

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2016

Mercantile Investments and Finance PLC
Statement of Comprehensive Income

	For the 3 months Ended	
	30.06.2016	30.06.2015
	Rs.'000	Rs.'000
Interest Income	1,185,169	979,968
Interest Expense	(635,474)	(476,580)
Net Interest Income	549,695	503,388
Fee and Commission Income	17,924	13,482
Net fee and commission income	17,924	13,482
Other operating Income	121,736	43,197
Total Operating Income	689,355	560,067
Impairment gain/(loss) for loan and receivable	(85,057)	(43,430)
Net operating income	604,298	516,638
Less: Operating Expenses		
Personnel Expenses	194,514	150,124
Depreciation of property and equipment	15,848	20,775
Amortization of intangible assets	1,118	812
Amortization of leasehold property	117	117
Define benefit plans	6,715	6,711
Other operating expenses	178,754	130,535
Operating Profit Before VAT& NBT on financial services	207,232	207,564
VAT & NBT on financial services	(47,245)	(22,223)
Operating Profit after VAT & NBT on financial services	159,987	185,341
Share of Associates company profit /(loss)	(1,577)	6,034
Profit Before Taxation	158,410	191,375
Income Tax Expenses	(39,680)	(42,853)
Profit After Taxation	118,730	148,522
Earnings per Share	39.50	49.41
Dividend per Share	-	-
Other comprehensive income		
Changes in fair value of AFS financial assets	31,464	(135,784)
Share of other comprehensive income of associate	(3,737)	-
Other comprehensive income	27,727	(135,784)
Total comprehensive income period	146,457	12,738

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Unaudited	Audited
	30.06.2016	31.03.2016
	Rs.'000	Rs.'000
Assets		
Cash & Short Term Funds	429,363	344,062
Placement with other banks	474,330	464,984
Financial Investments-Available for Sale (quoted)	6,550,538	4,570,688
Loan and Advances	8,717,885	8,302,333
Lease Receivable	10,650,529	9,925,519
Hire Purchase Receivable	6,681,639	6,825,676
Financial Investments-Available for Sale (unquoted)	70,427	70,427
Other Financial Assets	137,318	110,440
Inventories	31,158	16,467
Other Assets	83,581	72,414
Current tax Receivable	-	27,212
Investment in Associates	922,004	927,318
Investments Properties	442,055	448,234
Property, Plant & Equipment	1,808,322	1,803,939
Leasehold Property	42,491	42,608
Intangible Assets	13,170	12,386
Total Assets	37,054,812	33,964,707
Liabilities		
Bank overdraft	303,635	412,472
Deposits due to customers	16,055,008	15,815,590
Debt instruments issued and other borrowings	11,876,679	8,527,169
Other Financial Liabilities	504,204	1,052,327
Current tax liabilities	2,241	-
Deferred tax liabilities	343,259	343,259
Other liabilities	17,508	13,423
Retirement benefit obligations	151,589	146,235
Total Liabilities	29,254,124	26,310,475
Equity		
Stated capital	36,000	36,000
Revaluation reserve	1,535,877	1,539,615
Statutory reserve fund	631,400	631,400
General reserve	4,086,430	4,086,430
Available for sale reserve	268,524	237,060
Retained earnings	1,242,457	1,123,727
Total Equity	7,800,688	7,654,232

Total Liabilities & Equity

37,054,812 **33,964,707**

Net Assets Per Share

2,595 2,546

Note - Above figures are provisional and subject to audit

These financial statements have been prepared and presented in compliance with the requirements of the companies Act ,No 07 of 2007

S.H.Jayasuriya
Director - Finance

The Board of Directors is responsible for the preparation and the presentation of these Financial Statements

G.G.Ondaatjie
Managing Director
01-Aug-16

T.J.Ondaatjie
Director

Mercantile Investments and Finance PLC
Statement of Changes in Equity

Issued Capital	Revaluation Reserves		Statutory Reserves	General Reserves	Available -For- sale Reserve	Retained Earnings	Total	
	Land & Buildings	Associate Company Reserve						
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
As at 1 April 2015	36,000	1,100,436	382,497	581,400	3,886,430	892,817	900,184	7,779,764
Total Comprehensive Income For period								
Profit for the period						148,522	148,522	
Other comprehensive income						(135,784)	(135,784)	
Total comprehensive income						(135,784)	148,522	12,738
Dividends to Equity owners								
As at 30th June 2015	36,000	1,100,436	382,497	581,400	3,886,430	757,033	1,048,706	7,792,502
As at 1 April 2016	36,000	1,084,345	455,270	631,400	4,086,430	237,060	1,123,727	7,654,231
Total Comprehensive Income For the Year								
Profit for the period						118,730	118,730	
Other comprehensive income			(3,737)			31,464	27,727	
Total comprehensive income			(3,737)			31,464	118,730	146,457
Dividends to Equity owners								
As at 30th June 2016	36,000	1,084,345	451,533	631,400	4,086,430	268,524	1,242,457	7,800,688

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Cash Flow
For the Three Months ended 30th June

Cash flow from operating activities

Interest & Commission Receipts

Interest Payments

Cash receipts from customers

Cash payments to employees & suppliers

Operating profit /loss before changes in operating assets and liabilities (Note A)

(Increase) / decrease in operating assets

Funds advance to customers

Other short - term negotiable securities

Other receivables

Increase / (Decrease) in operating liabilities

Deposits from customers

Other payables

Income Tax Paid

Net Cash generated from operating activities

Cash flow from Investment Activities

Dividend received

Proceeds from sale of non - dealing securities

Purchase of non - dealing securities

Sale proceeds on Disposal of Property plant and equipment

Sale proceeds on Disposal of Investment Properties

Acquisition of Property plant and equipment

Acquisition of Investments Properties

Acquisition of Intangible Assets

Net Cash generated from investments activities

Cash flow from finance Activities

Net Increase /(Decrease) Borrowings obtained during the year

Net Cash generated from financing activities

Net Cash Flow generated from all activities

Cash & Cash equivalents at the beginning of the period

Cash & Cash equivalents at the end of the period

	2016 Rs'000	2015 Rs'000
Interest & Commission Receipts	1,203,093	993,451
Interest Payments	(635,474)	(476,580)
Cash receipts from customers	(48,269)	(23,310)
Cash payments to employees & suppliers	(367,911)	(279,973)
Operating profit /loss before changes in operating assets and liabilities (Note A)	151,439	213,588
(Increase) / decrease in operating assets		
Funds advance to customers	(1,081,583)	(1,180,546)
Other short - term negotiable securities	(108,837)	(210,048)
Other receivables	(2,155,685)	(23,299)
Increase / (Decrease) in operating liabilities		
Deposits from customers	239,418	452,868
Other payables	(544,035)	69,461
	(3,499,284)	(677,977)
Income Tax Paid	(10,229)	(55,018)
Net Cash generated from operating activities	(3,509,513)	(732,995)
<u>Cash flow from Investment Activities</u>		
Dividend received	38,124	41,332
Proceeds from sale of non - dealing securities	223,231	-
Purchase of non - dealing securities	-	2,400
Sale proceeds on Disposal of Property plant and equipment	560	
Sale proceeds on Disposal of Investment Properties	4,972	
Acquisition of Property plant and equipment	(20,392)	(6,949)
Acquisition of Investments Properties	-	(60)
Acquisition of Intangible Assets	(1,192)	-
Net Cash generated from investments activities	245,303	36,722
<u>Cash flow from finance Activities</u>		
Net Increase /(Decrease) Borrowings obtained during the year	3,349,511	851,652
Net Cash generated from financing activities	3,349,511	851,652
Net Cash Flow generated from all activities	85,301	155,380
Cash & Cash equivalents at the beginning of the period	344,062	406,648
Cash & Cash equivalents at the end of the period	429,363	562,028

(Note A)

Reconciliation of Profit before Tax with cash inflow from operating Activities

Profit Before tax

Adjustments for

Dividend from investing activities

Capital gain from sale of share

Share of Associates company profit/(Loss)

Profit /Loss on Disposal of Fixed Assets

Depreciation

Amortization of Leased Hold Assets

Amortization of Intangible Assets

Provision for bad and doubtful debts

Retirement Benefits provision

Retirement Benefits paid

Cash flows from operating activities before changes in operating assets

(Note B)

Cash & Cash equivalents at the end of period

Cash in hand

Balances with banks

	2016	2015
Profit Before tax	158,410	191,375
Dividend from investing activities	(57,181)	(41,332)
Capital gain from sale of share	(58,958)	
Share of Associates company profit/(Loss)	1,577	(6,034)
Profit /Loss on Disposal of Fixed Assets	99	(1,580)
Depreciation	15,848	20,775
Amortization of Leased Hold Assets	117	117
Amortization of Intangible Assets	1,118	812
Provision for bad and doubtful debts	85,057	43,430
Retirement Benefits provision	6,711	6,711
Retirement Benefits paid	(1,358)	(686)
Cash flows from operating activities before changes in operating assets	151,439	213,588
Cash & Cash equivalents at the end of period		
Cash in hand	186,810	255,285
Balances with banks	242,553	306,743
	429,363	562,028

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Segments Information's
For the Three Months ended 30th June

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue												
Interest	427,515	249,190	324,949	382,508	394,932	318,624	37,773	29,647			1,185,169	979,968
Capital Gains											-	-
Dividends							57,181	41,332			57,181	41,332
Others									82,478	15,347	82,478	15,347
Total Income from external operations	427,515	249,190	324,949	382,508	394,932	318,624	94,954	70,978	82,478	15,347	1,324,828	1,036,647
Profit before Tax & VAT											207,232	207,564
Share of Associates company profit/(loss)											(1,577)	6,034
Tax & Vat on Financial Services											(86,925)	(65,076)
Profit After Tax											118,730	148,522
Other Information												
Segment Assets	10,650,529	6,497,441	6,681,639	7,304,058	8,717,885	6,815,568	8,017,299	6,364,694	2,987,459	2,728,651	37,054,812	29,710,414
Segment Liabilities	8,408,406	4,793,281	5,275,037	5,388,337	6,882,617	5,027,969	6,329,517	4,695,351	2,358,547	2,012,976	29,254,124	21,917,912
Net Assets	2,242,123	1,704,161	1,406,602	1,915,722	1,835,268	1,787,600	1,687,782	1,669,344	628,913	715,676	7,800,688	7,792,502

Information on cash Flows
For the period ended 31st December

Cash flows from operating activities											(3,509,513)	(732,995)
Cash flows from investing activities											265,695	43,672
Cash flows from financing activities											3,349,511	851,652
Capital expenditure											(20,392)	(6,949)
Net cash flow											85,301	155,380

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 30.06.2016	As at 31.03.2016
	Unaudited	Audited
	Rs ' 000	Rs ' 000
Liquidity Rs.('000)		
Required minimum amount of liquid assets	1,629,614	1,605,562
Available amount of liquid assets	2,069,310	1,879,970
Required minimum amount of Government securities	1,147,357	1,024,132
Available amount of Government securities	1,168,733	1,070,924
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 5%)	18.60%	19.35%
Total capital to risk weighted assets ratio (Minimum 10%)	15.80%	15.75%
Capital funds to total deposits liability ratio	48.59%	48.40%
Profitability		
Return on assets *(%)	1.34%	1.62%
Return on equity *(%)	6.09%	6.60%

Notes to the Financial Statements

1) General

There were no changes to the Accounting Policies and methods of computation since the publication of the Audited Financial Statements for the year ended 31st March 2016

Further, These interim financial statements are prepared in compliance with the Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting.

- 2) There have been no material events occurring after the balance sheet date that require adjustments to or disclosures in the Financial Statements.
- 3) All known expenses have been provided for in the financial statements.
- 4) During the interim period under consideration no dividends were declared and paid.
- 5) During the interim period there were no material changes in the composition of assets, liabilities and contingent liabilities

6) Share Information

6.1) Directors' and Chief Executive officer's shareholdings in shares as at 30th June 2016

Name of the Director	Number of shares	%
1) Mr. S H J Weerasuriya (Chairman)	NIL	-
2) Mr.G.G.Ondaatjie (Managing Director)	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mr.N.H.V.Perera	10,020	0.33
6) Mr. S H Jayasuriya	NIL	-
7) Mr. P M Amarasekara	NIL	-
8) Mr. P C Guhashanka	NIL	-
9) Ms. P T K Navaratne	NIL	-
10) Mr. S M S S Bandara	NIL	-

6.2) Stated Capital

Stated capital is presented by the number of shares in issue as set out below

As at	30.06.2016	31.03.2016
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 30th June 2016 were as follows

Shareholder	Number of shares	%
1 Nilaveli Beach Hotels (pvt) Ltd	626,240	20.83
2) Mr.G.G.Ondaatjie	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mercantile Fortune (pvt) Ltd	410,820	13.67
6) Mr. G.L.A.Ondaatjie	268,535	8.93
7) Tangerine Tours (pvt) Ltd	200,469	6.67
8) P.R.Divitotawela/R.D.Madugalle	12,525	0.42
9) P.R.Divitotawela/ A.D.Galagoda	12,525	0.42
10) R.M.D.Abeygunewardena	10,020	0.33
11) J.A.S.S.Adhietty	10,020	0.33
12) N.H.V.Perera	10,020	0.33
13) S.Fernando	5,010	0.17
14) S.Senanayake	5,010	0.17
14) C.A.Ondaatjie	2,004	0.07
16) A.M.Rajapakse	501	0.02
17) A.D.Rajapakse	501	0.02
18) A.M.Dominic & J.S.Dominic	151	0.01
19) H.W.M.Woodward	10	0.00
	<u>3,006,000</u>	<u>100</u>

6.4) The percentage of the shares held by public on 30th June 2016 was 10.87% (2015 - 10.87%)

6.5) The number of public shareholders as at 30th June 2016 was 12 (2015-12)

6.6) Information on Ratios, Market Prices

Description	30.06.2016	31.03.2016
Dividend per Share (Rs.)	-	7.00
Net Assets per Share (Rs.)	2,595	2,546
Market Prices		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded

7) Information on Listed Debentures

Description	30.06.2016	31.03.2016
Debt Equity Ratio (times)	1.56	1.17
Quick Asset Ratio (%)	12.72%	11.74%
Interest Cover (times)	1.25	1.38
Interest Yield & Yield to maturity as at date of last trade MERC/BC/05/11/18A10.5	10.43%	10.43%
Yield of comparable Government Security (%)	11.93%	11.87%
Market Price during the period		
- Highest	100.67	100.67
- Lowest	100.67	100.67
- Last traded price	100.67	100.67

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

Mercantile Investments and Finance PLC
Statement of Comprehensive Income

	For the 3 months Ended		For the 6 months Ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	1,315,226	1,044,768	2,500,395	2,024,736
Interest Expense	(775,910)	(498,291)	(1,411,384)	(974,871)
Net Interest Income	539,316	546,477	1,089,011	1,049,866
Fee and Commission Income	17,823	14,701	35,746	28,183
Net fee and commission income	17,823	14,701	35,746	28,183
Other operating Income	54,251	43,341	175,986	86,537
Total Operating Income	611,390	604,519	1,300,743	1,164,586
Impairment gain/(loss) for loan and receivable	(26,188)	(86,327)	(111,245)	(129,756)
Net operating income	585,202	518,192	1,189,498	1,034,830
Less: Operating Expenses				
Personnel Expenses	172,665	129,343	367,179	279,467
Depreciation of property and equipment	17,975	20,775	33,823	41,551
Amortization of intangible assets	1,312	812	2,429	1,623
Amortization of leasehold property	117	117	234	234
Define benefit plans	6,711	6,711	13,426	13,422
Other operating expenses	177,938	165,604	356,691	296,139
Operating Profit Before VAT& NBT on financial services	208,484	194,830	415,716	402,394
VAT & NBT on financial services	(39,713)	(37,980)	(86,958)	(60,203)
Operating Profit after VAT & NBT on financial services	168,771	156,850	328,758	342,191
Share of Associates company profit /(loss)	44,804	29,235	43,227	35,268
Profit Before Taxation	213,575	186,085	371,985	377,459
Income Tax Expenses	(59,213)	(55,350)	(98,894)	(98,203)
Profit After Taxation	154,362	130,734	273,091	279,256
Earnings per Share	51.35	43.49	90.85	92.90
Dividend per Share	-	-	-	-
Other comprehensive income				
Changes in fair value of AFS financial assets	239,562	205,107	271,026	69,323
Share of other comprehensive income of associate	10,373	-	6,635	-
Other comprehensive income	249,935	205,107	277,661	69,323
Total comprehensive income for the period	404,296	335,841	550,752	348,579

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Unaudited	Audited
	30.09.2016	31.03.2016
	Rs.'000	Rs.'000
<u>Assets</u>		
Cash & Short Term Funds	452,733	344,062
Placement with other banks	265,461	464,984
Financial Investments-Available for Sale (quoted)	6,858,641	4,570,688
Loan and Advances	9,625,786	8,302,333
Lease Receivable	10,797,628	9,925,519
Hire Purchase Receivable	6,447,112	6,825,676
Financial Investments-Available for Sale (unquoted)	70,427	70,427
Other Financial Assets	135,848	110,440
Inventories	27,773	16,467
Other Assets	77,224	72,414
Current tax Receivable	-	27,212
Investment in Associates	977,179	927,318
Investments Properties	174,184	448,234
Property, Plant & Equipment	1,812,087	1,803,939
Leasehold Property	42,374	42,608
Intangible Assets	11,431	12,386
Total Assets	37,775,887	33,964,707
<u>Liabilities</u>		
Bank overdraft	319,988	412,472
Deposits due to customers	16,128,498	15,815,590
Debt instruments issued and other borrowings	11,975,334	8,527,169
Other Financial Liabilities	579,382	1,052,327
Current tax liabilities	48,560	-
Deferred tax liabilities	343,259	343,259
Other liabilities	18,522	13,423
Retirement benefit obligations	157,362	146,235
Total Liabilities	29,570,905	26,310,475
<u>Equity</u>		
Stated capital	36,000	36,000
Revaluation reserve	1,546,249	1,539,615
Statutory reserve fund	631,400	631,400
General reserve	4,086,430	4,086,430
Available for sale reserve	508,086	237,060
Retained earnings	1,396,817	1,123,727
Total Equity	8,204,982	7,654,232

Total Liabilities & Equity

37,775,887 **33,964,707**

Net Assets Per Share

2,730 2,546

Note - Above figures are provisional and subject to audit

These financial statements have been prepared and presented in compliance with the requirements of the companies Act ,No 07 of 2007

S.H.Jayasuriya

Director - Finance

The Board of Directors is responsible for the preparation and the presentation of these Financial Statements

G.G.Ondaatjie
 Managing Director
 15-Nov-16

T.J.Ondaatjie
 Director

Mercantile Investments and Finance PLC
Statement of Changes in Equity

Issued Capital	Revaluation Reserves		Statutory Reserves	General Reserves	Available -For- sale Reserve	Retained Earnings	Total	
	Land & Buildings	Associate Company Reserve						
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
As at 1 April 2015	36,000	1,100,436	382,497	581,400	3,886,430	892,817	900,184	7,779,764
Total Comprehensive Income For period								
Profit for the period							279,256	279,256
Other comprehensive income						69,323		69,323
Total comprehensive income						69,323	279,256	348,579
Dividends to Equity owners								
As at 30th September 2015	36,000	1,100,436	382,497	581,400	3,886,430	962,140	1,179,440	8,128,343
As at 1 April 2016	36,000	1,084,345	455,270	631,400	4,086,430	237,060	1,123,727	7,654,231
Total Comprehensive Income For the Year								
Profit for the period							273,091	273,091
Other comprehensive income			6,635			271,026		277,661
Total comprehensive income			6,635			271,026	273,091	550,752
Dividends to Equity owners								
As at 30th September 2016	36,000	1,084,345	461,905	631,400	4,086,430	508,086	1,396,818	8,204,982

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Cash Flow
For the Six Months ended 30th September

	2016	2015
	Rs,000	Rs,000
<u>Cash flow from operating activities</u>		
Interest & Commission Receipts	2,536,141	2,052,920
Interest Payments	(1,411,384)	(974,871)
Cash receipts from customers	(79,978)	(56,467)
Cash payments to employees & suppliers	(712,648)	(587,322)
Operating profit /loss before changes in operating assets and liabilities (Note A)	332,131	434,260
(Increase) / decrease in operating assets		
Funds advance to customers	(1,928,244)	(2,677,261)
Other short - term negotiable securities	(92,484)	34,024
Other receivables	(2,006,389)	(143,147)
Increase / (Decrease) in operating liabilities		
Deposits from customers	312,908	1,094,281
Other payables	(467,844)	96,284
Income Tax Paid	(3,849,921)	(1,161,558)
	(23,123)	(131,920)
Net Cash generated from operating activities	(3,873,044)	(1,293,478)
<u>Cash flow from Investment Activities</u>		
Dividend received	101,228	79,120
Proceeds from sale of non - dealing securities	228,422	-
Purchase of non - dealing securities	(20,863)	(19,018)
Sale proceeds on Disposal of Property plant and equipment	692	6,730
Sale proceeds on Disposal of Investment Properties	266,972	-
Acquisition of Property plant and equipment	(40,029)	(45,265)
Acquisition of Intangible Assets	(2,872)	(3,283)
Net Cash generated from investments activities	533,550	18,284
<u>Cash flow from finance Activities</u>		
Net Increase /(Decrease) Borrowings obtained during the year	3,448,165	1,165,816
Net Cash generated from financing activities	3,448,165	1,165,816
Net Cash Flow generated from all activities	108,671	(109,379)
Cash & Cash equivalents at the beginning of the period	344,062	406,648
Cash & Cash equivalents at the end of the period	452,733	297,269
(Note A)		
Reconciliation of Profit before Tax with cash inflow from operating Activities		
Profit Before tax	371,985	377,459
Adjustments for		
Dividend from investing activities	(101,228)	(79,120)
Capital gain from sale of shares	(59,542)	-
Share of Associates company profit/(Loss)	(43,227)	(35,268)
Profit /Loss on Disposal of Fixed Assets	5,194	(3,681)
Depreciation	32,516	41,551
Amortization of Leased Hold Assets	234	234
Amortization of Intangible Assets	3,828	1,623
Provision for bad and doubtful debts	111,245	129,756
Retirement Benefits provision	13,422	13,422
Retirement Benefits paid	(2,296)	(11,716)
Cash flows from operating activities before changes in operating assets	332,131	434,260
(Note B)		
Cash & Cash equivalents at the end of period		
Cash in hand	211,098	184,119
Balances with banks	241,635	113,150
	452,733	297,269

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Segment Information
For the Six Months ended 30th September

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue												
Interest	891,908	564,936	640,388	766,566	840,376	631,374	127,723	61,861			2,500,395	2,024,737
Capital Gains											-	-
Dividends							101,228	79,120			101,228	79,120
Others									110,505	34,137	110,505	34,137
Total Income from external operations	891,908	564,936	640,388	766,566	840,376	631,374	228,951	140,981	110,505	34,137	2,712,128	2,137,994
Profit before Tax & VAT											415,716	402,394
Share of Associates company profit/(loss)											43,227	35,268
Tax & Vat on Financial Services											(185,852)	(158,406)
Profit After Tax											273,091	279,256
Other Information												
Segment Assets	10,797,628	7,892,166	6,447,112	7,217,968	9,625,786	6,895,667	8,171,708	6,625,910	2,733,654	2,484,088	37,775,887	31,115,799
Segment Liabilities	8,452,366	5,830,505	5,046,789	5,332,427	7,535,050	5,094,320	6,396,800	4,895,031	2,139,900	1,835,173	29,570,905	22,987,455
Net Assets	2,345,262	2,061,661	1,400,323	1,885,541	2,090,736	1,801,347	1,774,908	1,730,879	593,754	648,916	8,204,982	8,128,344

Information on cash Flows

For the period ended 30th September

Cash flows from operating activities											(3,873,044)	(1,293,478)
Cash flows from investing activities											573,579	63,549
Cash flows from financing activities											3,448,165	1,165,816
Capital expenditure											(40,029)	(45,265)
Net cash flow											108,671	(109,379)

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 30.09.2016	As at 31.03.2016
	Unaudited	Audited
	Rs ' 000	Rs ' 000
Liquidity Rs.('000)		
Required minimum amount of liquid assets	1,650,514	1,605,562
Available amount of liquid assets	1,914,410	1,879,970
Required minimum amount of Government securities	1,147,357	1,024,132
Available amount of Government securities	1,189,579	1,070,924
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 5%)	18.32%	19.35%
Total capital to risk weighted assets ratio (Minimum 10%)	14.81%	15.75%
Capital funds to total deposits liability ratio	50.87%	48.40%
Profitability		
Return on assets *(%)	1.52%	1.62%
Return on equity *(%)	6.66%	6.60%

Notes to the Financial Statements

1) General

There were no changes to the Accounting Policies and methods of computation since the publication of the Audited Financial Statements for the year ended 31st March 2016

Further, These interim financial statements are prepared in compliance with the Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting.

- 2) There have been no material events occurring after the balance sheet date that require adjustments to or disclosures in the Financial Statements.
- 3) All known expenses have been provided for in the financial statements.
- 4) During the interim period under consideration no dividends were declared and paid.
- 5) During the interim period there were no material changes in the composition of assets, liabilities and contingent liabilities

6) Share Information

6.1) Directors' and Chief Executive officer's shareholdings in shares as at 30th September 2016

Name of the Director	Number of shares	%
1) Mr. S H J Weerasuriya (Chairman)	NIL	-
2) Mr.G.G.Ondaatjie (Managing Director)	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mr.N.H.V.Perera	10,020	0.33
6) Mr. S H Jayasuriya	NIL	-
7) Mr. P M Amarasekara	NIL	-
8) Mr. P C Guhashanka	NIL	-
9) Ms. P T K Navaratne	NIL	-
10) Mr. S M S S Bandara	NIL	-

6.2) Stated Capital

Stated capital is presented by the number of shares in issue as set out below

As at	30.09.2016	31.03.2016
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 30th September 2016 were as follows

Shareholder	Number of shares	%
1 Nilaveli Beach Hotels (pvt) Ltd	626,240	20.83
2) Mr.G.G.Ondaatjie	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mercantile Fortune (pvt) Ltd	410,820	13.67
6) Mr. G.L.A.Ondaatjie	268,535	8.93
7) Tangerine Tours (pvt) Ltd	200,469	6.67
8) P.R.Divitotawela/R.D.Madugalle	12,525	0.42
9) P.R.Divitotawela/ A.D.Galagoda	12,525	0.42
10) R.M.D.Abeygunewardana	10,020	0.33
11) J.A.S.S.Adhihetty	10,020	0.33
12) N.H.V.Perera	10,020	0.33
13) S.Fernando	5,010	0.17
14) S.Senanayake	5,010	0.17
14) C.A.Ondaatjie	2,004	0.07
16) A.M.Rajapakse	501	0.02
17) A.D.Rajapakse	501	0.02
18) A.M.Dominic & J.S.Dominic	151	0.01
19) H.W.M.Woodward	10	0.00
	<u>3,006,000</u>	<u>100</u>

6.4) The percentage of the shares held by public on 30th September 2016 was 10.87% (2015 - 10.87%)

6.5) The number of public shareholders as at 30th September 2016 was 12 (2015-12)

6.6) Information on Ratios, Market Prices

Description	30.09.2016	31.03.2016
Dividend per Share (Rs.)	-	7.00
Net Assets per Share (Rs.)	2,730	2,546
Market Prices		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded

7) Information on Listed Debentures

Description	30.09.2016	31.03.2016
Debt Equity Ratio (times)	1.50	1.17
Quick Asset Ratio (%)	11.62%	11.74%
Interest Cover (times)	1.26	1.38
Interest Yield & Yield to maturity as at date of last trade		
MERC/BC/05/11/18A10.5	10.81%	10.43%
Yield of comparable Government Security (%)	10.61%	11.87%
Market Price during the period		
- Highest	100.67	100.67
- Lowest	97.1	100.67
- Last traded price	97.1	100.67

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 2016

Mercantile Investments and Finance PLC
Statement of Comprehensive Income

	For the 3 months Ended		For the 9 months Ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	1,356,264	1,147,257	3,856,659	3,171,993
Interest Expense	(798,687)	(547,029)	(2,210,071)	(1,521,899)
Net Interest Income	557,577	600,228	1,646,588	1,650,094
Fee and Commission Income	18,954	15,064	54,700	43,248
Net fee and commission income	18,954	15,064	54,700	43,248
Other operating Income	33,609	30,640	209,595	117,177
Total Operating Income	610,140	645,932	1,910,883	1,810,519
Impairment gain/(loss) for loan and receivable	(48,050)	29,900	(159,296)	(99,857)
Net operating income	562,090	675,832	1,751,587	1,710,662
Less: Operating Expenses				
Personnel Expenses	174,908	132,926	542,086	412,393
Depreciation of property and equipment	19,182	19,093	53,005	60,643
Amortization of intangible assets	4,286	783	6,716	2,406
Amortization of leasehold property	117	117	351	351
Define benefit plans	6,707	6,711	20,133	20,133
Other operating expenses	187,360	162,089	544,051	458,228
Operating Profit Before VAT& NBT on financial services	169,530	354,113	585,245	756,507
VAT & NBT on financial services	(44,010)	(65,849)	(130,968)	(126,051)
Operating Profit after VAT & NBT on financial services	125,520	288,264	454,277	630,456
Share of Associates company profit /(loss)	16,886	14,418	60,113	49,687
Profit Before Taxation	142,406	302,682	514,390	680,143
Income Tax Expenses	(51,655)	(104,964)	(150,549)	(203,167)
Profit After Taxation	90,751	197,718	363,841	476,976
Earnings per Share	30.19	65.77	121.04	158.67
Dividend per Share	-	7.00	-	7.00
Other comprehensive income				
Changes in fair value of AFS financial assets	(140,159)	(264,475)	130,867	(195,153)
Share of other comprehensive income of associate	(6,662)	-	(27)	-
Other comprehensive income	(146,821)	(264,475)	130,839	(195,153)
Total comprehensive income for the period	(56,071)	(66,758)	494,680	281,823

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Unaudited	Audited
	31.12.2016	31.03.2016
	Rs.'000	Rs.'000
Assets		
Cash & Short Term Funds	807,186	344,062
Placement with other banks	296,715	464,984
Financial Investments-Available for Sale (quoted)	4,689,641	4,570,688
Loan and Advances	10,694,459	8,302,333
Lease Receivable	11,063,555	9,925,519
Hire Purchase Receivable	6,291,857	6,825,676
Financial Investments-Available for Sale (unquoted)	70,427	70,427
Other Financial Assets	145,490	110,440
Inventories	12,202	16,467
Other Assets	84,742	72,414
Current tax Receivable	-	27,212
Investment in Associates	987,403	927,318
Investments Properties	158,773	448,234
Property, Plant & Equipment	1,772,876	1,803,939
Leasehold Property	42,257	42,608
Intangible Assets	8,648	12,386
Total Assets	37,126,232	33,964,707
Liabilities		
Bank overdraft	401,489	412,472
Deposits due to customers	16,541,510	15,815,590
Debt instruments issued and other borrowings	10,778,394	8,527,169
Other Financial Liabilities	690,845	1,052,327
Current tax liabilities	33,875	-
Deferred tax liabilities	343,259	343,259
Other liabilities	24,568	13,423
Retirement benefit obligations	163,382	146,235
Total Liabilities	28,977,321	26,310,475
Equity		
Stated capital	36,000	36,000
Revaluation reserve	1,539,587	1,539,615
Statutory reserve fund	631,400	631,400
General reserve	4,086,430	4,086,430
Available for sale reserve	367,927	237,060
Retained earnings	1,487,567	1,123,727
Total Equity	8,148,911	7,654,232
Total Liabilities & Equity	37,126,232	33,964,707
Net Assets Per Share	2,711	2,546

Note - Above figures are provisional and subject to audit

These financial statements have been prepared and presented in compliance with the requirements of the companies Act ,No 07 of 2007

S.H.Jayasuriya
Director - Finance

The Board of Directors is responsible for the preparation and the presentation of these Financial Statements
Approved and signed for and on behalf of the Board

G.G.Ondaatjie
Managing Director
15-Feb-17

T.J.Ondaatjie
Director

Mercantile Investments and Finance PLC
Statement of Changes in Equity

Issued Capital	Revaluation Reserves		Statutory Reserves	General Reserves	Available -For- sale Reserve	Retained Earnings	Total	
	Land & Buildings	Associate Company Reserve						
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
As at 1 April 2015	36,000	1,100,436	382,497	581,400	3,886,430	892,817	900,184	7,779,764
Total Comprehensive Income For period								
Profit for the period							476,976	476,976
Other comprehensive income						(195,153)		(195,153)
Total comprehensive income						(195,153)	476,976	281,823
Dividends to Equity owners							(21,042)	(21,042)
As at 31st December 2015	36,000	1,100,436	382,497	581,400	3,886,430	697,664	1,356,118	8,040,545
As at 1 April 2016	36,000	1,084,345	455,270	631,400	4,086,430	237,060	1,123,727	7,654,231
Total Comprehensive Income For the Year								
Profit for the period							363,841	363,841
Other comprehensive income			(27)			130,867		130,839
Total comprehensive income			(27)			130,867	363,841	494,680
Dividends to Equity owners								
As at 31st December 2016	36,000	1,084,345	455,242	631,400	4,086,430	367,927	1,487,568	8,148,911

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Cash Flow
For the Nine Months ended 31st December

Cash flow from operating activities

	2016 Rs,000	2015 Rs,000
Interest & Commission Receipts	3,911,359	3,215,241
Interest Payments	(2,210,071)	(1,521,899)
Cash receipts from customers	(122,757)	6,788
Cash payments to employees & suppliers	(1,068,992)	(1,009,654)

Operating profit /loss before changes in operating assets and liabilities (Note A)

	509,541	690,476
--	---------	---------

(Increase) / decrease in operating assets

Funds advance to customers	(3,155,640)	(4,315,813)
Other short - term negotiable securities	(10,983)	94,029
Other receivables	(9,700)	(591,915)

Increase / (Decrease) in operating liabilities

Deposits from customers	725,920	1,457,831
Other payables	(350,335)	116,319

Income Tax Paid

	(89,464)	(184,784)
--	----------	-----------

Net Cash generated from operating activities

	(2,380,661)	(2,733,857)
--	-------------	-------------

Cash flow from Investment Activities

Dividend received	118,540	100,198
Proceeds from sale of non - dealing securities	228,422	20,068
Purchase of non - dealing securities	(22,110)	(19,018)
Sale proceeds on Disposal of Property plant and equipment	42,943	14,701
Sale proceeds on Disposal of Investment Properties	283,072	(280,000)
Acquisition of Property plant and equipment	(55,328)	(61,143)
Acquisition of Intangible Assets	(2,977)	(8,048)

Net Cash generated from investments activities

	592,561	(233,242)
--	---------	-----------

Cash flow from finance Activities

Net Increase /(Decrease) in Borrowings during the year

	2,251,226	2,929,102
--	-----------	-----------

Dividend Paid

	(21,042)
--	----------

Net Cash generated from financing activities

	2,251,226	2,908,060
--	-----------	-----------

Net Cash Flow generated from all activities

	463,125	(59,039)
--	---------	----------

Cash & Cash equivalents at the beginning of the period

	344,062	406,648
--	---------	---------

Cash & Cash equivalents at the end of the period

	807,186	347,609
--	---------	---------

(Note A)

Reconciliation of Profit before Tax with cash inflow from operating Activities

Profit Before tax

	514,390	680,142
--	---------	---------

Adjustments for

Dividend from investing activities	(118,540)	(100,198)
Capital gain from sale of shares	(59,542)	(5,143)
Share of Associates company (profit)/loss	(60,113)	(49,686)
(Profit)/Loss on Disposal of Fixed Assets	(3,168)	(5,048)
Depreciation	53,005	60,643
Amortization of Leased Hold Assets	351	351
Amortization of Intangible Assets	6,716	2,406
Impairment Provision for Loans & Advances	159,296	99,857
Retirement Benefits provision	20,133	20,133
Retirement Benefits paid	(2,987)	(12,982)

Cash flows from operating activities before changes in operating assets

	509,541	690,476
--	---------	---------

(Note B)

Cash & Cash equivalents at the end of period

Cash in hand	308,830	179,794
Balances with banks	498,356	167,815
	807,186	347,609

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Segments Information
For the Nine Months ended 31st December

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue												
Interest	1,369,688	930,021	946,105	1,125,800	1,350,546	1,020,857	190,320	95,314			3,856,659	3,171,993
Capital Gains											-	-
Dividends							118,540	100,198			118,540	100,198
Others									145,755	60,227	145,755	60,227
Total Income from external operations	1,369,688	930,021	946,105	1,125,800	1,350,546	1,020,857	308,860	195,512	145,755	60,227	4,120,954	3,332,418
Profit before Tax & VAT											585,245	756,507
Share of Associates company profit/(loss)											60,113	49,687
Tax & Vat on Financial Services											(281,516)	(329,218)
Profit After Tax											363,842	476,976
Other Information												
Segment Assets	11,063,555	9,264,659	6,291,857	6,962,194	10,694,459	7,457,392	6,044,186	6,784,462	3,032,174	2,823,714	37,126,232	33,292,421
Segment Liabilities	8,635,193	7,027,125	4,910,845	5,280,736	8,347,111	5,656,337	4,717,535	5,145,928	2,366,636	2,141,751	28,977,321	25,251,877
Net Assets	2,428,362	2,237,533	1,381,012	1,681,459	2,347,348	1,801,055	1,326,650	1,638,534	665,538	681,963	8,148,911	8,040,544

Information on cash Flows

For the period ended 31st December

Cash flows from operating activities											(2,380,661)	(2,733,857)
Cash flows from investing activities											647,889	(172,099)
Cash flows from financing activities											2,251,226	2,908,060
Capital expenditure											(55,328)	(61,143)
Net cash flow											463,125	(59,039)

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 31.12.2016	As at 31.03.2016
	Unaudited	Audited
	Rs ' 000	Rs ' 000
Liquidity Rs.('000)		
Required minimum amount of liquid assets	1,679,458	1,605,562
Available amount of liquid assets	2,322,339	1,879,970
Required minimum amount of Government securities	1,147,357	1,024,132
Available amount of Government securities	1,213,347	1,070,924
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 5%)	17.72%	19.35%
Total capital to risk weighted assets ratio (Minimum 10%)	14.30%	15.75%
Capital funds to total deposits liability ratio	49.26%	48.40%
Profitability		
Return on assets *(%)	1.36%	1.62%
Return on equity *(%)	5.95%	6.60%

Notes to the Financial Statements

- 1) There were no changes to the Accounting Policies and methods of computation since the publication of the Audited Financial Statements for the year ended 31st March 2016

Further, These interim financial statements are prepared in compliance with the Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting.

- 2) There have been no material events occurring after the balance sheet date that require adjustments to or disclosures in the Financial Statements.
- 3) All known expenses have been provided for in the financial statements.
- 4) During the interim period under consideration no dividends were declared and paid.
- 5) During the interim period there were no material changes in the composition of assets, liabilities and contingent liabilities
- 6) Share Information

6.1) Directors' and Chief Executive officer's shareholdings in shares as at 31st December 2016

Name of the Director	Number of shares	%
1) Mr. S H J Weerasuriya (Chairman)	NIL	-
2) Mr.G.G.Ondaatjie (Managing Director)	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mr.N.H.V.Perera	10,020	0.33
6) Mr. S H Jayasuriya	NIL	-
7) Mr. P M Amarasekara	NIL	-
8) Mr. P C Guhashanka	NIL	-
9) Ms. P T K Navaratne	NIL	-
10) Mr. S M S S Bandara	NIL	-

6.2) Stated Capital

Stated capital is presented by the number of shares in issue as set out below

As at	31.12.2016	31.03.2016
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 31st December 2016 were as follows

Shareholder	Number of shares	%
1 Nilaveli Beach Hotels (pvt) Ltd	629,580	20.94
2) Mr.G.G.Ondaatjie	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mercantile Fortune (pvt) Ltd	414,160	13.78
6) Mr. G.L.A.Ondaatjie	268,535	8.93
7) Tangerine Tours (pvt) Ltd	203,809	6.78
8) P.R.Divitotawela/R.D.Madugalle	12,525	0.42
9) P.R.Divitotawela/ A.D.Galagoda	12,525	0.42
10) R.M.D.Abeygunewardena	10,020	0.33
11) J.A.S.S.Adhihetty	10,020	0.33
12) N.H.V.Perera	10,020	0.33
13) C.A.Ondaatjie	2,004	0.07
14) A.M.Rajapakse	501	0.02
15) A.D.Rajapakse	501	0.02
16) A.M.Dominic & J.S.Dominic	151	0.01
17) H.W.M.Woodward	10	0.00
	<u>3,006,000</u>	<u>100</u>

6.4) The percentage of the shares held by public on 31st December 2016 was 10.54% (2015 - 10.87%)

6.5) The number of public shareholders as at 31st December 2016 was 10 (2015-12)

6.6) Information on Ratios, Market Prices

Description	31.12.2016	31.03.2016
Dividend per Share (Rs.)	-	7.00
Net Assets per Share (Rs.)	2,711	2,546
Market Prices		
- Highest	2580.3	Not traded
- Lowest	2580.3	Not traded
- Last traded price	2580.3	Not traded

7) Information on Listed Debentures

Description	31.12.2016	31.03.2016
Debt Equity Ratio (times)	1.37	1.17
Quick Asset Ratio (%)	13.86%	11.74%
Interest Cover (times)	1.23	1.38
Interest Yield & Yield to maturity as at date of last trade MERC/BC/05/11/18A10.5	10.81%	10.43%
Yield of comparable Government Security (%)	11.94%	11.87%
Market Price during the period		
- Highest	100.67	100.67
- Lowest	97.1	100.67
- Last traded price	97.1	100.67

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

Mercantile Investments and Finance PLC
Statement of Comprehensive Income

	For the 3 months Ended		For the 12 months Ended	
			Unaudited	Audited
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	1,429,401	1,129,835	5,286,060	4,301,828
Interest Expense	(845,110)	(576,479)	(3,055,181)	(2,098,378)
Net Interest Income	584,291	553,357	2,230,879	2,203,450
Fee and Commission Income	28,922	15,680	83,622	58,927
Net fee and commission income	28,922	15,680	83,622	58,927
Other operating Income	66,256	22,343	275,851	139,520
Total Operating Income	679,469	591,379	2,590,352	2,401,897
Impairment gain/(loss) for loan and receivables and equity investments	(56,958)	(134,959)	(216,254)	(234,816)
Net operating income	622,511	456,420	2,374,098	2,167,081
Less: Operating Expenses				
Personnel Expenses	107,819	96,180	649,905	508,573
Depreciation of property and equipment	12,927	(11,567)	65,932	49,077
Amortization of intangible assets	(3,930)	(1,957)	2,786	449
Amortization of leasehold property	117	117	468	468
Define benefit plans	8,194	3,323	28,327	23,456
Other operating expenses	273,921	274,770	817,972	732,998
Operating Profit Before VAT& NBT on financial services	223,463	95,554	808,708	852,060
VAT & NBT on financial services	(46,362)	(15,038)	(177,330)	(141,090)
Operating Profit after VAT & NBT on financial services	177,101	80,516	631,378	710,970
Share of Associates company profit /(loss)	44,081	41,988	104,194	91,675
Profit Before Taxation	221,182	122,504	735,572	802,645
Income Tax Expenses	(86,680)	(94,459)	(237,228)	(297,626)
Profit After Taxation	134,502	28,045	498,344	505,019
Earnings per Share	44.74	9.33	165.78	168.00
Dividend per Share	-	-	-	7.00

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Other Comprehensive Income

	For the 3 Months Ended		For the 12 Months Ended	
	31.03.2017	31.03.2016	Unaudited	Audited
	Rs.'000	Rs.'000	31.03.2017	31.03.2016
		Rs.'000	Rs.'000	
Profit for the period	134,502	28,045	498,344	505,019
Other comprehensive income				
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods				
Changes in fair value of available- for- sale financial assets	(121,745)	(460,604)	9,121	(655,757)
	(121,745)	(460,604)	9,121	(655,757)
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods				
Actuarial gain/(loss) for the year	(1,185)	(11,278)	(1,185)	(11,278)
Differed tax effect on Actuarial Gain	(2,826)	844	(2,826)	844
Differed tax effect on revaluations surplus on Land & Building	629	(16,092)	629	(16,092)
Share of other comprehensive income of associates	(5,155)	72,773	(5,183)	72,773
Net Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods	(8,537)	46,247	(8,565)	46,247
Total Other Comprehensive Income for the period (net of tax)	(130,283)	(414,357)	557	(609,510)
Total comprehensive income for the period (net of tax)	4,219	(386,312)	498,900	(104,491)

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Unaudited	Audited
	Rs.'000	Rs.'000
	31.03.2017	31.03.2016
Assets		
Cash & Short Term Funds	1,244,554	344,062
Placement with other banks	53,501	464,984
Financial investments - available for sale (quoted)	4,516,621	4,570,688
Loan and Advances	11,448,668	8,302,333
Lease receivable	11,084,331	9,925,519
Hire Purchase receivable	6,174,345	6,825,676
Financial investments - available for sale (unquoted)	70,427	70,427
Other Financial Assets	169,608	110,440
Inventories	7,882	16,467
Other Assets	81,732	72,414
Current tax refunds	50,605	27,212
Investment in Associates	995,977	927,318
Investments Properties	158,340	448,234
Property, Plant & Equipment	1,790,296	1,803,939
Leasehold Property	42,140	42,608
Intangible Assets	12,577	12,386
Total Assets	37,901,604	33,964,707
Liabilities		
Bank overdraft	1,092,434	412,472
Deposits due to customers	17,017,674	15,815,590
Debt instruments issued and other borrowings	10,165,837	8,527,169
Other Financial Liabilities	780,283	1,052,327
Deferred tax liabilities	480,833	343,259
Other liabilities	39,637	13,423
Retirement benefit obligations	171,772	146,235
Total Liabilities	29,748,472	26,310,475
Equity		
Stated capital	36,000	36,000
Revaluation reserve	1,535,061	1,539,615
Statutory reserve fund	661,400	631,400
General reserve	4,086,430	4,086,430
Available for sale reserve	246,181	237,060
Retained earnings	1,588,060	1,123,727
Total Equity	8,153,132	7,654,232
Total Liabilities & Equity	37,901,604	33,964,707
Net Assets Per Share	2,712	2,546

Note - Above figures are provisional and subject to audit.

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S.H.Jayasuriya
Director - Finance

The Board of Directors is responsible for the preparation and the presentation of the theses Financial Statements.
Approved and signed for and on behalf of the Board

G.G.Ondaatjie
Director
15-May-17

T.J.Ondaatjie
Director

Mercantile Investments and Finance PLC
Statement of Changes in Equity

	Issued Capital Rs.'000	Revaluation Reserves		Statutory Reserves Rs.'000	General Reserves Rs.'000	Available -For- sale Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
		Land & Buildings Rs.'000	Associate Company Reserve Rs.'000					
As at 1 April 2015	36,000	1,100,437	382,497	581,400	3,886,430	892,817	900,184	7,779,765
Total Comprehensive Income For period								
Profit for the period							505,019	505,019
Other comprehensive income		(16,092)	72,773			(655,757)	(10,434)	(609,509)
Total comprehensive income		(16,092)	72,773			(655,757)	494,585	(104,490)
Dividends to Equity owners							(21,042)	(21,042)
Transfer				50,000	200,000		(250,000)	-
As at 31st March 2016	36,000	1,084,345	455,270	631,400	4,086,430	237,060	1,123,727	7,654,232
As at 1 April 2016	36,000	1,084,345	455,270	631,400	4,086,430	237,060	1,123,727	7,654,232
Total Comprehensive Income For the Year								
Profit for the period							498,344	498,344
Other comprehensive income		629	(5,183)			9,121	(4,011)	557
Total comprehensive income		629	(5,183)			9,121	494,333	498,900
Transfers				30,000			(30,000)	-
As at 31st March 2017	36,000	1,084,974	450,087	661,400	4,086,430	246,181	1,588,060	8,153,132

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Cash Flow

For the year ended 31st March

Cash flow from operating activities

Interest and commission receipts	5,369,681	4,360,755
Interest payments	(3,055,181)	(2,098,378)
Cash receipts from customers	(210,280)	21,815
Cash payments to employees, suppliers and tax authority	(1,402,664)	(1,391,278)
Operating profit before changes in operating assets and liabilities (Note A)	701,556	892,914

(Increase) / decrease in operating assets

Deposits held for regulatory or monetary control purposes	230,117	(177,118)
Funds advanced to customers	(3,758,758)	(5,820,051)
Other short term negotiable securities	679,962	139,838
Other receivables	(60,606)	(41,777)

Increase / (decrease) in operating liabilities

Deposits from customers	1,202,085	501,412
Other payables	(245,826)	2,094,861

Income taxes paid

	(123,050)	(248,156)
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Net cash from operating activities

	(1,374,520)	(2,658,077)
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Cash flows from investing activities

Dividends received	177,001	103,072
Dividends received from associates	14,370	14,239
Proceeds from sale of non-dealing securities and government securities	228,422	20,068
Purchase of non-dealing securities	(21,148)	(19,019)
Proceeds from sale of property, plant and equipment	326,054	50,076
Purchase of property, plant and equipment and investment property	(85,378)	(386,940)
Acquisition of intangible assets	(2,977)	(9,491)
Net cash from investing activities	636,343	(227,995)

Cash flows from financing activities

Borrowings obtained during the year	15,543,701	12,329,545
Borrowings repaid during the year	(13,905,033)	(9,485,017)
Dividends paid	-	(21,042)

Net Cash from financing activities

	1,638,668	2,823,486
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Net increase in cash and cash equivalents

	900,492	(62,586)
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Cash and cash equivalents at the beginning of the period

	344,062	406,648
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Cash and cash equivalents at the end of the period (Note B)

	1,244,554	344,062
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Reconciliation of profit before tax with cash inflow from operating activities (Note A)

Profit before tax	735,572	802,645
Capital gain from sale of quoted shares and treasury bonds	(59,542)	(5,143)
Dividend from investing securities	(177,001)	(103,072)
Share of profit of associates	(104,194)	(91,675)
(Profit)/loss on sale of property, plant and equipment	(3,071)	(9,490)
Depreciation of property, plant and equipment and investment property	65,932	49,077
Amortisation of leasehold property	468	468
Amortisation of intangible assets	2,786	449
Provision for bad and doubtful debts	216,254	234,816
Retirement benefit provision	28,327	23,456
Retirement benefit paid	(3,975)	(8,617)
	701,556	892,914

Cash and cash equivalents at the end of the period (Note B)

Cash in hand	998,666	239,161
Balance with bank	245,888	104,901
	1,244,554	344,062

Figures in brackets indicate deductions.

Note - Above figures are provisional and subject to audit.

Mercantile Investments and Finance PLC
Segments Information

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue												
Interest	1,873,991	1,317,611	1,262,361	1,459,426	1,919,319	1,395,042	230,389	129,749			5,286,059	4,301,828
Capital Gains							59,542	5,143			59,542	5,143
Dividends							177,001	103,072			177,001	103,072
Others									122,929	90,232	122,929	90,232
Total Income from external operations	1,873,991	1,317,611	1,262,361	1,459,426	1,919,319	1,395,042	466,932	237,964	122,929	90,232	5,645,532	4,500,275
Profit before Tax & Vat											808,708	852,060
Share of Associates company profit/(loss)											104,194	91,675
Tax & Vat on Financial Services											(414,558)	(438,716)
Profit After Tax											498,344	505,019
Other Information												
Segment Assets	11,084,331	9,925,519	6,174,345	6,825,676	11,448,668	8,302,333	5,636,526	6,033,417	3,557,734	2,877,762	37,901,604	33,964,707
Segment Liabilities	8,699,946	7,686,927	4,846,162	5,286,219	8,985,909	6,429,833	4,424,035	4,672,645	2,792,420	2,234,851	29,748,472	26,310,475
Net Assets	2,384,385	2,238,592	1,328,183	1,539,457	2,462,759	1,872,500	1,212,491	1,360,772	765,315	642,911	8,153,132	7,654,232

Information on cash Flows

For the period ended 31st March

Cash flows from operating activities											(1,374,520)	(2,658,077)
Cash flows from investing activities											721,721	158,945
Cash flows from financing activities											1,638,668	2,823,486
Capital expenditure											(85,378)	(386,940)
Net cash flow											900,492	(62,586)

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 31.03.2017	As at 31.03.2016
	Unaudited	Audited
	Rs ' 000	Rs ' 000
Liquidity Rs.('000)		
Required minimum amount of liquid assets	1,724,386	1,605,562
Available amount of liquid assets	2,563,752	1,879,970
Required minimum amount of Government securities	1,147,357	1,024,132
Available amount of Government securities	1,256,874	1,070,924
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 5%)	17.44%	19.35%
Total capital to risk weighted assets ratio (Minimum 10%)	14.53%	15.75%
Capital funds to total deposits liability ratio	47.91%	48.40%
Profitability		
Return on assets *(%)	1.39%	1.62%
Return on equity *(%)	6.11%	6.60%

Notes to the Financial Statements

- 1) There were no changes to the Accounting Policies and methods of computation since the publication of the Audited Financial Statements for the year ended 31st March 2016.
Further, These interim financial statements are prepared in compliance with the Sri Lanka Accounting Standard (LKAS) 34 - Interim .
Financial Reporting
- 2) There have been no material events occurring after the balance sheet date that require adjustments to or disclosures in the Financial Statements.
- 3) All known expenses have been provided for in the financial statements.
- 4) During the interim period under consideration no dividends were declared and paid.
- 5) During the interim period there were no material changes in the composition of assets, liabilities and contingent liabilities.

6) Share Information

6.1) Directors' and Chief Executive officer's shareholdings in shares as at 31st March 2017

Name of the Director	Number of shares	%
1) Mr. S H J Weerasuriya (Chairman)	NIL	-
2) Mr.G.G.Ondaatjie (Managing Director)	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mr.N.H.V.Perera	10,020	0.33
6) Mr. S H Jayasuriya	NIL	-
7) Mr. P M Amarasekara	NIL	-
8) Mr. P C Guhashanka	NIL	-
9) Ms. P T K Navaratne	NIL	-
10) Mr. S M S Bandara	NIL	-

6.2) Stated Capital

Stated capital is presented by the number of shares in issue as set out below

As at	31.03.2017	31.03.2016
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 31st March 2017 were as follows

Shareholder	Number of shares	%
1 Nilaveli Beach Hotels (pvt) Ltd	629,580	20.94
2) Mr.G.G.Ondaatjie	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mercantile Fortune (pvt) Ltd	414,160	13.78
6) Mr. G.L.A.Ondaatjie	268,535	8.93
7) Tangerine Tours (pvt) Ltd	203,809	6.78
8) P.R.Divitotawela/R.D.Madugalle	12,525	0.42
9) P.R.Divitotawela/ A.D.Galagoda	12,525	0.42
10) R.M.D.Abeygunewardena	10,020	0.33
11) J.A.S.S.Adhihetty	10,020	0.33
12) N.H.V.Perera	10,020	0.33
13) C.A.Ondaatjie	2,004	0.07
14) A.M.Rajapakse	501	0.02
15) A.D.Rajapakse	501	0.02
16) A.M.Dominic & J.S.Dominic	151	0.01
17) H.W.M.Woodward	10	0.00
	<u>3,006,000</u>	<u>100</u>

6.4) The percentage of the shares held by public on 31st March 2017 was 10.54% (2016 - 10.87%)

6.5) The number of public shareholders as at 31st March 2017 was 10 (2016-12)

6.6) Information on Ratios ,Market Prices

Description	31.03.2017	31.03.2016
Dividend per Share (Rs.)	-	7.00
Net Assets per Share (Rs.)	2,712.29	2,546.32
Market Prices		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded

7) Information on Listed Debentures

Description	For the Quarter Ended 31.03.2017	For the Year Ended 31.03.2017	For the Quarter Ended 31.03.2016	For the Year Ended 31.03.2016
Debt Equity Ratio (times)	1.38		1.17	
Quick Asset Ratio (%)	14.88%		11.74%	
Interest Cover (times)	1.24		1.38	
Interest Yield & Yield to maturity as at date of last trade MERC/BC/05/11/18A10.5	10.81%		10.43%	
Yield of comparable Government Security (%)	11.94%		11.87%	
Market Price during the period				
- Highest	Not traded	97.10	Not traded	102.62
- Lowest	Not traded	96.00	Not traded	100.67
- Last traded price	Not traded	97.10	Not traded	100.67