

Q2

2016/2017

Interim Financial Reports

For the period ended 30 September 2016

MERCANTILE SHIPPING COMPANY PLC

Mercantile Shipping Company PLC

BOARD OF DIRECTORS

Mr. H.A.R.K. Wickramatileka (Acting Chairman)
Mr. C.P.P.G. Hapudeniya (Deputy Chairman)
Mr. T. Kriwat (Managing Director)
Capt. K. Kriwat
Mr. T.N. Jayasinghe
Mr. S. M. D Nihal Dharmapriya
Mrs. C. D. A. Peiris
Capt. R. E. G. Codipilly
Mr. M. S. P. Gunawardena

SECRETARIES

Managers & Secretaries (Pvt) Limited

REGISTERED OFFICE

108, Aluthmawatha Road,
Colombo 15, Sri Lanka
Tel: +94-11-4489900
Fax: +94-11-4489999
E-mail: info@mercmarine.net
Website: www.mscl.lk

MERCANTILE SHIPPING COMPANY PLC

INTERIM FINANCIAL STATEMENTS

All in LKR

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Period Ended 30 September

	Unaudited 30.9.2016	Unaudited 30.9.2015	Change %	03 Months 30.9.2016	03 Months 30.9.2015	Change %
Revenue	327,041,050	253,308,839	29.1	190,413,688	119,776,157	59
Cost of Sales	(332,975,314)	(214,163,521)	55	(185,710,544)	(118,946,781)	56
Gross Profit / (Loss)	(5,934,264)	39,145,318		4,703,144	829,376	467
Other Income / (Expenses)	3,872	132,977,730		3,596	134,805,424	
Selling and marketing expenses	-	-	-	-	-	
Administrative Expenses	(15,564,170)	(11,168,476)	39	(7,567,276)	(5,809,644)	30
Finance Cost	(57,189,078)	(45,178,474)	27	(29,125,371)	(23,205,770)	26
Finance Income	1,763,488	6,761	25,983	1,077,869	1,853	58,069
Profit / (Loss) before Tax	(76,920,151)	115,782,859	(166)	(30,908,038)	106,621,239	(129)
Income Tax expense / (reversal)	(104,939)	(344,300)	(70)	(101,250)	-	
Profit / (Loss) for the Period	(77,025,090)	115,438,559	(167)	(31,009,288)	106,621,239	(129)
Other Comprehensive Income						
Net Exchange Gain / (Loss) on Translation of Foreign Operations	(33,718,923)	(34,646,315)	(3)	(121,031)	(20,366,002)	(99)
Other Comprehensive Income for the period, net of tax	(33,718,923)	(34,646,315)		(121,031)	(20,366,002)	(99)
Total Comprehensive Income for the period, net of tax	(110,744,013)	80,792,244	(237)	(31,130,319)	86,255,237	(136)
Basic Earnings / (Loss) per Share	(27.07)	40.58		(10.90)	37.48	

MERCANTILE SHIPPING COMPANY PLC

INTERIM FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

All in LKR

As at 30 September

	Notes	Unaudited 30.9.2016	Unaudited 30.9.2015	Audited 31.3.2016
ASSETS				
Non-Current Assets				
Property, Plant & Equipment		2,034,420,433	2,861,633,949	2,042,194,653
Investment Property		62,872,861	66,947,534	64,846,099
Investment in Joint Ventures		-	-	-
Other Non-Current Financial Assets		1,297,630	1,297,630	1,297,630
		<u>2,098,590,924</u>	<u>2,929,879,113</u>	<u>2,108,338,381</u>
Current Assets				
Inventories		43,028,114	9,540,048	18,232,055
Trade and Other Receivables		22,002,307	30,869,336	70,122,418
Advance and Prepayments		9,565,522	9,514,457	9,566,838
Income Tax Recoverables		3,675,098	10,571,467	3,675,098
Other Current Financial Assets	6.1	42,792,093	44,097,126	42,373,972
Cash and Cash Equivalents	6.2	13,269,622	18,320,833	12,296,422
		<u>134,332,755</u>	<u>122,913,265</u>	<u>156,266,803</u>
Total Assets		<u>2,232,923,679</u>	<u>3,052,792,378</u>	<u>2,264,605,184</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital		37,262,606	37,262,606	37,262,696
Exchange Reserve		(40,141,998)	28,893,047	(6,423,075)
Retained Earnings / (losses)		(1,220,109,105)	(306,744,526)	(1,143,084,013)
Total Equity		<u>(1,222,988,497)</u>	<u>(240,588,873)</u>	<u>(1,112,244,392)</u>
Non-Current Liabilities				
Interest Bearing Loans and Borrowings		23,200,000	3,144,760,227	26,100,000
Retirement Benefit Liability		718,115	556,256	698,612
Deferred Tax Liability		1,553,109	1,230,584	1,553,109
		<u>25,471,224</u>	<u>3,146,547,067</u>	<u>28,351,721</u>
Current Liability				
Other Payables		88,202,359	61,399,744	60,886,371
Interest Bearing Loans and Borrowings	6.3	3,341,018,243	84,210,593	3,286,247,880
Tax Payables		1,220,350	1,223,847	1,363,604
		<u>3,430,440,952</u>	<u>146,834,184</u>	<u>3,348,497,856</u>
Total Equity and Liabilities		<u>2,232,923,679</u>	<u>3,052,792,378</u>	<u>2,264,605,184</u>
NAV per share (Rs.)		(429.87)	(84.57)	(390.95)

The figures are provisional and subject to audit.

The Chief Financial Officer certifies that the financial statements have been prepared in compliance with the requirement of the Companies Act No. 07 of 2007.



H. A. R. K. Wickramatileka
Acting Chairman

November 11, 2016
Colombo



T. N. Jayasinghe
Director



(Mrs.) C. D. A. Peiris
Director (Finance)

MERCANTILE SHIPPING COMPANY PLC

INTERIM FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

All in LKR

For the Period Ended 30 September

	Stated Capital	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
Balance as at 01 April 2015	37,262,606	63,539,362	(422,183,085)	(321,381,116)
Profit / (Loss) for the 06 Months Period	-	-	115,438,559	115,438,559
Other Comprehensive Income	-	(34,646,315)	-	(34,646,315)
Balance as at 30 September 2015	37,262,606	28,893,047	(306,744,526)	(240,588,872)
Profit / (Loss) for the 06 Months Period	-	-	(836,339,490)	(836,339,490)
Other Comprehensive Income	-	(35,316,122)	-	(35,316,122)
Balance as at 31 March 2016	37,262,606	(6,423,075)	(1,143,084,015)	(1,112,244,484)
Profit / (Loss) for the 06 Months Period	-	-	(77,025,090)	(77,025,090)
Other Comprehensive Income	-	(33,718,923)	-	(33,718,923)
Balance as at 30 September 2016	37,262,606	(40,141,998)	(1,220,109,105)	(1,222,988,497)

MERCANTILE SHIPPING COMPANY PLC

INTERIM FINANCIAL STATEMENTS

Consolidated Statement of Cash Flow

All in LKR

For the Period Ended 30 September

	Notes	2016	2015
Cash Flows from / (used in) Operating Activities			
Profit / (Loss) before tax		(76,920,152)	115,807,659
Adjustments for:			
Depreciation		66,200,707	59,634,641
Provision for Defined Benefit Obligation		-	(63,189)
Finance Cost		57,189,078	45,178,474
Finance Income		(1,763,488)	(6,761)
Exchange (gain) / loss		813,682	(87,683,492)
Operating Profit / (Loss) before Working Capital Changes		45,519,827	132,867,332
(Increase) / Decrease in Inventories		(24,202,264)	(2,467,942)
(Increase) / Decrease in Trade and Other Receivables		50,830,410	(15,175,513)
(Increase) / Decrease in Advance and Prepayments		(2,127,352)	(197,179)
Increase / (Decrease) in Trade and Other Payables		6,280,423	(13,481,296)
Cash Generated from / (used in) Operations		76,301,044	101,545,402
Finance Cost Paid		(58,423,151)	(43,998,780)
Defined Benefit Obligation Paid		-	-
Tax Paid		(104,939)	(355,500)
Net Cash from / (used in) Operating Activities		17,772,954	57,191,122
Cash Flows from / (used in) Investing Activities			
Acquisition of Property Plant and Equipment		-	(174,990)
Capital Work in Progress of Investment Property		-	143,103
Finance Income Received		1,763,488	-
Investment in Fixed Deposits		-	(30,532,727)
Net Cash from / (used in) investing Activities		1,763,488	(30,564,614)
Cash Flows from / (used in) Financing Activities			
Interest Bearing Loans and Borrowings		-	-
Repayment of Interest Bearing Loans and Borrowings		(3,205,934)	(48,373,576)
Net Cash from / (used in) Financing Activities		(3,205,934)	(48,373,576)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(1,971,837)	2,566,923
Net Increase / (Decrease) in Cash and Cash Equivalents		14,358,671	(19,180,145)
Cash and Cash Equivalents at the beginning of the period		(37,561,038)	37,500,978
Cash and Cash Equivalents at the end of the period	7	(23,202,367)	18,320,833

MERCANTILE SHIPPING COMPANY PLC

INTERIM FINANCIAL STATEMENTS

All in LKR

Company Statement of Profit or Loss and Other Comprehensive Income

For the Period Ended 30 September

	Unaudited 30.9.2016	Unaudited 30.9.2015	Change %	03 Months 30.9.2016	03 Months 30.9.2015	Change %
Revenue	10,396,289	9,769,871		5,221,559	4,858,875	7
Cost of Sales	-	-		-	-	
Gross Profit / (Loss)	10,396,289	9,769,871		5,221,559	4,858,875	
Other Income	3,399	45,293,006	(100)	3,399	45,216,608	
Selling and Marketing Expenses	-	-		-	-	
Administrative Expenses	(11,022,958)	(9,109,822)	21	(5,657,369)	(4,891,173)	16
Finance Cost	(1,961,020)	(2,067,600)		(976,886)	(866,223)	
Finance Income	1,763,488	6,761	25,983	1,077,869	1,853	58,069
Share of (Loss) of Joint Venture (net of tax)	-	-	100	-	-	
Profit / (Loss) before Tax	(820,802)	43,892,216	(102)	(331,428)	44,319,940	(101)
Income Tax (expense) / reversal	(104,939)	(344,300)	(70)	(101,250)	-	
Profit / (Loss) for the Period	(925,741)	43,547,916	(102)	(432,678)	44,319,940	(101)
Other Comprehensive Income						
Net Exchange Gain / (Loss) on Translation of Foreign Operations	-	-		-	-	
Other Comprehensive Income for the period, net of tax	-	-		-	-	
Total Comprehensive Income for the period, net of tax	(925,741)	43,547,916	(102)	(432,678)	44,319,940	(101)
Basic Earnings / (Loss) per Share	(0.33)	15.31		(0.15)	15.58	

MERCANTILE SHIPPING COMPANY PLC

INTERIM FINANCIAL STATEMENTS

Company Statement of Financial Position

All in LKR

As at 30 September

	Notes	Unaudited 30.9.2016	Unaudited 30.9.2015	Audited 31.3.2016
ASSETS				
Non-Current Assets				
Property, Plant & Equipment		4,893,815	8,813,574	6,572,644
Investment Property		62,872,861	66,947,534	64,846,099
Investment in Subsidiaries		15,000,000	15,000,000	15,000,000
Other Non-Current Financial Assets		1,297,630	1,297,630	1,297,630
		<u>84,064,305</u>	<u>92,058,738</u>	<u>87,716,373</u>
Current Assets				
Trade and Other Receivables		16,888,938	25,565,843	16,186,660
Advance and Prepayments		464,030	1,949,757	1,767,380
Income Tax Recoverables		-	261,557	-
Other Current Financial Assets	6.1	42,792,093	44,097,126	42,373,972
Cash and Cash Equivalents	6.2	6,286,325	3,463,065	6,309,430
		<u>66,431,386</u>	<u>75,337,348</u>	<u>66,637,442</u>
Total Assets		<u>150,495,691</u>	<u>167,396,086</u>	<u>154,353,815</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital		37,262,606	37,262,606	37,262,606
Retained Earnings / (losses)		34,509,489	47,291,084	35,435,230
Total Equity		<u>71,772,095</u>	<u>84,553,690</u>	<u>72,697,836</u>
Non-Current Liabilities				
Interest Bearing Loans and Borrowings		23,200,000	29,087,800	26,100,000
Retirement Benefit Liability		-	-	-
Deferred Tax Liability		1,553,109	1,230,584	1,553,109
		<u>24,753,109</u>	<u>30,318,384</u>	<u>27,653,109</u>
Current Liability				
Other Payables		47,892,540	47,624,012	47,602,308
Interest Bearing Loans and Borrowings	6.3	6,077,947	4,900,000	6,257,305
Tax Payables		-	-	143,256
		<u>53,970,487</u>	<u>52,524,012</u>	<u>54,002,870</u>
Total Equity and Liabilities		<u>150,495,691</u>	<u>167,396,086</u>	<u>154,353,815</u>
NAV per share (Rs.)		25.23	29.72	25.55

MERCANTILE SHIPPING COMPANY PLC

INTERIM FINANCIAL STATEMENTS

Company Statement of Changes in Equity

All in LKR

For the Period Ended 30 September

	Stated Capital	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
Balance as at 01 April 2015	37,262,606	-	3,743,168	41,005,774
Profit / (Loss) for the 06 Months Period	-	-	43,547,916	43,547,916
Other Comprehensive Income	-	-	-	-
Balance as at 30 September 2015	37,262,606	-	47,291,084	84,553,690
Profit / (Loss) for the 06 Months Period	-	-	(11,855,854)	(11,855,854)
Other Comprehensive Income	-	-	-	-
Balance as at 31 March 2016	37,262,606	-	35,435,230	72,697,836
Profit / (Loss) for the 06 Months Period	-	-	(925,741)	(925,741)
Other Comprehensive Income	-	-	-	-
Balance as at 30 September 2016	37,262,606	-	34,509,489	71,772,095

MERCANTILE SHIPPING COMPANY PLC

INTERIM FINANCIAL STATEMENTS

Company Statement of Cash Flow

All in LKR

For the Period Ended 30 September

	Notes	2016	2015
Cash Flows from / (used in) Operating Activities			
Profit / (Loss) before tax		(820,802)	43,892,216
Adjustments for;			
Depreciation		3,652,067	2,943,318
Fair value adjustment of investments		-	(63,189)
Finance Cost		1,961,020	2,067,600
Finance Income		(1,763,488)	(6,761)
Operating Profit / (Loss) before Working Capital Changes		<u>3,028,797</u>	<u>48,833,184</u>
(Increase) / Decrease in Inventories		-	-
(Increase) / Decrease in Trade and Other Receivables		(702,278)	(297,932)
(Increase) / Decrease in Advance and Prepayments		741,970	(787,971)
Increase / (Decrease) in Trade and Other Payables		290,233	(990,290)
Cash Generated from / (used in) Operations		<u>3,358,722</u>	<u>46,756,991</u>
Finance Cost Paid		(1,961,020)	(2,067,600)
Defined Benefit Obligation Paid		-	-
Tax Paid		(104,939)	(344,300)
Net Cash from / (used in) Operating Activities		<u>1,292,763</u>	<u>44,345,091</u>
Cash Flows from / (used in) Investing Activities			
Acquisition of Property Plant and Equipment		-	(174,990)
Finance Income Received		1,763,488	143,103
Investment in financial assets		-	(30,532,727)
Net Cash from / (used in) investing Activities		<u>1,763,488</u>	<u>(30,564,614)</u>
Cash Flows from / (used in) Financing Activities			
Interest Bearing Loans and Borrowings		-	-
Repayment of Interest Bearing Loans and Borrowings		(3,205,934)	(12,196,765)
Net Cash from / (used in) Financing Activities		<u>(3,205,934)</u>	<u>(12,196,765)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents		-	-
Net Increase / (Decrease) in Cash and Cash Equivalents		<u>(149,683)</u>	<u>1,583,712</u>
Cash and Cash Equivalents at the beginning of the period		<u>5,958,059</u>	<u>1,879,353</u>
Cash and Cash Equivalents at the end of the period	7	<u>5,808,376</u>	<u>3,463,065</u>

MERCANTILE SHIPPING COMPANY PLC

INTERIM FINANCIAL STATEMENTS

Notes to the Financial Statements

1. These Interim Financial Statements are in compliance with the LKAS and SLFRS and have been prepared in accordance with the Accounting Policies and Method of Computations followed in the Annual Report for the year ended 31 March 2016.

2. Stated Capital	As at 30.9.2016 Number	As at 30.9.2016 Rs.	As at 30.9.2015 Number	As at 30.9.2015 Rs.
Fully paid Ordinary Shares	2,844,990	37,262,600	2,844,990	37,262,600

3. Contingent Liabilities

There are no contingent liabilities as at the balance sheet date.

4. All shipping businesses of the group are carried out in international waters

5. Trading Prices at the Colombo Stock Exchange

		2016 Rs.	2015 Rs.
Highest Price during the period	Quarter	100.00	118.00
Lowest Price during the period	Quarter	74.30	90.20
Price as at 30th September		82.60	102.20

6.1 Other Current Financial Assets

	Group	Company
Term deposits (12 months)	42,509,920	42,509,920
Quoted shares	282,173	282,173
Total Other Current Financial Assets	<u>42,792,093</u>	<u>42,792,093</u>

6.2 Cash and Cash Equivalent

	Group	Company
Cash and Bank Balances	13,269,622	6,286,323

6.3 Interest Bearing Loans and Borrowings (Current Liability)

	Group	Company
Bank Overdraft	36,471,989	477,947
* Current Component of Loan Instalments	3,304,546,254	5,600,000
	<u>3,341,018,243</u>	<u>6,077,947</u>

*Since no formal rescheduling in place with regard to the loan taken by Company's fully own subsidiary and its loan repayments are negotiated on "pay as you earn" basis the total loan has been considered under current liability in the group column.

7. Cash and Cash Equivalent for the Purpose of Cash Flow Statement	Group	Company
Term deposits (maturity less than 3 months)	-	-
Cash and Bank Balance	13,269,622	6,286,323
Bank Overdraft	<u>(36,471,989)</u>	<u>(477,947)</u>
Total Cash and Cash Equivalent	<u><u>(23,202,367)</u></u>	<u><u>5,808,376</u></u>

8. H&M Shipping Services (Pvt) Ltd., the joint venture company is in the process of liquidation

9. There are no material events after the balance sheet date

MERCANTILE SHIPPING COMPANY PLC

INTERIM FINANCIAL STATEMENTS

Directors Shareholding as at 30 September 2016

Capt. Klaus Kriwat	Nil	
Thomas Kriwat	Nil	
Hettiarachchige Ranjith Kumara Wickramatileka	11,414	(CDS)
Tissa Nihal Jayasinghe	Nil	
Chinthaka Parakrama Punyajith Gamalath Hapudeniya	Nil	
Samaraweera Mudalige Don Nihal Darmapriya	Nil	
Charmaine Divinia Anne Peiris	Nil	
Capt. Rohan Edward Guy Codipilly	4162	(CDS)
Mallawarachchige Sarathchandra Perera Gunawardena	Nil	

Issued Shares (Ordinary Shares) 2,844,990

(1.) Parent, subsidiary or associate entities or any subsidiaries or associates of its Parent Entity

(2.) Directors of the entity, their spouses, their close family members

H A R K Wickrematileka	11,414	
Capt. Rohan Edward Guy Codipilly	4,162	(15,576)

(3.) Chief Executive Officer and his close family members

-

(4.) Key management Personnel and their close family members

-

(5.) Any party acting in concert with the parties set out in 1,2,3 & 4

-

(6.) Entities, Single shareholders or Single shareholders jointly or severally holding 10% or more

Reederei Eugen Friederich	(1,155,352)	
Hemas Holdings PLC	(484,334)	
Mercantile Marine Management Ltd	(593,580)	(2,233,266)

Public Holding

596,148

Public Holding %

20.95%

MERCANTILE SHIPPING COMPANY PLC

INTERIM FINANCIAL STATEMENTS

Top 20 Shareholders

Name	No. of Shares	%
Reederei Eugen Friederich Gmbh Schiffahrtsgesellschaft	1,155,352	40.61
Mercantile Marine Management Limited	593,580	20.86
Hemas Holdings Plc	484,334	17.02
Ceylon Shipping Corporation Limited	238,506	8.38
H S B C Intl Nom Ltd-State Street Munich C/O Ssbtd-Deg-Deutsche Inves	238,259	8.37
Hetti Arachchige Ranjith Kumara Wickramatileka	11,414	0.40
Vallipuram Satyendra	10,387	0.37
A B C Capital Corporation Ltd	10,000	0.35
People'S Leasing & Finance Plc/L.P.Hapangama	9,100	0.32
Pan Asia Banking Corporation Plc/Mr.S.Gobinath	6,250	0.22
T R L Holdings (Pvt) Limited	5,514	0.19
Kulappuarachchige Don Dammika Perera	4,778	0.17
Rohan Edward Guy Codipilly	4,162	0.15
Amitha Sumithra Ranasinghe	3,804	0.13
Ginige Cyril Walter De Silva(Deceased)	3,424	0.12
Gajath Chrysantha Goonetilleke	3,210	0.11
Arrow International (Pvt) Ltd	3,000	0.11
Muthuramalingam Ramasubbu	2,625	0.09
Alston Clifford Perera Gunasena	2,310	0.08
Tuan Shirazi Salim	2,100	0.07
	2,792,109	98.14
Other Shareholders	52,881	1.86
Total Issued Capital	2,844,990	100.00

MERCMARINE

GROUP OF COMPANIES

Propelled by Passion

Mercantile Shipping Company PLC

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