



Mercantile Investments
and Finance PLC

Mercantile Investments and Finance PLC

236, Galle Road, Colombo 03

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INCOME STATEMENT

For the 6 Months Ended	30.09.2017 Rs. '000	30.09.2016 Rs. '000
Interest income	3,116,527	2,500,395
Interest expenses	(1,798,252)	(1,411,384)
Net Interest Income	1,318,275	1,089,011
Fee and commission income	43,746	35,746
Net Fee and Commission Income	43,746	35,746
Other operating income	156,941	175,986
Total Operating Income	1,518,962	1,300,743
Impairment gain/(loss) for loans and receivables	(236,554)	(111,245)
Net Operating Income	1,282,408	1,189,498
Less: Operating Expenses		
Personnel expenses	445,316	367,179
Depreciation of property and equipment	38,127	33,823
Amortisation of intangible assets	6,622	2,429
Amortisation of leasehold property	234	234
Defined benefit plans	15,374	13,426
Other operating expenses	376,162	356,691
Operating Profit Before Value Added Tax & NBT on Financial Services	400,573	415,716
Value Added Tax & NBT on financial services	(117,323)	(86,958)
Operating Profit After Value Added Tax and NBT on Financial Services	283,250	328,758
Share of associate company's profit/ (loss)	30,143	43,227
Profit Before Taxation	313,394	371,985
Income tax expenses	(97,692)	(98,894)
Profit After Taxation	215,702	273,091
Basic Earnings Per Share	71.76	90.85
Diluted Earnings Per Share	71.76	90.85

SELECTED PERFORMANCE INDICATORS

	Unaudited 30.09.2017 Rs. '000	Audited 31.03.2017 Rs. '000
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), Rs '000	5,753,830	5,753,830
Total Capital Base, Rs '000	6,168,028	4,778,415
Core capital adequacy ratio, as % of risk weighted assets (Minimum requirement, 5%)	16.30	17.17
Total capital adequacy ratio, as % of risk weighted assets (Minimum requirement, 10%)	17.47	14.26
Capital funds to total deposits liability ratio (Minimum requirement, 10%)	39.90	46.22
Asset Quality (Quality of Loan Portfolio)		
Gross Non-Performing accommodations, Rs. '000	2,315,443	2,047,046
Gross Non-Performing accommodations Ratio, %	7.36	6.92
Net Non-Performing Accommodations Ratio, %	3.35	3.50
Profitability (%)		
Interest Margin *	8.25	7.42
Return on assets (before Tax) *	1.13	0.87
Return on equity (after Tax) *	5.33	2.57
Regulatory Liquidity (Rs. '000)		
Required minimum amount of liquid assets	2,080,794	1,724,423
Available amount of liquid assets	2,999,193	1,861,433
Required minimum amount of Government securities	1,242,297	1,147,356
Available amount of Government securities	1,335,714	563,377
Memorandum Information		
Number of employees	934	876
Number of branches	29	29
Number of service centers	7	7
*Annualized		

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the 6 Months Ended	30.09.2017 Rs. '000	30.09.2016 Rs. '000
Profit for the period	215,702	273,091
Other Comprehensive Income		
Changes in fair value of available-for-sale financial assets	20,241	271,026
Share of other comprehensive income of associate	8,464	6,635
Total other comprehensive income	28,705	277,661
Total comprehensive income for the period	244,408	550,752

STATEMENT OF FINANCIAL POSITION

	Unaudited 30.09.2017 Rs. '000	Audited 31.03.2017 Rs. '000
Cash & Short Term Funds	1,070,289	1,244,554
Placement with other banks	206,866	53,501
Financial Investments-Available for Sale	3,585,199	3,823,125
Loan and Advances	13,128,401	11,366,577
Lease Receivable	11,199,650	11,093,954
Hire Purchase Receivable	5,942,859	6,184,745
Financial Investments-Available for Sale (unquoted)	70,427	70,427
Other Financial Assets	195,167	445,786
Inventories	8,855	7,882
Other Assets	94,007	81,732
Current tax Receivable	82,617	121,051
Investment in Associates	1,034,584	995,977
Investments Properties	173,628	158,340
Property, Plant & Equipment	1,781,932	1,790,296
Leasehold Property	41,906	42,140
Intangible Assets	57,238	12,577
Total Assets	38,673,625	37,492,664
Liabilities and Equity		
Bank overdraft	231,664	1,092,434
Deposits due to customers	20,275,133	17,017,674
Debt instruments issued and other borrowings	8,692,347	10,165,837
Other Financial Liabilities	775,764	776,819
Deferred tax liabilities	361,223	361,223
Other liabilities	63,846	39,640
Retirement benefit obligations	183,018	171,772
Total Liabilities	30,582,996	29,625,399
Equity		
Stated capital	36,000	36,000
Revaluation reserve	1,543,525	1,535,061
Statutory reserve fund	661,400	661,400
General reserve	4,086,430	4,086,430
Available for sale reserve	276,885	256,644
Retained earnings	1,486,390	1,291,730
Total Equity	8,090,630	7,867,265
Total Liabilities & Equity	38,673,625	37,492,664
Net Assets Per Share	2,691	2,617

Certification

We, the undersigned, being the Director and the Finance Director of Mercantile Investments and Finance PLC jointly certify that;

- the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;
- the information contained in these statements have been extracted from the unaudited financial statements of the licensed finance company unless indicated as audited.

sgd

T.J Ondaatjie
Director
14/11/2017

sgd

S.H. Jayasuriya
Finance Director
14/11/2017

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 2017

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

- There have been no material events occurring after the balance sheet date that require adjustments to or disclosure in the Financial Statements.
- All known expenses have been provided for in the financial statements.
- Company has paid Rs. 7.00 per share as dividend.
- During the interim period there were no material changes in the composition of assets, liabilities and contingent liabilities



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