

INTERIM FINANCIAL STATEMENTS

PEOPLE'S MERCHANT FINANCE PLC

For the nine months ended 31st December 2018



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**INTERIM
FINANCIAL
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STATEMENT OF FINANCIAL POSITION

As at	Company			Group		
	31.12.18 Unaudited* Rs. '000	31.03.18 Audited Rs. '000	Change %	31.12.18 Unaudited* Rs. '000	31.03.18 Audited Rs. '000	Change %
Assets						
Cash and cash equivalents	244,206	289,945	(15.8)	244,475	290,214	(15.8)
Investment in fixed deposits	40,355	46,048	(12.4)	40,355	46,048	(12.4)
Financial investments - held for trading	2,469	2,580	(4.3)	2,469	2,580	(4.3)
Loans and advances to customers	2,985,074	2,488,467	20.0	2,985,074	2,488,467	20.0
Financial investments – available for sale	23	23	-	23	23	-
Property, plant and equipment	12,223	11,303	8.1	12,223	11,303	8.1
Intangible assets	5,532	6,371	(13.2)	5,532	6,371	(13.2)
Other assets	84,585	83,202	1.7	84,585	83,202	1.7
Total Assets	3,374,467	2,927,939	15.3	3,374,736	2,928,208	15.2
Liabilities						
Due to banks	806,429	96,556	735.2	806,429	96,556	735.2
Due to customers	2,277,797	2,455,586	(7.2)	2,277,797	2,455,586	(7.2)
Debt securities issued	10,000	14,800	(32.4)	10,000	14,800	(32.4)
Other liabilities	87,492	145,306	(39.8)	88,708	146,522	(39.5)
Total Liabilities	3,181,718	2,712,248	17.3	3,182,934	2,713,464	17.3
Equity						
Stated capital	1,078,227	1,078,227	-	1,078,227	1,078,227	-
Statutory reserve fund	7,259	7,259	-	7,259	7,259	-
Retained earnings	(892,737)	(869,795)	2.6	(893,684)	(870,742)	2.6
Total Equity	192,749	215,691	(10.6)	191,802	214,744	(10.7)
Total Liabilities & Equity	3,374,467	2,927,939	15.3	3,374,736	2,928,208	15.2

Net assets value per ordinary share (Rs.)	2.86	3.20	(10.6)	2.84	3.18	(10.7)
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CERTIFICATION

We certify that the above interim financial statements are in compliance with the requirements 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

17th January 2019

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		
	31/12/18 Unaudited* Rs. '000	31/12/17 Unaudited* Rs. '000	Change %	31/12/18 Unaudited* Rs. '000	31/12/17 Unaudited* Rs. '000	Change %
Interest income	403,461	293,236	37.6	148,539	104,648	41.9
Less: Interest expense	267,749	258,126	3.7	97,487	89,291	9.2
Net interest income	135,712	35,110	286.5	51,052	15,357	232
Fee and commission income	6,823	1,788	281.6	2,594	970	167.5
Other operating income	51,398	16,588	209.8	10,536	3,030	247.7
Total operating income	193,933	53,486	262.6	64,182	19,357	231.6
Less: Net impairment charges /(reversal) on financial assets	21,957	22,833	(3.8)	17,157	19,395	(11.5)
Net operating income	171,976	30,653	461.0	47,025	(38)	(123,848.7)
Less: Staff costs	94,113	69,600	35.2	33,935	23,332	45.4
Depreciation	4,922	3,889	26.6	1,726	1,353	27.6
Other expenses	85,414	77,378	10.4	28,766	27,704	3.8
Operating profit/(loss) before VAT & NBT on financial services	(12,473)	(120,214)	89.6	(17,402)	(52,427)	66.8
Less : VAT & NBT on financial services	10,469	-	-	2,547	-	-
Profit/(Loss) before income tax	(22,942)	(120,214)	80.9	(19,949)	(52,427)	61.9
Less: Income tax expense	-	-	-	-	-	-
Profit/(Loss) for the period	(22,942)	(120,214)	80.9	(19,949)	(52,427)	61.9
Basic loss per ordinary share - (Rs)	(0.34)	(1.78)	80.9	(0.30)	(0.78)	61.9

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		
	31/12/18 Unaudited* Rs. '000	31/12/17 Unaudited* Rs. '000	Change %	31/12/18 Unaudited* Rs. '000	31/12/17 Unaudited* Rs. '000	Change %
Interest income	403,461	293,236	37.6	148,539	104,648	41.9
Less: Interest expense	267,749	258,126	3.7	97,487	89,291	9.2
Net interest income	135,712	35,110	286.5	51,052	15,357	232.4
Fee and commission income	6,823	1,788	281.6	2,594	970	167.5
Other operating income	51,398	16,588	209.8	10,536	3,030	247.7
Total operating income	193,933	53,486	262.6	64,182	19,357	231.6
Less: Net impairment charges/ (reversal) on financial assets	21,957	22,833	(3.8)	17,157	19,395	(11.5)
Net operating income	171,976	30,653	461.0	47,025	(38)	(123,848.7)
Less: Staff costs	94,113	69,600	35.2	33,935	23,332	45.4
Depreciation	4,922	3,889	26.6	1,726	1,353	27.6
Other expenses	85,414	76,955	11.0	28,766	27,704	3.8
Operating profit/(loss) before VAT & NBT on financial services	(12,473)	(119,791)	89.6	(17,402)	(52,427)	66.8
Less : VAT & NBT on financial services	10,469	-	-	2,547	-	-
Profit/(Loss) before income tax	(22,942)	(119,791)	80.8	(19,949)	(52,427)	61.9
Less: Income tax expense	-	-	-	-	-	-
Profit/(Loss) for the period	(22,942)	(119,791)	80.8	(19,949)	(52,427)	61.9
Basic loss per ordinary share - (Rs)	(0.34)	(1.77)	80.8	(0.30)	(0.78)	61.9

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		
	31/12/18 Unaudited* Rs. '000	31/12/17 Unaudited* Rs. '000	Change %	31/12/18 Unaudited* Rs. '000	31/12/17 Unaudited* Rs. '000	Change %
Profit / (Loss) for the period	(22,942)	(120,214)	80.9	(19,949)	(52,427)	61.9
Other comprehensive income						
Items that are or may be reclassified to profit or loss						
Net change in fair value of available for sale reserve	-	-	-	-	-	-
Available for sale reserve re-classification to income statement	-	-	-	-	-	-
Related taxes	-	-	-	-	-	-
Items that will never be reclassified to profit or loss						
Actuarial gain on defined benefit plans	-	-	-	-	-	-
Related taxes	-	-	-	-	-	-
Other comprehensive income/(expense) for the period	-	-	-	-	-	-
Total comprehensive loss for the period	(22,942)	(120,214)	80.9	(19,949)	(52,427)	61.9
<i>Figures in brackets indicate deductions.</i> <i>*The above figures are provisional and subject to audit.</i>						

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STATEMENT OF OTHER COMPREHENSIVE INCOME - GROUP

	For the nine months ended			For the quarter ended		
	31/12/18 Unaudited* Rs. '000	31/12/17 Unaudited* Rs. '000	Change %	31/12/18 Unaudited* Rs. '000	31/12/17 Unaudited* Rs. '000	Change %
Profit / (Loss) for the period	(22,942)	(119,791)	80.8	(19,949)	(52,427)	61.9
Other comprehensive income						
Items that are or may be reclassified to profit or loss						
Net change in fair value of available for sale reserve	-	-	-	-	-	-
Available for sale reserve re-classification to income statement	-	-	-	-	-	-
Related taxes	-	-	-	-	-	-
Items that will never be reclassified to profit or loss						
Actuarial gain on defined benefit plans	-	-	-	-	-	-
Related taxes	-	-	-	-	-	-
Other comprehensive income/(expense) for the period	-	-	-	-	-	-
Total comprehensive loss for the period	(22,942)	(119,791)	80.8	(19,949)	(52,427)	61.9

Figures in brackets indicate deductions.

*The above figures are provisional and subject to audit.

**INTERIM
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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
Balance as at 1st April 2017	1,078,227	7,259	573,598	(1,295,630)	363,454
Profit/(Loss) for the nine months ended 31.12.2017	-	-	-	(120,214)	(120,214)
Transfer Revaluation Reserve on disposal	-	-	(573,598)	573,598	-
Total comprehensive income/(expense) for the nine months ended 31.12.2017	-	-	(573,598)	453,384	(120,214)
Balance as at 31st December 2017	1,078,227	7,259	-	(842,246)	243,240
Balance as at 1st April 2018	1,078,227	7,259	-	(869,795)	215,691
Profit/(Loss) for the nine months ended 31.12.2018	-	-	-	(22,942)	(22,942)
Other comprehensive income/(expense)	-	-	-	-	-
Total comprehensive income/(expense) for the nine months ended 31.12.2018	-	-	-	(22,942)	(22,942)
Balance as at 31st December 2018	1,078,227	7,259	-	(892,737)	192,749
<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
Balance as at 1st April 2017	1,078,227	7,259	573,598	(1,297,410)	361,674
Profit/(Loss) for the nine months ended 31.12.2017	-	-	-	(52,427)	(52,427)
Transfer Revaluation Reserve on disposal	-	-	(573,598)	573,598	-
Total comprehensive income/(expense) for the nine months ended 31.12.2017	-	-	(573,598)	521,171	(52,427)
Balance as at 31st December 2017	1,078,227	7,259	-	(776,239)	309,247
Balance as at 1st April 2018	1,078,227	7,259	-	(870,742)	214,744
Profit/(Loss) for the nine months ended 31.12.2018	-	-	-	(22,942)	(22,942)
Other comprehensive income/(expense)	-	-	-	-	-
Total comprehensive income/(expense) for the nine months ended 31.12.2018	-	-	-	(22,942)	(22,942)
Balance as at 31st December 2018	1,078,227	7,259	-	(893,684)	191,802
<i>Figures in brackets indicate deductions.</i>					
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STATEMENT OF CASH FLOWS

For the nine months ended 31st December	COMPANY		GROUP	
	2018 Unaudited* Rs '000	2017 Unaudited Rs '000	2018 Unaudited* Rs '000	2017 Unaudited Rs '000
Cash flows from operating activities				
Loss before taxation	(22,942)	(120,214)	(22,942)	(119,791)
Adjustment for:				
Non-cash items included in Loss before tax				
Reversal of interest from investing activities	17,108	(53,860)	17,108	(53,860)
Reversal of fair value change on shares	111	100	111	100
Depreciation reversal	2,633	1,982	2,633	1,982
Amortization reversal	2,289	1,908	2,289	1,908
Reversal of Impairment on Loans and advances to customers	21,957	18,057	21,957	18,057
Changes in				-
Loans and advances to customers	(518,564)	(108,716)	(518,564)	(108,716)
Other assets	(1,383)	(6,472)	(1,114)	(6,472)
Operating liabilities	(61,568)	755	(61,568)	687
Due to customers	(177,789)	147,874	(177,789)	147,874
Gratuity paid	(1,047)	(319)	(1,047)	(319)
Net cash (used in) operating activities	(739,195)	(118,905)	(738,926)	(118,550)
Cash Flows from Investing Activities				
Interest income on short term investment	(17,108)	53,860	(17,108)	53,860
Changes in investment in fixed deposits	5,693	(488,181)	5,693	(488,181)
Purchase of property, plant & equipment	-	-	-	-
Purchase of intangible assets	-	-	-	-
Net proceeds from property, plant & equipment	(5,002)	1,037,905	(5,002)	1,037,905
Dividends received from investments	-	-	-	-
Acquisition of property, plant & equipment	-	-	-	-
Disposals of shares	-	-	-	-
Net purchase of intangible assets	-	-	-	-
Net cash generated from / (used in) investing activities	(16,417)	603,584	(16,417)	603,584
Cash Flows from Financing Activities				
Net borrowings	-	(354,465)	-	(354,465)
Net cash generated from / (used in) financing activities	-	(354,465)	-	(354,465)
Net cash change	(755,612)	130,215	(755,343)	130,569
Cash and cash equivalents at the beginning of the period	193,389	105,071	193,389	105,071
Cash and cash equivalents at the end of the period	(562,223)	235,286	(561,954)	235,640
Cash and cash equivalents at the end of the period				
Cash, Current and Savings Accounts at the end of the period	244,206	263,662	244,475	264,016
Bank Overdraft at the end of the period	(806,429)	(28,376)	(806,429)	(28,376)
	(562,223)	235,286	(561,954)	235,640
<i>Figures in brackets indicate deductions.</i> <i>*The above figures are provisional and subject to audit.</i>				

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ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS

As at 31st December 2018	Company			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
Assets				
Cash and cash equivalents	-	244,206	-	244,206
Investment in fixed deposits	-	40,355	-	40,355
Financial investments - held for trading	2,469	-	-	2,469
Loans and advances to customers	-	2,985,074	-	2,985,074
Financial investments – available for sale	-	-	23	23
Total Financial Assets	2,469	3,269,635	23	3,272,127
As at 31st December 2018	FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000	
Liabilities				
Due to banks	-	806,429	806,429	
Due to customers	-	2,277,797	2,277,797	
Debt securities issued	-	10,000	10,000	
Total Liabilities	-	3,094,226	3,094,226	
As at 31st March 2018	Company			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
Assets				
Cash and cash equivalents	-	289,945	-	289,945
Investment in fixed deposits	-	46,048	-	46,048
Financial investments - held for trading	2,580	-	-	2,580
Loans and advances to customers	-	2,488,467	-	2,488,467
Financial investments – available for sale	-	-	23	23
Total Financial Assets	2,580	2,824,460	23	2,827,063
As at 31st March 2018	FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000	
Liabilities				
Due to banks	-	96,556	96,556	
Due to customers	-	2,455,586	2,455,586	
Debt securities issued	-	14,800	14,800	
Total Liabilities	-	2,566,942	2,566,942	

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ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS

As at 31st December 2018	Group			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
Assets				
Cash and cash equivalents	-	244,475	-	244,475
Investment in fixed deposits	-	40,355	-	40,355
Financial investments - held for trading	2,469	-	-	2,469
Loans and advances to customers	-	2,985,074	-	2,985,074
Financial investments – available for sale	-	-	23	23
Total Financial Assets	2,469	3,269,904	23	3,272,396
As at 31st December 2018	FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000	
Liabilities				
Due to banks	-	806,429	806,429	
Due to customers	-	2,277,797	2,277,797	
Debt securities issued	-	10,000	10,000	
Total Liabilities	-	3,094,226	3,094,226	
As at 31st March 2018	Group			
	FVTPL Rs. '000	L & R Rs. '000	AFS Rs. '000	Total Rs. '000
Assets				
Cash and cash equivalents	-	290,214	-	290,214
Investment in fixed deposits	-	46,048	-	46,048
Financial investments - held for trading	2,580	-	-	2,580
Loans and advances to customers	-	2,488,467	-	2,488,467
Financial investments – available for sale	-	-	23	23
Total Financial Assets	2,580	2,824,729	23	2,827,332
As at 31st March 2018	FVTPL Rs. '000	Other Financial Liabilities Rs. '000	Total Rs. '000	
Liabilities				
Due to banks	-	96,556	96,556	
Due to customers	-	2,455,586	2,455,586	
Debt securities issued	-	14,800	14,800	
Total Liabilities	-	2,566,942	2,566,942	

**INTERIM
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SEGMENTAL ANALYSIS

Rs. '000

For the nine months ended 31st December	Leasing & Hire Purchases		Loans and Pawning		Margin Trading		Other		Total Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Income										
Interest income	252,701	156,232	88,100	47,875	18,643	16,214	44,017	72,914	403,461	293,236
Fee and commission income	6,239	1,788	584	-	-	-	-	-	6,823	1,788
Other operating income	23,076	1,036	27,974	5,611	-	-	348.39	9,941	51,398	16,588
Gross revenue	282,016	159,056	116,659	53,486	18,643	16,214	44,365	82,855	461,682	311,612
Interest expenses	178,942	188,180	71,213	34,559	14,369	29,832	3,225	5,554	267,749	258,126
Total operating income	103,074	(29,124)	45,446	18,927	4,274	(13,618)	41,140	77,301	193,933	53,486
Net impairment charges/(reversal)	2,166	14,078	23,733	2,190	(3,943)	11,115	-	(4,550)	21,957	22,833
Net operating income	100,907	(43,202)	21,712	16,737	8,217	(24,733)	41,140	81,851	171,975	30,653
Depreciation & other expenses	123,271	109,986	49,058	20,199	9,899	17,436	2,222	2,823	184,448	150,444
Segment results	(22,364)	(153,188)	(27,346)	(3,462)	(1,682)	(42,169)	38,918	79,028	(12,473)	(119,791)
VAT & NBT on financial services	-	-	-	-	-	-	-	-	10,469	-
Income tax expense	-	-	-	-	-	-	-	-	-	-
Loss attributable to equity holders									(22,942)	(119,791)
As at 31st December										
Segment Assets	2,255,404	2,155,636	897,576	395,883	181,106	341,736	40,650	63,624	3,374,736	2,956,880
Total Assets	2,255,404	2,155,636	897,576	395,883	181,106	341,736	40,650	63,624	3,374,736	2,956,879
Segment Liabilities	2,127,218	1,979,297	846,562	363,499	170,813	313,781	38,340	58,420	3,182,934	2,714,997
Total Liabilities	2,127,218	1,979,297	846,562	363,499	170,813	313,781	38,340	58,420	3,182,934	2,714,997

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

<u>Market Price</u>	2018 Rs.	2017 Rs.
Highest price during the quarter ended 31st December	12.50	17.60
Lowest price during the quarter ended 31st December	8.20	13.00
Closing price as at 31st December	11.40	14.50
<u>Capital</u>	2018	2017
Ordinary Shares (Number of Shares)	67,500,000	67,500,000
Ordinary Shares (Value Rs.)	1,078,227,000	1,078,227,000
<u>Ratios</u>	As at 31.12.2018	As at 31.03.2018
Debt to equity ratio (times)	11.93	11.50
Interest cover (times)	0.80	0.41
Quick asset ratio (%)	0.32	1.39

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RELATED PARTY DISCLOSURE**

Transactions with Related entities						
The Company had the under mentioned financial dealings during the period with the following related entities.						
For the nine months ended 31st December	Immediate Parent		Subsidiary		Affiliate	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
Items in Statement of Profit or Loss						
Interest Income	820	12,435	-	-	-	4,423
Interest Expense	40,339	11,873	-	-	-	-
Other operating Expense	11,571					
Other fees & comission income					1,155	
Other fees & comission Expense					649	
Items in Statement of Financial Position						
As at 31st December	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
Assets						
Cash and cash equivalents	36,359	38,088	-	-	-	-
Investment in fixed deposits			-	-	-	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)	-	-
Liabilities						
Due to banks	806,429	28,376	-	-	-	-
Debt Securities issued	10,000	10,000	-	-	-	-

**INTERIM
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SHAREHOLDERS' INFORMATION

Twenty Largest Ordinary Shareholders as at 31st December 2018

Twenty largest ordinary shareholders of the Company as at 31st December 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	340,993	0.51%
5	People's Leasing & Finance PLC/Dr. H.S.D.Soyas & Mrs.G.Soyas	280,140	0.42%
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.Beruwelage	116,200	0.17%
9	Richard Pieris Financial Services (Pvt) Ltd/ Mr. C.Thalagahawatte	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. P.K. Biswas	100,000	0.15%
13	Asha Financial Services Limited/Mr.C.N.Pakianathan	92,975	0.14%
14	Mr. A.H. Munasinghe	84,084	0.12%
15	Mrs. R.D. Jayawardana	77,667	0.12%
15	Mr.S.Munaweera / Mrs.R.D. Jayawardana	77,667	0.12%
17	Sandwave Limited	77,088	0.11%
18	Mr. M.D.W.J.A 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%
		62,047,547	91.95%

Directors'/CEO's Holding in Shares as at 31st December 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	-
		1,000,000

Public Holding

The percentage of ordinary share held by the public as at 31st December 2018 was 11.30% and number of shareholders representing the public holding was 10,082. The float adjusted market capitalization as at 31st December 2018 was Rs: 86,953,500/-

**INTERIM
FINANCIAL
STATEMENTS**
EXPLANATORY NOTES

- 1) The Interim Financial Statements for the quarter ended 31st December 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) The Sri Lanka Accounting Standard – SLFRS 9 on “Financial Instruments”, which replaces the existing guidance on LKAS 39 on “Financial Instruments: Recognition and Measurement” has become effective for annual reporting periods beginning on or after January 01, 2018. SLFRS 9 replaces the “Incurred Loss Model” in LKAS 39 with forward looking “Expected Loss Model (“ECL”) which requires considerable judgement over how changes in economic factors affect ECL, which in turn is to be determined on a probability weighted basis. SLFRS 9 also contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed based on their cash flow characteristics.
Based on the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements” issued by The Institute of Chartered Accountants of Sri Lanka, entities are granted with the option to prepare Interim Financial Statements continuing the application of LKAS 39 with disclosures on impact to the Income Statement and Statement of Profit or Loss and Other Comprehensive Income for the period if SLFRS 9 has been applied.
Accordingly, as permitted by the above SoAT, the Company has prepared the Interim Financial Statements for the nine months ended 31st December 2018 based on LKAS 39.
The company is in the process of finalizing the impact from SLFRS 9 towards the impairment provisions under LKAS 39. Further the impact of the new classification approach for financial assets is not expected to be material.
- 4) There are no significant changes in the accounting policies and the methods of computation since the publication of 2017/18 Audited Financial Statement.
- 5) As per a directive issued by the Central Bank of Sri Lanka, People’s Merchant Finance PLC (Company) is required to raise sufficient funding in order to meet the minimum capital requirements stipulated by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011. In this regard, the Company is in the process of completing a strategic investment to meet the core capital requirements by way of a Private Placement and a Rights Issue and the Board of Directors of the company has resolved to that effect. The announcement with regard to the Private Placement and the Rights Issue was made to the Colombo Stock Exchange (CSE) on 8th January 2019.
- 6) There have been no material events subsequent to the reporting date, other than mentioned above, which require adjustments to or disclosure in the interim financial statements.

**INTERIM
FINANCIAL
STATEMENTS**
CORPORATE INFORMATION

Name of Company People's Merchant Finance PLC (Subsidiary of People's Bank)	Branch Offices Anuradhapura Kurunegala Negombo Trincomalee Kandy Matara Awissawella Matugama Elpitiya Gampaha Wellawatta Pawning Center	Remuneration & Nomination Committee of the Board Mr. A.P. Weerasinghe – Chairman of the Committee Mr. N.Vasantha Kumar Dr. D W S S R N J Dandeniya
Legal Form Public Limited Liability Company (Incorporated and domiciled in Sri Lanka)		Investment Advisory Committee Mr. Vasantha Kumar Mr. A.S. Ibrahim Mr. A.P Weerasinghe
Date of Incorporation 26 th January 1983		
Company Registration Number PQ 200		Corporate Management Mr. U.N. Gunasekara - CEO Mr. Charith Gunaratne - DGM - Credit & Asset Finance Mr. Yasas Ariyaratne -DGM - Business Promotions Mrs. Muditha Jayawickrema - DGM - Legal & HR
Stock Exchange Listing The ordinary shares of the Company were quoted on the Colombo Stock Exchange (CSE) on 11 th July 1994. Ordinary Shares listed 67,500,000 Ordinary Shares has been tranfered to Diri Savi Board with effect from July 02,2018	Board of Directors and Board Sub-Committees Board of Directors 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	Bankers People's Bank Pan Asia Bank
Accounting Year-End March -31		Subsidiary Company PMB Services Limited
Registered Office & Principle Place of Business No. 21, Nawam Mawatha, Colombo 02, Sri Lanka Telephone +94112300191 / +94117666333 Fax +94112300190 Email; info@pmb.lk Web Address; www.peoplesmerchant.lk	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 Ms.Muditha Jayawickrema, DGM-Legal & HR Mr.Charith Guneratne,DGM- Credit & Asset Finance	Vehicle Yard No. 21, Nawam Mawatha, Colombo 02, Sri Lanka
Registrars SSP Corporate Services (Pvt) Ltd No. 101, Inner Flower Road, Colombo 03, Sri Lanka Telephone; +94112573894, +94112576871 Fax; +94112573609 Email; sspsec@slt.net.lk	Board Audit Committee Ms. R.P.N.Premalal Mr. A.P. Weerasinghe Mr. A.S. Ibrahim Mr. J.A. Fernando	Tax Payer Identity Number (TIN) 134000228
Auditors M/s. KPMG Chartered Accountants 32A, Sir Mohamed Macan Maker Mawatha, Colombo 03.	Related Party Transactions Review Committee Mr. M.P. Amirthanayagam Mr. L. De Fonseka Mr. A.P. Weerasinghe	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