

# INTERIM FINANCIAL STATEMENTS

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PEOPLE'S MERCHANT FINANCE PLC

*For the six months ended 30th September 2018*



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**INTERIM  
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STATEMENT OF FINANCIAL POSITION**

As at	Company			Group		
	30.09.18 Unaudited* Rs. '000	31.03.18 Audited Rs. '000	Change %	30.09.18 Unaudited* Rs. '000	31.03.18 Audited Rs. '000	Change %
<b>Assets</b>						
Cash and cash equivalents	258,559	289,945	(10.8)	258,828	290,214	(10.8)
Investment in fixed deposits	51,862	46,048	12.6	51,862	46,048	12.6
Financial investments - held for trading	2,307	2,580	(10.6)	2,307	2,580	(10.6)
Loans and advances to customers	2,985,505	2,488,467	20.0	2,985,505	2,488,467	20.0
Financial investments – available for sale	23	23	-	23	23	-
Property, plant and equipment	12,506	11,303	10.6	12,506	11,303	10.6
Intangible assets	6,250	6,371	(1.9)	6,250	6,371	(1.9)
Other assets	82,780	83,202	(0.5)	82,780	83,202	(0.5)
<b>Total Assets</b>	<b>3,399,792</b>	<b>2,927,939</b>	<b>16.1</b>	<b>3,400,061</b>	<b>2,928,208</b>	<b>16.1</b>
<b>Liabilities</b>						
Due to banks	626,529	96,556	548.9	626,529	96,556	548.9
Due to customers	2,383,671	2,455,586	(2.9)	2,383,671	2,455,586	(2.9)
Debt securities issued	15,100	14,800	2.0	15,100	14,800	2.0
Other liabilities	161,794	145,306	11.3	163,010	146,522	11.3
<b>Total Liabilities</b>	<b>3,187,094</b>	<b>2,712,248</b>	<b>17.5</b>	<b>3,188,310</b>	<b>2,713,464</b>	<b>17.5</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	-
Retained earnings	(872,788)	(869,795)	0.3	(873,735)	(870,742)	0.3
<b>Total Equity</b>	<b>212,698</b>	<b>215,691</b>	<b>(1.4)</b>	<b>211,751</b>	<b>214,744</b>	<b>(1.4)</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,399,792</b>	<b>2,927,939</b>	<b>16.1</b>	<b>3,400,061</b>	<b>2,928,208</b>	<b>16.1</b>
Contingent liabilities and commitments	54,918	64,820	(15.3)	54,918	64,820	(15.3)
Net assets value per ordinary share (Rs.)	3.15	3.20	(1.4)	3.14	3.18	(1.4)

**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)

**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.

(Signed)

**Hemasiri Fernando**  
Chairman

(Signed)

**M.P. Amirthanayagam**  
Director

26th October 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 six months ended 30th September	For the six months ended			For the quarter ended		
	30/09/18 Unaudited* Rs. '000	30/09/17 Unaudited* Rs. '000	Change %	30/09/18 Unaudited* Rs. '000	30/09/17 Unaudited* Rs. '000	Change %
Interest income	254,922	188,588	35.2	137,807	100,002	37.8
Less: Interest expense	170,262	168,835	0.8	87,811	80,246	9.4
<b>Net interest income</b>	<b>84,660</b>	<b>19,753</b>	328.6	<b>49,996</b>	<b>19,756</b>	153
Fee and commission income	4,229	818	417.0	2,472	487	407.7
Other operating income	40,862	13,558	201.4	20,124	6,940	190.0
<b>Total operating income</b>	<b>129,751</b>	<b>34,129</b>	280.2	<b>72,592</b>	<b>27,183</b>	167.1
Less: Net impairment charges /(reversal) on financial assets	4,800	3,438	39.6	8,670	1,614	437.2
<b>Net operating income</b>	<b>124,951</b>	<b>30,691</b>	307.1	<b>63,922</b>	<b>25,569</b>	150.0
Less: Staff costs	60,178	46,268	30.1	32,230	24,367	32.3
Depreciation	3,196	2,536	26.0	1,652	1,292	27.8
Other expenses	56,648	49,674	14.0	28,533	25,702	11.0
<b>Operating profit/(loss) before VAT &amp; NBT on financial services</b>	<b>4,929</b>	<b>(67,787)</b>	107.3	<b>1,507</b>	<b>(25,792)</b>	105.8
Less : VAT & NBT on financial services	7,922	-	-	7,922	-	-
<b>Profit/(Loss) before income tax</b>	<b>(2,993)</b>	<b>(67,787)</b>	95.6	<b>(6,415)</b>	<b>(25,792)</b>	75.1
Less: Income tax expense	-	-	-	-	-	-
<b>Profit/(Loss) for the period</b>	<b>(2,993)</b>	<b>(67,787)</b>	95.6	<b>(6,415)</b>	<b>(25,792)</b>	75.1
Basic loss per ordinary share - (Rs)	(0.04)	(1.00)	95.6	(0.10)	(0.38)	75.1

Figures in brackets indicate deductions.

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

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**STATEMENT OF PROFIT OR LOSS - GROUP**

	For the six months ended			For the quarter ended		
	30/09/18	30/09/17	Change %	30/09/18	30/09/17	Change %
	Unaudited* Rs. '000	Unaudited* Rs. '000		Unaudited* Rs. '000	Unaudited* Rs. '000	
Interest income	254,922	188,588	35.2	137,807	100,002	37.8
Less: Interest expense	170,262	168,835	0.8	87,811	80,246	9.4
<b>Net interest income</b>	<b>84,660</b>	<b>19,753</b>	328.6	<b>49,996</b>	<b>19,756</b>	153.1
Fee and commission income	4,229	818	417.0	2,472	487	407.7
Other operating income	40,862	13,558	201.4	20,124	6,940	190.0
<b>Total operating income</b>	<b>129,751</b>	<b>34,129</b>	280.2	<b>72,592</b>	<b>27,183</b>	167.1
Less: Net impairment charges/ (reversal) on financial assets	4,800	3,438	39.6	8,670	1,614	437.2
<b>Net operating income</b>	<b>124,951</b>	<b>30,691</b>	307.1	<b>63,922</b>	<b>25,569</b>	150.0
Less: Staff costs	60,178	46,268	30.1	32,230	24,367	32.3
Depreciation	3,196	2,536	26.0	1,652	1,292	27.8
Other expenses	56,648	49,251	15.0	28,533	25,702	11.0
<b>Operating profit/(loss) before VAT &amp; NBT on financial services</b>	<b>4,929</b>	<b>(67,364)</b>	107.3	<b>1,507</b>	<b>(25,792)</b>	105.8
Less : VAT & NBT on financial services	7,922	-	-	7,922	-	-
<b>Profit/(Loss) before income tax</b>	<b>(2,993)</b>	<b>(67,364)</b>	95.6	<b>(6,415)</b>	<b>(25,792)</b>	75.1
Less: Income tax expense	-	-	-	-	-	-
<b>Profit/(Loss) for the period</b>	<b>(2,993)</b>	<b>(67,364)</b>	95.6	<b>(6,415)</b>	<b>(25,792)</b>	75.1
Basic loss per ordinary share - (Rs)	(0.04)	(1.00)	95.6	(0.10)	(0.38)	75.1

*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 six months ended			For the quarter ended		
	30/09/18 Unaudited* Rs. '000	30/09/17 Unaudited* Rs. '000	Change %	30/09/18 Unaudited* Rs. '000	30/09/17 Unaudited* Rs. '000	Change %
<b>Profit / (Loss) for the period</b>	(2,993)	(67,787)	95.6	(6,415)	(25,792)	75.1
<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	-	-	-	-	-	-
Available for sale reserve re-classification to income statement	-	-	-	-	-	-
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/(expense) for the period</b>	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	(2,993)	(67,787)	95.6	(6,415)	(25,792)	75.1

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

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**STATEMENT OF OTHER COMPREHENSIVE INCOME - GROUP**

	For the six months ended			For the quarter ended		
	30/09/18 Unaudited* Rs. '000	30/09/17 Unaudited* Rs. '000	Change %	30/09/18 Unaudited* Rs. '000	30/09/17 Unaudited* Rs. '000	Change %
<b>Profit / (Loss) for the period</b>	(2,993)	(67,364)	95.6	(6,415)	(25,792)	75.1
<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	-	-	-	-	-	-
Available for sale reserve re-classification to income statement	-	-	-	-	-	-
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/(expense) for the period</b>	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	(2,993)	(67,364)	95.6	(6,415)	(25,792)	75.1

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 Rs. '000	Statutory Reserve Fund Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Equity Rs. '000
<b>Balance as at 1st April 2017</b>	<b>1,078,227</b>	<b>7,259</b>	<b>573,598</b>	<b>(1,295,630)</b>	<b>363,454</b>
Profit/(Loss) for the six months ended 30.09.2017	-	-	-	(67,787)	(67,787)
Transfer Revaluation Reserve on disposal	-	-	(573,598)	573,598	-
<b>Total comprehensive income/(expense) for the six months ended 30.09.2017</b>	<b>-</b>	<b>-</b>	<b>(573,598)</b>	<b>505,811</b>	<b>(67,787)</b>
<b>Balance as at 30th September 2017</b>	<b>1,078,227</b>	<b>7,259</b>	<b>-</b>	<b>(789,819)</b>	<b>295,667</b>
<b>Balance as at 1st April 2018</b>	<b>1,078,227</b>	<b>7,259</b>	<b>-</b>	<b>(869,795)</b>	<b>215,691</b>
Profit/(Loss) for the six months ended 30.09.2018	-	-	-	(2,993)	(2,993)
Other comprehensive income/(expense)	-	-	-	-	-
<b>Total comprehensive income/(expense) for the six months ended 30.09.2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,993)</b>	<b>(2,993)</b>
<b>Balance as at 30th September 2018</b>	<b>1,078,227</b>	<b>7,259</b>	<b>-</b>	<b>(872,788)</b>	<b>212,698</b>
<i>Figures in brackets indicate deductions.</i>					
<i>*The above figures are provisional and subject to audit.</i>					



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**STATEMENT OF CHANGES IN EQUITY - GROUP**

	Stated Capital Rs. '000	Statutory Reserve Fund Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Equity Rs. '000
<b>Balance as at 1st April 2017</b>	<b>1,078,227</b>	<b>7,259</b>	<b>573,598</b>	<b>(1,297,410)</b>	<b>361,674</b>
Profit/(Loss) for the six months ended 30.09.2017	-	-	-	(25,792)	(25,792)
Transfer Revaluation Reserve on disposal	-	-	(573,598)	573,598	-
<b>Total comprehensive income/(expense) for the six months ended 30.09.2017</b>	<b>-</b>	<b>-</b>	<b>(573,598)</b>	<b>547,806</b>	<b>(25,792)</b>
<b>Balance as at 30th September 2017</b>	<b>1,078,227</b>	<b>7,259</b>	<b>-</b>	<b>(749,604)</b>	<b>335,882</b>
<b>Balance as at 1st April 2018</b>	<b>1,078,227</b>	<b>7,259</b>	<b>-</b>	<b>(870,742)</b>	<b>214,744</b>
Profit/(Loss) for the six months ended 30.09.2018	-	-	-	(2,993)	(2,993)
Other comprehensive income/(expense)	-	-	-	-	-
<b>Total comprehensive income/(expense) for the six months ended 30.09.2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,993)</b>	<b>(2,993)</b>
<b>Balance as at 30th September 2018</b>	<b>1,078,227</b>	<b>7,259</b>	<b>-</b>	<b>(873,735)</b>	<b>211,751</b>

*Figures in brackets indicate deductions.*  
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**STATEMENT OF CASH FLOWS**

For the six months ended 30th September	COMPANY		GROUP	
	2018 Unaudited* Rs '000	2017 Unaudited Rs '000	2018 Unaudited* Rs '000	2017 Unaudited Rs '000
<b>Cash flows from operating activities</b>				
<b>Loss before taxation</b>	(2,993)	(67,787)	(2,993)	(67,364)
<b>Adjustment for:</b>				
<b>Non-cash items included in Loss before tax</b>				
Reversal of interest from investing activities	(11,776)	(30,925)	(11,776)	(30,925)
Reversal of fair value change on shares	273	40	273	40
Depreciation reversal	1,692	1,284	1,692	1,284
Amortization reversal	1,504	1,252	1,504	1,252
Reversal of Impairment on Loans and advances to customers	4,800	(508)	4,800	(508)
<b>Changes in</b>				-
Loans and advances to customers	(501,839)	(2,266)	(501,839)	(2,266)
Other assets	422	(6,300)	691	(6,300)
Operating liabilities	17,710	7,576	17,710	7,507
Due to customers	(71,915)	68,865	(71,915)	68,865
Gratuity paid	(922)	-	(922)	-
<b>Net cash (used in) operating activities</b>	<b>(563,044)</b>	<b>(28,769)</b>	<b>(562,775)</b>	<b>(28,415)</b>
<b>Cash Flows from Investing Activities</b>				
Interest income on short term investment	11,776	30,925	11,776	30,925
Changes in investment in fixed deposits	(5,814)	(458,608)	(5,814)	(458,608)
Net proceeds from property, plant & equipment	(4,277)	1,038,931	(4,277)	1,038,931
<b>Net cash generated from / (used in) investing activities</b>	<b>1,685</b>	<b>611,248</b>	<b>1,685</b>	<b>611,248</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>-</b>	<b>(354,465)</b>	<b>-</b>	<b>(354,465)</b>
<b>Net cash change</b>	<b>(561,359)</b>	<b>228,014</b>	<b>(561,090)</b>	<b>228,368</b>
Cash and cash equivalents at the beginning of the period	193,389	105,071	193,389	105,071
<b>Cash and cash equivalents at the end of the period</b>	<b>(367,970)</b>	<b>333,085</b>	<b>(367,701)</b>	<b>333,439</b>
<b>Cash and cash equivalents at the end of the period</b>				
Cash, Current and Savings Accounts at the end of the period	258,559	357,254	258,828	357,608
Bank Overdraft at the end of the period	(626,529)	(24,169)	(626,529)	(24,169)
	<b>(367,970)</b>	<b>333,085</b>	<b>(367,701)</b>	<b>333,439</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 30th September 2018	Company			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
<b>Assets</b>				
Cash and cash equivalents	-	258,559	-	258,559
Investment in fixed deposits	-	51,862	-	51,862
Financial investments - held for trading	2,307	-	-	2,307
Loans and advances to customers	-	2,985,505	-	2,985,505
Financial investments – available for sale	-	-	23	23
<b>Total Financial Assets</b>	<b>2,307</b>	<b>3,295,926</b>	<b>23</b>	<b>3,298,256</b>
<b>As at 30th September 2018</b>		<b>FVTPL Rs. '000</b>	<b>Other Financial Liabilities Rs. '000</b>	<b>Total Rs. '000</b>
<b>Liabilities</b>				
Due to banks		-	626,529	626,529
Due to customers		-	2,383,671	2,383,671
Debt securities issued		-	15,100	15,100
<b>Total Liabilities</b>		<b>-</b>	<b>3,025,300</b>	<b>3,025,300</b>
As at 31st March 2018	Company			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
<b>Assets</b>				
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	-	2,488,467	-	2,488,467
Financial investments – available for sale	-	-	23	23
<b>Total Financial Assets</b>	<b>2,580</b>	<b>2,824,460</b>	<b>23</b>	<b>2,827,063</b>
<b>As at 31st March 2018</b>		<b>FVTPL Rs. '000</b>	<b>Other Financial Liabilities Rs. '000</b>	<b>Total Rs. '000</b>
<b>Liabilities</b>				
Due to banks		-	96,556	96,556
Due to customers		-	2,455,586	2,455,586
Debt securities issued		-	14,800	14,800
<b>Total Liabilities</b>		<b>-</b>	<b>2,566,942</b>	<b>2,566,942</b>

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**ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS**

As at 30th September 2018	Group			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
<b>Assets</b>				
Cash and cash equivalents	-	258,828	-	258,828
Investment in fixed deposits	-	51,862	-	51,862
Financial investments - held for trading	2,307	-	-	2,307
Loans and advances to customers	-	2,985,505	-	2,985,505
Financial investments – available for sale	-	-	23	23
<b>Total Financial Assets</b>	<b>2,307</b>	<b>3,296,196</b>	<b>23</b>	<b>3,298,524</b>
<b>As at 30th September 2018</b>				
	FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000	
<b>Liabilities</b>				
Due to banks	-	626,529	626,529	
Due to customers	-	2,383,671	2,383,671	
Debt securities issued	-	15,100	15,100	
<b>Total Liabilities</b>	<b>-</b>	<b>3,025,300</b>	<b>3,025,300</b>	
<b>As at 31st March 2018</b>				
As at 31st March 2018	Group			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
<b>Assets</b>				
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	-	2,488,467	-	2,488,467
Financial investments – available for sale	-	-	23	23
<b>Total Financial Assets</b>	<b>2,580</b>	<b>2,824,729</b>	<b>23</b>	<b>2,827,332</b>
<b>As at 31st March 2018</b>				
	FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000	
<b>Liabilities</b>				
Due to banks	-	96,556	96,556	
Due to customers	-	2,455,586	2,455,586	
Debt securities issued	-	14,800	14,800	
<b>Total Liabilities</b>	<b>-</b>	<b>2,566,942</b>	<b>2,566,942</b>	

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**SEGMENTAL ANALYSIS**

Rs. '000

For the six months ended 30th September	Leasing & Hire Purchases		Loans and Pawning		Margin Trading		Other		Total Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Income</b>										
Interest income	158,050	102,855	57,082	32,602	12,499	10,251	27,291	42,880	254,922	188,588
Fee and commission income	4,229	818	-	-	-	-	-	-	4,229	818
Other operating income	20,296	5,240	20,514	5,137	-	-	52	3,181	40,862	13,558
<b>Gross revenue</b>	<b>182,575</b>	<b>108,913</b>	<b>77,596</b>	<b>37,739</b>	<b>12,499</b>	<b>10,251</b>	<b>27,343</b>	<b>46,061</b>	<b>300,013</b>	<b>202,964</b>
Interest expenses	111,811	123,686	45,675	22,256	10,725	19,116	2,051	3,777	170,262	168,835
<b>Total operating income</b>	<b>70,764</b>	<b>(14,773)</b>	<b>31,921</b>	<b>15,483</b>	<b>1,774</b>	<b>(8,865)</b>	<b>25,292</b>	<b>42,284</b>	<b>129,751</b>	<b>34,129</b>
Net impairment charges/(reversal)	(4,117)	6,462	12,860	1,873	(3,943)	(347)	-	(4,550)	4,800	3,438
<b>Net operating income</b>	<b>74,881</b>	<b>(21,235)</b>	<b>19,060</b>	<b>13,610</b>	<b>5,717</b>	<b>(8,518)</b>	<b>25,292</b>	<b>46,834</b>	<b>124,951</b>	<b>30,691</b>
Depreciation & other expenses	78,820	71,834	32,198	12,926	7,561	11,102	1,443	2,193	120,022	98,055
<b>Segment results</b>	<b>(3,939)</b>	<b>(93,069)</b>	<b>(13,137)</b>	<b>684</b>	<b>(1,844)</b>	<b>(19,620)</b>	<b>23,849</b>	<b>44,641</b>	<b>4,929</b>	<b>(67,364)</b>
VAT & NBT on financial services	-	-	-	-	-	-	-	-	7,922	-
Income tax expense	-	-	-	-	-	-	-	-	-	-
<b>Loss attributable to equity holders</b>									<b>(2,993)</b>	<b>(67,364)</b>
<b>As at 30th September</b>										
Segment Assets	2,232,825	2,148,837	912,106	386,667	214,181	332,114	40,950	65,611	3,400,061	2,933,229
<b>Total Assets</b>	<b>2,232,825</b>	<b>2,148,837</b>	<b>912,106</b>	<b>386,667</b>	<b>214,181</b>	<b>332,114</b>	<b>40,950</b>	<b>65,611</b>	<b>3,400,061</b>	<b>2,933,229</b>
Segment Liabilities	2,093,767	1,933,230	855,301	347,871	200,842	298,791	38,399	59,028	3,188,310	2,638,920
<b>Total Liabilities</b>	<b>2,093,767</b>	<b>1,933,230</b>	<b>855,301</b>	<b>347,871</b>	<b>200,842</b>	<b>298,791</b>	<b>38,399</b>	<b>59,028</b>	<b>3,188,310</b>	<b>2,638,920</b>

Figures in brackets indicate deductions.

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

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**INFORMATION ON ORDINARY SHARES OF THE COMPANY**

<b><u>Market Price</u></b>	<b>2018 Rs.</b>	<b>2017 Rs.</b>
Highest price during the quarter ended 30th September	13.00	17.60
Lowest price during the quarter ended 30th September	9.50	13.00
Closing price as at 30th September	10.00	14.50
<b><u>Capital</u></b>	<b>2018</b>	<b>2017</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 30.09.2018</b>	<b>As at 31.03.2018</b>
Debt to equity ratio (times)	11.33	11.50
Interest cover (times)	0.93	0.68
Quick asset ratio (%)	0.40	1.39

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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.						
<b>For the six months ended 30th September</b>	<b>Immediate Parent</b>		<b>Subsidiary</b>		<b>Affiliate</b>	
	<b>2018 Rs.'000</b>	<b>2017 Rs.'000</b>	<b>2018 Rs.'000</b>	<b>2017 Rs.'000</b>	<b>2018 Rs.'000</b>	<b>2017 Rs.'000</b>
<b>Items in Statement of Profit or Loss</b>						
Interest Income	786	9,430	-	-	-	1,301
Interest Expense	14,476	11,816	-	-	-	-
Other operating Expense	7,714					
Other fees & commission income					950	
Other fees & commission Expense					245	
<b>Items in Statement of Financial Position</b>						
<b>As at 30th September</b>	<b>2018 Rs.'000</b>	<b>2017 Rs.'000</b>	<b>2018 Rs.'000</b>	<b>2017 Rs.'000</b>	<b>2018 Rs.'000</b>	<b>2017 Rs.'000</b>
<b>Assets</b>						
Cash and cash equivalents	35,537	134,530	-	-	-	-
Investment in fixed deposits		104,177	-	-	-	-
Investment in subsidiaries - Investment			175,000	175,000	-	-
- Provision made			(175,000)	(175,000)	-	-
Other Assets - Due from Subsidiary			18,906	18,823	-	-
- Provision made			(193,906)	(193,823)	-	-
<b>Liabilities</b>						
Due to banks	626,529	24,169	-	-	-	-
Debt Securities issued	10,000	10,000	-	-	-	-

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**SHAREHOLDERS' INFORMATION**

**Twenty Largest Ordinary Shareholders as at 30th September 2018**

Twenty largest ordinary shareholders of the Company as at 30th September 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	340,191	0.50%
5 People's Leasing & Finance PLC/Dr.H.S.D.Soyso & Mrs.G.Soyso	278,140	0.41%
6 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore	206,000	0.31%
7 Mr. Z.G.Carimjee	196,158	0.29%
8 Mr.H.Beruwalage	116,200	0.17%
9 Mr. Thalangahawatte	105,984	0.16%
10 Mr.B.W.Kundanmal	102,100	0.15%
11 Mrs. R.D. Jayawardana / Mr.S.Munaweera	100,987	0.15%
12 Mr. Biswas	100,000	0.15%
13 Asha Financial Services Limited/Mr.C.N.Pakianathan	92,975	0.14%
14 Sandwave Limited	91,105	0.13%
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 People's Leasing & Finance PLC/L.P.Hapangama	71,335	0.11%
20 Mr.S.Munaweera	70,900	0.11%
	<b>62,058,762</b>	<b>91.95%</b>

Directors'/CEO's Holding in Shares as at 30th September 2018	Position	No of Shares
Mr. Hemasiri Fernando	Chairman	-
Mr. M.P. Amirthanayagam	Director	-
Mr. N.V. Kumar	Director	-
Mr. J.A. Fernando	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	-
Mrs. R.P.N. Premalal	Director	-
Mr.U.N.Gunasekara	CEO	-
		<b>1,000,000</b>

**Public Holding**

The percentage of ordinary share held by the public as at 30th September 2018 was 11.30% and number of shareholders representing the public holding was 10,081.



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**EXPLANATORY NOTES**

- 1) The Interim Financial Statements for the quarter ended 30th September 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 of Colombo Stock Exchange .
- 3) There are no significant changes in the accounting policies and the methods of computation since the publication of 2017/18 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. 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 or to effect a strategic investment. People's Merchant Finance PLC didn't effect the merger as the company is in the process of completing a strategic investment to meet the core capital requirements, and this is awaiting approval of the Monetary Board of the Central Bank of Sri Lanka.
- 5) The contingent liabilities for the period ended 30th September 2018 includes unutilised margin trading loan limits of the clients.
- 6) There have been no material events subsequent to the reporting date, which require adjustments to or disclosure in the interim financial statements.

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**CORPORATE INFORMATION**

<p><b>Name of Company</b> People's Merchant Finance PLC (Subsidiary of People's Bank)</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. Ordinary Shares listed 67,500,000</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@sltnet.lk">sspsec@sltnet.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. Hemasiri Fernando - Chairman Mr. M.P. Amirthanayagam Mr. N.V. Kumar Mr. J.A. Fernando Mr. A.P. Weerasinghe Dr. D.W.S.S.R.N.J. Dandeniya Mr. L. De Fonseka Mr. A.S. Ibrahim Mrs. R.P.N. Premalal</p> <p><b>Integrated Risk Management Committee</b> Mr. J.A. Fernando Mr. L. De Fonseka Dr. D.W.S.S.R.N.J. Dandeniya Mr. U.N. Gunasekara - CEO</p> <p><b>Board Audit Committee</b> Ms. R.P.N.Premalal Mr. A.P. Weerasinghe Mr. A.S. Ibrahim Mr. J.A. Fernando</p> <p><b>Related Party Transactions Review Committee</b> Mr. M.P. Amirthanayagam Mr. L. De Fonseka Mr. A.P. Weerasinghe</p>	<p><b>Remuneration &amp; Nomination Committee of the Board</b> Mr. A.P. Weerasinghe – Chairman of the Committee Mr. N.Vasantha Kumar Dr. D W S S R N J Dandeniya</p> <p><b>Investment Advisory Committee</b> Mr. Vasantha Kumar Mr. A.S. Ibrahim Mr. A.P Weerasinghe</p> <p><b>Corporate Management</b> Mr. U.N. Gunasekara - CEO Mr. Charith Gunarathne - DGM - Credit &amp; Asset Finance Mr. Yasas Ariyaratne -DGM - Business Promotions Mrs. Muditha Jayawickrema - DGM - Legal &amp; HR</p> <p><b>Bankers</b> People's Bank</p> <p><b>Subsidiary Company</b> PMB Services Limited</p> <p><b>Vehicle Yard</b> No. 21, Nawam Mawatha, Colombo 02, 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>
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