

**MERCANTILE INVESTMENTS & FINANCE PLC**

**INTERIM FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30<sup>TH</sup> SEPTEMBER 2024**

**Mercantile Investments and Finance PLC**  
**Statement of Profit or Loss and Other Comprehensive Income**

	For the 6 months Ended			For the 3 months Ended		
	30.09.2024	30.09.2023	Change %	30.09.2024	30.09.2023	Change %
	Rs.'000	Rs.'000		Rs.'000	Rs.'000	
Interest Income	5,360,601	5,157,206	3.94%	2,781,332	2,595,244	7.17%
Interest Expense	(2,551,337)	(3,440,467)	-25.84%	(1,247,898)	(1,669,547)	-25.26%
<b>Net Interest Income</b>	<b>2,809,264</b>	<b>1,716,739</b>	<b>63.64%</b>	<b>1,533,434</b>	<b>925,697</b>	<b>65.65%</b>
Fee and Commission Income	40,360	31,714	27.26%	23,695	19,735	20.07%
<b>Net fee and commission income</b>	<b>40,360</b>	<b>31,714</b>	<b>27.26%</b>	<b>23,695</b>	<b>19,735</b>	<b>20.07%</b>
Other operating Income	104,322	79,138	31.82%	54,557	49,430	10.37%
<b>Total Operating Income</b>	<b>2,953,946</b>	<b>1,827,590</b>	<b>61.63%</b>	<b>1,611,686</b>	<b>994,861</b>	<b>62.00%</b>
Impairment gain/(loss) for loan and receivable	(33,761)	(55,075)	-38.70%	(1,786)	(19,385)	-90.78%
<b>Net operating income</b>	<b>2,920,185</b>	<b>1,772,515</b>	<b>64.75%</b>	<b>1,609,900</b>	<b>975,476</b>	<b>65.04%</b>
<b>Less: Operating Expenses</b>						
Personnel Expenses	(946,760)	(625,589)	51.34%	(487,222)	(324,882)	49.97%
Depreciation of PPE and Right-of-use-assets	(101,811)	(72,990)	39.49%	(54,131)	(36,883)	46.76%
Amortization of intangible assets	(12,469)	(4,493)	177.52%	(7,709)	(2,133)	261.47%
Amortization of leasehold property	(234)	(234)	0.00%	(117)	(117)	0.00%
Define benefit plans	(50,092)	(38,744)	29.29%	(24,844)	(21,133)	17.56%
Other operating expenses	(924,262)	(683,340)	35.26%	(485,069)	(358,007)	35.49%
<b>Operating Profit Before VAT,NBT &amp; DRL on financial services</b>	<b>884,558</b>	<b>347,124</b>	<b>154.82%</b>	<b>550,809</b>	<b>232,321</b>	<b>137.09%</b>
VAT on financial services	(290,490)	(160,003)	81.55%	(171,155)	(94,934)	80.29%
Social Security Contribution Levy	(39,787)	(19,915)	99.78%	(22,738)	(10,878)	109.02%
<b>Operating Profit after VAT on financial services</b>	<b>554,281</b>	<b>167,206</b>	<b>231.50%</b>	<b>356,916</b>	<b>126,509</b>	<b>182.13%</b>
Share of Associates company profit /(loss)	68,749	55,497	23.88%	37,544	35,234	6.56%
<b>Profit Before Taxation</b>	<b>623,030</b>	<b>222,703</b>	<b>179.76%</b>	<b>394,460</b>	<b>161,743</b>	<b>143.88%</b>
Income Tax Expenses	(248,427)	(82,128)	202.49%	(155,333)	(51,472)	201.78%
<b>Profit After Taxation</b>	<b>374,603</b>	<b>140,575</b>	<b>166.48%</b>	<b>239,127</b>	<b>110,271</b>	<b>116.85%</b>
<b>Earnings per Share</b>	<b>124.62</b>	<b>46.76</b>	<b>166.48%</b>	<b>79.55</b>	<b>36.68</b>	<b>116.84%</b>
<b>Dividend per Share</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/ (Loss) for the period</b>	<b>374,603</b>	<b>140,575</b>	<b>166.48%</b>	<b>239,127</b>	<b>110,271</b>	<b>116.85%</b>
<b>Other comprehensive income</b>						
<b>Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods</b>						
Changes in fair value of financial instruments through OCI	59,846	399,209	-85.01%	(89,129)	387,856	-122.98%
Share of other comprehensive income of associate (net of tax)	(4,746)	13,582	-134.94%	(9,939)	13,259	-174.96%
Net Other comprehensive income not to be reclassified to profit or loss in subsequent periods	55,100	412,791	-86.65%	(99,068)	401,115	-124.70%
<b>Total other comprehensive income for the period (net of tax)</b>	<b>55,100</b>	<b>412,791</b>	<b>-86.65%</b>	<b>(99,068)</b>	<b>401,115</b>	<b>-124.70%</b>
<b>Total comprehensive income for the period</b>	<b>429,704</b>	<b>553,366</b>	<b>-22.35%</b>	<b>140,060</b>	<b>511,386</b>	<b>-72.61%</b>

Note - Above figures are provisional and subject to audit

**Mercantile Investments and Finance PLC**  
**Statement of Financial Position**

As at	Unaudited	Audited
	30.09.2024	31.03.2024
	Rs.'000	Rs.'000
<b>Assets</b>		
Cash and cash equivalents	1,052,503	2,492,057
Placement with banks at Amortized cost	83,162	3,460
Financial investments - At FVOCI (quoted)	7,122,443	6,427,831
Financial investments - At FVPL	330,477	329,519
Loans and receivables at Amortized Cost	20,813,196	16,591,202
Finance leases receivables at Amortized Cost	22,190,752	20,302,868
Hire purchase receivables at Amortized Cost	94,582	101,631
Financial investments - at FVOCI (unquoted)	70,427	70,427
Other financial assets	252,229	289,256
Inventories	93,262	101,181
Other assets	231,273	179,493
Investment in associates	1,468,229	1,404,225
Investment property	259,223	260,055
Property, plant and equipment	4,407,595	4,391,241
Right-of-use assets	257,273	215,306
Leasehold property	38,632	38,866
Intangible assets	38,339	32,094
<b>Total Assets</b>	<b>58,803,598</b>	<b>53,230,713</b>
<b>Liabilities</b>		
Bank overdraft	231,695	317,122
Deposits due to customers at Amortised cost	38,866,046	36,104,935
Debt instruments issued and other borrowings at Amortised cost	4,894,539	2,441,542
Other Financial Liabilities	545,938	430,673
Current tax liabilities	55,673	236,812
Deferred tax liabilities	740,011	750,164
Other liabilities	119,203	114,915
Retirement benefit obligations	421,912	396,405
Lease Liability	333,808	273,077
<b>Total Liabilities</b>	<b>46,208,826</b>	<b>41,065,645</b>
<b>Equity</b>		
Stated capital	36,000	36,000
Revaluation reserve	2,279,152	2,279,152
Statutory reserve fund	887,400	887,400
General reserves	4,086,430	4,086,430
Associated company reserves	600,550	605,297
Regulatory Loss allowance reserve	1,002,329	1,067,522
Retained earnings	3,482,229	3,122,457
Fair Value through OCI reserve	220,682	80,812
<b>Total Equity</b>	<b>12,594,772</b>	<b>12,165,069</b>
<b>Total Liabilities &amp; Equity</b>	<b>58,803,598</b>	<b>53,230,713</b>
Net Assets Per Share	4,190	4,047

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 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  
11-Nov-2024

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	Regulatory Loss Allowance Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
		Land & Buildings Rs.'000	Associate Company Rs.'000						
<b>As at 1 April 2023</b>	36,000	2,052,204	591,400	857,400	4,086,430	(372,519)	1,043,234	2,721,856	11,016,006
<b>Total Comprehensive Income For the Year</b>									
Profit for the period								140,575	140,575
Other comprehensive income			13,582			399,209			412,791
<b>Total comprehensive income</b>			13,582			399,209		140,575	553,366
Transfer to retained profits						(5,242)		5,242	
Transfer to regulatory loss allowance reserve							208,789	(208,789)	
<b>As at 30th September 2023</b>	36,000	2,052,204	604,982	857,400	4,086,430	21,448	1,252,023	2,658,885	11,569,372
<b>As at 1 April 2024</b>	36,000	2,279,152	605,297	887,400	4,086,430	80,812	1,067,522	3,122,457	12,165,069
<b>Total Comprehensive Income For the Year</b>									
Profit for the period								374,603	374,603
Other comprehensive income			(4,746)			59,846			55,101
<b>Total comprehensive income</b>			(4,746)			59,846		374,603	429,704
Transfer to retained profits						80,023		(80,023)	-
Transfer (from) / to regulatory loss allowance reserve							(65,193)	65,193	-
<b>As at 30th September 2024</b>	36,000	2,279,152	600,550	887,400	4,086,430	220,682	1,002,329	3,482,229	12,594,772

**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 2024**

**Cash flows from Operating Activities**

**Profit Before Taxation**

	2024 Rs'000	2023 Rs'000
Profit Before Taxation	623,030	222,703
Dividend from investing activities	(57,647)	(20,300)
Unrealized gain from investments of FVPL	7,520	(10,676)
Share of associates company Profit	(68,749)	(55,497)
(Profit) /Loss on Disposal of Fixed Assets	(3,411)	(474)
Depreciation of PPE and right of use assets	101,811	72,990
Amortization of leasehold assets	234	234
Amortization of Intangible assets	12,469	4,493
Impairment provision	33,761	55,075
Retirement benefit provision	50,092	38,744
Retirement benefit paid	(24,584)	(61,217)

**Operating profit /(loss) before changes in operating assets and Liabilities**

**674,526**      **246,076**

**(Increase) / decrease in operating assets**

Investments held for regulatory purposes	99,644	(392,446)
Funds advanced to customers	(6,136,362)	(1,217,578)
Other receivables	(996,676)	(210,597)

**Increase / (Decrease) in operating liabilities**

Deposits from customers	2,761,111	1,572,845
Other payables	155,183	(40,225)

Income taxes paid

(414,622)      (70,922)

**Net Cash generated from operating activities**

**(3,857,196)**      **(112,847)**

**Cash flows from Investment Activities**

Dividends received	57,647	20,300
Proceeds from sale of equity securities	83,784	58,502
Proceeds from sale of property plant and equipment	32,136	2,018
Purchase of property plant and equipment	(104,782)	(53,548)
Acquisition of Investments Properties	-	(34,500)
Purchase of intangible assets	(18,714)	(577)

**Net Cash generated from investments activities**

**50,071**      **(7,805)**

**Cash flows from Finance Activities**

Borrowings obtained during the year	3,050,000	1,200,000
Borrowings repaid during the year	(597,002)	(1,676,934)

**Net Cash generated from financing activities**

**2,452,998**      **(476,934)**

**Net Cash Flow generated from all activities**

**(1,354,127)**      **(597,586)**

**Cash and cash equivalents at the beginning of the period**

**2,174,935**      **1,697,545**

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

**820,808**      **1,099,960**

**(Note A)**

**Cash and cash equivalents at the end of period**

Cash in hand	410,952	302,189
Balances with banks	641,552	903,550
Bank Overdraft	(231,695)	(105,779)
	<b>820,808</b>	<b>1,099,960</b>

**Operational Cashflow from Interest**

Interest Received	5,364,831	5,072,069
Interest Paid	(2,916,616)	(4,137,058)

**Note - Above figures are provisional and subject to audit**

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

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Revenue</b>												
Interest	2,910,810	2,592,133	(757)	1,275	2,132,603	1,891,939	317,944	671,859			5,360,601	5,157,206
Dividends							57,647	20,300			57,647	20,300
Others									87,035	90,552	87,035	90,552
<b>Total Income from external operations</b>	<b>2,910,810</b>	<b>2,592,133</b>	<b>(757)</b>	<b>1,275</b>	<b>2,132,603</b>	<b>1,891,939</b>	<b>375,591</b>	<b>692,159</b>	<b>87,035</b>	<b>25,582</b>	<b>5,505,283</b>	<b>5,268,058</b>
Profit before Tax, VAT, NBT & SSCL on Financial Services											884,558	347,124
Share of Associates company profit/(loss)											68,749	55,497
Tax, VAT, NBT & SSCL on Financial Services											(578,704)	(262,046)
Profit After Tax											374,603	140,575
<b>Other Information</b>												
Segment Assets	22,190,752	19,534,499	94,582	110,258	20,813,196	14,264,558	7,606,509	7,369,135	8,098,558	7,956,293	58,803,598	49,234,742
Segment Liabilities	17,437,855	14,944,207	74,324	84,350	16,355,349	10,912,617	5,977,319	5,637,507	6,363,979	6,086,693	46,208,826	37,665,372
<b>Net Assets</b>	<b>4,752,897</b>	<b>4,590,292</b>	<b>20,258</b>	<b>25,908</b>	<b>4,457,847</b>	<b>3,351,941</b>	<b>1,629,190</b>	<b>1,731,628</b>	<b>1,734,579</b>	<b>1,869,601</b>	<b>12,594,772</b>	<b>11,569,370</b>

**Information on cash Flows**

**For the period ended 30th September**

	2024	2023
Cash flows from operating activities	(3,857,196)	(112,847)
Cash flows from investing activities	154,854	45,743
Cash flows from financing activities	2,452,998	(476,934)
Capital expenditure	(104,782)	(53,548)
<b>Net cash flow</b>	<b>(1,354,127)</b>	<b>(597,585)</b>

**Mercantile Investments and Finance PLC**  
**Selected Performance Indicators**

Indicator	As at 30.09.2024	As at 31.03.2024
	Unaudited	Audited
	Rs ' 000	Rs ' 000
<b>Liquidity Rs.('000)</b>		
Required minimum amount of liquid assets	3,944,177	3,655,385
Available amount of liquid assets	5,863,589	7,170,967
Required minimum amount of Government securities	2,519,039	2,209,375
Available amount of Government securities	4,473,877	4,677,461
<b>Capital Adequacy</b>		
Core capital to risk weighted assets ratio (Minimum 8.5%)	14.92%	16.49%
Total capital to risk weighted assets ratio (Minimum 12.5%)	16.17%	17.88%
Capital funds to total deposits liability ratio (Minimum 10%)	24.74%	26.64%
<b>Profitability</b>		
Return on assets (%) *	1.34%	1.10%
Return on equity (%) *	6.05%	4.80%

\* Annualized

## 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 2024

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 not paid any dividend.

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 30<sup>th</sup> September 2024

Name of the Director	Number of shares	%
01) Mr. P D D Perera (Chairman)	NIL	-
02) Mr. G.G.Ondaatjie (Managing Director)	484,615	16.12%
03) Ms.A.M.Ondaatjie	484,615	16.12%
04) Mr.T.J.Ondaatjie	484,614	16.12%
05) Mr. S. H. Jayasuriya	NIL	-
06) Mr. A. L.N.Dias	NIL	-
07) Mrs.E. D. Wickramasuriya	NIL	-
08) Mr.M.K.S.Pieris	NIL	-
09) Mr. B.P. Morris	NIL	-
10) Dr. S. S. J. Patabendige	NIL	-
11) Mr. G. A. F. Marshall	NIL	-
10) Mr. E. W. V. A. Wijesinghe	NIL	-

### 6.2) Stated Capital

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

	30.09.2024	31.03.2024
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 30<sup>th</sup> September 2024 were as follows

	Number of shares	%
01) Nilaveli Beach Hotels (Pvt) Ltd	629,580	20.94
02) Mr.G.G.Ondaatjie	484,615	16.12
03) Mrs.A.M.Ondaatjie	484,615	16.12
04) Mr.T.J.Ondaatjie	484,614	16.12
05) Mercantile Fortunes (pvt) Ltd	415,162	13.81
06) Tangerine Tours (pvt) Ltd	203,809	6.78
07) C.A.Ondaatjie	166,224	5.53
08) A.S.G.H.Jafferjee	41,055	1.37
09) S.S Jafferjee	41,055	1.37
10) P.R. Divitotawela & A.D. Galagoda	12,525	0.42
11) P.R.Divitotawela & R. D. Madugalle	12,525	0.42
12) N.H.V.Perera	10,020	0.33
13) R.M.D.Abeygunewardena	10,020	0.33
14) J.A.S.S.Adhihetty	10,020	0.33
15) A.M.Dominic & J.S.Dominic	151	0.01
16) R.Vaseeharan & V Vaseeharan	10	0.00
	<u>3,006,000</u>	<u>100</u>

6.4) The percentage of the shares held by public on 30<sup>th</sup> September 2024 was 10.10% (2023 - 10.10%)

6.5) The number of public shareholders as at 30<sup>th</sup> September 2024 was 10 (2023-10)

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

Float Adjusted Market Capitalization as at 30<sup>th</sup> September 2024 was Rs.789,375,600/-

### 6.6) Information on Ratios ,Market Prices

	30.09.2024	31.03.2024
Dividend per Share (Rs.)	-	20.00
Net Assets per Share (Rs.)	4,190	4,047
Market Prices		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded