



# **MERCANTILE INVESTMENTS & FINANCE PLC**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 03 MONTHS ENDED 30 JUNE 2025**

## Mercantile Investments and Finance PLC

### Statement of Profit or Loss and Other Comprehensive Income

(All amounts in Sri Lankan Rupees thousands)

For 03 months ended 30 June

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	Change %
Interest income	3,048,048	2,579,269	18.17%
Interest expenses	(1,527,071)	(1,303,439)	17.16%
<b>Net interest income</b>	<b>1,520,977</b>	<b>1,275,830</b>	<b>19.21%</b>
Fee and commission income	20,258	16,665	21.56%
<b>Net fee and commission income</b>	<b>20,258</b>	<b>16,665</b>	<b>21.56%</b>
Other operating income	187,165	49,765	276.10%
<b>Total operating income</b>	<b>1,728,400</b>	<b>1,342,260</b>	<b>28.77%</b>
Impairment charge for loans and receivables	(64,466)	(31,975)	101.61%
<b>Net operating income</b>	<b>1,663,934</b>	<b>1,310,285</b>	<b>26.99%</b>
<b>Less: operating expenses</b>			
Personnel expenses	(584,374)	(484,786)	20.54%
Depreciation of PPE and leasehold properties, Amortization of Right-of-use-assets and Intangible assets	(76,626)	(52,557)	45.80%
Other operating expenses	(554,821)	(439,193)	26.33%
<b>Operating profit before VAT on financial services</b>	<b>448,113</b>	<b>333,749</b>	<b>34.27%</b>
Value Added Tax on financial services and social security contribution levy	(162,870)	(136,384)	19.42%
<b>Operating profit after VAT on financial services</b>	<b>285,243</b>	<b>197,365</b>	<b>44.53%</b>
Share of associate company's profit, net of tax	31,602	31,205	1.27%
<b>Profit before taxation from operations</b>	<b>316,845</b>	<b>228,570</b>	<b>38.62%</b>
Income tax expenses	(114,612)	(93,094)	23.11%
<b>Profit for the year</b>	<b>202,233</b>	<b>135,476</b>	<b>49.28%</b>
<b>Other comprehensive income</b>			
<b>Other Comprehensive Income/(expenses) not to be reclassified to profit or loss in subsequent periods</b>			
Changes in fair value of financial assets measured at Fair Value through Other Comprehensive Income (FVOCI)	263,281	148,975	76.73%
Share of other comprehensive income of associate, net of tax	12,526	5,193	141.21%
<b>Total Other Comprehensive Income/(expenses) for the period, net of tax</b>	<b>275,807</b>	<b>154,168</b>	<b>78.90%</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>478,040</b>	<b>289,644</b>	<b>65.04%</b>
<b>Basic/ Diluted Earnings per Share</b>	<b>67.28</b>	<b>45.07</b>	<b>49.27%</b>
<b>Dividend per share</b>	<b>-</b>	<b>-</b>	<b>-</b>

The notes on pages 5 to 8 form an integral part of these financial statements.

# Mercantile Investments and Finance PLC

## Statement of Financial Position

(All amounts in Sri Lankan Rupees thousands)

### Assets

Cash and cash equivalents	3,858,665	2,720,258
Placement with banks at amortized cost	184,108	41,040
Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI) - quoted	6,891,580	7,199,933
Financial assets measured at Fair Value through Profit or Loss (FVTPL)	338,551	344,772
Financial assets at amortized cost - Loans and advances	35,960,965	27,931,006
Financial assets at amortized cost - Finance lease receivables	25,153,624	25,060,964
Financial assets at amortized cost - Hire purchase receivables	56,897	80,718
Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI) - unquoted	70,427	70,427
Other financial assets	333,931	284,228
Inventories	64,646	73,839
Other assets	303,654	222,487
Investment in associates	1,760,710	1,716,582
Investment property	257,974	258,390
Property, plant and equipment	4,584,882	4,512,331
Right-of-use assets	332,017	327,439
Leasehold property	38,280	38,397
Intangible assets	70,266	51,167

### **Total assets**

**80,261,177** **70,933,978**

### Liabilities

Bank overdraft	1,205,944	687,242
Financial liabilities at amortised cost - Deposits due to customers	45,710,550	42,775,086
Financial liabilities at amortised cost - Debt instruments issued and other borrowings	17,039,751	11,418,919
Other financial liabilities	207,183	350,288
Current tax liabilities	118,426	194,269
Deferred tax liabilities	675,812	685,588
Other liabilities	105,520	94,975
Retirement benefit obligations	507,895	489,083
Lease liability	375,523	401,997

### **Total liabilities**

**65,946,604** **57,097,447**

### Shareholders' funds

Stated capital	36,000	36,000
Revaluation reserve	3,010,066	2,997,540
Statutory reserve fund	941,400	941,400
General reserves	4,086,430	4,086,430
Retained earnings	5,356,276	4,829,865
Regulatory loss allowance reserve	50,200	336,894
Fair Value through OCI reserve	834,201	608,402

### **Total shareholders' funds**

**14,314,573** **13,836,531**

### **Total liabilities and shareholders' funds**

**80,261,177** **70,933,978**

### **Net Assets Per Share (Rs.)**

4,762 4,603

I certify that these financial statements have been prepared and presented in compliance with the requirements of the Companies Act , No. 07 of 2007.

(Sgd.)

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 of Directors by;

(Sgd.)

Gerard G. Ondaatjie

**Managing Director**

July 29, 2025

Colombo

(Sgd.)

Shermal H. Jayasuriya

**Director - Finance**

The notes on pages 5 to 8 form an integral part of these financial statements.

**Mercantile Investments and Finance PLC**
**Statement of Changes in Equity**

(All amounts in Sri Lankan Rupees thousands)

	Stated Capital	Revaluation Reserves - Land & Buildings	Associate Company Reserve	Statutory Reserves	General Reserves	Fair Value through OCI Reserve	Regulatory Loss Allowance Reserve	Retained Earnings	Total
<b>Balance as at 1 April 2024</b>	<b>36,000</b>	<b>2,279,152</b>	<b>605,297</b>	<b>887,400</b>	<b>4,086,430</b>	<b>80,812</b>	<b>1,067,522</b>	<b>3,122,457</b>	<b>12,165,068</b>
<b>Total Comprehensive Income For the Year</b>									
Profit for the period	-	-	-	-	-	-	-	1,074,666	<b>1,074,666</b>
Other comprehensive income	-	-	113,091	-	-	622,395	-	(63,539)	<b>671,947</b>
<b>Total comprehensive income</b>			<b>113,091</b>			<b>622,395</b>		<b>1,011,127</b>	<b>1,746,613</b>
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	(75,150)	<b>(75,150)</b>
Transfer to retained profits	-	-	-	-	-	(94,802)	-	94,802	-
Transfer from regulatory loss allowance reserve	-	-	-	-	-	-	(730,628)	730,628	-
Transfer to Statutory Reserve	-	-	-	<b>54,000</b>	-	-	-	(54,000)	-
<b>Balance as at 31 March 2025</b>	<b>36,000</b>	<b>2,279,152</b>	<b>718,388</b>	<b>941,400</b>	<b>4,086,430</b>	<b>608,405</b>	<b>336,894</b>	<b>4,829,864</b>	<b>13,836,531</b>
<b>Balance as at 1 April 2025</b>	<b>36,000</b>	<b>2,279,152</b>	<b>718,388</b>	<b>941,400</b>	<b>4,086,430</b>	<b>608,405</b>	<b>336,894</b>	<b>4,829,864</b>	<b>13,836,531</b>
<b>Total Comprehensive Income For the Year</b>									
Profit for the period	-	-	-	-	-	-	-	202,233	<b>202,233</b>
Other comprehensive income	-	-	12,526	-	-	263,281	-	-	<b>275,807</b>
<b>Total comprehensive income</b>			<b>12,526</b>			<b>263,281</b>		<b>202,233</b>	<b>478,040</b>
Transfer to retained profits	-	-	-	-	-	(37,485)	-	37,485	-
Transfer from regulatory loss allowance reserve	-	-	-	-	-	-	(286,694)	286,694	-
<b>Balance as at 30 June 2025</b>	<b>36,000</b>	<b>2,279,152</b>	<b>730,914</b>	<b>941,400</b>	<b>4,086,430</b>	<b>834,201</b>	<b>50,200</b>	<b>5,356,276</b>	<b>14,314,573</b>

	Stated Capital	Revaluation Reserves - Land & Buildings	Associate Company Reserve	Statutory Reserves	General Reserves	Fair Value through OCI Reserve	Regulatory Loss Allowance Reserve	Retained Earnings	Total
<b>Balance as at 1 April 2024</b>	<b>36,000</b>	<b>2,279,152</b>	<b>605,297</b>	<b>887,400</b>	<b>4,086,430</b>	<b>80,812</b>	<b>1,067,522</b>	<b>3,122,457</b>	<b>12,165,068</b>
<b>Total Comprehensive Income For the Year</b>									
Profit for the period	-	-	-	-	-	-	-	135,476	<b>135,476</b>
Other comprehensive income	-	-	5,193	-	-	148,975	-	-	<b>154,168</b>
<b>Total comprehensive income</b>			<b>5,193</b>			<b>148,975</b>		<b>135,476</b>	<b>289,644</b>
Transfer to retained profits	-	-	-	-	-	80,023	-	(80,023)	-
Transfer from regulatory loss allowance reserve	-	-	-	-	-	-	(2,274)	2,274	-
<b>Balance as at 30 June 2024</b>	<b>36,000</b>	<b>2,279,152</b>	<b>610,490</b>	<b>887,400</b>	<b>4,086,430</b>	<b>309,810</b>	<b>1,065,248</b>	<b>3,180,184</b>	<b>12,454,712</b>

The notes on pages 5 to 8 form an integral part of these financial statements.

# Mercantile Investments and Finance PLC

## Statement of Cash Flows

(All amounts in Sri Lankan Rupees thousands)

For 03 months ended 30 June

### Cash flow from operating activities

#### Profit before income tax

#### Adjustments for:

Unrealized loss/ (gain) from investments of FVTPL  
Dividend from investing securities  
Share of (profit)/loss of associate investments  
(Profit)/loss on sale of Property, Plant and Equipment  
Depreciation of Property, Plant and Equipment and ROU assets  
Amortization of leasehold property  
Amortization of intangible assets  
Provision for impairment of loans and receivables  
Provision for retirement benefit obligations  
Retirement benefit paid

#### Operating profit before changes in operating assets and liabilities

#### (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 used in operating activities

### Cash flows from investing activities

Dividends received  
Proceeds from sale of equity securities  
Purchase of Property, Plant and Equipment  
Proceeds from sale of Property, Plant and Equipment  
Acquisition of intangible assets

#### Net cash (used in)/ from investing activities

### Cash flows from financing activities

Borrowings obtained during the year  
Borrowings repaid during the year

#### Net Cash from financing activities

#### Net increase /(decrease) in cash and cash equivalents

#### 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 the period

Cash and cash equivalents  
Bank overdrafts

#### Operational Cash flow from Interest

Interest received  
Interest payments

2025 (Unaudited)	2024 (Unaudited)
316,845	228,570
2,350	(9,337)
(6,373)	(16,115)
(31,602)	(31,205)
-	(167)
63,541	47,680
117	117
6,621	4,760
64,466	31,975
24,774	25,248
(5,962)	(12,840)
434,777	268,686
281,206	534,353
(8,163,264)	(2,540,714)
(152,668)	(1,253,862)
2,935,464	699,005
(132,560)	(94,653)
(4,797,045)	(2,387,185)
(169,238)	(146,609)
(4,966,283)	(2,533,794)
6,373	16,115
151,231	83,784
(106,156)	(46,084)
-	214
(25,720)	(10,062)
25,728	43,967
7,800,000	1,250,000
(2,239,740)	(300,885)
5,560,260	949,115
619,705	(1,540,712)
2,033,016	2,174,935
2,652,721	634,223
3,858,665	862,276
(1,205,944)	(228,053)
2,652,721	634,223
2,623,439	2,606,697
(1,690,916)	(1,796,014)

The notes on pages 5 to 8 form an integral part of these financial statements.

## Mercantile Investments and Finance PLC

### Segments Information

(All amounts in Sri Lankan Rupees thousands)

For 03 months ended 30 June

	Finance Lease		Hire Purchase		Loans & Advances		Investments		Others		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>External operating income</b>												
Interest income	1,467,349	1,402,233	526	(65)	1,417,329	1,009,708	162,844	167,393	-	-	3,048,048	2,579,269
Dividends from FVPL and FVOCI Investments	-	-	-	-	-	-	6,373	16,115	-	-	6,373	16,115
Others	-	-	-	-	-	-	-	-	201,051	50,315	201,051	50,315
<b>Total Income from external operations</b>	<b>1,467,349</b>	<b>1,402,233</b>	<b>526</b>	<b>(65)</b>	<b>1,417,329</b>	<b>1,009,708</b>	<b>169,217</b>	<b>183,508</b>	<b>201,051</b>	<b>50,315</b>	<b>3,255,471</b>	<b>2,645,699</b>
Profit before Taxes on Financial Services											448,113	333,749
Share of Associates company profit/(loss)											31,602	31,205
Tax , VAT & SSCL on Financial Services											(277,482)	(229,478)
Profit After Tax											202,233	135,476
<b>Other Information</b>												
Segment Assets	25,153,624	21,205,995	56,897	96,948	35,960,966	18,201,498	9,227,118	9,107,451	9,862,571	6,331,759	80,261,177	54,943,651
Segment Liabilities	20,671,203	16,398,987	46,758	74,972	29,552,656	14,075,554	7,582,829	7,042,960	8,093,158	4,896,466	65,946,604	42,488,939
<b>Net Assets</b>	<b>4,482,422</b>	<b>4,807,008</b>	<b>10,139</b>	<b>21,976</b>	<b>6,408,309</b>	<b>4,125,944</b>	<b>1,644,289</b>	<b>2,064,491</b>	<b>1,769,413</b>	<b>1,435,293</b>	<b>14,314,573</b>	<b>12,454,712</b>

### Information on cash Flows

#### For the period ended 31st March

	2025	2024
Cash flows from operating activities	(4,966,283)	(2,533,794)
Cash flows from investing activities	157,604	100,113
Cash flows from financing activities	5,560,260	949,115
Capital expenditure	(131,876)	(56,146)
<b>Net cash flow</b>	<b>619,705</b>	<b>(1,540,712)</b>

**Mercantile Investments and Finance PLC**  
**Selected Performance Indicators**

Indicator	June 30, 2025	March 31, 2025
<b>Liquidity Rs.('000)</b>		
Required minimum amount of liquid assets	<b>4,617,934</b>	4,323,445
Available liquid assets	<b>8,898,774</b>	8,546,627
Required minimum amount of Government securities	<b>2,977,712</b>	2,519,039
Available amount of Government securities	<b>5,310,462</b>	5,734,012
<b>Capital Adequacy (%)</b>		
Core capital to risk weighted assets ratio (Minimum 8.5%)	<b>13.36%</b>	15.60%
Total capital to risk weighted assets ratio (Minimum 12.5%)	<b>14.79%</b>	17.27%
Capital funds to total deposits liability ratio (Minimum 10%)	<b>26.37%</b>	28.34%
<b>Profitability</b>		
Return on assets (%), after tax*	<b>1.07%</b>	2.59%
Return on equity (%)*	<b>5.75%</b>	8.27%

\*Annualized figures

# **Mercantile Investments and Finance PLC**

## **Notes to the condensed interim financial statements**

### **1. General Information**

Mercantile Investment and Finance PLC ('the Company') is a public limited liability company, listed on the Colombo Stock Exchange, incorporated on 15th June 1964, and domiciled in Sri Lanka. It is a licensed finance company regulated under the Finance Business Act No. 42 of 2011. The Company was re-registered under the Companies Act No. 07 of 2007. The registered office of the Company is located at No. 236, Galle Road, Colombo 03.

### **2. Basis of preparation**

The condensed interim financial statements for the quarter ended June 30, 2025 of the Company have been prepared in accordance with Sri Lanka Accounting Standard - LKAS 34, 'Interim Financial Reporting'. These information should be read in conjunction with the audited financial statements for the year ended March 31, 2025.

### **3. Accounting policies and estimates**

The accounting policies are in line with the policies published in the audited financial statements for the year ended March 31, 2025.

In preparing the condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and the sources of uncertainty in estimates are consistent with the audited financial statements for the year ended March 31, 2025.

### **4. Stated Capital**

The number of shares representing the stated capital is 3,006,000 ordinary shares as of June 30, 2025.

### **5. Dividends**

A dividend of Rs. 16.60 per share on ordinary shares was approved as the second interim dividend for the financial year ended 31st March 2025 and this was paid on 14th July 2025.

### **6. Contingent liabilities**

There has not been a significant change in the nature of contingent liabilities, which we were disclosed in the audited financial statements for the year ended March 31, 2025.

### **7. Significant unusual events or transactions affecting assets, liabilities, equity, net income or cash flows**

There were no other unusual events or transactions affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incident for the quarter ended 30 June 2025. All the known expenses have been provided for.

### **8. Events after the reporting period**

No circumstances have arisen since the statement of financial position date that require adjustments to or disclosure in the financial statements, except for Note 5 to the financial statements.



# Mercantile Investments and Finance PLC

## Share Information

### 1. Public shareholdings

As per Rule No. 7.6 (iv) of the Listing Rules of the Colombo Stock Exchange, the information pertaining to public shareholding is as follows.

	30 June 2025	30 June 2024
Public holding percentage	10.10%	10.10%
Number of public shareholders	10	10
Float adjusted market capitalisation (Rs.)	789,375,600	789,375,600

#### a) Minimum Public Holding

The float-adjusted market capitalisation of the Company falls under option 2 of Rule 7.13.1 (i) (b) of the Listing Rules of the Colombo Stock Exchange and the Company is not fully compliant with the minimum public holding requirement applicable under the said option as of 30 June 2025.

The Company's shares have been transferred from the Diri Savi Board to the Second Board of the Colombo Stock Exchange due to the aforementioned non-compliance.

The steps to be adopted by the Company to comply with the rule will be announced in a subsequent market announcement.

### 2. Directors' and Chief Executive Officer's shareholding

The details of shares held directly by the directors as of 30th June 2025 are as follows.

Name of the Director	Number of shares	%
Mr. G. G. Ondaatjie (Managing Director/CEO)	484,615	16.12%
Ms. A. M. Ondaatjie	484,615	16.12%
Mr. T. J. Ondaatjie	484,614	16.12%

None of the Directors other than those disclosed above directly held any shares in the Company.

### 3. Twenty largest ordinary shareholders of the Company

	Name of Shareholders	No. 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 & V. Vaseeharan	10	0.00%
	<b>Total number of shares</b>	<b>3,006,000</b>	<b>100.00%</b>

### 4. Market Price per share

For three months ended 30th June 2025

	2025 (Rs.)	2024 (Rs.)
Highest Market Price	Not traded	Not traded
Lowest Market Price	Not traded	Not traded
Last Traded Price	Not traded	Not traded

## **Corporate Information**

### **Name of the Company**

Mercantile Investments and Finance PLC

### **Legal Form**

Public Limited Liability Company incorporated in Sri Lanka under the Companies Ordinance No. 51 of 1938 and re-registered under the Companies Act No. 07 of 2007. A licensed finance company under the Finance Business Act No. 42 of 2011.

### **Company Registration Number**

PB 76 PQ

### **Tax Payer Identification Number**

104021794

### **VAT Registration Number**

104021794 7000

### **Registered Office**

No. 236, Galle Road, Colombo 3

### **Head Office**

No. 236 Galle Road, Colombo 3

Telephone: 2343720 – 7

Fax: 2434524

Email: [mercantile@mi.com.lk](mailto:mercantile@mi.com.lk)

Website: <https://www.mi.com.lk>

### **Board of Directors**

Pandithasundara Dinuka Dilhan Perera - Chairman

Gerard George Ondaatjie - Managing Director

Shermal Hemaka Jayasuriya - Finance Director

Angeline Myrese Ondaatjie

Travice John Ondaatjie

Anil Lasantha Naomal Dias

Eranjalie Deepthie Wickramasuriya

Malwattage Kanchana Sujeewa Pieris

Brandon Philip Morris

Sugeeth Saranga Jasenthupatabendige

Graham Anthony Fedrick Marshall

Egoda Wiyannala Vajira Arjuna Wijesinghe

### **Company Secretary**

Sonali Pethiyagoda

### **External Auditors**

Messrs. Ernst & Young, Chartered Accountants

Rotunda Towers, No. 109, Galle Road

Colombo 03

### **Credit Rating**

Long-term institution rating at BBB-(lka) (stable outlook) by Fitch Ratings