

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 2024

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

	For the 9 months Ended			For the 3 months Ended		
	31.12.2024	31.12.2023	Change %	31.12.2024	31.12.2023	Change %
	Rs.'000	Rs.'000		Rs.'000	Rs.'000	
Interest Income	8,217,854	7,820,375	5.08%	2,857,253	2,663,169	7.29%
Interest Expense	(3,853,024)	(4,933,879)	-21.91%	(1,301,687)	(1,493,412)	-12.84%
Net Interest Income	4,364,830	2,886,495	51.22%	1,555,566	1,169,756	32.98%
Fee and Commission Income	65,223	53,197	22.61%	24,864	21,483	15.73%
Net fee and commission income	65,223	53,197	22.61%	24,864	21,483	15.73%
Other operating Income	159,481	109,253	45.97%	55,159	30,115	83.16%
Total Operating Income	4,589,534	3,048,945	50.53%	1,635,588	1,221,355	33.92%
Impairment gain/(loss) for loan and receivable	(79,411)	(151,329)	-47.52%	(45,649)	(96,254)	-52.57%
Net operating income	4,510,124	2,897,616	55.65%	1,589,939	1,125,101	41.32%
Less: Operating Expenses						
Personnel Expenses	(1,460,888)	(1,034,573)	41.21%	(514,129)	(408,984)	25.71%
Depreciation of PPE and Right-of-use-assets	(160,791)	(111,483)	44.23%	(58,980)	(38,493)	53.22%
Amortization of intangible assets	(20,538)	(6,528)	214.61%	(8,070)	(2,035)	296.45%
Amortization of leasehold property	(351)	(351)	-0.04%	(117)	(117)	-0.11%
Define benefit plans	(74,733)	(59,877)	24.81%	(24,641)	(21,133)	16.60%
Other operating expenses	(1,417,520)	(1,066,291)	32.94%	(493,258)	(382,951)	28.80%
Operating Profit Before VAT,NBT & DRL on financial services	1,375,303	618,512	122.36%	490,745	271,388	80.83%
VAT on financial services	(444,351)	(281,549)	57.82%	(153,862)	(121,546)	26.59%
Social Security Contribution Levy	(60,815)	(36,797)	65.27%	(21,027)	(16,881)	24.56%
Operating Profit after VAT on financial services	870,137	300,167	189.88%	315,856	132,961	137.56%
Share of Associates company profit /(loss)	106,014	87,829	20.71%	37,265	32,332	15.26%
Profit Before Taxation	976,151	387,995	151.59%	353,121	165,292	113.63%
Income Tax Expenses	(378,391)	(154,088)	145.57%	(129,965)	(71,960)	80.61%
Profit After Taxation	597,760	233,908	155.55%	223,156	93,332	139.10%
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	775,817	227,673	240.76%	715,971	(171,537)	-517.39%
Share of other comprehensive income of associate (net of tax)	19,991	11,980	66.87%	24,737	(1,602)	-1644.15%
Net Other comprehensive income not to be reclassified to profit or loss in subsequent periods	795,808	239,653	232.07%	740,708	(173,139)	-527.81%
Total other comprehensive income for the period (net of tax)	795,808	239,653	232.07%	740,708	(173,139)	-527.81%
Total comprehensive income for the period	1,393,568	473,560	194.27%	963,864	(79,806)	-1307.76%
Earnings per Share	198.86	77.81	155.55%	74.24	31.05	139.10%
Dividend per Share	-	-	-	-	-	-

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC

Statement of Financial Position

As at	Unaudited	Audited
	31.12.2024	31.03.2024
	Rs.'000	Rs.'000
Assets		
Cash and cash equivalents	3,028,846	2,492,057
Placement with banks at Amortized cost	37,488	3,460
Financial investments - At FVOCI (quoted)	6,873,846	6,427,831
Financial investments - At FVPL	340,765	329,519
Loans and receivables at Amortized Cost	23,998,193	16,591,202
Finance leases receivables at Amortized Cost	23,608,577	20,302,868
Hire purchase receivables at Amortized Cost	93,612	101,631
Financial investments - at FVOCI (unquoted)	70,427	70,427
Other financial assets	260,626	289,256
Inventories	95,882	101,181
Other assets	233,726	179,493
Investment in associates	1,530,232	1,404,225
Investment property	258,806	260,055
Property, plant and equipment	4,457,544	4,391,241
Right-of-use assets	236,675	215,306
Leasehold property	38,515	38,866
Intangible assets	50,183	32,094
Total Assets	65,213,944	53,230,713
Liabilities		
Bank overdraft	356,360	317,122
Deposits due to customers at Amortised cost	41,104,860	36,104,935
Debt instruments issued and other borrowings at Amortised cost	8,016,972	2,441,542
Other Financial Liabilities	461,543	430,673
Current tax liabilities	82,388	236,812
Deferred tax liabilities	730,433	750,164
Other liabilities	162,450	114,915
Retirement benefit obligations	432,320	396,405
Lease Liability	307,982	273,077
Total Liabilities	51,655,308	41,065,645
Equity		
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	625,288	605,297
Regulatory Loss allowance reserve	876,196	1,067,522
Retained earnings	3,896,336	3,122,457
Fair Value through OCI reserve	871,834	80,812
Total Equity	13,558,636	12,165,069
Total Liabilities & Equity	65,213,944	53,230,713
Net Assets Per Share	4,511	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

Shermal H. Jayasuriya
Director - Finance
11-Feb-2025

Travice Ondaatjie
Director

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 1st 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								233,908	233,908
Other comprehensive income			11,980			227,673			239,653
Total comprehensive income			11,980			227,673		233,908	473,560
Transfer to retained profits						(5,242)		5,242	
Transfer to regulatory loss allowance reserve							233,816	(233,816)	
As at 31st December 2023	36,000	2,052,204	603,380	857,400	4,086,430	(150,088)	1,277,051	2,727,189	11,489,566
As at 1st April 2024	36,000	2,279,152	605,297	887,400	4,086,430	80,812	1,067,522	3,122,457	12,165,069
Total Comprehensive Income For the Year									
Profit for the period								597,760	597,760
Other comprehensive income			19,991			775,817			795,809
Total comprehensive income			19,991			775,817		597,760	1,393,569
Transfer to retained profits						15,205		(15,205)	-
Transfer (from) / to regulatory loss allowance reserve							(191,326)	191,326	-
As at 31st December 2024	36,000	2,279,152	625,288	887,400	4,086,430	871,834	876,196	3,896,336	13,558,636

Note - Above figures are provisional and subject to audit

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

Cash flows from Operating Activities

Profit Before tax

Dividend from investing activities
 Unrealized gain from investments of FVPL
 Share of associates company Profit
 (Profit) /Loss on Disposal of Fixed Assets
 Depreciation of PPE and right of use assets
 Amortization of leasehold assets
 Amortization of Intangible assets
 Impairment provision
 Retirement benefit provision
 Retirement benefit paid

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

(Increase) / decrease in operating assets

Deposits held for regulatory purposes
 Funds advanced to customers
 Other receivables

Increase / (Decrease) in operating liabilities

Deposits from customers
 Other payables

Income taxes paid

Net Cash generated from operating activities

Cash flows from Investment Activities

Dividends received
 Proceeds from sale of equity securities
 Purchase of equity securities
 Proceeds from sale of property plant and equipment
 Purchase of property plant and equipment
 Acquisition of Investments Properties
 Purchase of intangible assets

Net Cash generated from investments activities

Cash flows from Finance Activities

Borrowings obtained during the year
 Borrowings repaid during the year

Net Cash generated from financing activities

Net Cash Flow generated from all activities

Cash and cash equivalents at the beginning of the period

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

(Note A)

Cash and cash equivalents at the end of period

Cash in hand
 Balances with banks
 Bank Overdraft

Operational Cashflow from Interest

Interest Received
 Interest Paid

	2024	2023
	Rs'000	Rs'000
Profit Before tax	976,151	387,995
Dividend from investing activities	(74,480)	(21,659)
Unrealized gain from investments of FVPL	(7,315)	(11,812)
Share of associates company Profit	(106,014)	(87,829)
(Profit) /Loss on Disposal of Fixed Assets	(3,403)	(531)
Depreciation of PPE and right of use assets	160,791	111,483
Amortization of leasehold assets	351	351
Amortization of Intangible assets	20,538	6,528
Impairment provision	79,411	151,329
Retirement benefit provision	74,733	59,877
Retirement benefit paid	(38,817)	(71,072)
Operating profit / (loss) before changes in operating assets and liabilities (Note A)	1,081,946	524,662
(Increase) / decrease in operating assets		
Deposits held for regulatory purposes	358,697	(323,941)
Funds advanced to customers	(10,783,863)	(2,369,337)
Other receivables	(654,895)	(1,166,500)
Increase / (Decrease) in operating liabilities		
Deposits from customers	4,999,925	2,812,646
Other payables	76,655	35,624
	(4,921,535)	(486,845)
Income taxes paid	(515,895)	(95,118)
Net Cash generated from operating activities	(5,437,430)	(581,963)
<u>Cash flows from Investment Activities</u>		
Dividends received	74,480	21,659
Proceeds from sale of equity securities	501,791	58,502
Purchase of equity securities	(24,230)	-
Proceeds from sale of property plant and equipment	33,402	2,101
Purchase of property plant and equipment	(187,265)	(92,270)
Acquisition of Investments Properties	-	(34,500)
Purchase of intangible assets	(38,628)	(577)
Net Cash generated from investments activities	359,550	(45,085)
<u>Cash flows from Finance Activities</u>		
Borrowings obtained during the year	6,242,170	1,500,000
Borrowings repaid during the year	(666,739)	(1,709,086)
Net Cash generated from financing activities	5,575,431	(209,086)
Net Cash Flow generated from all activities	497,551	(836,135)
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)	2,672,486	861,411
(Note A)		
Cash and cash equivalents at the end of period		
Cash in hand	414,822	407,500
Balances with banks	2,614,024	569,220
Bank Overdraft	(356,360)	(115,310)
	2,672,486	861,411
Operational Cashflow from Interest		
Interest Received	8,231,683	7,740,259
Interest Paid	(4,066,164)	(5,488,700)

Note - Above figures are provisional and subject to audit

**Mercantile Investments and Finance PLC
Segments Information**

For the period ended 31st December

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue												
Interest	4,412,656	3,988,483	(1,064)	(539)	3,348,844	2,903,526	457,418	928,905			8,217,854	7,820,375
Dividends							74,480	21,659			74,480	21,659
Others									150,225	140,791	150,225	140,791
Total Income from external operations	4,412,656	3,988,483	(1,064)	(539)	3,348,844	2,903,526	531,897	950,564	150,225	25,582	8,442,558	7,982,825
Profit before Tax , VAT, NBT & SSCL on Financial Services											1,375,303	618,512
Share of Associates company profit/(loss)											106,014	87,829
Tax , VAT, NBT & SSCL on Financial Services											(883,557)	(472,433)
Profit After Tax											597,760	233,908
Other Information												
Segment Assets	23,608,577	19,440,033	93,612	103,241	23,998,193	15,420,321	7,322,526	8,181,568	10,191,036	7,569,538	65,213,944	50,714,701
Segment Liabilities	18,700,116	15,035,836	74,149	79,851	19,008,727	11,926,802	5,800,099	6,328,010	8,072,217	5,854,637	51,655,308	39,225,136
Net Assets	4,908,461	4,404,197	19,463	23,390	4,989,466	3,493,519	1,522,427	1,853,558	2,118,819	1,714,901	13,558,636	11,489,565

Information on cash Flows

For the period ended 31st December

	2024	2023
Cash flows from operating activities	(5,437,430)	(581,963)
Cash flows from investing activities	546,815	47,185
Cash flows from financing activities	5,575,431	(209,086)
Capital expenditure	(187,265)	(92,270)
Net cash flow	497,551	(836,135)

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 31.12.2024	As at 31.03.2024
	Unaudited	Audited
	Rs ' 000	Rs ' 000
Liquidity Rs.(‘000)		
Required minimum amount of liquid assets	4,156,571	3,655,385
Available amount of liquid assets	7,356,523	7,170,967
Required minimum amount of Government securities	2,519,038	2,209,375
Available amount of Government securities	4,291,632	4,677,461
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 8.5%)	13.88%	16.49%
Total capital to risk weighted assets ratio (Minimum 12.5%)	15.12%	17.88%
Capital funds to total deposits liability ratio (Minimum 10%)	23.40%	26.64%
Profitability		
Return on assets (%) *	1.35%	1.10%
Return on equity (%) *	6.20%	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 interim dividends.

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 December 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

	31.12.2024	31.03.2024
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 31st December 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 31st December 2024 was 10.10% (2023 - 10.10%)

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

6.6) Information on Ratios ,Market Prices

	31.12.2024	31.03.2024
Dividend per Share (Rs.)	-	20.00
Net Assets per Share (Rs.)	4,511	4,047
Market Prices		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded