

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2022

Mercantile Investments and Finance PLC
Income Statement

	For the 12 months Ended		For the 3 months Ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	6,759,925	6,273,624	1,709,350	1,370,529
Interest Expense	(2,586,220)	(3,219,671)	(711,525)	(660,027)
Net Interest Income	4,173,706	3,053,953	997,825	710,502
Fee and Commission Income	67,496	74,378	23,117	20,551
Net fee and commission income	67,496	74,378	23,117	20,551
Other operating Income	300,285	148,630	65,953	87,231
Total Operating Income	4,541,486	3,276,960	1,086,896	818,284
Impairment gain/(loss) for loan and receivable and other financial assets	147,674	(42,134)	285,964	242,845
Net operating income	4,689,160	3,234,826	1,372,859	1,061,130
Less: Operating Expenses				
Personnel Expenses	1,314,271	935,045	343,670	216,408
Depreciation of property and equipment	127,617	116,696	36,066	26,734
Amortization of intangible assets	28,674	19,561	8,961	4,954
Amortization of leasehold property	468	468	117	117
Define benefit plans	32,267	53,778	1,802	24,801
Other operating expenses	1,225,866	956,702	457,208	346,617
Operating Profit Before VAT,NBT & DRL on financial services	1,959,996	1,152,577	525,035	441,498
VAT, NBT & DRL on financial services	(493,579)	(288,422)	(161,598)	(86,911)
Operating Profit after VAT , NBT & DRL on financial services	1,466,417	864,155	363,437	354,586
Share of Associates company Profit /(loss)	2,504	(36,654)	13,996	(5,736)
Profit Before Taxation	1,468,920	827,501	377,432	348,851
Income Tax Expenses	(457,370)	(213,358)	(135,709)	(39,679)
Profit After Taxation	1,011,550	614,143	241,723	309,172
Earnings per Share	336.51	204.31	80.41	102.85
Dividend per Share	115.00	-	-	-
Profit for the period	1,011,550	614,143	241,723	309,172
Other comprehensive income				
Other comprehensive income to be reclassified to Income Statement in subsequent periods				
Changes in fair value of financial assets measured through OCI	-	-	-	-
Other comprehensive income not to be reclassified to Income Statement in subsequent periods	-	-	-	-
Changes in fair value of financial assets measured through OCI	(363,628)	556,625	(640,872)	(23,175)
Net change in revaluation surplus on Land & Buildings	302,589	213,337	302,589	213,337
Deferred tax effect on revaluations surplus on Land & building	(78,837)	39,850	(78,837)	39,850
Share of other comprehensive income of associate	97,735	11,092	87,813	(5,101)
Actuarial gain/(loss) on retirement benefit obligation	66,517	(39,609)	66,517	(39,609)
Deferred tax effect on actuarial gain/(Loss)	(25,470)	15,806	(25,470)	15,806
Net Other comprehensive income not to be reclassified to profit or loss in subsequent periods	(1,094)	797,101	(288,259)	201,108
Total Other comprehensive income for the period (net of tax)	(1,094)	797,101	(288,259)	201,108
Total comprehensive income for the period	1,010,456	1,411,244	(46,536)	510,280

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Unaudited	Audited
	31.03.2022	31.03.2021
	Rs.'000	Rs.'000
Assets		
Cash and cash equivalents	681,130	1,916,905
Placement with banks at Amortized cost	997,771	77,139
Financial investments - At FVOCI (quoted)	4,161,039	4,138,128
Financial investments - At FVPL	2,924	51,248
Loans and receivables at Amortized Cost	16,125,123	14,867,319
Finance leases receivables at Amortized Cost	18,334,913	14,221,462
Hire purchase receivables at Amortized Cost	242,430	649,860
Financial investments - at FVOCI (unquoted)	70,427	70,427
Other financial assets	423,726	423,949
Inventories	36,000	8,700
Other assets	166,727	225,526
Current tax refunds	-	79,130
Investment in associates	1,334,821	1,234,582
Investment property	220,717	237,381
Property, plant and equipment	3,952,290	3,279,867
Right-of-use assets	181,499	180,357
Leasehold property	39,802	40,270
Intangible assets	28,235	47,299
Total Assets	46,999,575	41,749,549
Liabilities		
Bank overdraft	395,159	86,451
Deposits due to customers at Amortized Cost	26,349,272	23,060,274
Debt instruments issued and other borrowings at Amortized Cost	7,022,730	6,357,692
Other financial liabilities	658,957	552,252
Current tax liabilities	328,579	-
Deferred tax liabilities	639,064	742,672
Other liabilities	125,719	82,705
Retirement benefit obligations	272,003	322,501
Lease Liability	233,757	235,431
Total Liabilities	36,025,239	31,439,979
Equity		
Stated capital	36,000	36,000
Revaluation reserve	2,911,351	2,589,864
Statutory reserve fund	851,400	796,400
General reserves	4,086,430	4,086,430
Retained earnings	3,639,546	2,723,183
Fair Value through OCI reserve	(550,391)	77,693
Total Equity	10,974,336	10,309,570
Total Liabilities & Equity	46,999,575	41,749,549
Net Assets Per Share	3,651	3,430

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/Director (Non-Board)

The Board of Directors are 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
26-May-22

Shermal. H .Jayasuriya
Director -Finance

Mercantile Investments and Finance PLC
Statement of Changes in Equity

	Issued Capital Rs.'000	Revaluation Reserves		Statutory Reserves Rs.'000	General Reserves Rs.'000	Fair Value through OCI Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
		Land & Buildings Rs.'000	Associate Company Reserve Rs.'000					
As at 1 April 2020	36,000	1,744,351	581,234	761,400	4,086,430	(327,238)	2,016,150	8,898,327
Total Comprehensive Income For the Year								
Profit for the period							614,143	614,143
Other comprehensive income/(expense)		253,187	11,092			556,625	(23,804)	797,100
Total comprehensive income		253,187	11,092			556,625	590,339	1,411,244
Dividends to Equity owners						(151,694)	151,694	-
Transfer to retained profits				35,000			(35,000)	-
As at 31st March 2021	36,000	1,997,538	592,326	796,400	4,086,430	77,693	2,723,183	10,309,571
As at 1 April 2021	36,000	1,997,538	592,326	796,400	4,086,430	77,693	2,723,183	10,309,571
Total Comprehensive Income For the Year								
Profit for the period							1,011,550	1,011,550
Other comprehensive income		223,752	97,735			(363,628)	41,047	(1,094)
Total comprehensive income		223,752	97,735			(363,628)	1,052,597	1,010,456
Dividends to Equity owners							(345,690)	(345,690)
Transfer to retained profits						(264,456)	264,456	
Transfer to statutory reserve				55,000			(55,000)	
As at 31st March 2022	36,000	2,221,290	690,061	851,400	4,086,430	(550,390)	3,639,547	10,974,336

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

	2022 Rs.000	2021 Rs.000
Interest and commission receipts	6,827,421	6,348,002
Interest payments	(2,542,277)	(3,219,671)
Cash receipts from customers	566,747	114,508
Cash payments to employees, suppliers and tax authority	(3,291,293)	(2,247,364)
Operating profit before changes in operating assets and liabilities (Note A)	1,560,599	995,475

(Increase) / decrease in operating assets

Deposits held for regulatory purposes	(1,046,349)	147,002
Funds advanced to customers	(4,739,120)	2,142,178
Other receivables	31,722	(400,004)

Increase / (decrease) in operating liabilities

Other payables	(285,801)	(275,073)
Deposits from customers	3,288,997	245,351

Income taxes paid

	(1,189,950)	2,854,929
	(315,635)	(144,602)

Net cash from operating activities

	(1,505,585)	2,710,327
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Cash flows from investing activities

Dividends received	50,563	32,580
Net Purchase/Sale of equity securities	7,622	45,636
Proceeds from sale of Property, Plant and Equipment	93,589	5,630
Proceeds from sale of Investment Properties	18,500	7,200
Purchase of Property, Plant and Equipment and Investment Property	(518,909)	(107,823)
Acquisition of intangible assets	(9,610)	(20,873)
Net cash from investing activities	(358,245)	(37,650)

Cash flows from financing activities

Borrowings obtained during the year	4,310,000	6,315,000
Borrowings repaid during the year	(3,644,962)	(8,884,642)
Dividends paid	(345,690)	-
Net Cash from financing activities	319,348	(2,569,642)

Net increase in cash and cash equivalents

	(1,544,482)	103,035
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Cash and cash equivalents at the beginning of the period

	1,830,454	1,727,418
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Cash and cash equivalents at the end of the period (Note B)

	285,971	1,830,454
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Reconciliation of profit before tax with cash inflow from operating activities (Note A)

Profit before tax	1,468,920	827,501
Capital gain from sale of quoted shares	(156,952)	(36,332)
Unrealized gain from investments of FVPL	11,089	(8,735)
Dividend from investing securities	(50,563)	(32,580)
Share of (profit)/Loss of associate investments	(2,504)	36,654
(Profit)/loss on sale of Property, Plant and Equipment	(29,844)	1,600
Depreciation of Property, Plant and Equipment	75,975	81,337
Depreciation of Investment Property	1,665	1,665
Depreciation of ROU assets	49,977	33,694
Amortization of leasehold property	468	468
Amortization of intangible assets	28,674	19,561
Provision for bad and doubtful debts	147,674	42,134
Retirement benefit provision	32,267	53,778
Retirement benefit paid	(16,249)	(25,270)
	1,560,599	995,474

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

Cash in hand	207,967	173,337
Balance with banks	369,395	184,758
Money Market Investments	103,768	1,558,810
Bank Overdraft	(395,159)	(86,451)
	285,971	1,830,454

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

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue												
Interest	3,578,669	2,859,556	87,915	211,916	2,878,637	2,989,790	214,704	212,362	-	-	6,759,925	6,273,624
Gains/(losses) from FVPL Investments							145,863	45,067			145,863	45,067
Dividends from FVPL & FVOCI Investments							50,563	32,580			50,563	32,580
Others							-	-	154,422	103,563	154,422	103,563
Total Income from external operations	3,578,669	2,859,556	87,915	211,916	2,878,637	2,989,790	411,130	290,009	154,422	103,563	7,110,773	6,454,834
Profit before Tax, VAT, NBT & DRL on Financial Services											1,959,996	1,152,577
Share of Associates company profit/(loss)											2,504	(36,654)
Tax, VAT, NBT & DRL on Financial Services											(950,949)	(501,780)
Profit After Tax											1,011,550	614,144
Other Information												
Segment Assets	18,334,913	14,221,462	242,430	649,860	16,125,123	14,867,319	5,161,734	4,266,514	7,135,374	7,744,394	46,999,575	41,749,549
Segment Liabilities	14,053,736	10,709,636	185,823	489,385	12,359,929	11,196,006	3,956,476	3,212,948	5,469,274	5,832,005	36,025,239	31,439,979
Net Assets	4,281,177	3,511,826	56,607	160,475	3,765,194	3,671,313	1,205,258	1,053,566	1,666,100	1,912,389	10,974,336	10,309,570

Information on cash Flows

For the period ended 31st March

Cash flows from operating activities											(1,505,585)	2,710,327
Cash flows from investing activities											160,664	70,173
Cash flows from financing activities											319,348	(2,569,642)
Capital expenditure											(518,909)	(107,823)
Net cash flow											(1,544,482)	103,035

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 31.03.2022	As at 31.03.2021
	Unaudited	Audited
	Rs ' 000	Rs ' 000
Liquidity Rs.(‘000)		
Required minimum amount of liquid assets	2,647,918	1,390,067
Available amount of liquid assets	3,576,631	3,937,098
Required minimum amount of Government securities	1,670,896	1,055,003
Available amount of Government securities	1,890,882	1,765,165
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 7%)	15.45%	15.31%
Total capital to risk weighted assets ratio (Minimum 11%)	16.84%	17.07%
Capital funds to total deposits liability ratio (Minimum 10%)	36.23%	39.58%
Profitability		
Return on assets (%)	2.28%	1.45%
Return on equity (%)	9.51%	6.39%

Notes to the Financial Statements

1) These interim Financial Statements are presented in accordance with Sri Lanka Accounting Standard - LKAS 34 (Interim Financial Reporting) and provide the information as required in terms of Rule 7.4 of Stock exchange.

1.1) 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 2021

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 dividend of Rs.50/- per share.

5) During the interim period there were no material changes to the composition of Assets ,Liabilities and contingent liabilities.

6) Share Information

6.1) Directors' and Chief Executive officer's shareholdings as at 31st March 2022

1) Mr. P D D Perera (Acting Chairman)	NIL	-
2) Mr.G.G.Ondaatjie (Managing Director)	566,725	18.85%
3) Mrs.A.M.Ondaatjie	525,670	17.49%
4) Mr.T.J.Ondaatjie	484,614	16.12%
5) Mr. S H Jayasuriya	NIL	-
6) Mr. A .L.N.Dias	NIL	-
7) Mrs.E D.Wickramasuriya	NIL	-
8) Mr.M.K.S.Pieris	NIL	-

6.2) Stated Capital

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

	31.03.2022	31.03.2021
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 31st March 2022 were as follows

	Number of shares	%
1 Nilaveli Beach Hotels (pvt) Ltd	629,580	20.94
2) Mr.G.G.Ondaatjie	566,725	18.85
3) Mrs.A.M.Ondaatjie	525,670	17.49
4) Mr.T.J.Ondaatjie	484,614	16.12
5) Mercantile Fortune (pvt) Ltd	415,162	13.81
6) Tangerine Tours (pvt) Ltd	203,809	6.78
7) C.A.Ondaatjie	84,114	2.80
8) A.S.G.H.Jafferjee	41,055	1.37
9) P.R.Divitotawela/R.D.Madugalle	12,525	0.42
10) P.R.Divitotawela/ A.D.Galagoda	12,525	0.42
11) R.M.D.Abeygunewardena	10,020	0.33
12) J.A.S.S.Adhihetty	10,020	0.33
13) N.H.V.Perera	10,020	0.33
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 2022 was 6% (2021 - 10.84%)

6.5) The number of public shareholders as at 31st March 2022 was 9 (2021-9)

The Company is not fully compliant with the minimum public holding requirement as of this date.
Float Adjusted Market Capitalization as at 31st March 2022 was Rs.468,936,000/-

6.6) Information on Ratios ,Market Prices

	31.03.2022	31.03.2021
Dividend per Share (Rs.)	115.00	-
Net Assets per Share (Rs.)	3,651	3430
Market Prices		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded