

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2019

Mercantile Investments and Finance PLC

Income Statement

	For the 3 months Ended	
	30.06.2019	30.06.2018
	Rs.'000	Rs.'000
Interest Income	1,870,607	1,860,857
Interest Expense	(989,193)	(947,378)
Net Interest Income	881,414	913,479
Fee and Commission Income	14,197	30,294
Net fee and commission income	14,197	30,294
Other operating Income	15,336	33,337
Total Operating Income	910,948	977,109
Impairment gain/(loss) for loan and receivable	(161,089)	(192,333)
Net operating income	749,858	784,777
Less: Operating Expenses		
Personnel Expenses	283,878	247,964
Depreciation of property and equipment	22,198	20,003
Amortization of intangible assets	5,009	3,527
Amortization of leasehold property	117	117
Define benefit plans	9,659	8,781
Other operating expenses	222,460	194,872
Operating Profit Before VAT,NBT & DRL on financial services	206,537	309,513
VAT & NBT on financial services	(79,473)	(76,015)
Debt Repayment Levy (DRL)	(39,047)	-
Operating Profit after VAT , NBT & DRL on financial services	88,017	233,498
Share of Associates company profit /(loss)	(7,964)	(924)
Profit Before Taxation	80,053	232,573
Income Tax Expenses	(57,831)	(100,393)
Profit After Taxation	22,222	132,180
Earnings per Share	7.39	43.97
Dividend per Share	-	-

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Other Comprehensive Income

	For the 3 months Ended	
	30.06.2019	30.06.2018
	Rs.'000	Rs.'000
Profit for the period	22,222	132,180
Other comprehensive income		
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods		
Changes in fair value of financial instruments through OCI	(89,067)	(136,698)
	(89,067)	(136,698)
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods		
Share of net gain/loss of associate company investments designated at FV through OCI	(8,488)	-
Net Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods	(8,488)	-
Total Other Comprehensive Income for the period (net of tax)	(97,555)	(136,698)
Total comprehensive income for the period	(75,333)	(4,518)

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Unaudited	Audited
	30.06.2019	31.03.2019
	Rs.'000	Rs.'000
Assets		
Cash and cash equivalents	1,010,748	1,196,226
Placement with other banks at Amotised cost	247,848	241,376
Financial investments - at Fair Value through OCI	2,820,241	2,863,058
Loan and Advances at Amortised cost	16,158,536	15,913,287
Lease Receivable at Amortised cost	12,834,253	12,722,875
Hire Purchase Receivable at Amortised cost	2,799,881	3,308,315
Financial investments - at Fair Value through OCI(unquoted)	70,427	70,427
Other Financial Assets	463,767	499,594
Inventories	9,639	23,231
Other Assets	74,821	96,740
Investment in Associates	1,250,978	1,267,430
Investments Properties	195,134	198,431
Property, Plant & Equipment	2,843,982	2,848,159
Leasehold Property	41,090	41,207
Intangible Assets	59,378	64,211
Total Assets	40,880,722	41,354,567
Liabilities		
Bank overdraft	47,467	186,276
Deposits due to customers at Amortised cost	20,663,887	21,176,433
Debt instruments issued and other borrowings at Amortised cost	9,353,813	8,957,478
Other Financial Liabilities	782,147	955,246
Current tax liabilities	314,467	290,338
Deferred tax liabilities	830,950	830,950
Other liabilities	44,311	46,870
Retirement benefit obligations	246,148	238,112
Total Liabilities	32,283,189	32,681,703
Equity		
Stated capital	36,000	36,000
Revaluation reserve	2,116,047	2,124,535
Statutory reserve fund	736,400	736,400
General reserve	4,086,430	4,086,430
Fair Value through OCI reserve	(164,596)	(75,529)
Retained earnings	1,787,251	1,765,028
Total Equity	8,597,532	8,672,864
Total Liabilities & Equity	40,880,722	41,354,567
Net Assets Per Share	2,860	2,885

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
 12-Aug-19

Travice Ondaatjie
 Director

Mercantile Investments and Finance PLC
Statement of Changes in Equity

	Issued Capital	Revaluation Reserves	Associate Company Reserve	Statutory Reserves	General Reserves	Fair Value through OCI Reserve	Retained Earnings	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 April 2018	36,000	1,527,486	400,764	711,400	4,086,430	200,486	1,720,521	8,683,086
Total Comprehensive Income For period								
Profit for the period							132,180	132,180
Other comprehensive income						(136,698)		(136,698)
Total comprehensive income						(136,698)	132,179	(4,518)
Dividends to Equity owners								-
As at 30th June 2018	36,000	1,527,486	400,764	711,400	4,086,430	63,787	1,852,700	8,678,568
As at 1 April 2019	36,000	1,527,486	597,049	736,400	4,086,430	(75,529)	1,765,028	8,672,864
Total Comprehensive Income For the Year								
Profit for the period							22,222	22,222
Other comprehensive income			(8,488)			(89,067)		(97,555)
Total comprehensive income			(8,488)			(89,067)	22,223	(75,333)
Dividends to Equity owners								-
As at 30th June 2019	36,000	1,527,486	588,562	736,400	4,086,430	(164,596)	1,787,251	8,597,532

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

	2019 Rs'000	2018 Rs'000
Interest & Commission Receipts	1,884,805	1,891,151
Interest Payments	(989,193)	(947,378)
Cash receipts from customers	6,846	(67,285)
Cash payments to employees & suppliers	(626,482)	(450,203)

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

275,975 426,285

(Increase) / decrease in operating assets

Funds advance to customers	(9,282)	(647,855)
Deposits held for regulatory or monetary control purposes	(52,373)	(340,134)
Other receivables	71,304	(11,354)

Increase / (Decrease) in operating liabilities

Deposits from customers	(512,546)	480,649
Other payables	(175,632)	(8,927)

(402,554) (101,337)

Income Tax Paid

(33,702) (32,368)

Net Cash generated from operating activities

(436,256) (133,705)

Cash flow from Investment Activities

Dividend received	3,951	23,642
Purchase of non - dealing securities	(349)	(2,108)
Sale proceeds on Disposal of Property plant and equipment	6,995	1,266
Sale proceeds on Disposal of Investment Properties	23,290	-
Acquisition of Property plant and equipment	(22,339)	(48,524)
Acquisition of Investments Properties	(18,120)	(27,300)
Acquisition of Intangible Assets	(176)	(35)

Net Cash generated from investments activities

(6,748) (53,059)

Cash flow from finance Activities

Net Increase /(Decrease) Borrowings obtained during the year	396,334	184,605
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Net Cash generated from financing activities

396,334 184,605

Net Cash Flow generated from all activities

(46,669) (2,159)

Cash & Cash equivalents at the beginning of the period

1,009,950 509,581

Cash & Cash equivalents at the end of the period

963,281 507,422

(Note A)

Reconciliation of Profit before Tax with cash inflow from operating Activities

	80,053	232,573
Profit Before tax		
Adjustments for		
Dividend from investing activities	(3,951)	(23,642)
Share of Associates company profit/(Loss)	7,964	924
Profit /Loss on Disposal of Fixed Assets	(4,539)	(965)
Depreciation	22,198	20,003
Amortization of Leased Hold Assets	117	117
Amortization of Intangible Assets	5,009	3,527
Impairment Provision	161,089	192,333
Retirement Benefits provision	9,659	8,781
Retirement Benefits paid	(1,623)	(7,368)
Cash flows from operating activities before changes in operating assets	275,975	426,285

(Note B)

Cash & Cash equivalents at the end of period

Cash in hand	399,382	336,805
Balances with banks	611,366	567,958
Bank Overdraft	(47,467)	(397,339)
	963,281	507,423

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Segments Information
For the period ended 30 th June

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue												
Interest	754,022	654,024	182,422	292,525	882,576	863,520	51,588	50,789			1,870,607	1,860,857
Dividends							3,951	23,642			3,951	23,642
Others									25,582	39,989	25,582	39,989
Total Income from external operations	754,022	654,024	182,422	292,525	882,576	863,520	55,539	74,431	25,582	39,989	1,900,141	1,924,488
Profit before Tax , VAT, NBT & DRL on Financial Services											206,537	309,513
Share of Associates company profit/(loss)											(7,964)	(924)
Tax , VAT, NBT & DRL on Financial Services											(176,352)	(176,409)
Profit After Tax											22,222	132,180
Other Information												
Segment Assets	12,834,253	12,333,047	2,799,881	5,081,925	16,158,536	14,975,668	4,389,493	4,268,993	4,698,559	4,538,986	40,880,722	41,198,619
Segment Liabilities	10,135,110	9,735,067	2,211,044	4,011,407	12,760,270	11,821,015	3,466,349	3,369,722	3,710,416	3,582,840	32,283,189	32,520,051
Net Assets	2,699,143	2,597,980	588,837	1,070,517	3,398,265	3,154,653	923,144	899,272	988,143	956,146	8,597,532	8,678,568

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Information on cash Flows

For the period ended 30th June

	2019	2018
Cash flows from operating activities	(436,256)	(133,705)
Cash flows from investing activities	15,591	(4,535)
Cash flows from financing activities	396,334	184,605
Capital expenditure	(22,339)	(48,524)
Net cash flow	(46,669)	(2,159)

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 30.06.2019	As at 31.03.2019
	Unaudited	Audited
	Rs ' 000	Rs ' 000
Liquidity Rs.(‘000)		
Required minimum amount of liquid assets	2,071,677	2,121,522
Available amount of liquid assets	3,387,155	3,129,505
Required minimum amount of Government securities	1,565,708	1,485,822
Available amount of Government securities	1,748,494	1,691,903
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 6%)	14.55%	14.98%
Total capital to risk weighted assets ratio (Minimum 10%)	16.26%	16.69%
Capital funds to total deposits liability ratio	41.61%	40.96%
Profitability		
Return on assets (%)	0.22%	1.12%
Return on equity (%)	1.03%	5.28%

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 2019, except for the Sri Lanka Accounting Standard - SLFRS 16 on " Leasing" which is effective for the financial periods beginning on or after 01st January 2019.

The company prepared financial statements for the quarter ended 30th June 2019, in accordance with the requirements of SLFRS 9- Financial Instruments which has been adopted by the company as at 31st March 2019. As the company used the relief provided by CA Sri Lanka for interim periods in 2018/19, current period information is not comparable with comparative information for the quarter ended 30th June 2018, which was prepared in accordance with LKAS 39.

The impact of transition to SLFRS 9 on retained earnings is as follows.

	Retained Earnings Rs '000
Closing balance under LKAS 39 as at 31st March 2018	1,720,522
Remeasurement adjustment on adoption of SLFRS 9	
Impact of expected credit loss and other adjustments under SLFRS 9	(396,377)
Tax impact in relation to ECL	21,361
Total change in equity due to adoption of SLFRS 9	(375,016)
Opening Balance under SLFRS 9 as at 01st April 2018	1,345,507

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 2019

	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

	30.06.2019	31.03.2018
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 30th June 2019 were as follows

	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	415,162	13.81%
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.Dominic & J.S.Dominic	151	0.01%
15) R Vaseeharan	10	0.00%
	3,006,000	100%

6.4) The percentage of the shares held by public on 30th June 2019 was 10.51% (2018 - 10.54%)

6.5) The number of public shareholders as at 30th June 2019 was 9 (2018-10)

The Company is not fully compliant with the minimum public holding requirement as of this date.
Float Adjusted Market Capitalisation as at 30th June 2019 was Rs. 821,419,560/-

6.6) Information on Ratios, Market Prices

	30.06.2019	30.06.2018
Dividend per Share (Rs.)	-	-
Net Assets per Share (Rs.)	2,860	2,887
Market Prices		
- Highest	2600	Not traded
- Lowest	2600	Not traded
- Last traded price	2600	Not traded

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

Mercantile Investments and Finance PLC Income Statement

	For the 6 months Ended		For the 3 months Ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	3,752,751	3,758,613	1,882,143	1,897,755
Interest Expense	(1,946,431)	(1,907,798)	(957,238)	(960,419)
Net Interest Income	1,806,320	1,850,815	924,906	937,336
Fee and Commission Income	37,390	56,810	23,193	26,516
Net fee and commission income	37,390	56,810	23,193	26,516
Other operating Income	36,012	67,317	20,676	33,980
Total Operating Income	1,879,722	1,974,942	968,775	997,833
Impairment gain/(loss) for loan and receivable	(225,891)	(369,954)	(64,802)	(177,622)
Net operating income	1,653,831	1,604,988	903,973	820,211
Less: Operating Expenses				
Personnel Expenses	572,347	492,258	288,469	244,294
Depreciation of property and equipment	44,989	40,524	22,791	20,521
Amortization of intangible assets	9,936	7,848	4,927	4,321
Amortization of leasehold property	234	234	117	117
Define benefit plans	19,538	17,562	9,879	8,781
Other operating expenses	431,448	412,687	208,988	217,815
Operating Profit Before VAT,NBT and DRL on financial services	575,340	633,874	368,803	324,362
VAT & NBT on financial services	(183,835)	(153,087)	(104,362)	(77,072)
Debt Repayment Levy (DRL)	(88,566)	-	(49,518)	-
Operating Profit after VAT ,NBT & DRL on financial services	302,939	480,787	214,923	247,290
Share of Associates company profit /(loss)	(6,199)	21,109	1,764	22,033
Profit Before Taxation	296,740	501,896	216,687	269,322
Income Tax Expenses	(153,798)	(243,724)	(95,967)	(143,331)
Profit After Taxation	142,942	258,172	120,720	125,991
Earnings per Share	47.55	85.89	40.16	41.91
Dividend per Share	20	-	20	-

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Other Comprehensive Income

	For the 6 months Ended		For the 3 months Ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit for the period	142,942	258,172	120,720	125,991
Other comprehensive income				
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods				
Changes in fair value of financial instruments through OCI	85,463	(245,002)	174,530	(108,303)
Share of net gain/(loss) of associate company investments designated at FV through OCI	(463)	(11,310)	8,025	(11,310)
	85,000	(256,312)	182,555	(119,614)
Total Other Comprehensive Income for the period (net of tax)	85,000	(256,312)	182,555	(119,614)
Total comprehensive income for the period	227,942	1,860	303,275	6,378

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Unaudited	Audited
	30.09.2019	31.03.2019
	Rs.'000	Rs.'000
Assets		
Cash and cash equivalents	538,511	1,196,226
Placement with other banks at Amotised cost	269,423	241,376
Financial investments - at Fair Value through OCI	2,655,158	2,863,058
Loan and Advances at Amortised cost	16,596,156	15,913,287
Lease Receivable at Amortised cost	13,138,360	12,722,875
Hire Purchase Receivable at Amortised cost	2,292,039	3,308,315
Financial investments - at Fair Value through OCI(unquoted)	70,427	70,427
Other Financial Assets	477,840	499,594
Inventories	34,709	23,231
Other Assets	105,044	96,740
Investment in Associates	1,252,837	1,267,430
Investments Properties	255,118	198,431
Property, Plant & Equipment	2,834,094	2,848,159
Leasehold Property	40,973	41,207
Intangible Assets	55,320	64,211
Total Assets	40,616,010	41,354,567
Liabilities		
Bank overdraft	139,813	186,276
Deposits due to customers at Amortised cost	20,287,714	21,176,433
Debt instruments issued and other borrowings at Amortised cost	9,392,241	8,957,478
Other Financial Liabilities	875,427	955,246
Current tax liabilities	32,461	290,338
Deferred tax liabilities	731,744	830,950
Other liabilities	63,907	46,870
Retirement benefit obligations	252,018	238,112
Total Liabilities	31,775,324	32,681,703
Equity		
Stated capital	36,000	36,000
Revaluation reserve	1,527,486	1,527,486
Associate Company Reserve	596,586	597,049
Statutory reserve fund	736,400	736,400
General reserve	4,086,430	4,086,430
Fair Value through OCI reserve	9,934	(75,529)
Retained earnings	1,847,849	1,765,028
Total Equity	8,840,686	8,672,864
Total Liabilities & Equity	40,616,010	41,354,567
Net Assets Per Share	2,941	2,885

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

Deva Anthony
Chief Financial Officer/Senior General Manager

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
13-Nov-19

S.H.Jayasuriya
Director - Finance

Mercantile Investments and Finance PLC
Statement of Changes in Equity

	Issued Capital	Revaluation Reserve	Associate Company Reserve	Statutory Reserves	General Reserves	Fair Value through OCI Reserve	Retained Earnings	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 April 2018	36,000	1,527,486	400,764	711,400	4,086,430	200,486	1,720,521	8,683,086
Total Comprehensive Income For period								
Profit for the period							258,172	258,172
Other comprehensive income			(11,310)			(245,002)		(256,312)
Total comprehensive income			(11,310)			(245,002)	258,172	1,860
As at 30th September 2018	36,000	1,527,486	389,453	711,400	4,086,430	(44,516)	1,978,692	8,684,946
As at 1 April 2019	36,000	1,527,486	597,049	736,400	4,086,430	(75,529)	1,765,028	8,672,864
Total Comprehensive Income For the Year						-		
Profit for the period							142,942	142,942
Other comprehensive income			(463)			85,463		85,000
Total comprehensive income			(463)			85,463	142,943	227,942
Dividends to Equity owners							(60,120)	(60,120)
As at 30th September 2019	36,000	1,527,486	596,586	736,400	4,086,430	9,934	1,847,851	8,840,686

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Cash Flow
For the 6 Months Ended 30th September

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

Deposits held for regulatory or monetary control purposes

Funds advance to customers

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

Dividend received from associates

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 Borrowings Obtained/Paid during the year

Dividend Paid

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

	2019 Rs,000	2018 Rs,000
Interest & Commission Receipts	3,790,141	3,815,423
Interest Payments	(1,946,431)	(1,907,798)
Cash receipts from customers	14,305	24,431
Cash payments to employees & suppliers	(1,281,609)	(1,067,597)
Operating profit /loss before changes in operating assets and liabilities (Note A)	576,407	864,460
(Increase) / decrease in operating assets		
Deposits held for regulatory or monetary control purposes	267,008	(350,156)
Funds advance to customers	(307,969)	(1,122,249)
Other receivables	1,740	(40,977)
Increase / (Decrease) in operating liabilities		
Deposits from customers	(888,719)	796,895
Other payables	(62,782)	149,474
	(414,315)	297,446
Income Tax Paid	(510,881)	(95,227)
Net Cash generated from operating activities	(925,196)	202,219
<u>Cash flow from Investment Activities</u>		
Dividend received	17,137	38,005
Dividend received from associates	7,930	-
Proceeds from sale of non - dealing securities	100,768	-
Purchase of non - dealing securities	(102,461)	(3,712)
Sale proceeds on Disposal of Property plant and equipment	5,841	12,642
Sale proceeds on Disposal of Investment Properties	26,145	-
Acquisition of Property plant and equipment	(34,896)	(74,662)
Acquisition of Investments Properties	(80,120)	(27,300)
Acquisition of Intangible Assets	(1,045)	(96)
Net Cash generated from investments activities	(60,700)	(55,123)
<u>Cash flow from finance Activities</u>		
Net Borrowings Obtained/Paid during the year	434,763	(562,942)
Dividend Paid	(60,120)	-
Net Cash generated from financing activities	374,643	(562,942)
Net Cash Flow generated from all activities	(611,253)	(415,846)
Cash & Cash equivalents at the beginning of the period	1,009,950	509,581
Cash & Cash equivalents at the end of the period	398,697	93,734

(Note A)

Reconciliation of Profit before Tax with cash inflow from operating Activities

Profit Before tax

Adjustments for

Dividend from investing activities

Share of Associates company profit/loss

Profit /Loss on Disposal of Fixed Assets

Depreciation

Amortization of Leased Hold Assets

Amortization of Intangible Assets

Impairment Provision

Retirement Benefits provision

Retirement Benefits paid

Cash flows from operating activities before changes in operating assets

	296,740	501,896
Dividend from investing activities	(17,137)	(38,005)
Share of Associates company profit/loss	6,199	(21,109)
Profit /Loss on Disposal of Fixed Assets	(4,570)	(4,881)
Depreciation	44,989	40,524
Amortization of Leased Hold Assets	234	234
Amortization of Intangible Assets	9,936	7,848
Impairment Provision	225,891	369,954
Retirement Benefits provision	19,538	17,562
Retirement Benefits paid	(5,413)	(9,564)
Cash flows from operating activities before changes in operating assets	576,407	864,460
(Note B)		
Cash & Cash equivalents at the end of period		
Cash in hand	350,115	372,463
Balances with banks	188,396	118,275
Bank Overdraft	(139,813)	(397,004)
	398,697	93,734

Note - Above figures are provisional and subject to audit

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

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue												
Interest	1,523,596	1,340,670	334,444	572,312	1,793,766	1,747,019	100,945	98,612			3,752,751	3,758,613
Dividends							17,137	38,005			17,137	38,005
Others							(2,221)	(1,682)	58,488	87,806	56,266	86,124
Total Income from external operations	1,523,596	1,340,670	334,444	572,312	1,793,766	1,747,019	115,861	134,934	58,488	87,806	3,826,154	3,882,741
Profit before VAT/NBT/DRL on Financial Services and Income Tax											575,340	633,874
Share of Associates company profit/(loss)											(6,199)	21,109
VAT/NBT/DRL on Financial Services & Income Tax											(426,199)	(396,812)
Profit After Tax											142,942	258,172
Other Information												
Segment Assets	13,138,360	12,528,821	2,292,039	4,708,793	16,596,156	15,449,799	4,247,846	4,181,751	4,341,608	4,149,622	40,616,010	41,018,786
Segment Liabilities	10,278,598	9,876,082	1,793,142	3,711,796	12,983,753	12,178,598	3,323,238	3,296,345	3,396,592	3,271,018	31,775,324	32,333,839
Net Assets	2,859,762	2,652,739	498,897	996,997	3,612,403	3,271,201	924,608	885,406	945,016	878,603	8,840,686	8,684,946

Information on cash Flows

For the period ended 30th September

Cash flows from operating activities											(925,196)	202,219
Cash flows from investing activities											(25,804)	19,539
Cash flows from financing activities											374,643	(562,942)
Capital expenditure											(34,896)	(74,662)
Net cash flow											(611,253)	(415,846)

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 30.09.2019	As at 31.03.2019
	Unaudited	Audited
	Rs ' 000	Rs ' 000
Liquidity Rs.('000)		
Required minimum amount of liquid assets	2,035,403	2,121,522
Available amount of liquid assets	2,485,811	3,129,505
Required minimum amount of Government securities	1,565,708	1,485,822
Available amount of Government securities	1,568,407	1,691,903
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 6.5%) **	14.60%	14.98%
Total capital to risk weighted assets ratio (Minimum 10.5%)**	16.32%	16.69%
Capital funds to total deposits liability ratio	43.60%	40.96%
Profitability		
Return on assets (%)	0.70%	1.12%
Return on equity (%)	3.23%	5.28%

**

Core Capital Ratio and Total risk weighted capital adequacy ratio minimum requirement was changed to 6.5 % and 10.5% respectively with effect from 1st of July 2019.

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 2019, except for the Sri Lanka Accounting Standard - SLFRS 16 on "Leasing" which is effective for the financial periods beginning on or after 01st January 2019.

The company prepared financial statements for the quarter ended 30th September 2019, in accordance with the requirements of SLFRS 9- Financial Instruments which has been adopted by the company as at 31st March 2019. As the company used the relief provided by CA Sri Lanka for interim periods in 2018/19, current period information is not comparable with comparative information for the quarter ended 30th September 2018, which was prepared in accordance with LKAS 39.

The impact of transition to SLFRS 9 on retained earnings is as follows.

	Retained Earnings Rs '000
Closing balance under LKAS 39 as at 31st March 2018	1,720,522
Remeasurement adjustment on adoption of SLFRS 9	
Impact of expected credit loss and other adjustments under SLFRS 9	(396,377)
Tax impact in relation to ECL	21,361
Total change in equity due to adoption of SLFRS 9	(375,016)
Opening Balance under SLFRS 9 as at 01st April 2018	1,345,507

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, company has paid a Rs.20 per share as dividends.

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 2019

	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

	30.09.2019	30.09.2018
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 30th September 2019 were as follows

	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	415,162	13.81%
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.Dominic & J.S.Dominic	151	0.01%
15) R Vaseeharan	10	0.00%
	3,006,000	100%

6.4) The percentage of the shares held by public on 30th September 2019 was 10.51% (2018 - 10.54%)

6.5) The number of public shareholders as at 30th September 2019 was 9 (2018-10)

The Company is not fully compliant with the minimum public holding requirement as of this date.
Float Adjusted Market Capitalisation as at 30th September 2019 was Rs. 821,419,560/-

6.6) Information on Ratios, Market Prices

	30.09.2019	30.09.2018
Dividend per Share (Rs.)	20	-
Net Assets per Share (Rs.)	2,941	2,889
Market Prices		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 2019

Mercantile Investments and Finance PLC Income Statement

	For the 9 months Ended		For the 3 months Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	5,628,672	5,656,294	1,875,921	1,897,681
Interest Expense	(2,867,409)	(2,880,196)	(920,978)	(972,399)
Net Interest Income	2,761,263	2,776,098	954,943	925,283
Fee and Commission Income	62,072	78,922	24,682	22,111
Net fee and commission income	62,072	78,922	24,682	22,111
Other operating Income	44,053	76,955	8,040	9,638
Total Operating Income	2,867,388	2,931,974	987,665	957,032
Impairment gain/(loss) for loan and receivable	(280,087)	(552,039)	(54,196)	(182,084)
Net operating income	2,587,301	2,379,936	933,469	774,948
Less: Operating Expenses				
Personnel Expenses	841,561	741,002	269,214	248,744
Depreciation of property and equipment	67,426	61,413	22,438	20,889
Amortization of intangible assets	14,681	11,615	4,746	3,766
Amortization of leasehold property	351	351	117	117
Define benefit plans	29,531	26,343	9,993	8,781
Other operating expenses	660,415	628,403	228,968	215,716
Operating Profit Before VAT,NBT & DRL on financial services	973,334	910,809	397,994	276,936
VAT & NBT on financial services	(283,985)	(224,272)	(100,150)	(71,185)
Debt Repayment Levy (DRL)	(138,258)	(34,578)	(49,692)	(34,578)
Operating Profit after VAT, NBT & DRL on financial services	551,091	651,959	248,152	171,173
Share of Associates company profit /(loss)	7,295	36,983	13,494	15,874
Profit Before Taxation	558,386	688,942	261,646	187,046
Income Tax Expenses	(257,478)	(310,621)	(103,680)	(66,896)
Profit After Taxation	300,908	378,321	157,966	120,149
Earnings per Share	100.10	125.86	52.55	39.97
Dividend per Share	20.00	-	-	-

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Other Comprehensive Income

	For the 9 months Ended		For the 3 months Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit for the period	300,908	378,321	157,966	120,149
Other comprehensive income				
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods				
Changes in fair value of financial instruments through OCI	180,578	(241,121)	95,115	3,881
Share of net gain/(loss) of associate company investments designated at FV through OCI	5,322	(1,762)	5,785	9,549
	185,900	(242,883)	100,900	13,429
Total Other Comprehensive Income for the period (net of tax)	185,900	(242,883)	100,900	13,429
Total comprehensive income for the period	486,808	135,438	258,866	133,579

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Unaudited	Audited
	31.12.2019	31.03.2019
	Rs.'000	Rs.'000
Assets		
Cash and cash equivalents	628,961	1,196,226
Placement with other banks at Amotised cost	275,784	241,376
Financial investments - at Fair Value through OCI	2,826,794	2,863,058
Loan and Advances at Amortised cost	17,043,306	15,913,287
Lease Receivable at Amortised cost	13,408,224	12,722,875
Hire Purchase Receivable at Amortised cost	1,905,801	3,308,315
Financial investments - at Fair Value through OCI(unquoted)	70,427	70,427
Other Financial Assets	460,177	499,594
Inventories	8,957	23,231
Other Assets	81,389	96,740
Current tax Receivable	12,231	-
Investment in Associates	1,272,117	1,267,430
Investments Properties	246,582	198,431
Property, Plant & Equipment	2,820,897	2,848,159
Leasehold Property	40,856	41,207
Intangible Assets	50,574	64,211
Total Assets	41,153,076	41,354,567
Liabilities		
Bank overdraft	33,226	186,276
Deposits due to customers at Amortised cost	21,030,097	21,176,433
Debt instruments issued and other borrowings at Amortised cost	9,042,674	8,957,478
Other Financial Liabilities	880,824	955,246
Current tax liabilities	-	290,338
Deferred tax liabilities	731,744	830,950
Other liabilities	74,982	46,870
Retirement benefit obligations	259,980	238,112
Total Liabilities	32,053,524	32,681,703
Equity		
Stated capital	36,000	36,000
Revaluation reserve	1,527,486	1,527,486
Associated company reserves	602,372	597,050
Statutory reserve fund	736,400	736,400
General reserve	4,086,430	4,086,430
Fair Value through OCI reserve	105,049	(75,529)
Retained earnings	2,005,814	1,765,028
Total Equity	9,099,551	8,672,864

Total Liabilities & Equity

41,153,076

41,354,567

Net Assets Per Share

3,027

2,885

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

Deva Anthony
Chief Financial Officer/Senior General Manager

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

Mahes Amarasekara
Deputy Managing Director
24-Jan-20

S.H.Jayasuriya
Finance Director

Mercantile Investments and Finance PLC
Statement of Changes in Equity

	Issued Capital	Revaluation Reserve	Associate Company Reserve	Statutory Reserves	General Reserves	Fair Value through OCI Reserve	Retained Earnings	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 April 2018	36,000	1,527,486	400,764	711,400	4,086,430	200,486	1,720,521	8,683,086
Total Comprehensive Income For period								
Profit for the period							378,321	378,321
Other comprehensive income			(1,762)			(241,121)		(242,883)
Total comprehensive income			(1,762)			(241,121)	378,321	135,438
As at 31st December 2018	36,000	1,527,486	399,002	711,400	4,086,430	(40,635)	2,098,842	8,818,525
As at 1 April 2019	36,000	1,527,486	597,049	736,400	4,086,430	(75,529)	1,765,028	8,672,864
Total Comprehensive Income For the Year								
Profit for the period							300,908	300,908
Other comprehensive income			5,322			180,578		185,900
Total comprehensive income			5,322			180,578	300,909	486,808
Dividends to Equity owners							(60,120)	(60,120)
As at 31st December 2019	36,000	1,527,486	602,372	736,400	4,086,430	105,049	2,005,814	9,099,551

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Cash Flow
For the 9 Months ended 31st December

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

Deposits held for regulatory or monetary control purposes
Funds advance to customers
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
Dividend received from associates
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 Borrowings Obtained/Paid during the year
Dividend Paid

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

(Note A)

Reconciliation of Profit before Tax with cash inflow from operating Activities

Profit Before tax

Adjustments for

Dividend from investing activities
Share of Associates company (profit)/Loss
(Profit) /Loss on Disposal of Fixed Assets
Depreciation
Amortization of Leased Hold Assets
Amortization of Intangible Assets
Impairment Provision
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
Bank Overdraft

	2019 Rs,000	2018 Rs,000
Interest & Commission Receipts	5,690,744	5,735,216
Interest Payments	(2,867,409)	(2,880,196)
Cash receipts from customers	21,341	34,093
Cash payments to employees & suppliers	(1,931,882)	(1,638,119)
Operating profit /loss before changes in operating assets and liabilities (Note A)	912,794	1,250,993
(Increase) / decrease in operating assets		
Deposits held for regulatory or monetary control purposes	202,602	(307,410)
Funds advance to customers	(692,941)	(1,020,961)
Other receivables	69,024	(123,676)
Increase / (Decrease) in operating liabilities		
Deposits from customers	(146,336)	53,845
Other payables	(80,189)	(129,773)
Income Tax Paid	(625,374)	(130,392)
Net Cash generated from operating activities	(360,421)	(407,375)
<u>Cash flow from Investment Activities</u>		
Dividend received	18,783	38,005
Dividend received from associates	7,588	-
Proceeds from sale of non - dealing securities	116,127	-
Purchase of non - dealing securities	(135,946)	(3,712)
Sale proceeds on Disposal of Property plant and equipment	12,522	12,774
Sale proceeds on Disposal of Investment Properties	42,880	-
Acquisition of Property plant and equipment	(49,656)	(110,790)
Acquisition of Investments Properties	(90,120)	(27,300)
Acquisition of Intangible Assets	(1,045)	(3,451)
Net Cash generated from investments activities	(78,869)	(94,473)
<u>Cash flow from finance Activities</u>		
Net Borrowings Obtained/Paid during the year	85,195	302,265
Dividend Paid	(60,120)	-
Net Cash generated from financing activities	25,075	302,265
Net Cash Flow generated from all activities	(414,215)	(199,583)
Cash & Cash equivalents at the beginning of the period	1,009,950	509,581
Cash & Cash equivalents at the end of the period	595,735	309,998
(Note A)		
Reconciliation of Profit before Tax with cash inflow from operating Activities		
Profit Before tax	558,386	688,942
Adjustments for		
Dividend from investing activities	(18,783)	(38,005)
Share of Associates company (profit)/Loss	(7,295)	(36,983)
(Profit) /Loss on Disposal of Fixed Assets	(3,929)	(4,857)
Depreciation	67,426	61,413
Amortization of Leased Hold Assets	351	351
Amortization of Intangible Assets	14,681	11,615
Impairment Provision	280,087	552,039
Retirement Benefits provision	29,531	26,343
Retirement Benefits paid	(7,663)	(9,864)
Cash flows from operating activities before changes in operating assets	912,794	1,250,993
(Note B)		
Cash & Cash equivalents at the end of period		
Cash in hand	241,448	317,876
Balances with banks	387,513	197,307
Bank Overdraft	(33,226)	(205,184)
	595,735	309,998

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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue												
Interest	2,323,892	2,048,385	459,962	828,628	2,700,058	2,632,252	144,759	147,029			5,628,672	5,656,294
Dividends							18,783	38,005			18,783	38,005
Others							(3,122)	(2,432)	90,466	120,304	87,343	117,872
Total Income from external operations	2,323,892	2,048,385	459,962	828,628	2,700,058	2,632,252	160,419	182,602	90,466	120,304	5,734,797	5,812,172
Profit before Tax & VAT											973,334	910,809
Share of Associates company profit/(loss)											7,295	36,983
Tax & Vat on Financial Services											(679,721)	(569,471)
Profit After Tax											300,908	378,321
Other Information												
Segment Assets	13,408,224	12,760,137	1,905,801	3,999,059	17,043,306	15,644,845	4,445,122	4,168,309	4,350,623	4,271,254	41,153,076	40,843,603
Segment Liabilities	10,443,468	10,005,101	1,484,400	3,135,624	13,274,780	12,266,973	3,462,240	3,268,331	3,388,636	3,349,049	32,053,524	32,025,078
Net Assets	2,964,756	2,755,036	421,401	863,435	3,768,526	3,377,872	982,882	899,978	961,987	922,205	9,099,551	8,818,524

Information on cash Flows

For the period ended 31st December

Cash flows from operating activities											(360,421)	(407,375)
Cash flows from investing activities											(29,213)	16,317
Cash flows from financing activities											25,075	302,265
Capital expenditure											(49,656)	(110,790)
Net cash flow											(414,215)	(199,583)

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 31.12.2019	As at 31.03.2019
	Unaudited	Audited
	Rs ' 000	Rs ' 000
Liquidity Rs.('000)		
Required minimum amount of liquid assets	2,112,119	2,121,522
Available amount of liquid assets	2,493,842	3,129,505
Required minimum amount of Government securities	1,565,708	1,485,822
Available amount of Government securities	1,627,865	1,691,903
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 6.5%) **	14.31%	14.98%
Total capital to risk weighted assets ratio (Minimum 10.5%)**	16.01%	16.69%
Capital funds to total deposits liability ratio	43.27%	40.96%
Profitability		
Return on assets (%)	0.97%	1.12%
Return on equity (%)	4.41%	5.28%

**

Core Capital Ratio and Total risk weighted capital adequacy ratio minimum requirement was changed to 6.5 % and 10.5% respectively with effect from 1st of July 2019.

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 2019, except for the Sri Lanka Accounting Standard - SLFRS 16 on " Leasing" which is effective for the financial periods beginning on or after 01st January 2019.

The company prepared financial statements for the quarter ended 31st December 2019, in accordance with the requirements of SLFRS 9- Financial Instruments which has been adopted by the company as at 31st March 2019. As the company used the relief provided by CA Sri Lanka for interim periods in 2018/19, current period information is not comparable with comparative information for the quarter ended 31st December 2018, which was prepared in accordance with LKAS 39.

The impact of transition to SLFRS 9 on retained earnings is as follows.

	Retained Earnings Rs '000
Closing balance under LKAS 39 as at 31st March 2018	1,720,522
Remeasurement adjustment on adoption of SLFRS 9	
Impact of expected credit loss and other adjustments under SLFRS 9	(396,377)
Tax impact in relation to ECL	21,361
Total change in equity due to adoption of SLFRS 9	(375,016)
Opening Balance under SLFRS 9 as at 01st April 2018	1,345,507

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, company has paid Rs.20 per share as dividends

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 2019

	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

	31.12.2019	31.12.2018
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 31st December 2019 were as follows

	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	415,162	13.81%
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.Dominic & J.S.Dominic	151	0.01%
15) R Vaseeharan	10	0.00%
	3,006,000	100%

6.4) The percentage of the shares held by public on 31st December 2019 was 10.51% (2018 - 10.54%)

6.5) The number of public shareholders as at 31st December 2019 was 8 (2018-10)

The Company is not fully compliant with the minimum public holding requirement as of this date.

Float Adjusted Market Capitalisation as at 31st December 2019 was Rs. 821,419,560/-

6.6) Information on Ratios ,Market Prices

	31.12.2019	31.12.2018
Dividend per Share (Rs.)	20.00	-
Net Assets per Share (Rs.)	3,027	2,934
Market Prices		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2020

Mercantile Investments and Finance PLC
Income Statement

	For the 12 months Ended		For the 3 months Ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	7,475,320	7,436,054	1,846,649	1,779,760
Interest Expense	(3,842,380)	(3,861,878)	(928,050)	(981,682)
Net Interest Income	3,632,941	3,574,176	918,599	798,078
Fee and Commission Income	82,943	94,955	20,871	16,034
Net fee and commission income	82,943	94,955	20,871	16,034
Other operating Income	51,906	107,488	7,853	30,533
Total Operating Income	3,767,790	3,776,619	947,323	844,645
Impairment gain/(loss) for loan and receivable	(484,009)	(681,648)	(203,922)	(129,609)
Net operating income	3,283,780	3,094,971	743,401	715,035
Less: Operating Expenses				
Personnel Expenses	941,892	881,900	229,691	217,800
Depreciation of property and equipment	124,741	83,295	57,315	21,883
Amortization of intangible assets	19,268	15,734	4,587	4,119
Amortization of leasehold property	468	465	117	114
Define benefit plans	47,967	41,452	18,436	15,109
Other operating expenses	1,013,253	962,136	270,398	256,830
Operating Profit Before VAT,NBT & DRL on financial services	1,136,190	1,109,988	162,856	199,179
VAT, NBT & DRL on financial services	(460,859)	(403,059)	(38,616)	(144,209)
Operating Profit after VAT , NBT & DRL on financial services	675,331	706,929	124,240	54,969
Share of Associates company profit /(loss)	16,459	79,724	22,658	42,741
Profit Before Taxation	691,791	786,653	146,898	97,712
Income Tax Expenses	(329,004)	(328,580)	(71,526)	(17,959)
Profit After Taxation	362,787	458,073	75,373	79,752
Earnings per Share	120.69	152.39	25.07	26.53
Dividend per Share	20.00			
Profit for the period	362,787	458,073	75,373	79,752
Other comprehensive income				
Other comprehensive income to be reclassified to Income Statement in subsequents periods				
Changes in fair value of financial assets measured through OCI	-	-	-	-
Other comprehensive income not to be reclassified to Income Statement in subsequents periods				
Changes in fair value of financial assets measured through OCI	(251,709)	(276,015)	(432,287)	(34,894)
Share of other comprehensive income of associate	(15,815)	196,285	(15,352)	198,046
Actuarial gain/(loss) on retirement benefit obligation	22,339	(24,304)	22,339	(24,304)
Deferred tax effect on actuarial gain	(13,104)	10,752	(13,104)	10,752
Net Other comprehensive income not to be reclassified to profit or loss in subsequents periods	(258,288)	(93,282)	(438,404)	149,600
Total Other comprehensive income for the period (net of tax)	(258,288)	(93,282)	(438,404)	149,600
Total comprehensive income for the period	104,498	364,791	(363,031)	229,352

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Unaudited	Audited
	31.03.2020	31.03.2019
	Rs.'000	Rs.'000
Assets		
Cash & Short Term Funds	1,813,985	1,196,226
Placement with other banks	282,359	241,376
Financial investments - at Fair Value through OCI (quoted)	2,682,898	2,863,058
Loan and Advances - at Amortized Cost	17,407,591	15,913,287
Lease Receivable - at Amortized Cost	13,746,155	12,722,875
Hire Purchase Receivable - at Amortized Cost	1,605,426	3,308,315
Financial investments - at Fair Value through OCI(unquoted)	70,427	70,427
Other Financial Assets	438,638	499,594
Inventories	9,540	23,231
Other Assets	45,984	96,740
Current tax Receivable	143,318	-
Investment in Associates	1,260,144	1,267,430
Investments Properties	246,166	198,431
Property, Plant & Equipment	2,804,580	2,848,159
Right-of-use assets	223,255	-
Leasehold Property	40,739	41,207
Intangible Assets	45,987	64,211
Total Assets	42,867,193	41,354,566
Liabilities		
Bank overdraft	86,567	186,276
Financial Liabilities at Amortized Cost -Deposits due to customers	22,814,923	21,176,433
Financial Liabilities at Amortized Cost -Debt instruments issued and other borrowings	9,128,983	8,957,478
Other Financial Liabilities	855,247	955,246
Current tax liabilities	-	290,338
Deferred tax liabilities	736,583	830,950
Other liabilities	54,859	46,870
Retirement benefit obligations	254,385	238,112
Lease Liability	269,986	-
Total Liabilities	34,201,533	32,681,702
Equity		
Stated capital	36,000	36,000
Revaluation reserve	2,108,720	2,124,535
Statutory reserve fund	736,400	736,400
General reserve	4,086,430	4,086,430
Fair Value through OCI reserve	(327,238)	(75,529)
Retained earnings	2,025,341	1,765,028
Total Equity	8,665,653	8,672,865
Total Liabilities & Equity	42,867,193	41,354,566
Net Assets Per Share	2,883	2,885

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

Deva. A . Anthony
Chief Financial Officer

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

Gerard. G . Ondaatjie
Managing Director
22-Jun-20

Shermal. H .Jayasuriya
Director -Finance

Mercantile Investments and Finance PLC
Statement of Changes in Equity

	Issued Capital	Revaluation Reserves		Statutory Reserves	General Reserves	AFS Reserve	Fair Value through OCI 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	Rs.'000
As at 1 April 2018	36,000	1,527,486	400,764	711,400	4,086,430	200,486		1,720,521	8,683,086
Transition Impact of SLFRS 9						(200,486)	200,486	-	-
								(375,015)	(375,015)
Total Comprehensive Income For the Year									
Profit for the period								458,073	458,073
Other comprehensive income			196,285			-	(276,015)	(13,552)	(93,282)
Total comprehensive income			196,285				(276,015)	444,522	364,792
Dividends to Equity owners									
Transfer to statutory reserve				25,000		-		(25,000)	-
As at 31st March 2019	36,000	1,527,486	597,050	736,400	4,086,430		(75,529)	1,765,028	8,672,865
Transfer									
Transition Impact of SLFRS 16								(51,590)	(51,590)
As at 1 April 2019	36,000	1,527,486	597,050	736,400	4,086,430		(75,529)	1,713,439	8,621,275
Total Comprehensive Income For the Year									
Profit for the period								362,787	362,787
Other comprehensive income			(15,815)				(251,709)	9,235	(258,288)
Total comprehensive income			(15,815)				(251,709)	372,023	104,498
Dividends to Equity owners								(60,120)	(60,120)
Transfer to statutory reserve								-	-
As at 31st March 2020	36,000	1,527,486	581,235	736,400	4,086,430		(327,238)	2,025,342	8,665,653

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Cashflow

For the year ended 31st March

Cash flow from operating activities

Interest and commission receipts

Interest payments

Cash receipts from customers

Cash payments to employees, suppliers and tax authority

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

(Increase) / decrease in operating assets

Deposits held for regulatory or monetary control purposes

Funds advanced to customers

Other receivables

Increase / (decrease) in operating liabilities

Other payables

Deposits from customers

Income taxes paid

Net cash from operating activities

Cash flows from investing activities

Dividends received

Dividends received from associates

Purchase of non-dealing securities

Proceeds from sale of Property, Plant and Equipment

Purchase of Property, Plant and Equipment and Investment Property

Acquisition of intangible assets

Net cash from investing activities

Cash flows from financing activities

Borrowings obtained during the year

Borrowings repaid during the year

Dividends paid

Net Cash from financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the period

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

Reconciliation of profit before tax with cash inflow from operating activities (Note A)

Profit before tax

Capital gain from sale of quoted shares and treasury bonds

Dividend from investing securities

Share of profit of associates

(Profit)/loss on sale of Property, Plant and Equipment

Depreciation of Property, Plant and Equipment and Investment Property

Depreciation of ROU assets

Amortization of leasehold property

Amortization of intangible assets

Provision for bad and doubtful debts

Retirement benefit provision

Retirement benefit paid

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

Cash in hand

Balance with bank

Bank Overdraft

	2020 Rs.000	2019 Rs.000
Cash flow from operating activities		
Interest and commission receipts	7,558,264	7,531,009
Interest payments	(3,842,380)	(3,861,878)
Cash receipts from customers	14,799	48,877
Cash payments to employees, suppliers and tax authority	(2,414,646)	(2,258,216)
Operating profit before changes in operating assets and liabilities (Note A)	1,316,037	1,459,792
(Increase) / decrease in operating assets		
Deposits held for regulatory or monetary control purposes	115,501	(390,582)
Funds advanced to customers	(1,802,259)	(1,049,858)
Other receivables	125,402	(2,375)
Increase / (decrease) in operating liabilities		
Other payables	1,638,491	187,663
Deposits from customers	(130,757)	1,103,423
	1,262,415	1,308,063
Income taxes paid	(758,405)	(210,757)
Net cash from operating activities	504,010	1,097,306
Cash flows from investing activities		
Dividends received	20,756	48,197
Dividends received from associates	7,588	15,085
Purchase of non-dealing securities	153,528	(3,712)
Proceeds from sale of Property, Plant and Equipment	50,846	29,879
Purchase of Property, Plant and Equipment and Investment Property	(129,600)	(284,943)
Acquisition of intangible assets	(1,045)	(30,965)
Net cash from investing activities	102,073	(226,457)
Cash flows from financing activities		
Borrowings obtained during the year	19,837,237	13,955,000
Borrowings repaid during the year	(19,665,732)	(14,325,479)
Dividends paid	(60,120)	-
Net Cash from financing activities	111,385	(370,479)
Net increase in cash and cash equivalents	717,468	500,369
Cash and cash equivalents at the beginning of the period	1,009,950	509,581
Cash and cash equivalents at the end of the period (Note B)	1,727,418	1,009,950
Reconciliation of profit before tax with cash inflow from operating activities (Note A)		
Profit before tax	691,791	786,653
Capital gain from sale of quoted shares and treasury bonds	(11)	-
Dividend from investing securities	(20,756)	(48,197)
Share of profit of associates	(16,459)	(79,724)
(Profit)/loss on sale of Property, Plant and Equipment	(5,627)	(10,414)
Depreciation of Property, Plant and Equipment and Investment Property	89,508	83,295
Depreciation of ROU assets	35,222	-
Amortization of leasehold property	468	465
Amortization of intangible assets	19,268	15,734
Provision for bad and doubtful debts	484,009	681,648
Retirement benefit provision	47,967	41,452
Retirement benefit paid	(9,355)	(11,121)
	1,316,037	1,459,792
Cash and cash equivalents at the end of the period (Note B)		
Cash in hand	201,761	715,399
Balance with bank	1,612,224	480,827
Bank Overdraft	(86,567)	(186,276)
	1,727,418	1,009,950

Mercantile Investments and Finance PLC
Segment Information
For the Year Ended 31 st March

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue												
Interest	3,146,245	2,751,109	557,348	1,036,448	3,583,325	3,456,566	188,403	191,932			7,475,321	7,436,054
Capital Gains											-	-
Dividends							20,756	48,197			20,756	48,197
Others									114,093	154,246	114,093	154,246
Total Income from external operations	3,146,245	2,751,109	557,348	1,036,448	3,583,325	3,456,566	209,159	240,129	114,093	154,246	7,610,170	7,638,498
Profit before Tax , VAT, NBT & DRL on Financial Services											1,136,190	1,109,988
Share of Associates company profit/(loss)											16,459	79,724
Tax , VAT, NBT & DRL on Financial Services											(789,863)	(731,639)
Profit After Tax											362,787	458,073
Other Information												
Segment Assets	13,746,155	12,722,875	1,605,426	3,308,315	17,407,591	15,913,287	3,035,684	3,174,860	7,072,336	6,235,228	42,867,193	41,354,566
Segment Liabilities	10,967,352	10,054,638	1,280,887	2,614,497	13,888,624	12,575,959	2,422,016	2,509,030	5,642,654	4,927,579	34,201,533	32,681,702
Net Assets	2,778,803	2,668,236	324,539	693,819	3,518,968	3,337,328	613,667	665,831	1,429,682	1,307,650	8,665,653	8,672,865

Information on cash Flows

For the period ended 31st March

Cash flows from operating activities											504,010	1,097,306
Cash flows from investing activities											231,673	58,485
Cash flows from financing activities											111,385	(370,479)
Capital expenditure											(129,600)	(284,943)
Net cash flow											717,468	500,369

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 31.03.2020	As at 31.03.2019
	Unaudited	Audited
	Rs ' 000	Rs ' 000
Liquidity Rs.(’000)		
Required minimum amount of liquid assets	1,378,630	2,121,521
Available amount of liquid assets	3,725,730	3,129,505
Required minimum amount of Government securities	1,043,805	1,485,822
Available amount of Government securities	1,697,557	1,691,903
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 6.5%)	13.32%	14.98%
Total capital to risk weighted assets ratio (Minimum 10.5%)	15.00%	16.69%
Capital funds to total deposits liability ratio (Minimum 10%)	37.98%	40.96%
Profitability		
Return on assets (%)	0.86%	1.12%
Return on equity (%)	4.18%	5.28%

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 2019 except the application of SLFRS 16 Leasing which was effective from 1st April 2019. The Company has adopted Sri Lanka Accounting Standard - SLFRS 16 (Leasing) with effect from 01st April 2019.
- 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, Rs 20 per share dividend was 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 as at 31st March 2020

1) Mr. S. M. S. S. Bandara (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. P. D. D. Perera	NIL	-

6.2) Stated Capital

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

	31.03.2020	31.03.2019
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 31st March 2020 were as follows

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	415,162	13.81
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. Dominic & J. S. Dominic	151	0.01
15) R. Vaseeharan	10	0.00
	<u>3,006,000</u>	<u>100</u>

6.4) The percentage of the shares held by public on 31st March 2020 was 10.51% (2019 - 10.54%)

6.5) The number of public shareholders as at 31st March 2020 was 8 (2019-10)

The Company is not fully compliant with the minimum public holding requirement as of this date.
Float Adjusted Market Capitalization as at 31st March 2020 was Rs. 821,419,560/-

6.6) Information on Ratios, Market Prices

	31.03.2020	31.03.2019
Dividend per Share (Rs.)	20.00	-
Net Assets per Share (Rs.)	2,883	2,885
Market Prices		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded