451)</b>	40.7	<b>(52,427)</b>	<b>(36,960)</b>	41.8
Basic loss per ordinary share - (Rs)	(1.78)	(1.27)	40.7	(0.78)	(0.55)	41.8

*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 nine months ended			For the quarter ended		
	31/12/17	31/12/16	Change %	31/12/17	31/12/16	Change %
	Unaudited* Rs. '000	Unaudited* Rs. '000		Unaudited* Rs. '000	Unaudited* Rs. '000	
Interest income	293,236	269,856	8.7	104,648	93,415	12.0
Less: Interest expense	258,126	238,555	8.2	89,291	90,405	(1.2)
<b>Net interest income</b>	<b>35,110</b>	<b>31,301</b>	12.2	<b>15,356</b>	<b>3,010</b>	410.2
Fee and commission income	1,788	4,380	(59.2)	970	1,473	(34.1)
Other operating income	16,588	(5,069)	(427.2)	3,030	2,489	21.7
<b>Total operating income</b>	<b>53,486</b>	<b>30,612</b>	74.7	<b>19,357</b>	<b>6,972</b>	177.6
Less: Net impairment charges/ (reversal) on financial assets	22,833	(2,070)	(1,203.0)	19,395	10,777	80.0
<b>Net operating income</b>	<b>30,653</b>	<b>32,682</b>	(6.2)	<b>(38)</b>	<b>(3,805)</b>	(99.0)
Less: Staff costs	69,600	66,315	5.0	23,332	25,465	(8.4)
Depreciation	3,889	10,235	(62.0)	1,353	3,101	(56.4)
Other expenses	76,955	65,266	17.9	27,704	24,755	11.9
<b>Operating profit before VAT &amp; NBT on financial services</b>	<b>(119,791)</b>	<b>(109,134)</b>	9.8	<b>(52,427)</b>	<b>(57,126)</b>	(8.2)
Less : VAT & NBT on financial services	-	-	-	-	-	-
<b>Loss before income tax</b>	<b>(119,791)</b>	<b>(109,134)</b>	9.8	<b>(52,427)</b>	<b>(57,126)</b>	(8.2)
Less: Income tax expense	-	(23,683)	(100.0)	-	(20,166)	(100.0)
<b>Loss for the period</b>	<b>(119,791)</b>	<b>(85,451)</b>	40.2	<b>(52,427)</b>	<b>(36,960)</b>	41.8
Basic loss per ordinary share - (Rs)	(1.77)	(1.27)	40.2	(0.78)	(0.55)	41.8

*Figures in brackets indicate deductions.*

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

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**STATEMENT OF OTHER COMPREHENSIVE INCOME - COMPANY**

	For the nine months ended			For the quarter ended		
	31/12/17 Unaudited* Rs. '000	31/12/16 Unaudited* Rs. '000	Change %	31/12/17 Unaudited* Rs. '000	31/12/16 Unaudited* Rs. '000	Change %
<b>Loss for the period</b>	(120,214)	(85,451)	40.7	(52,427)	(36,960)	41.8
<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	-	(1,457)	(100.0)	-	-	-
Available for sale reserve re-classification to income statement	-	10,501	(100.0)	-	-	-
Related taxes	-	-	-	-	-	-
<b>Items that will never be reclassified to profit or loss</b>						
Actuarial gain on defined benefit plans	-	-	-	-	-	-
Related taxes	-	-	-	-	-	-
<b>Other comprehensive income/(loss) for the period</b>	-	9,044	(100.0)	-	-	-
<b>Total comprehensive loss for the period</b>	(120,214)	(76,407)	57.3	(52,427)	(36,960)	41.8

*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 nine months ended			For the quarter ended		
	31/12/17 Unaudited* Rs. '000	31/12/16 Unaudited* Rs. '000	Change %	31/12/17 Unaudited* Rs. '000	31/12/16 Unaudited* Rs. '000	Change %
<b>Loss for the period</b>	(119,791)	(85,451)	40.2	(52,427)	(36,960)	41.85
<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	-	(1,457)	(100.0)	-	-	-
Available for sale reserve re-classification to income statement	-	10,501	(100.0)	-	-	-
Related taxes	-	-	-	-	-	-
<b>Items that will never be reclassified to profit or loss</b>						
Actuarial gain on defined benefit plans	-	-	-	-	-	-
Related taxes	-	-	-	-	-	-
<b>Other comprehensive income/(loss) for the period</b>	-	9,044	(100.00)	-	-	-
<b>Total comprehensive loss for the period</b>	(119,791)	(76,407)	56.8	(52,427)	(36,960)	41.8

Figures in brackets indicate deductions.

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

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**STATEMENT OF CHANGES IN EQUITY - COMPANY**

	Stated Capital '000	Statutory Reserve Fund Rs. '000	Available For Sale Reserve Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Equity Rs. '000
<b>Balance as at 1st April 2016</b>	<b>1,078,227</b>	<b>7,259</b>	<b>(9,044)</b>	<b>573,598</b>	<b>(1,096,701)</b>	<b>553,339</b>
Total comprehensive income for the nine months ended 31.12.2016						
Loss for the nine months ended 31.12.2016	-	-	-	-	(85,451)	(85,451)
Other comprehensive income/(Loss)	-	-	9,044	-	-	9,044
<b>Total comprehensive income/(Loss) for the nine months ended 31.12.2016</b>	<b>-</b>	<b>-</b>	<b>9,044</b>	<b>-</b>	<b>(85,451)</b>	<b>(76,407)</b>
<b>Balance as at 31st December 2016</b>	<b>1,078,227</b>	<b>7,259</b>	<b>-</b>	<b>573,598</b>	<b>(1,182,152)</b>	<b>476,932</b>
<b>Balance as at 1st April 2017</b>	<b>1,078,227</b>	<b>7,259</b>	<b>-</b>	<b>573,598</b>	<b>(1,295,630)</b>	<b>363,454</b>
Total comprehensive income for the nine months ended 31.12.2017						
Loss for the nine months ended 31.12.2017	-	-	-	-	(120,214)	(120,214)
Other comprehensive income/(Loss)	-	-	-	(573,598)	573,598	-
<b>Total comprehensive income/(Loss) for the nine months ended 31.12.2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(573,598)</b>	<b>453,384</b>	<b>(120,214)</b>
<b>Balance as at 31st December 2017</b>	<b>1,078,227</b>	<b>7,259</b>	<b>-</b>	<b>-</b>	<b>(842,246)</b>	<b>243,240</b>
<i>Figures in brackets indicate deductions.</i>						
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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
<b>Balance as at 1st April 2016</b>	<b>1,078,227</b>	<b>7,259</b>	<b>(9,044)</b>	<b>573,598</b>	<b>(1,101,092)</b>	<b>548,948</b>
Total comprehensive income for the nine months ended 31.12.2016						
Loss for the nine months ended 31.12.2016	-	-	-	-	(85,451)	(85,451)
Other comprehensive income/(Loss)	-	-	9,044	-	-	9,044
<b>Total comprehensive income/(Loss) for the nine months ended 31.12.2016</b>	<b>-</b>	<b>-</b>	<b>9,044</b>	<b>-</b>	<b>(85,451)</b>	<b>(76,407)</b>
<b>Balance as at 31st December 2016</b>	<b>1,078,227</b>	<b>7,259</b>	<b>-</b>	<b>573,598</b>	<b>(1,186,543)</b>	<b>472,541</b>
<b>Balance as at 1st April 2017</b>	<b>1,078,227</b>	<b>7,259</b>	<b>-</b>	<b>573,598</b>	<b>(1,297,411)</b>	<b>361,673</b>
Total comprehensive income for the nine months ended 31.12.2017						
Loss for the nine months ended 31.12.2017	-	-	-	-	(119,791)	(119,791)
Other comprehensive income/(Loss)	-	-	-	(573,598)	573,598	-
<b>Total comprehensive income/(Loss) for the nine months ended 31.12.2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(573,598)</b>	<b>453,807</b>	<b>(119,791)</b>
<b>Balance as at 31st December 2017</b>	<b>1,078,227</b>	<b>7,259</b>	<b>-</b>	<b>-</b>	<b>(843,604)</b>	<b>241,882</b>
<i>Figures in brackets indicate deductions.</i>						
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**STATEMENT OF CASH FLOWS**

<i>For the nine months ended 31st December</i>	COMPANY		GROUP	
	2017 Unaudited* Rs '000	2016 Unaudited Rs '000	2017 Unaudited* Rs '000	2016 Unaudited Rs '000
<b>Cash flows from operating activities</b>				
<b>Loss before taxation</b>	(120,214)	(109,134)	(119,791)	(109,134)
<b>Adjustment for:</b>				
<b>Non-cash items included in Loss before tax</b>				
Reversal of interest from investing activities	(53,860)	(29,048)	(53,860)	(29,048)
Reversal of fair value change on shares	100	(201)	100	(201)
Depreciation reversal	1,982	9,210	1,982	9,210
Amortization reversal	1,908	1,025	1,908	1,025
Reversal of Impairment on Loans and advances to customers	18,057	(2,070)	18,057	(2,070)
<b>Changes in</b>				
Loans and advances to customers	(108,716)	(355,825)	(108,716)	(355,825)
Other assets	(6,472)	(20,114)	(6,472)	(20,114)
Operating liabilities	755	3,032	686	3,032
Due to customers	147,874	(307,786)	147,874	(307,786)
Gratuity paid	(319)	(936)	(319)	(936)
<b>Net cash (used in) operating activities</b>	<b>(118,905)</b>	<b>(811,847)</b>	<b>(118,551)</b>	<b>(811,847)</b>
<b>Cash Flows from Investing Activities</b>				
Interest income on short term investment	53,860	29,048	53,860	29,048
Changes in available for sale securities	-	55,638	-	55,638
Changes in investment in fixed deposits	(488,181)	216,675	(488,181)	216,675
Net Proceeds from the sale of property, plant & equipment	1,037,905	(6,872)	1,037,905	(6,872)
<b>Net cash generated from / (used in) investing activities</b>	<b>603,584</b>	<b>294,489</b>	<b>603,584</b>	<b>294,489</b>
<b>Cash Flows from Financing Activities</b>				
Net borrowings	(354,465)	-	(354,465)	-
<b>Net cash generated from / (used in) financing activities</b>	<b>(354,465)</b>	<b>-</b>	<b>(354,465)</b>	<b>-</b>
<b>Net cash change</b>	<b>130,215</b>	<b>(517,358)</b>	<b>130,568</b>	<b>(517,358)</b>
Cash and cash equivalents at the beginning of the period	105,071	437,978	105,071	438,340
<b>Cash and cash equivalents at the end of the period</b>	<b>235,286</b>	<b>(79,380)</b>	<b>235,639</b>	<b>(79,018)</b>
<b>Cash and cash equivalents at the end of the period</b>				
Cash, Current and Savings Accounts at the end of the period	263,662	301,558	264,016	301,920
Bank Overdraft at the end of the period	(28,376)	(380,938)	(28,376)	(380,938)
	<b>235,286</b>	<b>(79,380)</b>	<b>235,640</b>	<b>(79,018)</b>

*Figures in brackets indicate deductions.*

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

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**ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS**

As at 31st December 2017	Company			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
<b>Assets</b>				
Cash and cash equivalents	-	263,662	-	263,662
Investment in fixed deposits	-	491,952	-	491,952
Financial investments - held for trading	2,462	-	-	2,462
Loans and advances to customers	-	2,095,753	-	2,095,753
Financial investments – available for sale	-	-	23	23
<b>Total Financial Assets</b>	<b>2,462</b>	<b>2,851,367</b>	<b>23</b>	<b>2,853,852</b>
As at 31st December 2017	FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000	
<b>Liabilities</b>				
Due to banks	-	28,376	28,376	
Due to customers	-	2,544,051	2,544,051	
Debt securities issued	-	14,500	14,500	
<b>Total Liabilities</b>	<b>-</b>	<b>2,586,927</b>	<b>2,586,927</b>	
As at 31st March 2017	Company			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
<b>Assets</b>				
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
<b>Total Financial Assets</b>	<b>2,562</b>	<b>2,321,930</b>	<b>23</b>	<b>2,324,515</b>
As at 31st March 2017	FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000	
<b>Liabilities</b>				
Due to banks	-	562,459	562,459	
Due to customers	-	2,396,177	2,396,177	
Debt securities issued	-	14,200	14,200	
<b>Total Liabilities</b>	<b>-</b>	<b>2,972,836</b>	<b>2,972,836</b>	

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**ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS**

As at 31st December 2017	Group			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
<b>Assets</b>				
Cash and cash equivalents	-	264,016	-	264,016
Investment in fixed deposits	-	491,952	-	491,952
Financial investments - held for trading	2,462	-	-	2,462
Loans and advances to customers	-	2,095,753	-	2,095,753
Financial investments – available for sale	-	-	23	23
<b>Total Financial Assets</b>	<b>2,462</b>	<b>2,851,721</b>	<b>23</b>	<b>2,854,206</b>
As at 31st December 2017	FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000	
<b>Liabilities</b>				
Due to banks	-	28,376	28,376	
Due to customers	-	2,544,051	2,544,051	
Debt securities issued	-	14,500	14,500	
<b>Total Liabilities</b>	<b>-</b>	<b>2,586,927</b>	<b>2,586,927</b>	
As at 31st March 2017	Group			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
<b>Assets</b>				
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
<b>Total Financial Assets</b>	<b>2,562</b>	<b>2,322,284</b>	<b>23</b>	<b>2,324,869</b>
As at 31st March 2017	FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000	
<b>Liabilities</b>				
Due to banks	-	562,459	562,459	
Due to customers	-	2,396,177	2,396,177	
Debt securities issued	-	14,200	14,200	
<b>Total Liabilities</b>	<b>-</b>	<b>2,972,836</b>	<b>2,972,836</b>	

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SEGMENTAL ANALYSIS**

Rs. '000

For the nine months ended 31st December	Leasing & Hire Purchases		Trade Bills, Loans and Pawning		Margin Trading		Other		Total Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Income</b>										
Interest income	156,232	170,077	47,875	40,509	16,214	25,791	72,914	33,479	293,236	269,856
Fee and commission income	1,788	1,283	-	205	-	-	-	2,892	1,788	4,380
Other operating income	1,036	4,247	5,611	939	-	-	9,941	(10,255)	16,588	(5,069)
<b>Gross revenue</b>	<b>159,057</b>	<b>175,607</b>	<b>53,486</b>	<b>41,653</b>	<b>16,214</b>	<b>25,791</b>	<b>82,855</b>	<b>26,116</b>	<b>311,612</b>	<b>269,167</b>
Interest expenses	188,180	142,999	34,559	57,748	29,832	28,220	5,554	9,588	258,126	238,555
<b>Total operating income</b>	<b>(29,125)</b>	<b>32,608</b>	<b>18,928</b>	<b>(16,095)</b>	<b>(13,619)</b>	<b>(2,429)</b>	<b>77,301</b>	<b>16,528</b>	<b>53,486</b>	<b>30,612</b>
Credit losses	14,078	35,465	2,190	(45,356)	11,115	7,821	(4,550)	-	22,833	(2,070)
<b>Net operating income</b>	<b>(43,203)</b>	<b>(2,857)</b>	<b>16,738</b>	<b>29,261</b>	<b>(24,733)</b>	<b>(10,250)</b>	<b>81,851</b>	<b>16,528</b>	<b>30,653</b>	<b>32,682</b>
Depreciation & other expenses	109,986	85,010	20,199	34,330	17,436	16,776	3,246	5,700	150,867	141,816
<b>Segment results</b>	<b>(153,189)</b>	<b>(87,867)</b>	<b>(3,461)</b>	<b>(5,069)</b>	<b>(42,169)</b>	<b>(27,026)</b>	<b>78,605</b>	<b>10,828</b>	<b>(120,214)</b>	<b>(109,134)</b>
VAT & NBT on financial services	-	-	-	-	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-	-	-	-	(23,683)
<b>Loss attributable to equity holders</b>									<b>(120,214)</b>	<b>(85,451)</b>
<b>As at 31st December</b>										
Segment Assets	2,155,636	2,109,433	395,883	851,852	341,736	416,290	63,624	141,432	2,956,880	3,519,007
<b>Total Assets</b>	<b>2,155,636</b>	<b>2,109,433</b>	<b>395,883</b>	<b>851,852</b>	<b>341,736</b>	<b>416,290</b>	<b>63,624</b>	<b>141,432</b>	<b>2,956,880</b>	<b>3,519,007</b>
Segment Liabilities	1,979,297	1,826,173	363,499	737,463	313,781	360,389	58,420	122,440	2,714,997	3,046,465
<b>Total Liabilities</b>	<b>1,979,297</b>	<b>1,826,173</b>	<b>363,499</b>	<b>737,463</b>	<b>313,781</b>	<b>360,389</b>	<b>58,420</b>	<b>122,440</b>	<b>2,714,997</b>	<b>3,046,465</b>

Figures in brackets indicate deductions.

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

**INTERIM  
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**INFORMATION ON ORDINARY SHARES OF THE COMPANY**

<b><u>Market Price</u></b>	<b>2017 Rs.</b>	<b>2016 Rs.</b>
Highest price during the quarter ended 31st December	16.00	21.60
Lowest price during the quarter ended 31st December	11.90	15.90
Closing price as at 31st December	12.10	17.00
<b><u>Capital</u></b>	<b>2017</b>	<b>2016</b>
Ordinary Shares (Number of Shares)	67,500,000	67,500,000
Ordinary Shares (Value Rs.)	1,078,227,000	1,078,227,000
<b><u>Ratios</u></b>	<b>As at 31.12.2017</b>	<b>As at 31.12.2016</b>
Debt to equity ratio (times)	8.92	6.39
Interest cover (times)	0.54	0.54
Quick asset ratio (%)	4.85	0.61

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**SHAREHOLDERS' INFORMATION**

**Twenty Largest Ordinary Shareholders as at 31st December 2017**

Twenty largest ordinary shareholders of the Company as at 31st December 2017 were as follows;

<b>Name of the Share Holder</b>	<b>No of Shares</b>	<b>%</b>
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 People'S Leasing & Finance Plc/Dr.H.S.D.Soysa & Mrs.G.Soysa	148,462	0.22
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
	61,962,812	91.81

<b>Directors'/CEO's Holding in Shares as at 31st December 2017</b>	<b>Position</b>	<b>No of Shares</b>
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 December 2017 was 11.30% and number of shareholders representing the public holding was 10,134.

**INTERIM  
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**EXPLANATORY NOTES**

- 1) The Interim Financial Statements for the nine months ended 31st December 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 nine months ended 31st December 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  
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**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.						
For the nine months ended 31st December	Immediate Parent		Subsidiary		Affiliate	
	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000
<b>Items in Statement of Profit or Loss</b>						
Interest Income	12,435	1,453	-	-	4,423	-
Interest Expense	11,873	15,914	-	-	-	-
<b>Items in Statement of Financial Position</b>						
<b>As at 31st December</b>	<b>2017 Rs.'000</b>	<b>2016 Rs.'000</b>	<b>2017 Rs.'000</b>	<b>2016 Rs.'000</b>	<b>2017 Rs.'000</b>	<b>2016 Rs.'000</b>
<b>Assets</b>						
Cash and cash equivalents	38,088	4,495	-	-	-	-
Investment in fixed deposits	-	3,703	-	-	103,980	-
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)	-	-
<b>Liabilities</b>						
Due to banks	28,376	310,875	-	-	-	-
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**

26<sup>th</sup> 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 11<sup>th</sup> 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](mailto:info@pmb.lk)  
Web Address; [www.peoplesmerchant.lk](http://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](mailto: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  
Dr. D.W.S.S.R.N.J. Dandeniya  
Mr. A.S. Ibrahim  
Mr. M.P. Amirthanayagam  
Mr. J.A. Fernando  
Mr. N.Vasantha Kumar

**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