

MERCANTILE INVESTMENTS & FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 2025

Mercantile Investments and Finance PLC
Income Statement

| | For the 12 months Ended | | | For the 3 months Ended | | |
|---|-------------------------|------------------|-------------|------------------------|------------------|--------------|
| | 31.03.2025 | 31.03.2024 | Change | 31.03.2025 | 31.03.2024 | Change |
| | Rs.'000 | Rs.'000 | % | Rs.'000 | Rs.'000 | % |
| Interest Income | 11,643,335 | 10,628,251 | 10% | 3,425,481 | 2,807,876 | 22% |
| Interest Expense | (5,250,230) | (6,441,603) | -18% | (1,397,206) | (1,507,724) | -7% |
| Net Interest Income | 6,393,105 | 4,186,648 | 53% | 2,028,275 | 1,300,152 | 56% |
| Fee and Commission Income | 92,626 | 75,732 | 22% | 27,403 | 22,535 | 22% |
| Net fee and commission income | 92,626 | 75,732 | 22% | 27,403 | 22,535 | 22% |
| Other operating Income | 215,892 | 244,975 | -12% | 56,411 | 135,722 | -58% |
| Total Operating Income | 6,701,623 | 4,507,355 | 49% | 2,112,088 | 1,458,409 | 45% |
| Impairment gain/(loss) for loan and receivable | (119,944) | (7,911) | 1416% | (40,534) | 143,418 | -128% |
| Net operating income | 6,581,678 | 4,499,443 | 46% | 2,071,555 | 1,601,827 | 29% |
| Less: Operating Expenses | | | | | | |
| Personnel Expenses | (2,006,486) | (1,507,352) | 33% | (545,598) | (472,779) | 15% |
| Depreciation of PPE and Right-of-use-assets | (227,182) | (151,534) | 50% | (66,391) | (40,051) | 66% |
| Amortization of intangible assets | (30,095) | (10,488) | 187% | (9,557) | (3,959) | 141% |
| Amortization of leasehold property | (468) | (468) | 0% | (117) | (117) | 0% |
| Define benefit plans | (86,721) | (85,397) | 2% | (11,989) | (25,519) | -53% |
| Other operating expenses | (1,976,127) | (1,516,724) | 30% | (558,608) | (450,433) | 24% |
| Operating Profit Before Taxes on financial services | 2,254,598 | 1,227,480 | 84% | 879,295 | 608,968 | 44% |
| VAT on financial services | (663,820) | (491,302) | 35% | (219,469) | (209,753) | 5% |
| Social Security Contribution Levy | (91,981) | (68,236) | 35% | (31,167) | (31,440) | -1% |
| Operating Profit after VAT on financial services | 1,498,797 | 667,943 | 124% | 628,660 | 367,776 | 71% |
| Share of Associates company profit /(loss) net of tax | 198,777 | 151,837 | 31% | 92,763 | 64,008 | 45% |
| Profit Before Taxation | 1,697,574 | 819,780 | 107% | 721,423 | 431,785 | 67% |
| Income Tax Expenses | (559,404) | (263,966) | 112% | (181,012) | (109,879) | 65% |
| Profit After Taxation | 1,138,171 | 555,814 | 105% | 540,411 | 321,906 | 68% |
| Earnings per Share | 378.63 | 184.90 | 105% | 179.78 | 107.09 | 68% |
| Dividend per Share | 25.00 | 20.00 | - | 25.00 | 20.00 | - |
| 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 | 622,395 | 458,573 | 36% | (153,422) | 230,900 | -166% |
| Share of other comprehensive income of associate (net of tax) | 115,488 | 13,897 | 731% | 95,497 | 1,918 | 4880% |
| Net change in revaluation surplus on Land & Buildings | - | 324,211 | -100% | - | 324,211 | -100% |
| Deferred tax effect on revaluations surplus on Land & building | - | (97,263) | -100% | - | (97,263) | -100% |
| Actuarial gain/(loss) on retirement benefit obligation | (65,004) | (60,120) | 8% | (65,004) | (60,120) | 8% |
| Deferred tax effect on actuarial loss | 1,465 | 14,073 | -90% | 1,465 | 14,073 | -90% |
| Net Other Comprehensive Income/(expenses) not to be reclassified to profit or loss in subsequent periods | 674,344 | 653,371 | 3% | (121,464) | 413,718 | -129% |
| Total Other Comprehensive Income/(expenses) for the period (net of tax) | 674,344 | 653,371 | 3% | (121,464) | 413,718 | -129% |
| Total comprehensive income for the period | 1,812,515 | 1,209,184 | 50% | 418,947 | 735,624 | -43% |

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
Statement of Financial Position

| As at | Unaudited | Audited |
|--|-------------------|-------------------|
| | 31.03.2025 | 31.03.2024 |
| | Rs.'000 | Rs.'000 |
| <u>Assets</u> | | |
| Cash and cash equivalents | 2,762,149 | 2,492,057 |
| Placement with banks at Amortized cost | 38,814 | 3,460 |
| Financial investments - At FVOCI (quoted) | 7,199,764 | 6,427,831 |
| Financial investments - At FVPL | 347,025 | 329,519 |
| Loans and receivables at Amortized Cost | 28,006,506 | 16,591,202 |
| Finance leases receivables at Amortized Cost | 25,124,132 | 20,302,869 |
| Hire purchase receivables at Amortized Cost | 80,718 | 101,632 |
| Financial investments - at FVOCI (unquoted) | 70,427 | 70,427 |
| Other financial assets | 284,228 | 289,256 |
| Inventories | 73,838 | 101,181 |
| Other assets | 406,863 | 179,493 |
| Investment in associates | 1,718,492 | 1,404,225 |
| Investment property | 258,390 | 260,055 |
| Property, plant and equipment | 4,512,331 | 4,391,241 |
| Right-of-use assets | 326,337 | 215,306 |
| Leasehold property | 38,397 | 38,866 |
| Intangible assets | 51,167 | 32,094 |
| Total Assets | 71,299,578 | 53,230,713 |
| <u>Liabilities</u> | | |
| Bank overdraft | 884,319 | 317,122 |
| Deposits due to customers at Amortised cost | 42,752,899 | 36,104,935 |
| Debt instruments issued and other borrowings at Amortised cost | 11,460,088 | 2,441,542 |
| Other Financial Liabilities | 386,231 | 430,673 |
| Current tax liabilities | 226,990 | 236,812 |
| Deferred tax liabilities | 695,567 | 750,164 |
| Other liabilities | 104,283 | 114,915 |
| Retirement benefit obligations | 489,083 | 396,405 |
| Lease Liability | 397,685 | 273,077 |
| Total Liabilities | 57,397,144 | 41,065,645 |
| <u>Equity</u> | | |
| Stated capital | 36,000 | 36,000 |
| Revaluation reserve | 2,279,152 | 2,279,152 |
| Statutory reserve fund | 944,400 | 887,400 |
| General reserves | 4,086,430 | 4,086,430 |
| Associated company reserves | 720,785 | 605,297 |
| Retained earnings | 4,785,665 | 3,122,457 |
| Regulatory Loss allowance reserve | 441,597 | 1,067,522 |
| Fair Value through OCI reserve | 608,405 | 80,812 |
| Total Equity | 13,902,433 | 12,165,069 |

Total Liabilities & Equity

Net Assets Per Share

71,299,578

4,625

53,230,713

4,047

Note - Above figures are provisional and subject to audit

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

Deva Anthony

Chief Financial Officer/Director (Non- Board)

The Board of Directors is responsible for the preparation and the presentation of these Financial Statements

Approved and signed for and on behalf of the Board

Gerard G. Ondaatjie

Managing Director

28-May-25

Shermal H. Jayasuriya

Director - Finance

Mercantile Investments and Finance PLC
Statement of Changes in Equity

| | Issued Capital | Revaluation Reserves | | Statutory Reserves | General Reserves | Fair Value through OCI Reserve | Regulatory Loss Allowance Reserve | Retained Earnings | 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 | | | | | | | | 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 |
| 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 | | | | | | | | 1,138,171 | 1,138,171 |
| Other comprehensive income | | | 115,488 | | | 622,395 | | (63,539) | 674,344 |
| Total comprehensive income | | | 115,488 | | | 622,395 | | 1,074,632 | 1,812,515 |
| Dividends to Equity owners | | | | | | | | (75,150) | (75,150) |
| Transfer to retained profits | | | | | | (94,802) | | 94,802 | - |
| Transfer from regulatory loss allowance reserve | | | | | | | (625,925) | 625,925 | - |
| Transfer to statutory reserve | | | | 57,000 | | | | (57,000) | - |
| As at 31st March 2025 | 36,000 | 2,279,152 | 720,785 | 944,400 | 4,086,430 | 608,405 | 441,597 | 4,785,665 | 13,902,433 |

Note - Above figures are provisional and subject to audit

Mercantile Investments and Finance PLC
STATEMENT OF CASH FLOW
Year ended 31st March 2025

| | 2025 | 2024 |
|--|--------------------|--------------------|
| | Rs.000 | Rs.000 |
| Cash flow from operating activities | | |
| Profit before tax | 1,697,574 | 819,780 |
| Unrealized (gain)/loss from investments of FVPL | 422 | (27,549) |
| Dividend from investing securities | (75,557) | (35,705) |
| Share of (profit)/Loss of associate investments | (198,777) | (151,837) |
| (Profit)/loss on sale of Property, Plant and Equipment | (3,286) | (423) |
| Depreciation of Property, Plant and Equipment and ROU | 227,182 | 151,534 |
| Amortization of leasehold property | 468 | 468 |
| Amortization of intangible assets | 30,095 | 10,488 |
| Provision/(Reversal) for bad and doubtful debts | 119,944 | 7,911 |
| Retirement benefit provision | 86,721 | 85,397 |
| Retirement benefit paid | (59,047) | (86,631) |
| Operating profit before changes in operating assets and liabilities | 1,825,741 | 773,433 |
| (Increase) / decrease in operating assets | | |
| Deposits held for regulatory purposes | (1,089,640) | (505,522) |
| Funds advanced to customers | (16,320,415) | (4,178,144) |
| Other receivables | (434,335) | 707,817 |
| Increase / (decrease) in operating liabilities | | |
| Other payables | 106,584 | 195,119 |
| Deposits from customers | 6,647,963 | 4,881,221 |
| | (9,264,102) | 1,873,924 |
| Income taxes paid | (652,920) | (119,314) |
| Net cash from operating activities | (9,917,022) | 1,754,610 |
| Cash flows from investing activities | | |
| Dividends received | 75,557 | 35,705 |
| Dividends received from associates | - | 17,031 |
| Purchase of Equity securities | (24,180) | (4,640) |
| Proceeds from sale of equity securities | 918,203 | 58,502 |
| Purchase of Property, Plant and Equipment | (277,497) | (229,313) |
| Proceeds from sale of Property, Plant and Equipment | 33,606 | 2,179 |
| Acquisition of investment properties | - | (34,500) |
| Acquisition of intangible assets | (49,168) | (33,247) |
| Net cash from investing activities | 676,522 | (188,282) |
| Cash flows from financing activities | | |
| Borrowings obtained during the year | 10,926,798 | 2,400,000 |
| Borrowings repaid during the year | (1,908,251) | (3,445,901) |
| Dividends paid | (75,150) | (43,038) |
| Net Cash from financing activities | 8,943,396 | (1,088,939) |
| Net increase /(decrease) in cash and cash equivalents | (297,104) | 477,389 |
| 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) | 1,877,832 | 2,174,936 |
| Note A | | |
| Cash and cash equivalents at the end of the period | | |
| Cash in hand | 727,310 | 386,458 |
| Balances with banks | 2,034,840 | 2,105,599 |
| Bank Overdrafts | (884,319) | (317,122) |
| | 1,877,832 | 2,174,936 |
| Operational Cash flow from Interest | | |
| Interest Received | 11,331,864 | 10,789,748 |
| Interest payments | (5,246,173) | (6,797,201) |

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 | |
|--|------------------|------------------|-----------------|---------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Revenue | | | | | | | | | | | | |
| Interest | 6,237,124 | 5,432,365 | (17,634) | 2,481 | 4,804,201 | 4,032,859 | 619,644 | 1,160,547 | | | 11,643,335 | 10,628,251 |
| Capital Gains | | | | | | | (8) | 142 | | | (8) | 142 |
| Unrealized Gains/(losses) from FVPL investments | | | | | | | (414) | 27,407 | | | (414) | 27,407 |
| Dividends from FVPL and FVOCI Investments | | | | | | | 75,557 | 35,705 | | | 75,557 | 35,705 |
| Others | | | | | | | | | 233,384 | 257,452 | 233,384 | 257,452 |
| Total Income from external operations | 6,237,124 | 5,432,365 | (17,634) | 2,481 | 4,804,201 | 4,032,859 | 694,778 | 1,223,801 | 233,384 | 257,452 | 11,951,853 | 10,948,958 |
| Profit before Taxes on Financial Services | | | | | | | | | | | 2,254,598 | 1,227,480 |
| Share of Associates company profit/(loss) | | | | | | | | | | | 198,777 | 151,837 |
| Tax , VAT & SSCL on Financial Services | | | | | | | | | | | (1,315,205) | (823,504) |
| Profit After Tax | | | | | | | | | | | 1,138,171 | 555,814 |
| Other Information | | | | | | | | | | | | |
| Segment Assets | 25,124,132 | 20,302,869 | 80,718 | 101,632 | 28,006,506 | 16,591,202 | 7,656,029 | 6,831,237 | 10,432,193 | 9,403,775 | 71,299,577 | 53,230,715 |
| Segment Liabilities | 20,225,273 | 15,662,959 | 64,979 | 78,406 | 22,545,624 | 12,799,536 | 6,163,209 | 5,270,062 | 8,398,060 | 7,254,684 | 57,397,144 | 41,065,647 |
| Net Assets | 4,898,859 | 4,639,910 | 15,739 | 23,227 | 5,460,882 | 3,791,665 | 1,492,820 | 1,561,175 | 2,034,134 | 2,149,092 | 13,902,433 | 12,165,069 |

Information on cash Flows

For the period ended 31st March

| | 2025 | 2024 |
|--------------------------------------|------------------|----------------|
| Cash flows from operating activities | (9,917,022) | 1,754,610 |
| Cash flows from investing activities | 954,019 | 41,031 |
| Cash flows from financing activities | 8,943,396 | (1,088,939) |
| Capital expenditure | (277,497) | (229,313) |
| Net cash flow | (297,104) | 477,389 |

Mercantile Investments and Finance PLC
Selected Performance Indicators

| Indicator | As at 31.03.2025 | As at 31.03.2024 |
|---|------------------|------------------|
| | Unaudited | Audited |
| | Rs ' 000 | Rs ' 000 |
| Liquidity Rs.(‘000) | | |
| Required minimum amount of liquid assets | 4,323,445 | 3,655,435 |
| Available amount of liquid assets | 8,518,718 | 7,149,804 |
| Required minimum amount of Government securities | 2,519,039 | 2,209,375 |
| Available amount of Government securities | 5,734,012 | 4,677,461 |
| Capital Adequacy | | |
| Core capital to risk weighted assets ratio (Minimum 8.5%) | 12.74% | 16.49% |
| Total capital to risk weighted assets ratio (Minimum 12.5%) | 14.41% | 17.88% |
| Capital funds to total deposits liability ratio (Minimum 10%) | 24.07% | 26.44% |
| Profitability | | |
| Return on assets (%) | 1.83% | 1.10% |
| Return on equity (%) | 8.73% | 4.80% |

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 paid a dividend of Rs. 25/- 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 2025

| 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 | - |
| 9) Mr. B P Morris | NIL | - |
| 10) Dr. S S J Patabendige | NIL | - |
| 11) Mr. G A F Marshall | NIL | - |
| 12) 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

| | 31.03.2025 | 31.03.2024 |
|-----------------|------------|------------|
| Ordinary Shares | 3,006,000 | 3,006,000 |

6.3) The 20 largest shareholders of the company as at 31st March 2025 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% |
| | 3,006,000 | 100% |

6.4) The percentage of the shares held by public on 31st March 2025 was 10.10% (2024 - 10.10%)

6.5) The number of public shareholders as at 31st March 2025 was 10 (2024-10)

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

Float Adjusted Market Capitalization as at 31st March 2025 was Rs.789,375,600/-

6.6) Information on Ratios ,Market Prices

| | 31.03.2025 | 31.03.2024 |
|----------------------------|------------|------------|
| Dividend per Share (Rs.) | 25.00 | 20.00 |
| Net Assets per Share (Rs.) | 4,625 | 4,047 |
| Market Prices | | |
| - Highest | Not traded | Not traded |
| - Lowest | Not traded | Not traded |
| - Last traded price | Not traded | Not traded |