

CONDENSED INTERIM FINANCIAL STATEMENTS

PEOPLE'S MERCHANT FINANCE PLC

For the period ended 31st March 2022



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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION

As at,	Notes	Company			Group		
		31.03.22 Unaudited Rs. '000	31.03.21 Audited Rs. '000	Change %	31.03.22 Unaudited Rs. '000	31.03.21 Audited Rs. '000	Change %
Assets							
Cash and cash equivalents	13	503,661	707,190	(28.8)	503,904	707,437	(28.8)
Placements with banks and financial institutions	13	410,945	5,126	7,917.3	410,945	5,126	7,917.3
Financial assets measured at fair value	13	10,139	647,840	(98.4)	10,139	647,840	(98.4)
Financial assets measured at amortised cost - Loans and advances	13	6,669,103	3,156,568	111.3	6,669,103	3,156,568	111.3
Property, plant and equipment		82,376	24,879	231.1	82,376	24,879	231.1
Intangible assets		9,411	6,590	42.8	9,411	6,590	42.8
Right of use assets		123,822	68,787	80.0	123,822	68,787	80.0
Other Assets		420,544	86,872	384.1	420,544	86,872	384.1
Total Assets		8,230,002	4,703,852	75.0	8,230,246	4,704,099	75.0
Liabilities							
Due to banks	13	1,814,169	-	100.0	1,814,169	-	100.0
Financial liabilities at amortised cost - due to depositors	13	3,228,866	2,289,491	41.0	3,228,866	2,289,491	41.0
Debt securities issued	13	17,200	16,600	3.6	17,200	16,600	3.6
Lease liabilities	13	137,134	80,424	70.5	137,134	80,424	70.5
Employee benefit obligation		18,552	18,360	1.0	18,552	18,360	1.0
Other liabilities		234,998	167,776	40.1	235,601	168,209	40.1
Total Liabilities		5,450,918	2,572,651	111.9	5,451,522	2,573,084	111.9
Equity							
Stated capital		3,762,054	3,252,159	15.7	3,762,054	3,252,159	15.7
Statutory reserve fund		17,651	10,649	65.8	17,643	10,649	65.7
Accumulated losses		(1,000,621)	(1,131,607)	11.6	(1,000,973)	(1,131,793)	11.6
Total Equity		2,779,085	2,131,201	30.4	2,778,724	2,131,015	30.4
Total Liabilities & Equity		8,230,002	4,703,852	75.0	8,230,246	4,704,099	75.0
Contingent liabilities and commitments		130,602	81,260	60.7	130,602	81,260	60.7
Net assets value per ordinary share (Rs.)		6.86	6.52	5.2	6.86	6.52	5.1
CERTIFICATION							
We certify that the above interim financial statements are in compliance with the requirement of the Companies Act No 07 of 2007.							
(Signed) Kokila Perera Senior Manager-Finance				(Signed) Nalin Wijekoon Chief Executive Officer			
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			
25th May 2022 Colombo							
<i>Figures in brackets indicate deductions.</i>							

CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF PROFIT OR LOSS - COMPANY

	For the twelve months ended			For the quarter ended		
	31.03.2022 Unaudited Rs. '000	31.03.2021 Audited Rs. '000	Change %	31.03.2022 Unaudited Rs. '000	31.03.2021 Unaudited Rs. '000	Change %
Gross Income	969,622	629,491	54.0	322,763	167,755	92.4
Interest income	801,265	470,977	70.1	278,722	132,848	109.8
Less: Interest expense	300,022	237,591	26.3	114,881	67,611	69.9
Net interest income	501,243	233,386	114.8	163,841	65,237	151.1
Fee and commission income	19,238	11,001	74.9	6,290	3,472	81.2
Net fair value gain from financial assets at FVTPL	27,444	43,995	(37.6)	(4,095)	4,218	197.1
Other operating income	121,675	103,518	17.5	41,847	27,217	53.8
Total operating income	669,600	391,900	70.9	207,883	100,144	107.6
Less: Impairment charges for loans and receivables and other losses	(40,930)	(41,802)	2.1	(66,587)	(48,776)	(36.5)
Net operating income	710,530	433,702	63.8	274,469	148,920	84.3
Less: Personnel Expenses	261,373	174,111	50.1	66,381	53,640	23.8
Depreciation of property, plant and equipment	9,731	4,267	128.0	3,707	1,218	204.4
Amortisation of intangible assets	501	392	27.9	99	(1,024)	109.6
Amortisation of right of use assets	42,897	35,085	22.3	9,180	7,039	30.4
Other expenses	195,102	119,297	63.5	63,515	32,772	93.8
Operating profit before tax on financial services	200,926	100,550	99.8	131,588	55,276	138.1
Less : Tax on financial services	60,876	33,148	83.6	26,248	13,170	99.3
Profit before income tax	140,050	67,402	107.8	105,340	42,106	150.2
Less: Income tax expense	-	(397)	-	-	(397)	-
Profit for the period	140,050	67,799	106.6	105,340	42,503	147.8
Basic earnings per share - (Rs)	0.40	0.32	25.6	0.26	0.13	105.1

Figures in brackets indicate deductions.

CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF PROFIT OR LOSS - GROUP

	For the twelve months ended			For the quarter ended		
	31.03.2022 Unaudited Rs. '000	31.03.2021 Audited Rs. '000	Change %	31.03.2022 Unaudited Rs. '000	31.03.2021 Unaudited Rs. '000	Change %
Gross Income	969,622	629,491	54.0	322,763	167,755	92.4
Interest income	801,265	470,977	70.1	278,722	132,848	109.8
Less: Interest expense	300,022	237,591	26.3	114,881	67,611	69.9
Net interest income	501,243	233,386	114.8	163,841	65,237	151.1
Fee and commission income	19,238	11,001	74.9	6,290	3,472	81.2
Net fair value gain/(loss) from financial assets at FVTPL	27,444	43,995	(37.6)	(4,095)	4,218	197.1
Other operating income	121,675	103,518	17.5	41,847	27,217	53.8
Total operating income	669,600	391,900	70.9	207,883	100,144	107.6
Less: Net impairment charges/ (reversal) on financial assets	(40,930)	(41,802)	2.1	(66,587)	(48,776)	(36.5)
Net operating income	710,530	433,702	63.8	274,469	148,920	84.3
Less: Personnel Expenses	261,373	174,111	50.1	66,381	53,640	23.8
Depreciation of property, plant and equipment	9,731	4,267	128.0	3,707	1,218	204.4
Amortisation of intangible assets	501	392	27.9	99	(1,024)	109.6
Amortisation of right of use assets	42,897	35,085	22.3	9,180	7,039	30.4
Other expenses	195,276	119,374	63.6	63,688	32,848	93.9
Operating profit/(loss) before tax on financial services	200,752	100,473	99.8	131,414	55,199	138.1
Less : Tax on financial services	60,876	33,148	83.6	26,248	13,170	99.3
Profit/(Loss) before income tax	139,876	67,325	107.8	105,166	42,029	150.2
Less: Income tax expense	-	(397)	-	-	(397)	-
Profit/(Loss) for the period	139,876	67,722	106.5	105,166	42,426	147.9
Basic earnings/(loss) per share - (Rs)	0.40	0.32	25.2	0.26	0.13	105.5
<i>Figures in brackets indicate deductions.</i>						

CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF OTHER COMPREHENSIVE INCOME - COMPANY

	For the twelve months ended			For the quarter ended		
	31.03.2022 Unaudited Rs. '000	31.03.2021 Audited Rs. '000	Change %	31.03.2022 Unaudited Rs. '000	31.03.2021 Unaudited Rs. '000	Change %
Profit for the period	140,050	67,799	106.6	105,340	42,503	147.8
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial loss on defined benefit plans	-	1,656	(100.0)	-	1,656	(100.0)
Deferred tax effect on actuarial loss	-	(397)	100.0	-	(397)	100.0
		-				
Other comprehensive income for the period	-	1,259	(100.0)	-	1,259	(100.0)
Total comprehensive income for the period	140,050	69,058	102.8	105,340	43,762	140.7

Figures in brackets indicate deductions.

CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF OTHER COMPREHENSIVE INCOME - GROUP

	For the twelve months ended			For the quarter ended		
	31.03.2022 Unaudited Rs. '000	31.03.2021 Audited Rs. '000	Change %	31.03.2022 Unaudited Rs. '000	31.03.2021 Unaudited Rs. '000	Change %
Profit for the period	139,876	67,722	106.5	105,166	42,426	147.9
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial loss on defined benefit plans	-	1,656	(100.0)	-	1,656	(100.0)
Deferred tax effect on actuarial loss	-	(397)	(100.0)	-	(397)	(100.0)
Other comprehensive income for the period	-	1,259	(100.0)	-	1,259	(100.0)
Total comprehensive income for the period	139,876	68,981	102.8	105,166	43,685	140.7

Figures in brackets indicate deductions.

CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY - COMPANY

Company	Stated capital	Advance against stated capital	Reserve fund	Retained earnings	Total equity
<i>In thousands of rupees</i>					
Balance as at 1 April 2020	2,440,290	300,000	7,259	(1,195,047)	1,552,502
Profit/(loss) for the year ended 31 March 2021	-	-	-	67,799	67,799
Other comprehensive income					
Remeasurement of defined benefit liability	-	-	-	1,656	1,656
Tax on other comprehensive income	-	-	-	(397)	(397)
Total other comprehensive income	-	-	-	1,259	1,259
Total comprehensive income	-	-	-	69,058	69,058
Transfers to the reserve fund			3,390	(3,390)	
Transactions with owners of the Company					
Advance against stated capital	-	-			-
Right issue of shares	811,869	(300,000)	-	-	511,869
Transaction cost related to rights issue	-			(2,228)	(2,228)
Total contribution and distribution	811,869	(300,000)	-	(2,228)	509,641
Total transactions with owners of the Company	811,869	(300,000)	-	(2,228)	509,641
Balance as at 31 March 2021	3,252,159	-	10,649	(1,131,607)	2,131,201
Balance as at 1 April 2021	3,252,159	-	10,649	(1,131,607)	2,131,201
Profit/(loss) for the year ended 31 March 2022	-	-	-	140,050	140,050
Total comprehensive income	-	-	-	140,050	140,050
Transactions with owners of the Company					
Transfers to the reserve fund			7,003	(7,003)	
Contributions and distributions					
Issue of ordinary shares through right issue	509,896	-	-	-	509,896
Advance against stated capital	-	-	-	-	-
Transaction cost related to rights issue	-	-	-	(2,062)	(2,062)
Total contribution and distribution	509,896	-	-	(2,062)	507,834
Total transactions with owners of the Company	509,896	-	-	(2,062)	507,834
Balance as at 31 March 2022	3,762,054	-	17,651	(1,000,621)	2,779,084

Figures in brackets indicate deductions.

CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY - GROUP

Group	Stated capital	Advance against stated capital	Reserve fund	Retained earnings	Total equity
<i>In thousands of rupees</i>					
Balance as at 1 April 2020	2,440,290	300,000	7,259	(1,195,156)	1,552,393
Profit/(loss) for the year ended 31 March 2021	-	-	-	67,722	67,722
Other comprehensive income					
Remeasurement of defined benefit liability	-	-	-	1,656	1,656
Tax on other comprehensive income	-	-	-	(397)	(397)
Total other comprehensive income	-	-	-	1,259	1,259
Total comprehensive income	-	-	-	68,981	68,981
Transfers to the reserve fund			3,390	(3,390)	
Transactions with owners of the Company					
Advance against stated capital		-			-
Right issue of shares	811,869	(300,000)	-	-	511,869
Transaction cost related to rights issue				(2,228)	(2,228)
Total contribution and distribution	811,869	(300,000)	-	(2,228)	509,641
Total transactions with owners of the Company	811,869	(300,000)	-	(2,228)	509,641
Balance as at 31 March 2021	3,252,159	-	10,649	(1,131,793)	2,131,015
Balance as at 1 April 2021	3,252,159	-	10,649	(1,131,793)	2,131,015
Profit/(loss) for the year ended 31 March 2022	-	-	-	139,876	139,876
Total comprehensive income	-	-	-	139,876	139,876
Transfers to the reserve fund			6,994	(6,994)	
Transactions with owners of the Company					
Contributions and distributions					
Issue of ordinary shares through rights issue	509,896	-	-	-	509,896
Advance against stated capital	-	-	-	-	-
Transaction cost related to rights issue	-			(2,062)	(2,062)
Total contribution and distribution	509,896	-	-	(2,062)	507,834
Total transactions with owners of the Company	509,896	-	-	(2,062)	507,834
Balance as at 31 March 2022	3,762,054	-	17,643	(1,000,973)	2,778,725

Figures in brackets indicate deductions.

CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS

For the twelve months ended 31st March	COMPANY		GROUP	
	2022 Unaudited Rs '000	2021 Audited Rs '000	2022 Unaudited Rs '000	2021 Audited Rs '000
Cash flows from operating activities				
Profit/(Loss) before tax	140,050	67,402	139,876	67,325
Adjustment for:				
- Depreciation and amortisation	53,129	39,744	53,129	39,744
- Profit on real estate sales	(37,729)	(26,984)	(37,729)	(26,984)
- Gain on derecognition of right-of-use assets	(1,584)	(874)	(1,584)	(874)
- Net gain on investment securities at FVPTL	(27,444)	(43,995)	(27,444)	(43,995)
- Net impairment loss on loans and advances	(40,930)	(41,802)	(40,930)	(41,802)
- Interest expense on preference shares	600	600	600	600
- Interest expense on leases	10,415	13,635	10,415	13,635
- Dividend on equity securities at FVPTL	393	(342)	393	(342)
- Interest income	(16,031)	(77,774)	(16,031)	(77,774)
- Provision for retirement benefit obligation	4,800	4,216	4,800	4,216
- Loss / (Gain) on disposal of property, plant and equipment	(690)	(17,526)	(690)	(17,526)
	84,980	(83,698)	84,807	(83,777)
Changes in				
Financial assets measured at amortised cost - Loans and advances	(3,471,605)	(1,456,456)	(3,471,605)	(1,456,456)
Other assets	(295,943)	27,352	(295,943)	27,353
Due to customers	939,374	188,555	939,374	188,555
Other liabilities	64,948	121,830	65,117	121,902
Retiring gratuity paid	(2,678,247)	(1,202,419)	(2,678,251)	(1,202,423)
Income tax paid	-	-	-	-
Net cash used in operating activities	(2,682,161)	(1,210,075)	(2,682,165)	(1,210,079)
Cash flows from investing activities				
Interest income on short term investment	16,031	77,774	16,031	77,774
Net proceeds from investments in fixed deposits	(405,820)	1,208,971	(405,820)	1,208,971
Net proceeds from investments in securities	665,144	(117,657)	665,144	(117,657)
Acquisition of property, plant and equipment	(67,004)	(17,627)	(67,004)	(17,627)
Purchase of intangible assets	(3,323)	(4,499)	(3,323)	(4,499)
Proceeds from disposal of property, plant and equipment	670	17,547	670	17,547
Dividends received from investments	(393)	342	(393)	342
Net cash from investing activities	205,306	1,164,851	205,305	1,164,851
Cash flows from financing activities				
Net proceeds from rights issue of shares	511,958	511,869	511,958	511,869
Transaction cost related to rights issue	(2,062)	(2,228)	(2,062)	(2,228)
Net proceeds from Borrowing from due to banks	1,814,169	-	1,814,169	-
Lease rental payments	(50,737)	(46,953)	(50,737)	(46,953)
Net cash from financing activities	2,273,327	462,688	2,273,327	462,689
Net increase in cash and cash equivalents	(203,529)	417,465	(203,533)	417,462
Cash and cash equivalents at beginning of the year	707,190	289,725	707,437	289,975
Cash and cash equivalents at the end of the year	503,661	707,190	503,904	707,437
Cash and cash equivalents at the end of the year				
Cash and cash equivalents	503,661	707,190	503,904	707,437
Bank overdraft	-	-	-	-
	503,661	707,190	503,904	707,437

Figures in brackets indicate deductions.

CONDENSED INTERIM FINANCIAL STATEMENTS
EXPLANATORY NOTES

- 1 People's Merchant Finance PLC ("the Company") is a Licensed Finance Company registered under the Finance Business Act No. 42 of 2011 and listed on the Colombo Stock Exchange. The Company was incorporated on 26 January 1983 and is domiciled in Sri Lanka. The Company was listed on the main board of Colombo Stock Exchange on 11 July 1994. The registered office of the Company and the principal place of the business is situated at No. 361, 361/1, R.A.De Mel Mawatha, Colombo 03.
- 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 since the publication of 2020/21 Audited Financial Statements.
- 4 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 deposits (with accrued interest) at Rs 3,500 Mn until such time the Company meets the required minimum core capital of Rs.2.5Bn on or before 31/12/2021 as per the Finance Business Act Direction No 2 of 2017 – Minimum Core Capital.
- The cap of Rs. 3,500 Mn imposed on Deposits has been removed by CBSL on 19th January 2022 in terms of Section 2.2 of Finance Business Act (Minimum Core Capital) Direction No. 02 of 2017, considering the level of compliance with the cited Direction, subsequent to the successful completion of the rights issue in December 2021.

5 Share capital

	2022 Rs.	2021 Rs.
Ordinary Shares (Number of Shares)	405,301,750	326,856,250
Ordinary Shares (Value Rs.)	3,762,054,500	3,252,158,750
Advance against Stated Capital (Value Rs.)	-	-

6 Preference shares

	2022	2021
Cumulative Preference Shares (Number of Shares)	1,000,000	1,000,000
Cumulative Preference Shares (Value Rs.)	10,000,000	10,000,000

7 Public holding

	No: of Shares
Issued Share Capital as at 31st March 2022	405,301,750
<i>Less:</i>	
Parent Company	330,714,052
Common Director	-
Directors shareholding	1,000
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 (10,100 Shareholders)	74,586,698
Public Holding as a % of Shares Issued	18.40%
Issued Share Capital as at 31st March 2022	405,301,750
Closing Mkt Price	5.40
Total Market Capitalization	2,188,629,450
Public Shareholding (10,100 Shareholders)	18.40%
Float adjusted market capitalization	402,768,169

8 Market Price

Market Price	2022 Rs.	2021 Rs.
Highest price during the quarter ended 31st March	10.20	10.70
Lowest price during the quarter ended 31st March	5.10	6.90
Closing price as at 31st March	5.40	7.20

9 Ratios

Ratios	As at 31.03.2022	As at 31.03.2021
Debt to equity ratio (times)	1.82	1.08
Interest cover (times)	1.47	1.29
Quick asset ratio (%)	3.94	8.11

CONDENSED INTERIM FINANCIAL STATEMENTS
EXPLANATORY NOTES

10 Twenty Largest Ordinary Shareholders as at 31st March 2022

Name of the Share Holder	No: of Shares	%
Sterling Capital Investments (Private) Limited	330,714,052	81.60
People's Bank	33,856,246	8.35
People's Leasing & Finance PLC	25,014,002	6.17
Mr. L. De Fonseka	1,000,000	0.25
Merchant Bank of Sri Lanaka & Finance PLC/M.A. Wijayasinghe	845,000	0.21
Mr. Z.G. Carimjee	600,000	0.15
People's Leasing & Finance PLC/ Dr. H.S.D. Soysa & Mrs. G. Soysa	599,064	0.15
Mr. H.V. Pakianathan	370,143	0.09
Dr. H.S.D. Soysa	348,000	0.09
Mr. H. Beruwalage	344,088	0.08
Mr. D. Selvaraj	290,244	0.07
Mr. A.N. Handunpathirana	210,000	0.05
Mr. D.T. Beruwalage	202,480	0.05
Mrs. P.D.A.S.K. Beruwalage	200,348	0.05
Miss. H.J.K.U. Wijerame	200,000	0.05
Mr. T.A.S. Dilshan	187,500	0.05
Mr. D.P. Nadaraja	184,774	0.05
LOLC Finance PLC/A.D.M. Dharmasena	176,640	0.04
Mr. S. Ramachandra	174,093	0.04
DFCC Bank PLC/Mr. W.G. Herath	166,353	0.04
	395,683,027	97.63

11 Shares held by directors

Directors' Shareholding	Position	No: of Shares
Mr. C.P.Abeywickrama	Chairman	-
Mr. C.S.Manoharan	Director	1,000.00
Mr. K.R.P.Madusanka	Director	-
Mr.M.J.T.Waas	Director	-
Mr. R. Kodituwakku	Director	-
Total		1,000.00

12 Rights issue of shares

On 23rd December 2021 the Company raised capital of Rs. 509,895,750 through a rights issue by issuing 78,445,500 ordinary shares at an exercise price of Rs. 6.50/- per share.

The Company expects to use the proceeds of the Rights Issue to expand the Loans and Advances portfolio of the Company by building a high quality portfolio.

13 Financial instruments

13.1 Analysis of financial instrument by measurement basis

As at 31st March 2022	Company			Total Rs. '000
	Financial instruments recognized through profit or loss (FVTPL) Rs. '000	Financial instruments recognized through other comprehensive income (FVTOCI) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	
Assets				
Cash and cash equivalents	-	-	503,661	503,661
Balances with banks and financial institutions	-	-	410,945	410,945
Financial assets measured at amortised cost - Loans and adv	-	-	6,669,103	6,669,103
Investments in securities	10,116	23	-	10,139
Total Financial Assets	10,116	23	7,583,708	7,593,848
Liabilities				
Due to banks	-	-	1,814,169	1,814,169
Financial liabilities at amortised cost - due to depositors	-	-	3,228,866	3,228,866
Debt securities issued	-	-	17,200	17,200
Total Liabilities	-	-	5,060,234	5,060,234

CONDENSED INTERIM FINANCIAL STATEMENTS
EXPLANATORY NOTES

13.1 Analysis of financial instrument by measurement basis (Continued)

As at 31st March 2021	Company			Total Rs. '000
	Financial instruments recognized through profit or loss (FVTPL) Rs. '000	Financial instruments recognized through other comprehensive income (FVTOCI) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	
Assets				
Cash and cash equivalents	-	-	707,190	707,190
Balances with banks and financial institutions	-	-	5,126	5,126
Financial assets measured at amortised cost - Loans and adv	-	-	3,156,568	3,156,568
Investments in securities	647,817	23	-	647,840
Total Financial Assets	647,817	23	3,868,884	4,516,724
Liabilities				
Due to banks	-	-	-	-
Financial liabilities at amortised cost - due to depositors	-	-	2,289,491	2,289,491
Debt securities issued	-	-	16,600	16,600
Total Liabilities	-	-	2,306,091	2,306,091

As at 31st March 2022	Group			Total Rs. '000
	Financial instruments recognized through profit or loss (FVTPL) Rs. '000	Financial instruments recognized through other comprehensive income (FVTOCI) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	
Assets				
Cash and cash equivalents	-	-	503,904	503,904
Balances with banks and financial institutions	-	-	410,945	410,945
Financial assets measured at amortised cost - Loans and adv	-	-	6,669,103	6,669,103
Investments in securities	10,116	23	-	10,139
Total Financial Assets	10,116	23	7,583,953	7,594,092
Liabilities				
Due to banks	-	-	1,814,169	1,814,169
Financial liabilities at amortised cost - due to depositors	-	-	3,228,866	3,228,866
Debt securities issued	-	-	17,200	17,200
Total Liabilities	-	-	5,060,234	5,060,234

As at 31st March 2021	Group			Total Rs. '000
	Financial instruments recognized through profit or loss (FVTPL) Rs. '000	Financial instruments recognized through other comprehensive income (FVTOCI) Rs. '000	Financial instruments at amortised cost (AC) Rs. '000	
Assets				
Cash and cash equivalents	-	-	707,437	707,437
Balances with banks and financial institutions	-	-	5,126	5,126
Financial assets measured at amortised cost - Loans and adv	-	-	3,156,568	3,156,568
Investments in securities	647,817	23	-	647,840
Total Financial Assets	647,817	23	3,869,131	4,516,971
Liabilities				
Due to banks	-	-	-	-
Financial liabilities at amortised cost - due to depositors	-	-	2,289,491	2,289,491
Debt securities issued	-	-	16,600	16,600
Total Liabilities	-	-	2,306,091	2,306,091

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13.2 Fair value measurement hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels in the fair value hierarchy. It does not include fair value information for financial assets at fair value if the carrying amount is a reasonable approximation of fair value.

31 st March 2022	Carrying amount Rs. '000		Fair value Rs. '000					
	Company	Group	Company			Group		
			Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets								
Financial assets measured at fair value								
Investment securities measured at FVTPL (note a)	10,116	10,116	7,593	2,524	-	7,593	2,524	-
Investment securities measured at FVOCI (note b)	23	23	-	-	23	-	-	23
	10,139	10,139	7,593	2,524	23	7,593	2,524	23
Financial assets not measured at fair value								
Loans and advances (note c)	6,669,103	6,669,103	-	-	-	-	-	-
Cash and cash equivalent (note d)	503,661	503,904	-	-	-	-	-	-
Placements with banks and financial institutions (note e)	410,945	410,945	-	-	-	-	-	-
	7,583,709	7,583,953	-	-	-	-	-	-
	7,593,849	7,594,092	7,593	2,524	23	7,593	2,524	23
Financial liabilities								
Financial liabilities not measured at fair value								
Due to banks (note f)	1,814,169	1,814,169	-	-	-	-	-	-
Deposits due to customers (note g)	3,228,866	3,228,866	-	-	-	-	-	-
Debt securities issued (note h)	17,200	17,200	-	-	-	-	-	-
Financial liabilities (note i)	241,353	241,353	-	-	-	-	-	-
Lease liabilities (note j)	137,134	137,134	-	-	-	-	-	-
	5,438,722	5,438,722	-	-	-	-	-	-
	5,438,722	5,438,722	-	-	-	-	-	-
31st March 2021								
Financial assets measured at fair value								
Investment securities measured at FVTPL (note a)	647,817	647,817	2,320	645,496	-	2,320	645,496	-
Investment securities measured at FVOCI (note b)	23	23	-	-	23	-	-	23
	647,840	647,840	2,320	645,496	23	2,320	645,496	23
Financial assets not measured at fair value								
Loans and advances (note c)	3,156,568	3,156,568	-	-	-	-	-	-
Cash and cash equivalent (note d)	707,190	707,437	-	-	-	-	-	-
Placements with banks and financial institutions (note e)	5,126	5,126	-	-	-	-	-	-
	3,868,884	3,869,131	-	-	-	-	-	-
	4,516,724	4,516,971	2,320	645,496	23	2,320	645,496	23
Financial liabilities not measured at fair value								
Due to banks (note f)	-	-	-	-	-	-	-	-
Deposits due to customers (note g)	2,289,491	2,289,491	-	-	-	-	-	-
Debt securities issued (note h)	16,600	16,600	-	-	-	-	-	-
Financial liabilities (note i)	130,132	130,132	-	-	-	-	-	-
Lease liabilities (note j)	80,424	80,424	-	-	-	-	-	-
	2,516,647	2,516,647	-	-	-	-	-	-

The methodologies and assumptions used to estimate the fair values of the financial instruments, which are not carried at fair value are as follows:

- Investment securities measured at FVTPL – The carrying amount of these investments reflect last traded price at stock exchange and NDB Wealth Money Plus daily reports.
- Investment securities measured at FVOCI – The carrying amount of these shows investments in the Credit Information Bureau of Sri Lanka. As CRIB is a private company unable to find market values. It is assumed that the carrying amounts approximate their fair values.
- Loans and advances to customers – The carrying amount reflects amortised value of loan and advances. Thus its carrying amount approximates to the fair value
- Cash and cash equivalents – The carrying amount of cash and cash equivalents approximate its fair value due to the relatively short maturity of the financial instruments
- Placements with banks and financial institutions – The carrying amount of investment in fixed deposits approximate its fair value due to the relatively short maturity of the financial instruments;

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13.2 Fair value measurement hierarchy (Continued)

- f) Due to banks – Fair value of these financial instruments with remaining maturity of less than one year approximate their carrying amounts due to the relatively short maturity of such instruments;
- g) Deposits due to customers – The carrying amount reflecting amortised cost of deposits from customers. Thus its carrying amount approximates to the fair value
- h) Debt securities issued – Fair value of preference shares reflect market value with the consideration of 6% interest rate
- i) Financial liabilities – The carrying value is approximately its fair value of the financial instrument
- j) Lease liabilities – The carrying amount reflects the amortised cost of lease liabilities.

There were no transfers between Level 1 and Level 2 during the reporting period.

Level 3 Fair value measurement

The following table shows a reconciliation from the beginning balance to the ending balance for fair value measurement in level 3 of the fair value hierarchy

	Group Rs. "000		Company Rs. "000	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Balance at the beginning of the year	23	23	23	23
Changes in fair value during the period	-	-	-	-
	23	23	23	23

14 Events occurring after the reporting date

There have been no material events occurring after the reporting date which require adjustments to or disclosure in these financial statements.

15 Commitments and contingencies

There are no significant capital commitments which have been approved or contracted for by the company as at 31st March 2022 except following,

- Contingent liability has been increased up to Rs 130,601,759.49 as at 31-03-2022 due to the increase of Margin Trading un-utilized balances.

- 16 The COVID-19 pandemic has continued to bring concerns on the Group's and company's operating environment. The implications of the outbreak is closely monitored by the Group and company throughout the year and have taken measures to communicate with the stakeholders in order to continue business under the "new-normal". The outbreak had a relatively negative impact on the liquidity position mainly due to the moratorium programme of Central Bank of Sri Lanka for customers to differ payment of loan/lease rentals and withdrawal of deposits by customers to meet their cash requirements. The expected credit loss was determined considering the probability of default, loss given default, economic factor adjustments as at 31st March 2022. Further, the impact on fair values of financial assets at fair value were not significant.

17 New accounting standard amendments issued but not effective as at reporting date

The Institute of Chartered Accountants of Sri Lanka has issued following new Sri Lanka Accounting Standard amendments (SLFRSs/LKASs) which will become applicable for financial periods beginning after on or after 1st January 2022. Accordingly, the Group and Company has not applied the following new standard amendments in preparing these Condensed Financial Statements.

These amended standards and interpretations are not expected to have a significant impact on the Group's and Company's financial statements.

- Onerous Contracts – Cost of fulfilling a contract (amendments to LKAS 37)
- Covid-19 Related Rent Concessions (amendments to SLFRS 16)
- Property, Plant and Equipment: Proceeds before Intended Use (amendments to LKAS 16)
- Reference to Conceptual Framework (amendments to SLFRS 3)
- Classification of Liabilities as Current or Non-current (amendments to LKAS 1)
- Annual improvements to SLFRS standards 2018-2020
- Definition of accounting estimate (amendments to LKAS 8)
- Disclosure of accounting policies (amendments to LKAS 1 and SLFRS practice statement 2)

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18 Segmental analysis

Rs. '000

For the nine months ended 31st March	Leasing & Hire Purchases		Loans and Pawning		Margin Trading		Other		Total Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Income										
Interest income	382,376	232,993	290,023	130,577	105,755	29,633	16,086	77,774	794,240	470,977
Fee and commission income	19,235	10,448	3	553	-	-	-	-	19,238	11,001
Net income from other financial instruments at FVTPL	-	-	-	-	-	-	27,444	43,653	27,444	43,653
Other operating income	20,165	12,183	55,763	37,200	-	-	52,773	54,478	128,700	103,860
Gross revenue	421,776	255,624	345,789	168,330	105,755	29,633	96,303	175,905	969,622	629,491
Less: Interest expenses	114,024	81,757	98,953	59,408	29,727	18,265	57,318	78,161	300,022	237,591
Total operating income	307,752	173,867	246,836	108,922	76,028	11,368	38,985	97,744	669,600	391,900
Net impairment charges/(reversal)	(54,976)	5,065	13,853	(48,397)	193	1,530	-	-	(40,930)	(41,802)
Net operating income	362,728	168,802	232,982	157,318	75,835	9,838	38,985	97,744	710,530	433,702
Less: Operating Expenses	193,742	114,667	168,134	83,321	50,511	25,617	97,391	109,624	509,778	333,228
Segment results	168,986	54,134	64,848	73,997	25,325	(15,779)	(58,407)	(11,880)	200,752	100,474
Less: Tax on financial services	-	-	-	-	-	-	-	-	60,876	33,148
Less: Income tax expense									-	(397)
Loss attributable to equity holders									139,876	67,722
As at 31st December										
Segment Assets	3,127,912	1,618,719	2,714,490	1,176,218	815,482	361,630	1,572,361	1,547,532	8,230,246	4,704,099
Total Assets	3,127,912	1,618,719	2,714,490	1,176,218	815,482	361,630	1,572,361	1,547,532	8,230,246	4,704,099
Segment Liabilities	2,071,856	885,419	1,798,015	643,376	540,156	197,807	1,041,495	846,481	5,451,522	2,573,084
Total Liabilities	4,507,088	885,419	709,660	643,376	627	197,807	234,147	846,481	5,451,522	2,573,084

Figures in brackets indicate deductions.

CONDENSED INTERIM FINANCIAL STATEMENTS**CORPORATE INFORMATION**

Name of Company People's Merchant Finance PLC	Branch Offices Corporate Anuradhapura Kurunegala Negombo Trincomalee Kandy Matara Awissawella Matugama Elpitiya Gampaha Wellawatta Pawning Center	Related Party Transactions Review Committee Mr. C.S.Manoharan - Chairman Mr. K.R.P.Madusanka Mr.M.J.T.Waas
Legal Form Public Limited Liability Company (Incorporated and domiciled in Sri Lanka)		Bankers People's Bank National Development Bank PLC Cargills Bank Ltd
Date of Incorporation 26 th January 1983		Subsidiary Company PMB Services Limited
Company Registration Number PQ 200		Vehicle Yard No.49, Wellawa, Kurunegala. Sri Lanka.
Stock Exchange Listing The ordinary shares of the Company were quoted on the Colombo Stock Exchange (CSE) on 11 th July 1994. The company has been transferred from Second Board to Dirisavi Board with effect from 12th October 2021 due to compliance with the Minimum public holding requirement.	Board of Directors and Board Sub-Committees Board of Directors Mr. C.P.Abeywickrema - Chairman Mr. C.S.Manoharan Mr. K.R.P.Madusanka Mr.M.J.T.Waas Mr.Ranjith Kodituwakku	Tax Payer Identity Number (TIN) '134000228
Accounting Year-End March -31	Integrated Risk Management Committee Mr. C.P.Abeywickrema - Chairman Mr. C.S.Manoharan Mr. K.R.P.Madusanka Mr.M.J.T.Waas Mr.N.H.G.Wijekoon, CEO Mr.Athula Banadaranayake. Chief Manager- Risk Ms.Shyamali Pamaratne, Compliance Officer	Central Bank Registration Number LFC/043 (Under the Finance Business Act No. 42 of 2011)
Registered Office & Principle Place of Business No. 361,361/1, R.A.De Mel Mawatha, Colombo 03, Sri Lanka Telephone +94117666333 Email; info@pmb.lk Web Address; www.peoplesmerchant.lk		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.
Registrars SSP Corporate Services (Pvt) Ltd No. 101, Inner Flower Road, Colombo 03, Sri Lanka Telephone; +94112573894, +94112576871 Fax; +94112573609 Email; sspsec@sltnet.lk	Board Audit Committee Mr. C.S.Manoharan - Chairman Mr. C.P.Abeywickrema Mr. K.R.P.Madusanka Mr.M.J.T.Waas	Credit Rating [SL] B Stable
Auditors M/s. KPMG Chartered Accountants 32A, Sir Mohamed Macan Maker Mawatha, Colombo 03.	Remuneration Committee Mr. C.P.Abeywickrema - Chairman Mr. C.S.Manoharan Mr. K.R.P.Madusanka Nomination Committee Mr. C.P.Abeywickrema - Chairman Mr. C.S.Manoharan Mr. K.R.P.Madusanka	