

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 2024

Mercantile Investments and Finance PLC
Income Statement

	For the 12 months Ended			For the 3 months Ended		
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	Change %	31.03.2024 Rs.'000	31.03.2023 Rs.'000	Change %
Interest Income	10,628,251	8,749,868	21.5%	2,807,876	2,452,661	14.5%
Interest Expense	(6,441,603)	(6,134,824)	5.0%	(1,507,724)	(1,831,759)	-17.7%
Net Interest Income	4,186,648	2,615,044	60.1%	1,300,152	620,902	109.4%
Fee and Commission Income	75,732	75,568	0.2%	22,535	24,378	-7.6%
Net fee and commission income	75,732	75,568	0.2%	22,535	24,378	-7.6%
Other operating Income	244,975	210,288	16.5%	135,722	96,515	40.6%
Total Operating Income	4,507,355	2,900,900	55.4%	1,458,409	741,795	96.6%
Impairment gain/(loss) for loan and receivable	(7,911)	276,201	-102.9%	143,418	183,489	-21.8%
Net operating income	4,499,443	3,177,101	41.6%	1,601,827	925,285	73.1%
Less: Operating Expenses						
Personnel Expenses	1,507,352	1,233,717	22.2%	472,779	329,819	43.3%
Depreciation of PPE and Right-of-use-assets	151,534	140,527	7.8%	40,051	34,016	17.7%
Amortization of intangible assets	10,488	20,835	-49.7%	3,959	6,212	-36.3%
Amortization of leasehold property	468	468	0.0%	117	117	0.0%
Define benefit plans	85,397	69,144	23.5%	25,519	38,682	-34.0%
Other operating expenses	1,516,724	1,267,105	19.7%	450,433	332,570	35.4%
Operating Profit before VAT& SSCL on financial services	1,227,480	445,304	175.7%	608,968	183,868	231.2%
VAT on financial services	(491,302)	(309,431)	58.8%	(209,753)	(120,616)	73.9%
Social Security Contribution Levy	(68,236)	(22,417)	204.4%	(31,440)	(11,027)	185.1%
Operating Profit after VAT& SSCL on financial services	667,943	113,456	488.7%	367,776	52,226	604.2%
Share of Associates company profit /(loss) net of tax	151,837	19,365	684.1%	64,008	13,576	371.5%
Profit Before Taxation	819,780	132,821	517.2%	431,785	65,802	556.2%
Income Tax Expenses	(263,966)	(26,767)	886.2%	(109,879)	7,467	-1571.4%
Profit After Taxation	555,814	106,053	424.1%	321,906	73,269	339.3%
Earnings per Share	184.90	35.28	424.1%	107.09	24.37	339.3%
Dividend per Share	20.00	-		20.00	-	
Profit/ (Loss) for the period	555,814	106,053	424.1%	321,906	73,269	339.3%
Other comprehensive income						
Other Comprehensive Income/(expenses) not to be reclassified to profit or loss in subsequent periods						
Changes in fair value of financial instruments through OCI	458,573	196,646	133.2%	230,900	198,603	16.3%
Share of other comprehensive income of associate (net of tax)	13,897	(98,662)	-114.1%	1,917	6,624	-71.1%
Net change in revaluation surplus on Land & Buildings	324,211	-		324,211	-	
Deferred tax effect on revaluations surplus on Land & building	(97,263)	(169,086)	-42.5%	(97,263)	(169,086)	-42.5%
Actuarial gain/(loss) on retirement benefit obligation	(60,120)	(13,210)	355.1%	(60,120)	(13,210)	355.1%
Deferred tax effect on actuarial gain	14,073	19,927	-29.4%	14,073	19,927	-29.4%
Net Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods	653,371	(64,384)	-1114.8%	413,718	42,859	865.3%
Total Other Comprehensive Income for the period (net of tax)	653,371	(64,384)	-1114.8%	413,718	42,859	865.3%
Total comprehensive income for the period	1,209,184	41,669	2801.9%	735,624	116,128	533.5%

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Unaudited	Audited
	31.03.2024	31.03.2023
	Rs.'000	Rs.'000
Assets		
Cash and cash equivalents	2,492,057	1,791,064
Placement with banks at Amortized cost	3,460	1,422
Financial investments - At FVOCI (quoted)	6,427,831	6,303,228
Financial investments - At FVPL	329,519	3,250
Loans and receivables at Amortized Cost	16,591,202	13,593,368
Finance leases receivables at Amortized Cost	20,302,869	19,026,269
Hire purchase receivables at Amortized Cost	101,632	127,176
Financial investments - at FVOCI (unquoted)	70,427	70,427
Other financial assets	289,256	442,950
Inventories	101,181	314,853
Other assets	179,493	230,244
Current tax refunds	-	117,327
Investment in associates	1,404,225	1,255,524
Investment property	260,055	227,219
Property, plant and equipment	4,391,241	3,930,649
Right-of-use assets	215,306	139,667
Leasehold property	38,866	39,334
Intangible assets	32,094	9,335
Total Assets	53,230,713	47,623,304
Liabilities		
Bank overdraft	317,122	93,518
Deposits due to customers at Amortised cost	36,104,935	31,223,715
Debt instruments issued and other borrowings at Amortised cost	2,441,542	3,487,442
Other Financial Liabilities	430,753	378,645
Current tax liabilities	236,812	-
Deferred tax liabilities	750,164	795,864
Other liabilities	114,835	112,023
Retirement benefit obligations	396,405	337,518
Lease Liability	273,077	178,573
Total Liabilities	41,065,645	36,607,298
Equity		
Stated capital	36,000	36,000
Revaluation reserve	2,279,152	2,052,204
Statutory reserve fund	887,400	857,400
General reserves	4,086,430	4,086,430
Associated company reserves	605,297	591,400
Retained earnings	3,122,457	2,721,856
Regulatory Loss allowance reserve	1,067,522	1,043,234
Fair Value through OCI reserve	80,812	(372,519)
Total Equity	12,165,069	11,016,006
Total Liabilities & Equity	53,230,713	47,623,304
Net Assets Per Share	4,047	3,665

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

G.G.Ondaatjie
Managing Director
29-May-2024

S.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						
As at 1 April 2022	36,000	2,221,290	690,062	851,400	4,086,430	(550,391)	-	3,639,546	10,974,336
Total Comprehensive Income For the Year									
Profit for the period								106,053	106,053
Other comprehensive income		(169,086)	(98,662)			196,647		6,717	(64,384)
Total comprehensive income		(169,086)	(98,662)			196,647		112,771	41,670
Transfer to retained profits						(18,774)		18,774	-
Transfer to regulatory loss allowance reserve							1,043,234	(1,043,234)	-
Transfer to Statutory Reserve				6,000				(6,000)	-
As at 31st March 2023	36,000	2,052,204	591,399	857,400	4,086,430	(372,518)	1,043,234	2,721,856	11,016,006
As at 1 April 2023	36,000	2,052,204	591,400	857,400	4,086,430	(372,519)	1,043,234	2,721,856	11,016,006
Total Comprehensive Income For the Year									
Profit for the period								555,814	555,814
Other comprehensive income		226,947	13,897			458,573		(46,047)	653,371
Total comprehensive income		226,947	13,897			458,573		509,767	1,209,184
Dividends to Equity owners								(60,120)	(60,120)
Transfer to retained profits						(5,242)		5,242	-
Transfer to regulatory loss allowance reserve							24,288	(24,288)	-
Transfer to statutory reserve				30,000				(30,000)	-
As at 31st March 2024	36,000	2,279,152	605,297	887,400	4,086,430	80,812	1,067,522	3,122,457	12,165,069

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC

STATEMENT OF CASH FLOW

Year ended 31 March 2024

	2024 Rs.000	2023 Rs.000
Cash flow from operating activities		
Profit before tax	819,780	132,820
Unrealized (gain)/loss from investments of FVPL	(27,549)	(326)
Dividend from investing securities	(35,705)	(41,174)
Share of (profit)/Loss of associate investments	(151,837)	(19,365)
(Profit)/loss on sale of Property, Plant and Equipment	(423)	(7,835)
Depreciation of Property, Plant and Equipment	91,175	84,963
Depreciation of Investment Property	1,665	1,665
Depreciation of ROU assets	58,694	53,899
Amortization of leasehold property	468	468
Amortization of intangible assets	10,488	20,835
Provision/(Reversal) for bad and doubtful debts	7,911	(276,201)
Retirement benefit provision	85,397	69,144
Retirement benefit paid	(86,631)	(16,839)
Operating profit before changes in operating assets and liabilities (Note A)	773,433	2,056
(Increase) / decrease in operating assets		
Deposits held for regulatory purposes	(505,522)	(1,227,040)
Funds advanced to customers	(4,178,144)	2,231,859
Other receivables	707,817	(220,367)
Increase / (decrease) in operating liabilities		
Other payables	195,119	(351,411)
Deposits from customers	4,881,221	4,874,443
	1,873,924	5,309,539
Income taxes paid	(119,314)	(462,815)
Net cash from operating activities	1,754,610	4,846,724
Cash flows from investing activities		
Dividends received	35,705	41,174
Dividends received from associates	17,031	-
Purchase of Equity securities	(4,640)	(3,517)
Proceeds from sale of equity securities	58,502	128,069
Purchase of Property, Plant and Equipment	(229,313)	(130,988)
Proceeds from sale of Property, Plant and Equipment	2,179	75,000
Acquisition of investment properties	(34,500)	(10,168)
Proceeds from sale of Investment Properties	-	2,500
Acquisition of intangible assets	(33,247)	(1,935)
Net cash from investing activities	(188,282)	100,136
Cash flows from financing activities		
Borrowings obtained during the year	2,400,000	1,540,000
Borrowings repaid during the year	(3,445,901)	(5,075,287)
Dividends paid	(43,038)	-
Net Cash from financing activities	(1,088,939)	(3,535,287)
Net increase in cash and cash equivalents	477,389	1,411,573
Cash and cash equivalents at the beginning of the period	1,697,545	285,971
Cash and cash equivalents at the end of the period (Note A)	2,174,936	1,697,545
Note A		
Cash and cash equivalents at the end of the period		
Cash in hand	386,458	220,014
Balances with bank	2,001,831	343,416
Money market balances	103,768	1,227,634
Bank Overdrafts	(317,122)	(93,518)
	2,174,936	1,697,545
Operational Cash flow from Interest		
Interest Received	10,789,748	8,636,691
Interest payments	(6,797,201)	(5,034,970)

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Segments Information
For the period ended 31st March

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue												
Interest	5,432,365	4,265,204	2,481	14,377	4,032,859	3,243,151	1,160,547	1,227,136			10,628,251	8,749,868
Capital Gains							142				142	-
Unrealized Gains/(losses) from FVPL investments							27,407	326			27,407	326
Dividends from FVPL and FVOCI Investments							35,705	41,174			35,705	41,174
Others									257,452	244,355	257,452	244,355
Total Income from external operations	5,432,365	4,265,204	2,481	14,377	4,032,859	3,243,151	1,223,801	1,268,636	257,452	244,355	10,948,958	9,035,723
Profit before Taxes on Financial Services											1,227,480	445,304
Share of Associates company profit/(loss)											151,837	19,365
Tax , VAT & SSCL on Financial Services											(823,504)	(358,616)
Profit After Tax											555,814	106,053
Other Information												
Segment Assets	20,302,869	19,026,269	101,632	127,176	16,591,202	13,593,368	6,831,237	7,633,850	9,403,775	7,242,642	53,230,713	47,623,304
Segment Liabilities	15,662,958	14,625,199	78,406	97,758	12,799,536	10,449,012	5,270,062	5,868,023	7,254,686	5,567,307	41,065,645	36,607,298
Net Assets	4,639,911	4,401,070	23,227	29,418	3,791,666	3,144,356	1,561,175	1,765,828	2,149,089	1,675,335	12,165,069	11,016,006

Information on cash Flows

For the period ended 31st March

	2024	2023
Cash flows from operating activities	1,754,610	4,846,724
Cash flows from investing activities	41,031	231,124
Cash flows from financing activities	(1,088,939)	(3,535,287)
Capital expenditure	(229,313)	(130,988)
Net cash flow	477,389	1,411,573

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 31.03.2024	As at 31.03.2023
	Unaudited	Audited
	Rs ' 000	Rs ' 000
Liquidity Rs.(‘000)		
Required minimum amount of liquid assets	3,655,435	3,166,043
Available amount of liquid assets	7,149,804	5,941,046
Required minimum amount of Government securities	2,209,375	1,853,150
Available amount of Government securities	4,677,461	4,135,547
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 8.5%)	16.49%	16.45%
Total capital to risk weighted assets ratio (Minimum 12.5%)	17.88%	18.02%
Capital funds to total deposits liability ratio (Minimum 10%)	26.44%	28.23%
Profitability		
Return on assets (%)	1.10%	0.22%
Return on equity (%)	4.80%	0.96%

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 2023

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. 20/- 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 2024

Name of the Director	Number of shares	%
1) Mr. P D D Perera	NIL	-
2) Mr.G.G.Ondaatjie (Managing Director)	484,615	16.12%
3) Ms.A.M.Ondaatjie	484,615	16.12%
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

	31.03.2024	31.03.2023
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 31st March 2024 were as follows

	Number of shares	%
1) Nilaveli Beach Hotels (Pvt) Ltd	629,580	20.94%
2) G G Ondaatjie	484,615	16.12%
3) A M Ondaatjie	484,615	16.12%
4) T J Ondaatjie	484,614	16.12%
5) Mercantile Fortunes (Pvt) Ltd	415,162	13.81%
6) Tangerine Tours (Pvt) Ltd	203,809	6.78%
7) C A Ondaatjie	166,224	5.53%
8) A S G H Jafferjee	41,055	1.37%
9) 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 Abeygunawardena	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	10	0.00%
	<u>3,006,000</u>	<u>100%</u>

6.4) The percentage of the shares held by public on 31st March 2024 was 10.10% (2023 - 10.10%)

6.5) The number of public shareholders as at 31st March 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 31st March 2024 was Rs.789,375,600/-

6.6) Information on Ratios ,Market Prices

	31.03.2024	31.03.2023
Dividend per Share (Rs.)	20.00	-
Net Assets per Share (Rs.)	4,047	3,665
Market Prices		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded