



Mercantile Investments
and Finance PLC

Mercantile Investments and Finance PLC

236, Galle Road, Colombo 03

www.mi.com.lk

Celebrating
55
years of
Financial
Excellence

STATEMENT OF COMPREHENSIVE INCOME

For the 6 Months Ended	30.09.2019 Rs. '000	30.09.2018 Rs. '000
Interest income	3,752,751	3,758,613
Interest expenses	(1,946,431)	(1,907,798)
Net Interest Income	1,806,320	1,850,815
Fee and commission income	37,390	56,810
Net Fee and Commission Income	37,390	56,810
Other operating income	36,012	67,317
Total Operating Income	1,879,722	1,974,942
Impairment gain/(loss) for loans and receivables	(225,891)	(369,954)
Net Operating Income	1,653,831	1,604,988
Less: Operating Expenses		
Personnel expenses	572,347	492,258
Depreciation of property plant and equipment	44,989	40,524
Amortisation of intangible assets	9,936	7,848
Amortisation of leasehold property	234	234
Defined benefit plan	19,538	17,562
Other operating expenses	431,448	412,687
Operating Profit Before VAT, NBT & DRL on Financial Services	575,340	633,874
Value Added Tax & NBT on financial services	(183,835)	(153,087)
Debt Repayment Levy (DRL)	(88,566)	-
Operating Profit After VAT, NBT & DRL on Financial Services	302,939	480,787
Share of associate company's profit/(loss)	(6,199)	21,109
Profit Before Taxation	296,740	501,896
Income tax expenses	(153,798)	(243,724)
Profit After Taxation	142,942	258,172
Basic Earnings Per Share (Rs.)	47.55	85.89
Diluted Earnings Per Share (Rs.)	47.55	85.89

STATEMENT OF FINANCIAL POSITION

As at	30.09.2019 Rs. '000	30.09.2018 Rs. '000
Assets		
Cash and cash equivalents	538,511	490,738
Placement with other banks at Amortised cost	269,423	229,413
Financial investments - at Fair Value through OCI	2,655,158	2,865,607
Loan and Advances at Amortised cost	16,596,156	15,449,799
Lease Receivable at Amortised cost	13,138,360	12,528,821
Hire Purchase Receivable at Amortised cost	2,292,039	4,708,793
Financial investments - at Fair Value through OCI(unquoted)	70,427	70,427
Other Financial Assets	477,840	518,243
Inventories	34,709	8,909
Other Assets	105,044	130,982
Investment in Associates	1,252,837	1,016,304
Investments Properties	255,118	199,263
Property, Plant & Equipment	2,834,094	2,718,822
Leasehold Property	40,973	41,438
Intangible Assets	55,320	41,227
Total Assets	40,616,010	41,018,786
Liabilities		
Bank overdraft	139,813	397,004
Deposits due to customers at Amortised cost	20,287,714	20,869,905
Debt instruments issued and other borrowings at Amortised cost	9,392,241	8,765,016
Other Financial Liabilities	875,427	917,681
Current tax liabilities	32,461	35,356
Deferred tax liabilities	731,744	1,072,434
Other liabilities	63,907	84,969
Retirement benefit obligations	252,018	191,474
Total Liabilities	31,775,324	32,333,839
Equity		
Stated capital	36,000	36,000
Revaluation reserve	1,527,486	1,527,486
Associate Company Reserve	596,586	389,454
Statutory reserve fund	736,400	711,400
General reserve	4,086,430	4,086,430
Retained earnings	1,847,849	1,978,693
Fair Value through OCI reserve	9,934	-
Available for sale reserve	-	(44,516)
Total Equity	8,840,686	8,684,946
Total Liabilities & Equity	40,616,010	41,018,786
Net Assets Per Share (Rs.)	2,941	2,889

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the 6 Months Ended	30.09.2019 Rs. '000	30.09.2018 Rs. '000
Profit for the period	142,942	258,172
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	85,463	(245,002)
Share of net gain/(loss) of associate company investments designated at FV through OCI	(463)	(11,310)
Total Other Comprehensive Income for the period (net of tax)	85,000	(256,312)
Total comprehensive income for the period	227,942	1,860

SELECTED PERFORMANCE INDICATORS

	30.09.2019	30.09.2018
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), Rs. '000	6,267,395	5,990,363
Total Capital Base, Rs. '000	7,005,245	6,906,186
Core capital adequacy ratio, as a % of risk weighted assets (Minimum requirement 6%)	14.60	13.64
Total capital adequacy ratio, as a % of risk weighted assets (Minimum 2019- 10.5% / 2018 - 10%)	16.32	15.72
Capital funds to total deposits liability ratio (Minimum requirement, 10%)	43.60	41.61
Asset Quality (Quality of Loan Portfolio)		
Gross Non-Performing Accommodations, Rs. '000	3,920,391	3,046,052
Gross Non-Performing Accommodations Ratio, %	11.36	8.89
Net Non-Performing Accommodations Ratio, %	3.52	2.96
Profitability (%)		
Interest Margin - Annualized	9.95	10.40
Return on assets (before Tax) - Annualized	0.70	1.27
Return on equity (after Tax) - Annualized	3.23	5.95
Regulatory Liquidity (Rs. '000)		
Required minimum amount of liquid assets	2,035,403	2,111,081
Available amount of liquid assets	2,485,811	2,380,765
Required minimum amount of Government securities	1,565,708	1,485,822
Available amount of Government securities	1,568,407	1,664,944
Memorandum Information		
Number of employees	1061	1,013
Number of branches	39	29
Number of service centers	-	7

Certification

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

(A) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;

(B) the information contained in these statements have been extracted from the unaudited financial statements of the licensed finance company unless indicated as audited.

Deva Anthony
Chief Financial Officer / Senior General Manager

G. G. Ondaatjie
Managing Director
13th November 2019

S. H. Jayasuriya
Finance Director



**Mercantile Investments
and Finance PLC**