

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2017

Mercantile Investments and Finance PLC
Statement of Comprehensive Income

	For the 3 months Ended	
	30.06.2017	30.06.2016
	Rs.'000	Rs.'000
Interest Income	1,506,107	1,185,169
Interest Expense	(884,777)	(635,474)
Net Interest Income	621,330	549,695
Fee and Commission Income	20,239	17,924
Net fee and commission income	20,239	17,924
Other operating Income	91,895	121,736
Total Operating Income	733,465	689,355
Impairment gain/(loss) for loan and receivable	(179,849)	(85,057)
Net operating income	553,616	604,298
Less: Operating Expenses		
Personnel Expenses	214,040	194,514
Depreciation of property and equipment	19,098	15,848
Amortization of intangible assets	2,720	1,118
Amortization of leasehold property	117	117
Define benefit plans	6,713	6,715
Other operating expenses	193,164	178,754
Operating Profit Before VAT& NBT on financial services	117,764	207,232
VAT & NBT on financial services	(45,515)	(47,245)
Operating Profit after VAT & NBT on financial services	72,249	159,987
Share of Associates company profit /(loss)	3,302	(1,577)
Profit Before Taxation	75,551	158,410
Income Tax Expenses	(17,975)	(39,680)
Profit After Taxation	57,576	118,730
Earnings per Share	19.15	39.50
Dividend per Share	-	-
Other comprehensive income		
Changes in fair value of AFS financial assets	114,319	31,464
Share of other comprehensive income of associate	15,821	(3,737)
Other comprehensive income	130,140	27,727
Total comprehensive income period	187,716	146,457

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Unaudited	Unaudited
	30.06.2017	31.03.2017
	Rs.'000	Rs.'000
Assets		
Cash & Short Term Funds	1,035,438	1,244,554
Placement with other banks	54,622	53,501
Financial Investments-Available for Sale (quoted)	3,452,442	4,516,621
Loan and Advances	12,400,590	11,448,668
Lease Receivable	11,116,220	11,084,331
Hire Purchase Receivable	6,098,049	6,174,345
Financial Investments-Available for Sale (unquoted)	70,427	70,427
Other Financial Assets	174,286	169,608
Inventories	7,345	7,882
Other Assets	408,527	81,732
Current tax Receivable	77,779	50,605
Investment in Associates	1,015,100	995,977
Investments Properties	186,044	158,340
Property, Plant & Equipment	1,792,664	1,790,296
Leasehold Property	42,023	42,140
Intangible Assets	58,799	12,577
Total Assets	37,990,356	37,901,604
Liabilities		
Bank overdraft	570,966	1,092,434
Deposits due to customers	17,440,418	17,017,674
Debt instruments issued and other borrowings	10,314,779	10,165,837
Other Financial Liabilities	627,836	780,283
Deferred tax liabilities	480,833	480,833
Other liabilities	38,713	39,638
Retirement benefit obligations	175,964	171,772
Total Liabilities	29,649,509	29,748,472
Equity		
Stated capital	36,000	36,000
Revaluation reserve	1,550,881	1,535,061
Statutory reserve fund	661,400	661,400
General reserve	4,086,430	4,086,430
Available for sale reserve	360,501	246,181
Retained earnings	1,645,635	1,588,060
Total Equity	8,340,847	8,153,132

Total Liabilities & Equity

37,990,356 **37,901,604**

Net Assets Per Share

2,775

2,712

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

S.H.Jayasuriya
 Director - Finance

The Board of Directors is responsible for the preparation and the presentation of the these Financial Statements
 Approved and signed for and on behalf of the Board

G.G.Ondaatjie
 Managing Director
 11-Aug-17

T.J.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	Available -For- sale Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
		Land & Buildings Rs.'000	Associate Company Reserve Rs.'000					
As at 1 April 2016	36,000	1,084,345	455,270	631,400	4,086,430	237,060	1,123,727	7,654,232
Total Comprehensive Income For period								
Profit for the period							118,730	118,730
Other comprehensive income			(3,737)			31,464		27,727
Total comprehensive income			(3,737)			31,464	118,730	146,457
Dividends to Equity owners								
As at 30th June 2016	36,000	1,084,345	451,533	631,400	4,086,430	268,524	1,242,457	7,800,689
As at 1 April 2017	36,000	1,084,974	450,087	661,400	4,086,430	246,181	1,588,060	8,153,132
Total Comprehensive Income For the Year								
Profit for the period							57,576	57,576
Other comprehensive income			15,821			114,319		130,140
Total comprehensive income			15,821			114,319	57,576	187,716
Dividends to Equity owners								
As at 30th June 2017	36,000	1,084,974	465,908	661,400	4,086,430	360,501	1,645,636	8,340,847

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Cash Flow
For the Three Months ended 30th June

Cash flow from operating activities

	2017 Rs'000	2016 Rs'000
Interest & Commission Receipts	1,526,346	1,203,093
Interest Payments	(884,777)	(635,474)
Cash receipts from customers	(42,498)	(48,269)
Cash payments to employees & suppliers	(403,011)	(367,911)

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

(Increase) / decrease in operating assets

Funds advance to customers	(1,087,363)	(1,081,583)
Other short - term negotiable securities	(521,468)	(108,837)
Other receivables	(337,660)	(2,155,685)

Increase / (Decrease) in operating liabilities

Deposits from customers	422,743	239,418
Other payables	(276,022)	(544,035)

Income Tax Paid

(45,149) (10,229)

Net Cash generated from operating activities

(1,648,860) (3,509,513)

Cash flow from Investment Activities

Dividend received	26,896	57,181
Proceeds from sale of non - dealing securities	1,426,990	223,231
Purchase of non - dealing securities	-	(19,057)
Sale proceeds on Disposal of Property plant and equipment	(64,919)	560
Sale proceeds on Disposal of Investment Properties	59	4,972
Acquisition of Property plant and equipment	(21,163)	(20,392)
Acquisition of Investments Properties	(28,120)	-
Acquisition of Intangible Assets	(48,941)	(1,192)

Net Cash generated from investments activities

1,290,801 245,303

Cash flow from finance Activities

Net Increase /(Decrease) Borrowings obtained during the year 148,942 3,349,511

Net Cash generated from financing activities

148,942 3,349,511

Net Cash Flow generated from all activities

(209,116) 85,301

Cash & Cash equivalents at the beginning of the period

1,244,554 344,062

Cash & Cash equivalents at the end of the period

1,035,438 429,363

(Note A)

Reconciliation of Profit before Tax with cash inflow from operating Activities

Profit Before tax	75,551	158,410
Adjustments for		
Dividend from investing activities	(26,896)	(57,181)
Capital gain from sale of share	(55,323)	(58,958)
Share of Associates company profit/(Loss)	(3,302)	1,577
Profit /Loss on Disposal of Fixed Assets	54	99
Depreciation	19,098	15,848
Amortization of Leased Hold Assets	117	117
Amortization of Intangible Assets	2,720	1,118
Impairment Provision	179,849	85,057
Retirement Benefits provision	6,713	6,711
Retirement Benefits paid	(2,520)	(1,358)
Cash flows from operating activities before changes in operating assets	196,059	151,439

(Note B)

Cash & Cash equivalents at the end of period

Cash in hand	293,837	186,810
Balances with banks	741,601	242,553
	1,035,438	429,363

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Segments Information's
For the Three Months ended 30th June

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue												
Interest	525,652	427,515	306,702	324,949	633,451	394,932	40,301	37,773			1,506,107	1,185,169
Capital Gains							55,323	58,958			55,323	58,958
Dividends							26,896	57,181			26,896	57,181
Others									29,915	23,520	29,915	23,520
Total Income from external operations	525,652	427,515	306,702	324,949	633,451	394,932	122,521	153,912	29,915	23,520	1,618,241	1,324,828
Profit before Tax & VAT											117,764	207,232
Share of Associates company profit/(loss)											3,302	(1,577)
Tax & Vat on Financial Services											(63,490)	(86,925)
Profit After Tax											57,576	118,730
Other Information												
Segment Assets	11,116,220	10,650,529	6,098,049	6,681,639	12,400,590	8,717,885	4,592,591	8,017,299	3,782,906	2,987,459	37,990,356	37,054,812
Segment Liabilities	8,675,635	8,408,406	4,759,212	5,275,037	9,678,020	6,882,617	3,584,280	6,329,517	2,952,363	2,358,547	29,649,509	29,254,124
Net Assets	2,440,585	2,242,123	1,338,837	1,406,602	2,722,571	1,835,268	1,008,311	1,687,782	830,543	628,913	8,340,847	7,800,688

Information on cash Flows
For the period ended 31st December

Cash flows from operating activities											(1,648,860)	(3,509,513)
Cash flows from investing activities											1,311,964	265,695
Cash flows from financing activities											148,942	3,349,511
Capital expenditure											(21,163)	(20,392)
Net cash flow											(209,116)	85,301

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 30.06.2017	As at 31.03.2017
	Unaudited	Unaudited
	Rs ' 000	Rs ' 000
Liquidity Rs.('000)		
Required minimum amount of liquid assets	1,777,593	1,605,562
Available amount of liquid assets	2,711,711	1,879,970
Required minimum amount of Government securities	1,242,297	1,024,132
Available amount of Government securities	1,386,568	1,070,924
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 5%)	16.63%	19.35%
Total capital to risk weighted assets ratio (Minimum 10%)	17.81%	15.75%
Capital funds to total deposits liability ratio	47.82%	48.40%
Profitability		
Return on assets *(%)	0.61%	1.62%
Return on equity *(%)	2.76%	6.60%

Notes to the Financial Statements

- 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 2016.
Further, these interim financial statements are prepared in compliance with the Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting
- 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 no dividends were declared and paid.
- 5) During the interim period there were no material changes in the composition of assets, liabilities and contingent liabilities.

6) Share Information

6.1) Directors' and Chief Executive officer's shareholdings in shares as at 30th June 2017

Name of the Director	Number of shares	%
1) Mr. S H J Weerasuriya (Chairman)	NIL	-
2) Mr.G.G.Ondaatjie (Managing Director)	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mr.N.H.V.Perera	10,020	0.33
6) Mr. S H Jayasuriya	NIL	-
7) Mr. P M Amarasekara	NIL	-
8) Mr. P C Guhashanka	NIL	-
9) Ms. P T K Navaratne	NIL	-
10) Mr. S M S S Bandara	NIL	-

6.2) Stated Capital

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

As at	30.06.2017	31.03.2017
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 30th June 2017 were as follows

Shareholder	Number of shares	%
1 Nilaveli Beach Hotels (pvt) Ltd	629,580	20.94
2) Mr.G.G.Ondaatjie	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mercantile Fortune (pvt) Ltd	414,160	13.78
6) Mr. G.L.A.Ondaatjie	268,535	8.93
7) Tangerine Tours (pvt) Ltd	203,809	6.78
8) P.R.Divitotawela/R.D.Madugalle	12,525	0.42
9) P.R.Divitotawela/ A.D.Galagoda	12,525	0.42
10) R.M.D.Abeygunewardena	10,020	0.33
11) J.A.S.S.Adhihetty	10,020	0.33
12) N.H.V.Perera	10,020	0.33
13) C.A.Ondaatjie	2,004	0.07
14) A.M.Rajapakse	501	0.02
15) A.D.Rajapakse	501	0.02
16) A.M.Dominic & J.S.Dominic	151	0.01
17) H.W.M.Woodward	10	0.00
	<u>3,006,000</u>	<u>100</u>

6.4) The percentage of the shares held by public on 30th June 2017 was 10.54% (2016 - 10.87%)

6.5) The number of public shareholders as at 30th June 2017 was 10 (2016-12)

6.6) Information on Ratios, Market Prices

Description	30.06.2017	30.06.2016
Dividend per Share (Rs.)	-	-
Net Assets per Share (Rs.)	2,775	2,595
Market Prices		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded

7) Information on Listed Debentures

Description	For the Quarter Ended 30.06.2017	For the Quarter Ended 30.06.2016
Debt Equity Ratio (times)	1.31	1.56
Quick Asset Ratio (%)	15.27%	12.72%
Interest Cover (times)	1.09	1.25
Interest Yield & Yield to maturity as at date of last trade MERC/BC/05/11/18A10.5	10.81%	10.43%
Yield of comparable Government Security (%)	11.37%	11.93%
Market Price during the period		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH SEPTEMBER 2017

Mercantile Investments and Finance PLC
Income Statement

	For the 6 months Ended		For the 3 months Ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	3,116,527	2,500,395	1,610,420	1,315,226
Interest Expense	(1,798,252)	(1,411,384)	(913,475)	(775,910)
Net Interest Income	1,318,275	1,089,011	696,946	539,316
Fee and Commission Income	43,746	35,746	23,508	17,823
Net fee and commission income	43,746	35,746	23,508	17,823
Other operating Income	156,941	175,986	65,046	54,251
Total Operating Income	1,518,962	1,300,744	785,500	611,390
Impairment gain/(loss) for loan and receivable	(236,554)	(111,245)	(56,705)	(26,188)
Net operating income	1,282,408	1,189,499	728,794	585,202
Less: Operating Expenses				
Personnel Expenses	445,316	367,179	231,276	172,665
Depreciation of property and equipment	38,127	33,823	19,029	17,975
Amortization of intangible assets	6,622	2,429	3,903	1,312
Amortization of leasehold property	234	234	117	117
Define benefit plans	15,374	13,426	8,661	6,711
Other operating expenses	376,162	356,691	182,999	177,938
Operating Profit Before VAT& NBT on financial services	400,573	415,716	282,810	208,484
VAT & NBT on financial services	(117,323)	(86,958)	(71,807)	(39,713)
Operating Profit after VAT & NBT on financial services	283,249	328,758	211,002	168,771
Share of Associates company profit /(loss)	30,143	43,227	26,842	44,804
Profit Before Taxation	313,394	371,985	237,844	213,575
Income Tax Expenses	(97,692)	(98,894)	(79,717)	(59,213)
Profit After Taxation	215,702	273,091	158,128	154,362
Earnings per Share	71.76	90.85	52.60	51.35
Dividend per Share	7.00	-	7.00	-

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Other Comprehensive Income

	For the 6 months Ended		For the 3 months Ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit for the period	215,702	273,091	158,128	154,362
Other comprehensive income				
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods				
Changes in fair value of AFS financial assets	20,241	271,026	(94,078)	239,562
	20,241	271,026	(94,078)	239,562
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods				
Share of other comprehensive income of associate	8,464	6,635	(7,357)	10,373
	8,464	6,635	(7,357)	10,373
Total Other Comprehensive Income for the period (net of tax)	28,706	277,662	(101,435)	249,935
Total comprehensive income for the period	244,408	550,753	56,693	404,296

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Unaudited	Audited
	30.09.2017	31.03.2017
	Rs.'000	Rs.'000
Assets		
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		
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

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

S.H.Jayasuriya
 Director - Finance

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.

Mahes Amarasekara
 Deputy Managing Director
 14-Nov-17

T.J.Ondaatjie
 Director

Mercantile Investments and Finance PLC
Statement of Changes in Equity

Issued Capital	Revaluation Reserves		Statutory Reserves	General Reserves	Available -For- sale Reserve	Retained Earnings	Total	
	Land & Buildings	Associate Company Reserve						
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
As at 1 April 2016	36,000	1,084,345	455,270	631,400	4,086,430	237,060	1,123,727	7,654,232
Total Comprehensive Income For period								
Profit for the period							273,091	273,091
Other comprehensive income			6,635			271,026		277,661
Total comprehensive income			6,635			271,026	273,091	550,752
Dividends to Equity owners								
As at 30th September 2016	36,000	1,084,345	461,905	631,400	4,086,430	508,086	1,396,818	8,204,984
	-	-	-	-	-	-	-	-
As at 1 April 2017	36,000	1,084,974	450,087	661,400	4,086,430	256,644	1,291,730	7,867,265
Total Comprehensive Income For the Year								
Profit for the period							215,702	215,702
Other comprehensive income			8,464			20,241		28,706
Total comprehensive income			8,464			20,241	215,702	244,407
Dividends to Equity owners							(21,042)	(21,042)
As at 30th September 2017	36,000	1,084,974	458,551	661,400	4,086,430	276,885	1,486,390	8,090,630

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Cash Flow
For the 6 months ended 30th September 2017

Cash flow from operating activities

	2017 Rs,000	2016 Rs,000
Interest & Commission Receipts	3,160,273	2,536,141
Interest Payments	(1,798,252)	(1,411,384)
Cash receipts from customers	(93,608)	(79,978)
Cash payments to employees & suppliers	(825,606)	(712,648)
Operating profit /loss before changes in operating assets and liabilities (Note A)	442,808	332,131
(Increase) / decrease in operating assets		
Deposits held for regulatory or monetary control purposes	(923,941)	(2,102,533)
Funds advance to customers	(1,862,189)	(1,928,244)
Other short - term negotiable securities	(860,770)	(92,484)
Other receivables	(53,773)	96,145
Increase / (Decrease) in operating liabilities		
Deposits from customers	3,257,459	312,908
Other payables	23,137	(467,844)
	22,731	(3,849,921)
Income Tax Paid	(59,256)	(23,123)
Net Cash generated from operating activities	(36,526)	(3,873,044)

Cash flow from Investment Activities

Dividend received	54,141	101,228
Proceeds from sale of non - dealing securities	1,587,203	228,422
Purchase of non - dealing securities	(187,555)	(20,863)
Sale proceeds on Disposal of Property plant and equipment	504	692
Sale proceeds on Disposal of Investment Properties	12,002	266,972
Acquisition of Property plant and equipment	(30,097)	(40,029)
Acquisition of Investments Properties	(28,120)	-
Acquisition of Intangible Assets	(51,287)	(2,872)
Net Cash generated from investments activities	1,356,792	533,550

Cash flow from finance Activities

Net Increase/(Decrease) in Borrowings obtained during the year	(1,473,490)	3,448,165
Dividend Paid	(21,042)	-
Net Cash generated from financing activities	(1,494,532)	3,448,165
Net Cash Flow generated from all activities	(174,265)	108,671
Cash & Cash equivalents at the beginning of the period	1,244,554	344,062
Cash & Cash equivalents at the end of the period	1,070,289	452,733

(Note A)

Reconciliation of Profit before Tax with cash inflow from operating Activities

Profit Before tax	313,394	371,985
Adjustments for		
Dividend from investing activities	(54,141)	(101,228)
Capital gain from sale of shares	(79,672)	(59,542)
Share of Associates company profit	(30,143)	(43,227)
Profit /Loss on Disposal of Fixed Assets	664	5,194
Depreciation	38,127	32,516
Amortization of Leased Hold Assets	234	234
Amortization of Intangible Assets	6,622	3,828
Impairment Provision	236,554	111,245
Retirement Benefits provision	15,372	13,422
Retirement Benefits paid	(4,202)	(2,296)
Cash flows from operating activities before changes in operating assets	442,808	332,131

(Note B)

Cash & Cash equivalents at the end of period

Cash in hand	409,493	211,098
Balances with banks	660,796	241,635
	1,070,289	452,733

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Segments Information
For the Six Months ended 30th September

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue												
Interest	1,069,070	891,908	623,087	640,388	1,350,682	840,376	73,689	127,723			3,116,527	2,500,395
Capital Gains							79,672	59,542			79,672	59,542
Dividends							54,141	101,228			54,141	101,228
Others									66,875	50,963	66,875	50,963
Total Income from external operations	1,069,070	891,908	623,087	640,388	1,350,682	840,376	207,502	288,493	66,875	50,963	3,317,215	2,712,128
Profit before Tax & VAT											400,573	415,716
Share of Associates company profit/(loss)											30,143	43,227
Tax & Vat on Financial Services											(215,014)	(185,852)
Profit After Tax											215,702	273,091
Other Information												
Segment Assets	11,199,650	10,797,628	5,942,859	6,447,112	13,128,401	9,625,786	4,897,076	8,171,708	3,505,639	2,733,654	38,673,625	37,775,887
Segment Liabilities	8,856,652	8,452,366	4,699,596	5,046,789	10,381,904	7,535,050	3,872,594	6,396,800	2,772,250	2,139,900	30,582,996	29,570,905
Net Assets	2,342,998	2,345,262	1,243,263	1,400,323	2,746,498	2,090,736	1,024,482	1,774,908	733,389	593,754	8,090,630	8,204,982

Information on cash Flows

For the period ended 30th September

Cash flows from operating activities											(36,526)	(3,873,044)
Cash flows from investing activities											1,386,889	573,579
Cash flows from financing activities											(1,494,532)	3,448,165
Capital expenditure											(30,097)	(40,029)
Net cash flow											(174,265)	108,671

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 30.09.2017	As at 31.03.2017
	Unaudited	Audited
	Rs ' 000	Rs ' 000
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	1,147,357
Available amount of Government securities	1,335,714	563,378
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 5%)	16.30%	17.17%
Total capital to risk weighted assets ratio (Minimum 10%)	17.47%	14.26%
Capital funds to total deposits liability ratio	39.90%	46.23%
Profitability		
Return on assets *(%)	1.13%	0.57%
Return on equity *(%)	5.33%	2.57%

* Annualised

Notes to the Financial Statements

- 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 2017.
Further, these interim financial statements are prepared in compliance with the Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting
- 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 Rs.7 per share as dividends.
- 5) During the interim period there were no material changes in the composition of assets, liabilities and contingent liabilities.

6) Share Information

6.1) Directors' and Chief Executive officer's shareholdings in shares as at 30th September 2017

Name of the Director	Number of shares	%
1) Mr. S H J Weerasuriya (Chairman)	NIL	-
2) Mr.G.G.Ondaatjie (Managing Director)	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mr.N.H.V.Perera	10,020	0.33
6) Mr. S H Jayasuriya	NIL	-
7) Mr. P M Amarasekara	NIL	-
8) Mr. P C Guhashanka	NIL	-
9) Ms. P T K Navaratne	NIL	-
10) Mr. S M S S Bandara	NIL	-

6.2) Stated Capital

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

As at	30.09.2017	31.03.2017
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 30th September 2017 were as follows

Shareholder	Number of shares	%
1 Nilaveli Beach Hotels (pvt) Ltd	629,580	20.94
2) Mr.G.G.Ondaatjie	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mercantile Fortune (pvt) Ltd	414,160	13.78
6) Mr. G.L.A.Ondaatjie	268,535	8.93
7) Tangerine Tours (pvt) Ltd	203,809	6.78
8) P.R.Divitotawela/R.D.Madugalle	12,525	0.42
9) P.R.Divitotawela/ A.D.Galagoda	12,525	0.42
10) R.M.D.Abeygunewardena	10,020	0.33
11) J.A.S.S.Adhihetty	10,020	0.33
12) N.H.V.Perera	10,020	0.33
13) C.A.Ondaatjie	2,004	0.07
14) A.M.Rajapakse	501	0.02
15) A.D.Rajapakse	501	0.02
16) A.M.Dominic & J.S.Dominic	151	0.01
17) H.W.M.Woodward	10	0.00
	<u>3,006,000</u>	<u>100</u>

6.4) The percentage of the shares held by public on 30th September 2017 was 10.54% (2016 - 10.87%)

6.5) The number of public shareholders as at 30th September 2017 was 10 (2016-12)

6.6) Information on Ratios, Market Prices

Description	30.09.2017	30.09.2016
Dividend per Share (Rs.)	7.00	-
Net Assets per Share (Rs.)	2,691	2,730
Market Prices		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded

7) Information on Listed Debentures

Description	For the Quarter Ended 30.09.2017	For the Quarter Ended 30.09.2016
Debt Equity Ratio (times)	1.10	1.50
Quick Asset Ratio (%)	14.42%	11.62%
Interest Cover (times)	1.17	1.26
Interest Yield & Yield to maturity as at date of last trade MERC/BC/05/11/18A10.5	10.81%	10.81%
Yield of comparable Government Security (%)	11.14%	10.61%
Market Price during the period		
- Highest	Not traded	97.10
- Lowest	Not traded	96.00
- Last traded price	Not traded	96.00

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 2017

Mercantile Investments and Finance PLC Income Statement

	For the 9 months Ended		For the 3 months Ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	4,799,732	3,856,659	1,683,205	1,356,264
Interest Expense	(2,744,895)	(2,210,071)	(946,643)	(798,687)
Net Interest Income	2,054,837	1,646,588	736,562	557,576
Fee and Commission Income	65,282	54,700	21,536	18,954
Net fee and commission income	65,282	54,700	21,536	18,954
Other operating Income	168,887	209,595	11,946	33,609
Total Operating Income	2,289,006	1,910,883	770,044	610,139
Impairment gain/(loss) for loan and receivable	(303,691)	(159,296)	(67,137)	(48,050)
Net operating income	1,985,315	1,751,587	702,907	562,089
Less: Operating Expenses				
Personnel Expenses	655,650	542,086	210,333	174,908
Depreciation of property and equipment	57,184	53,005	19,057	19,182
Amortization of intangible assets	10,756	6,716	4,133	4,286
Amortization of leasehold property	351	351	117	117
Define benefit plans	24,275	20,133	8,901	6,707
Other operating expenses	563,540	544,051	187,378	187,360
Operating Profit Before VAT& NBT on financial services	673,560	585,245	272,987	169,530
VAT & NBT on financial services	(184,079)	(130,968)	(66,757)	(44,010)
Operating Profit after VAT & NBT on financial services	489,481	454,277	206,230	125,520
Share of Associates company profit /(loss)	42,053	60,113	11,909	16,886
Profit Before Taxation	531,534	514,389	218,140	142,406
Income Tax Expenses	(207,787)	(150,549)	(110,095)	(51,655)
Profit After Taxation	323,747	363,841	108,045	90,751
Earnings per Share	107.70	121.04	35.94	30.19
Dividend per Share	7.00	-	-	-

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Other Comprehensive Income

	For the 9 months Ended		For the 3 months Ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit for the period	323,747	363,841	108,045	90,751
Other comprehensive income				
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods				
Changes in fair value of AFS financial assets	(46,370)	130,867	(66,611)	(140,159)
	(46,370)	130,867	(66,611)	(140,159)
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods				
Share of other comprehensive income of associate	599	(27)	(7,865)	(6,662)
	599	(27)	(7,865)	(6,662)
Total Other Comprehensive Income for the period (net of tax)	(45,770)	130,839	(74,476)	(146,821)
Total comprehensive income for the period	277,977	494,680	33,569	(56,071)

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Unaudited	Audited
	31.12.2017	31.03.2017
	Rs.'000	Rs.'000
Assets		
Cash & Short Term Funds	650,709	1,244,554
Placement with other banks	212,424	53,501
Financial Investments-Available for Sale	3,436,753	3,823,125
Loan and Advances	13,830,867	11,366,577
Lease Receivable	11,380,841	11,093,954
Hire Purchase Receivable	5,618,735	6,184,745
Financial Investments-Available for Sale (unquoted)	70,427	70,427
Other Financial Assets	495,840	445,786
Inventories	9,481	7,882
Other Assets	85,959	81,732
Current tax Receivable	13,479	121,051
Investment in Associates	1,038,629	995,977
Investments Properties	173,211	158,340
Property, Plant & Equipment	1,808,240	1,790,296
Leasehold Property	41,789	42,140
Intangible Assets	53,968	12,577
Total Assets	38,921,353	37,492,664
Liabilities		
Bank overdraft	143,062	1,092,434
Deposits due to customers	20,206,387	17,017,674
Debt instruments issued and other borrowings	9,034,960	10,165,837
Other Financial Liabilities	796,697	776,819
Deferred tax liabilities	381,907	361,223
Other liabilities	44,179	39,640
Retirement benefit obligations	189,964	171,772
Total Liabilities	30,797,154	29,625,399
Equity		
Stated capital	36,000	36,000
Revaluation reserve	1,535,660	1,535,061
Statutory reserve fund	661,400	661,400
General reserve	4,086,430	4,086,430
Available for sale reserve	210,274	256,644
Retained earnings	1,594,435	1,291,730
Total Equity	8,124,199	7,867,265
Total Liabilities & Equity	38,921,353	37,492,664
Net Assets Per Share	2,703	2,617

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

S.H.Jayasuriya
 Director - Finance

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
 30-Jan-18

Mahes Amarasekara
 Deputy Managing Director

Mercantile Investments and Finance PLC
Statement of Changes in Equity

	Issued Capital	Revaluation Reserves		Statutory Reserves	General Reserves	Available -For- sale Reserve	Retained Earnings	Total
		Land & Buildings	Associate Company Reserve					
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 April 2016	36,000	1,084,345	455,270	631,400	4,086,430	237,060	1,123,727	7,654,232
Total Comprehensive Income For period								
Profit for the period							363,841	363,841
Other comprehensive income			(27)			130,867		130,839
Total comprehensive income			(27)			130,867	363,841	494,680
Dividends to Equity owners								
As at 31st December 2016	36,000	1,084,345	455,242	631,400	4,086,430	367,927	1,487,568	8,148,912
As at 1 April 2017	36,000	1,084,974	450,087	661,400	4,086,430	256,644	1,291,730	7,867,265
Total Comprehensive Income For the Year								
Profit for the period							323,747	323,747
Other comprehensive income			599			(46,370)		(45,770)
Total comprehensive income			599			(46,370)	323,747	277,977
Dividends to Equity owners							(21,042)	(21,042)
As at 31st December 2017	36,000	1,084,974	450,686	661,400	4,086,430	210,274	1,594,435	8,124,199

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Cash Flow
For the 9 months ended 31st December

Cash flow from operating activities

	2017 Rs,000	2016 Rs,000
Interest & Commission Receipts	4,865,014	3,911,359
Interest Payments	(2,744,895)	(2,210,071)
Cash receipts from customers	(151,916)	(122,757)
Cash payments to employees & suppliers	(1,225,271)	(1,068,992)

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

	742,932	509,540
--	---------	---------

(Increase) / decrease in operating assets

Deposits held for regulatory or monetary control purposes	(1,149,843)	33,413
Funds advance to customers	(2,487,195)	(3,155,640)
Other short - term negotiable securities	(949,373)	(10,983)
Other receivables	(55,073)	(43,113)

Increase / (Decrease) in operating liabilities

Deposits from customers	3,188,712	725,920
Other payables	24,402	(350,335)
	(685,438)	(2,291,199)

Income Tax Paid

	(79,530)	(89,464)
--	----------	----------

Net Cash generated from operating activities

	(764,968)	(2,380,662)
--	-----------	-------------

Cash flow from Investment Activities

Dividend received	56,771	118,540
Proceeds from sale of non - dealing securities	1,597,203	228,422
Purchase of non - dealing securities	(188,546)	(22,110)
Sale proceeds on Disposal of Property plant and equipment	1,387	42,943
Sale proceeds on Disposal of Investment Properties	12,002	283,072
Acquisition of Property plant and equipment	(75,467)	(55,328)
Acquisition of Investments Properties	(28,120)	-
Acquisition of Intangible Assets	(52,187)	(2,977)

Net Cash generated from investments activities

	1,323,043	592,561
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Cash flow from finance Activities

Net Increase/(Decrease) in Borrowings obtained during the year	(1,130,877)	2,251,226
Dividend Paid	(21,042)	-

Net Cash generated from financing activities

	(1,151,919)	2,251,226
--	-------------	-----------

Net Cash Flow generated from all activities

	(593,845)	463,124
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Cash & Cash equivalents at the beginning of the period

	1,244,554	344,062
--	-----------	---------

Cash & Cash equivalents at the end of the period

	650,709	807,186
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(Note A)

Reconciliation of Profit before Tax with cash inflow from operating Activities

Profit Before tax	531,534	514,389
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Adjustments for

Dividend from investing activities	(56,771)	(118,540)
Capital gain from sale of shares	(80,191)	(59,542)
Share of Associates company profit/(Loss)	(42,053)	(60,113)
Profit /Loss on Disposal of Fixed Assets	240	(3,168)
Depreciation	57,184	53,005
Amortization of Leased Hold Assets	351	351
Amortization of Intangible Assets	10,756	6,716
Impairment Provision	303,691	159,296
Retirement Benefits provision	24,273	20,133
Retirement Benefits paid	(6,082)	(2,987)

Cash flows from operating activities before changes in operating assets

	742,932	509,540
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(Note B)

Cash & Cash equivalents at the end of period

Cash in hand	349,145	308,830
Balances with banks	301,565	498,356
	650,709	807,186

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Segments Information
For the Nine Months ended 31st December

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue												
Interest	1,631,116	1,369,688	929,784	946,105	2,113,329	1,350,546	125,504	190,320			4,799,732	3,856,659
Capital Gains							80,191	59,542			80,191	59,542
Dividends							56,771	118,540			56,771	118,540
Others									97,208	86,213	97,208	86,213
Total Income from external operations	1,631,116	1,369,688	929,784	946,105	2,113,329	1,350,546	262,466	368,402	97,208	86,213	5,033,902	4,120,954
Profit before Tax & VAT											673,560	585,244
Share of Associates company profit/(loss)											42,053	60,113
Tax & Vat on Financial Services											(391,866)	(281,516)
Profit After Tax											323,747	363,841
Other Information												
Segment Assets	11,380,841	11,063,555	5,618,735	6,291,857	13,830,867	10,694,459	4,758,234	6,044,186	3,332,677	3,032,174	38,921,353	37,126,232
Segment Liabilities	9,005,275	8,635,193	4,445,915	4,910,845	10,943,899	8,347,111	3,765,030	4,717,535	2,637,035	2,366,636	30,797,154	28,977,321
Net Assets	2,375,565	2,428,362	1,172,819	1,381,012	2,886,968	2,347,348	993,204	1,326,650	695,642	665,538	8,124,199	8,148,911

Information on cash Flows

For the period ended 31st December

Cash flows from operating activities											(764,968)	(2,380,662)
Cash flows from investing activities											1,398,509	647,889
Cash flows from financing activities											(1,151,919)	2,251,226
Capital expenditure											(75,467)	(55,328)
Net cash flow											(593,845)	463,124

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 31.12.2017	As at 31.03.2017
	Unaudited	Audited
	Rs ' 000	Rs ' 000
Liquidity Rs.('000)		
Required minimum amount of liquid assets	2,074,680	1,724,423
Available amount of liquid assets	2,620,130	1,861,433
Required minimum amount of Government securities	1,242,297	1,147,357
Available amount of Government securities	1,606,311	563,378
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 5%)	16.07%	17.17%
Total capital to risk weighted assets ratio (Minimum 10%)	17.23%	14.26%
Capital funds to total deposits liability ratio	40.21%	46.23%
Profitability		
Return on assets *(%)	1.13%	0.57%
Return on equity *(%)	5.31%	2.57%

Notes to the Financial Statements

- 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 2017.
Further, these interim financial statements are prepared in compliance with the Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting
- 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 Rs.7 per share as dividends.
- 5) During the interim period there were no material changes in the composition of assets, liabilities and contingent liabilities.

6) Share Information

6.1) Directors' and Chief Executive officer's shareholdings in shares as at 31st December 2017

Name of the Director	Number of shares	%
1) Mr. S H J Weerasuriya (Chairman)	NIL	-
2) Mr.G.G.Ondaatjie (Managing Director)	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mr.N.H.V.Perera	10,020	0.33
6) Mr. S H Jayasuriya	NIL	-
7) Mr. P M Amarasekara	NIL	-
8) Mr. P C Guhashanka	NIL	-
9) Ms. P T K Navaratne	NIL	-
10) Mr. S M S S Bandara	NIL	-

6.2) Stated Capital

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

As at	31.12.2017	31.03.2017
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 31st December 2017 were as follows

Shareholder	Number of shares	%
1 Nilaveli Beach Hotels (pvt) Ltd	629,580	20.94
2) Mr.G.G.Ondaatjie	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mercantile Fortune (pvt) Ltd	414,160	13.78
6) Mr. G.L.A.Ondaatjie	268,535	8.93
7) Tangerine Tours (pvt) Ltd	203,809	6.78
8) P.R.Divitotawela/R.D.Madugalle	12,525	0.42
9) P.R.Divitotawela/ A.D.Galagoda	12,525	0.42
10) R.M.D.Abeygunewardena	10,020	0.33
11) J.A.S.S.Adhihetty	10,020	0.33
12) N.H.V.Perera	10,020	0.33
13) C.A.Ondaatjie	2,004	0.07
14) A.M.Rajapakse	501	0.02
15) A.D.Rajapakse	501	0.02
16) A.M.Dominic & J.S.Dominic	151	0.01
17) H.W.M.Woodward	10	0.00
	<u>3,006,000</u>	<u>100</u>

6.4) The percentage of the shares held by public on 31st December 2017 was 10.54% (2016 - 10.54%)

6.5) The number of public shareholders as at 31st December 2017 was 10 (2016-10)

6.6) Information on Ratios, Market Prices

Description	31.12.2017	31.12.2016
Dividend per Share (Rs.)	7.00	-
Net Assets per Share (Rs.)	2,703	2,711
Market Prices		
- Highest	Not traded	2580.3
- Lowest	Not traded	2500
- Last traded price	Not traded	2580.3

7) Information on Listed Debentures

Description	For the Quarter Ended 31.12.2017	For the Quarter Ended 31.12.2016
Debt Equity Ratio (times)	1.13	1.37
Quick Asset Ratio (%)	12.64%	13.86%
Interest Cover (times)	1.19	1.23
Interest Yield & Yield to maturity as at date of last trade MERC/BC/05/11/18A10.5	10.81%	10.81%
Yield of comparable Government Security (%)	11.14%	11.94%
Market Price during the period		
- Highest	Not traded	Not traded
- Lowest	Not traded	Not traded
- Last traded price	Not traded	Not traded

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

Mercantile Investments and Finance PLC
Statement of Comprehensive Income

	For the 12 months Ended		For the 3 months Ended	
	Audited	Audited		
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	6,564,038	5,286,060	1,764,306	1,429,401
Interest Expense	(3,703,776)	(3,136,218)	(958,880)	(926,147)
Net Interest Income	2,860,263	2,149,842	805,426	503,254
Fee and Commission Income	89,797	83,622	24,515	28,922
Net fee and commission income	89,797	83,622	24,515	28,922
Other operating Income	330,258	275,851	161,371	66,256
Total Operating Income	3,280,318	2,509,315	991,312	598,432
Impairment gain/(loss) for loan and receivables and equity investments	(426,353)	(625,066)	(122,662)	(465,770)
Net operating income	2,853,965	1,884,250	868,650	132,662
Less: Operating Expenses				
Personnel Expenses	809,527	649,905	153,877	107,819
Depreciation of property and equipment	77,493	65,932	20,309	12,927
Amortization of intangible assets	15,785	2,786	5,029	(3,930)
Amortization of leasehold property	468	468	117	117
Define benefit plans	35,163	28,327	10,888	8,194
Other operating expenses	847,904	814,508	284,364	270,457
Operating Profit Before VAT& NBT on financial services	1,067,625	322,324	394,065	(262,923)
VAT & NBT on financial services	(283,667)	(112,838)	(99,588)	18,130
Operating Profit after VAT & NBT on financial services	783,959	209,485	294,478	(244,793)
Share of Associates company profit /(loss)	94,996	104,194	52,944	44,081
Profit Before Taxation	878,955	313,679	347,421	(200,712)
Income Tax Expenses	(364,890)	(111,665)	(157,103)	38,884
Profit After Taxation	514,065	202,014	190,318	(161,828)
Earnings per Share	171.01	67.20	63.31	-53.83
Dividend per Share	15.00	-	8.00	-

Mercantile Investments and Finance PLC
Statement of Other Comprehensive Income

	For the 12 Months Ended		For the 3 Months Ended	
	Unaudited	Audited		
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit for the period	514,065	202,014	190,318	(161,828)
Other comprehensive income				
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods				
Changes in fair value of available- for- sale financial assets	(56,158)	19,584	(9,789)	(111,283)
	(56,158)	19,584	(9,789)	(111,283)
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods				
Actuarial gain/(loss) for the year	14,095	(1,185)	14,095	(1,185)
Differed tax effect on Actuarial Gain	(4,278)	(2,826)	(4,278)	(2,826)
Net Revaluation gain during the year	890,093		890,093	
Differed tax effect on revaluations surplus on Land & Building	(447,581)	629	(447,581)	629
Share of other comprehensive income of associates	(49,323)	(5,183)	(49,923)	(5,156)
Net Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods	403,006	(8,565)	402,406	(8,538)
Total Other Comprehensive Income for the period (net of tax)	346,847	11,019	392,617	(119,820)
Total comprehensive income for the period (net of tax)	860,912	213,033	582,935	(281,648)

Mercantile Investments and Finance PLC
Statement of Financial Position

As at	Audited	Audited
	Rs.'000	Rs.'000
	31.03.2018	31.03.2017
Assets		
Cash & Short Term Funds	763,819	1,244,554
Placement with other banks	218,102	53,501
Financial investments - available for sale (quoted)	2,768,053	3,823,125
Loan and Advances	14,549,748	11,366,577
Lease receivable	12,016,981	11,093,954
Hire Purchase receivable	5,368,388	6,184,745
Financial investments - available for sale (unquoted)	70,427	70,427
Other Financial Assets	506,326	445,787
Inventories	6,762	7,882
Other Assets	104,102	81,732
Current tax refunds	21,676	121,051
Investment in Associates	1,006,506	995,978
Investments Properties	172,795	158,340
Property, Plant & Equipment	2,691,612	1,790,296
Leasehold Property	41,672	42,140
Intangible Assets	48,979	12,577
Total Assets	40,355,948	37,492,664
Liabilities		
Bank overdraft	254,238	1,092,434
Deposits due to customers	20,073,010	17,017,674
Debt instruments issued and other borrowings	9,327,958	10,165,837
Other Financial Liabilities	814,105	776,820
Deferred tax liabilities	980,970	361,223
Other liabilities	39,104	39,640
Retirement benefit obligations	183,477	171,772
Total Liabilities	31,672,862	29,625,399
Equity		
Stated capital	36,000	36,000
Revaluation reserve	1,928,250	1,535,061
Statutory reserve fund	711,400	661,400
General reserve	4,086,430	4,086,430
Available for sale reserve	200,485	256,644
Retained earnings	1,720,521	1,291,730
Total Equity	8,683,086	7,867,265
Total Liabilities & Equity	40,355,948	37,492,664
Net Assets Per Share	2,889	2,617

These financial statements have been prepared and presented in compliance with the requirements of the companies Act ,No 07 of 2007.

S.H.Jayasuriya
Director - Finance

The Board of Directors is responsible for the preparation and the presentation of the theses Financial Statements.
Approved and signed for and on behalf of the Board

G.G.Ondaatjie
Director
30-May-18

T.J.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	Available -For- sale Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
		Land & Buildings Rs.'000	Associate Company Reserve Rs.'000					
As at 1 April 2016	36,000	1,084,345	455,270	631,400	4,086,430	237,060	1,123,727	7,654,232
Total Comprehensive Income For period								
Profit for the period							202,014	202,014
Other comprehensive income		629	(5,183)			19,584	(4,011)	11,019
Total comprehensive income		629	(5,183)			19,584	198,003	213,033
Dividends to Equity owners								
Transfer				30,000			(30,000)	-
As at 31st March 2017	36,000	1,084,974	450,087	661,400	4,086,430	256,644	1,291,730	7,867,265
As at 1 April 2017	36,000	1,084,974	450,087	661,400	4,086,430	256,644	1,291,730	7,867,265
Total Comprehensive Income For the Year								
Profit for the period							514,065	514,065
Other comprehensive income		442,512	(49,323)			(56,158)	9,817	346,846
Total comprehensive income		442,512	(49,323)			(56,158)	523,881	860,911
Dividends to Equity owners							(45,090)	(45,090)
Transfers				50,000			(50,000)	-
As at 31st March 2018	36,000	1,527,486	400,764	711,400	4,086,430	200,486	1,720,521	8,683,086

Mercantile Investments and Finance PLC

Statement of Cash Flow

For the year ended 31st March	2018 Rs.000	2017 Rs.000
Cash flow from operating activities		
Interest and commission receipts	6,653,836	5,369,681
Interest payments	(3,703,776)	(3,136,218)
Cash receipts from customers	(335,978)	(145,788)
Cash payments to employees, suppliers and tax authority	(1,573,046)	(1,399,200)
Operating profit before changes in operating assets and liabilities (Note A)	1,041,036	688,475
(Increase) / decrease in operating assets		
Deposits held for regulatory or monetary control purposes	(897,540)	934,075
Funds advanced to customers	(3,590,582)	(4,119,821)
Other receivables	(81,628)	(336,249)
Increase / (decrease) in operating liabilities		
Other payables	36,739	1,202,085
Deposits from customers	3,055,335	(249,290)
Income taxes paid	(77,444)	(173,757)
Net cash from operating activities	(514,084)	(2,054,482)
Cash flows from investing activities		
Dividends received	69,863	177,001
Dividends received from associates	14,961	14,370
Proceeds from sale of non-dealing securities and government securities	2,013,968	228,422
Purchase of non-dealing securities	(188,546)	(21,148)
Proceeds from sale of property, plant and equipment	13,488	326,054
Purchase of property, plant and equipment and investment property	(117,032)	(85,378)
Acquisition of intangible assets	(52,187)	(2,977)
Net cash from investing activities	1,754,514	636,344
Cash flows from financing activities		
Borrowings obtained during the year	13,819,158	15,543,701
Borrowings repaid during the year	(14,657,037)	(13,905,033)
Dividends paid	(45,090)	-
Net Cash from financing activities	(882,969)	1,638,668
Net increase in cash and cash equivalents	357,461	220,530
Cash and cash equivalents at the beginning of the period	152,120	(68,410)
Cash and cash equivalents at the end of the period (Note B)	509,581	152,120
Reconciliation of profit before tax with cash inflow from operating activities (Note A)		
Profit before tax	878,955	313,679
Capital gain from sale of quoted shares and treasury bonds	(219,327)	(59,542)
Dividend from investing securities	(69,863)	(177,001)
Share of profit of associates	(94,996)	(104,194)
(Profit)/loss on sale of property, plant and equipment	368	(3,071)
Depreciation of property, plant and equipment and investment property	77,493	65,932
Amortisation of leasehold property	468	468
Amortisation of intangible assets	15,785	2,786
Provision for bad and doubtful debts	426,353	625,066
Retirement benefit provision	35,163	28,327
Retirement benefit paid	(9,362)	(3,975)
	1,041,036	688,475
Net Cash and cash equivalents at the end of the period (Note B)		
Cash in hand	483,582	998,666
Balance with bank	280,237	245,888
Bank Overdraft	(254,238)	(1,092,434)
	509,581	152,120

**Mercantile Investments and Finance PLC
Segments Information**

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue												
Interest	2,238,319	1,873,991	1,221,985	1,262,361	2,930,090	1,919,319	173,645	230,389			6,564,038	5,286,060
Capital Gains							219,327	59,542			219,327	59,542
Dividends							69,863	177,001			69,863	177,001
Others									130,864	122,930	130,864	122,930
Total Income from external operations	2,238,319	1,873,991	1,221,985	1,262,361	2,930,090	1,919,319	462,835	466,932	130,864	122,930	6,984,093	5,645,533
Profit before Tax & Vat											1,067,625	322,324
Share of Associates company profit/(loss)											94,996	104,194
Tax & Vat on Financial Services											(648,557)	(224,504)
Profit After Tax											514,065	202,014
Other Information												
Segment Assets	12,016,981	11,093,954	5,368,388	6,184,745	14,549,748	11,366,577	4,063,087	4,943,028	4,357,743	3,904,360	40,355,948	37,492,664
Segment Liabilities	9,431,378	8,766,056	4,213,313	4,886,971	11,419,188	8,981,474	3,188,863	3,905,809	3,420,120	3,085,089	31,672,862	29,625,399
Net Assets	2,585,604	2,327,898	1,155,076	1,297,774	3,130,560	2,385,103	874,224	1,037,219	937,623	819,271	8,683,086	7,867,265

Information on cash Flows

For the period ended 31st March

Cash flows from operating activities											(514,084)	(2,054,482)
Cash flows from investing activities											1,871,547	721,722
Cash flows from financing activities											(882,969)	1,638,668
Capital expenditure											(117,032)	(85,378)
Net cash flow											357,461	220,530

Mercantile Investments and Finance PLC
Selected Performance Indicators

Indicator	As at 31.03.2018	As at 31.03.2017
	Audited	Audited
	Rs ' 000	Rs ' 000
Liquidity Rs.('000)		
Required minimum amount of liquid assets	2,031,095	1,724,423
Available amount of liquid assets	2,311,208	1,861,433
Required minimum amount of Government securities	1,242,297	1,147,357
Available amount of Government securities	1,329,287	563,378
Capital Adequacy		
Core capital to risk weighted assets ratio (Minimum 5%)	16.24%	17.17%
Total capital to risk weighted assets ratio (Minimum 10%)	17.36%	14.26%
Capital funds to total deposits liability ratio	43.26%	46.23%
Profitability		
Return on assets *(%)	1.32%	0.57%
Return on equity *(%)	5.92%	2.57%

Notes to the Financial Statements

- 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 2017

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

- 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 Rs.8 per share as dividends.
- 5) During the interim period there were no material changes in the composition of assets, liabilities and contingent liabilities

6) Share Information

6.1) Directors' and Chief Executive officer's shareholdings in shares as at 31st March 2018

Name of the Director	Number of shares	%
1) Mr. S H J Weerasuriya (Chairman)	NIL	-
2) Mr.G.G.Ondaatjie (Managing Director)	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mr.N.H.V.Perera	10,020	0.33
6) Mr. S H Jayasuriya	NIL	-
7) Mr. P M Amarasekara	NIL	-
8) Mr. P C Guhashanka	NIL	-
9) Ms. P T K Navaratne	NIL	-
10) Mr. S M S Bandara	NIL	-

6.2) Stated Capital

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

As at	31.03.2018	31.03.2017
Ordinary Shares	3,006,000	3,006,000

6.3) The 20 largest shareholders of the company as at 31st March 2018 were as follows

Shareholder	Number of shares	%
1 Nilaveli Beach Hotels (pvt) Ltd	629,580	20.94
2) Mr.G.G.Ondaatjie	477,213	15.88
3) Mrs.A.M.Ondaatjie	477,213	15.88
4) Mr.T.J.Ondaatjie	477,213	15.88
5) Mercantile Fortune (pvt) Ltd	414,160	13.78
6) Mr. G.L.A.Ondaatjie	268,535	8.93
7) Tangerine Tours (pvt) Ltd	203,809	6.78
8) P.R.Divitotawela/R.D.Madugalle	12,525	0.42
9) P.R.Divitotawela/ A.D.Galagoda	12,525	0.42
10) R.M.D.Abeygunewardena	10,020	0.33
11) J.A.S.S.Adhihetty	10,020	0.33
12) N.H.V.Perera	10,020	0.33
13) C.A.Ondaatjie	2,004	0.07
14) A.M.Rajapakse	501	0.02
15) A.D.Rajapakse	501	0.02
16) A.M.Dominic & J.S.Dominic	151	0.01
17) H.W.M.Woodward	10	0.00
	3,006,000	100

6.4) The percentage of the shares held by public on 31st March 2018 was 10.54% (2017 - 10.54%)

6.5) The number of public shareholders as at 31st March 2018 was 10 (2017-10)

6.6) Information on Ratios, Market Prices

Description	31.03.2018	31.03.2017
Dividend per Share (Rs.)	15.00	-
Net Assets per Share (Rs.)	2,889	2,617
Market Prices		
- Highest	Not traded	2580.30
- Lowest	Not traded	2500.00
- Last traded price	Not traded	2580.30

7) Information on Listed Debentures

Description	For the Quarter Ended 31.03.2018	For the Quarter Ended 31.03.2017
Debt Equity Ratio (times)	3.42	3.59
Quick Asset Ratio (%)	11.40%	11.74%
Interest Cover (times)	1.24	1.38
Interest Yield & Yield to maturity as at date of last trade MERC/BC/05/11/18A10.5	10.71%	10.81%
Yield of comparable Government Security (%)	8.52%	11.94%
Market Price during the period		
- Highest	98.00	Not Traded
- Lowest	98.00	Not Traded
- Last traded price	98.00	Not Traded