

Mercantile Investment Company Limited

ABN 15 121 415 576

**Appendix 4E- Preliminary Final Report
For the year ended 30 June 2015****Results For Announcement to the Market
*All comparisons to the year ended 30 June 2014***

		Movement Up/(down)	Movement Up/(down)
	\$	\$	%
Revenue from ordinary activities	453,209	(471,439)	-51%
Loss from operating activities before tax attributable to members	(703,798)	(730,587)	-2727%
Loss from operating activities after tax attributable to members	(750,641)	(642,079)	-591%
Net profit for the period attributable to members	11,234,857	3,707,701	49%

Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
Dividends paid during the year	Nil	Nil	Nil
Final dividend dates			
	Nil	Nil	Nil

Net tangible Assets Per Share	30 June 2015 Cents	30 June 2014 Cents
Net tangible assets per share (before tax)	15.20	15.37
Net tangible assets per share (after tax)	14.39	13.45

The Company's Annual General Meeting will be held on 28 October 2015. Further details regarding the AGM proceedings will be sent to shareholders in due course.

The report is based on the Annual Report which is in the process of being audited. All documents comprise the information required by Listing Rule 4.3A.

Mercantile Investment Company Limited

ABN 15 121 415 576

Chairman's Letter

The Directors have pleasure in presenting the Annual Report and Accounts of Mercantile Investment Company Ltd (MVT) for the year ended 30 June 2015.

Since the present Board took control of the company early in 2012, net assets per share have increased from 6.4c to 14.39c which represents a compound return of approximately 38% per annum.

The latest year has been a busy and largely productive one –

- We conducted a merger of equals with Murchison Metals Ltd which resulted in the issue of 18.2 million shares, lifting paid capital to 268.8 million shares.
- MVT invested \$4.75 million in Foundation Life (NZ) Holdings Ltd which purchased the Life Assurance Funds of Tower Ltd. We have confidence this will prove to be a very rewarding investment and have already received an initial two dividends.
- In March we launched a monumentally unsuccessful takeover offer for Phosphate Australia Ltd (POZ) which did not attract a single acceptance. We continue to monitor the performance of POZ (in which we hold 9%) but as we predicted, it remains very poor.
- Since balance date, a takeover offer for ASK Funding Ltd has been more successful and we now hold 71.74% of the capital.

Overall the portfolio has expanded quite considerably but some of the exposures are very small. Our largest investment Ingenia Communities Ltd continues to account for more than 40% of the portfolio.

We anticipate another successful year in 2015/16.

Ron Brierley
Chairman

28 August 2015

MERCANTILE INVESTMENT COMPANY LIMITED
ABN 15 121 415 576 and Controlled Entities

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

		Consolidated	
	Note	30 June 2015	30 June 2014
Revenue		\$	\$
Investment Related Income	2	1,812,284	398,143
Other Income	2	104,331	75,514
Realised (Loss) / Gains on Trading Portfolio		(26,882)	(184)
Unrealised (Loss)/Gains on Market Value Movement - Trading		(1,436,524)	451,175
		<u>453,209</u>	<u>924,648</u>
Expenses			
Fund Administration Expenses		(18,756)	(4,432)
Remuneration Expenses	3	(199,179)	(67,324)
Listed Company Expenses	3	(858,750)	(717,444)
Marketing & Development Expenses		(16,013)	(5,387)
Occupancy Expenses		(14,562)	(13,673)
Depreciation	11	(2,765)	(5,010)
Finance Costs		(46,982)	(84,589)
		<u>(1,157,007)</u>	<u>(897,859)</u>
Profit / (Loss) Before Income Tax		(703,798)	26,789
Income Tax Expense	4	(46,843)	(135,351)
Loss for the period		<u>(750,641)</u>	<u>(108,562)</u>
Other Comprehensive Income			
Gain on Revaluation of Available-for-sale Financial Assets			
Items that will not be reclassified to profit or loss:			
Gain on disposal of investments available for sale		6,955,730	3,150,200
Fair Value Adjustment		7,185,385	6,407,883
Deferred Tax Impact relating to items that will not be reclassified		(2,155,617)	(1,922,365)
Other Comprehensive Income for the Year, Net of Tax		<u>11,985,498</u>	<u>7,635,718</u>
Total Comprehensive Income for the Year		11,234,857	7,527,156
Profit (Loss) Attributable to:			
Members of the Parent Entity		(750,641)	(108,562)
Non-Controlling Interest		-	-
		<u>(750,641)</u>	<u>(108,562)</u>
Total Comprehensive Income Attributable to:			
Members of the Parent Entity		11,234,857	7,527,156
Non-Controlling Interest		-	-
		<u>11,234,857</u>	<u>7,527,156</u>
Earnings per Share			
From Continuing Operations			
- Basic loss per share (cents per share)	6	(0.28)	(0.04)
- Diluted loss per share (cents per share)	6	(0.28)	(0.04)
From Comprehensive Income			
- Basic earnings per share (cents per share)	6	4.19	3.00
- Diluted earnings per share (cents per share)	6	4.19	3.00

Figures prior to 8 July 2014 do not contain the financial results of Murchison Metals Limited as this was prior to the merger with Mercantile Investment Company Limited.

The above statement should be read in conjunction with the accompanying notes.

MERCANTILE INVESTMENT COMPANY LIMITED
ABN 15 121 415 576 and Controlled Entities

Consolidated Statement of Financial Position
As at 30 June 2015

	Notes	Consolidated 30 June 2015 \$	30 June 2014 \$
Assets			
Current Assets			
Cash and Cash Equivalents	7	6,117,624	1,129,258
Trade and Other Receivables	8	84,098	34,924
Financial Assets - Fair Value through profit or loss	9	3,278,374	4,866,296
Other Assets	10	43,582	193,120
Tax Assets	13	-	59
Total Current Assets		<u>9,523,678</u>	<u>6,223,657</u>
Non - Current Assets			
Financial Assets - Available for Sales	9	32,420,440	34,449,927
Trade and Other Receivables	8	713,558	871,534
Property, Plant & Equipment	11	3,065	5,830
Deferred Tax Assets	13	243,861	36,218
Total Non-Current Assets		<u>33,380,924</u>	<u>35,363,509</u>
Total Assets		<u>42,904,602</u>	<u>41,587,166</u>
Liabilities			
Current Liabilities			
Trade and Other Payables	14	1,764,491	138,318
Borrowings	15	-	2,912,241
Tax Liability	13	473,096	-
Total Current Liabilities		<u>2,237,587</u>	<u>3,050,559</u>
Non-Current Liabilities			
Deferred Tax Liabilities	13	2,455,990	4,830,215
Total Non-Current Liabilities		<u>2,455,990</u>	<u>4,830,215</u>
Total Liabilities		<u>4,693,577</u>	<u>7,880,774</u>
Net assets		<u>38,211,025</u>	<u>33,706,392</u>
Equity			
Issued Capital	16	27,404,109	24,773,530
Reserves	17	18,486,985	16,561,023
Retained Earnings		<u>(7,680,069)</u>	<u>(7,628,161)</u>
Total Equity		<u>38,211,025</u>	<u>33,706,392</u>

Figures prior to 8 July 2014 do not contain the financial results of Murchison Metals Limited as this was prior to the merger with Mercantile Investment Company Limited.

The above statement should be read in conjunction with the accompanying notes.

MERCANTILE INVESTMENT COMPANY LIMITED
ABN 15 121 415 576 and Controlled Entities

Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

Consolidated	Issued Share Capital - Ordinary \$	Retained Earnings \$	Realised Capital Profits Reserve \$	Asset Revaluation Reserve \$	Total \$
Balance at 1 July 2013	24,881,777	(7,519,599)	2,515,234	6,410,071	26,287,483
Loss for the Year	-	(108,562)	-	-	(108,562)
<i>Other Comprehensive Income for the Year:</i>					
Gains on Disposal of Investments Available for Sale to 30 June 2014	-	-	3,150,200	-	3,150,200
Net unrealised gains for stocks held at 30 June	-	-	-	4,485,518	4,485,518
Total Comprehensive Income for the year	-	-	3,150,200	4,485,518	7,635,718
Deferred tax relating to capital raising costs	(108,247)	-	-	-	(108,247)
Balance at 30 June 2014	24,773,530	(7,628,161)	5,665,434	10,895,589	33,706,392
Balance at 1 July 2014	24,773,530	(7,628,161)	5,665,434	10,895,589	33,706,392
Loss for the Year		(750,641)			(750,641)
<i>Other Comprehensive Income for the Year:</i>					-
Gains on Disposal of Investments Available for Sale to 30 June 2015	-	-	6,955,730	-	6,955,730
Realised gain on acquisition adjustment	-	698,733	-		698,733
Net unrealised loss on stocks held at 30 June 2015	-	-	-	(5,029,768)	(5,029,768)
Total Comprehensive Income for the year	-	698,733	6,955,730	(5,029,768)	2,624,695
Deferred Tax Relating to Capital Raising Costs	(139,295)				(139,295)
Murchison Scheme-MVT shares subscription	2,769,874				2,769,874
Balance at 30 June 2015	27,404,109	(7,680,069)	12,621,164	5,865,821	38,211,025

Figures prior to 8 July 2014 do not contain the financial results of Murchison Metals Limited as this was prior to the merger with Mercantile Investment Company Limited.

The above statement should be read in conjunction with the accompanying notes.

MERCANTILE INVESTMENT COMPANY LIMITED
ABN 15 121 415 576 and Controlled Entities

Consolidated Statement of Cash Flows
For the year ended 30 June 2015

		Consolidated	
		30 June 2015	30 June 2014
	Note	\$	\$
Cash Flows from Operating Activities			
Dividends received		702,757	357,174
Trust Distributions Received		499,868	1,160,149
Payments to Suppliers & Employees		(873,601)	(773,060)
Proceeds from Sale of Shares Held for Trading		3,891,468	3,005
Purchase of Shares Held for Trading		(2,750,384)	(940,573)
Capital Return Payments		218,562	-
Interest Received		351,061	33,695
Interest Paid		(46,982)	(89,794)
Other Income		25,895	-
Underwriting Fee Received		-	36,500
Income Tax Paid		-	230,192
Net Cash Provided by /(Used in) Operating Activities		2,018,644	17,288
Cash flows from Investing Activities			
Proceeds from Sale of Investments		9,132,594	5,150,772
Purchase of Investments		(7,796,448)	(6,374,181)
Capital Return Payments		463,689	80,000
Purchase of Capital Assets		-	(3,192)
Net Cash provided by /(Used in) Investing Activities		1,799,835	(1,146,601)
Cash Flows from Financing Activities			
IHUK loan advanced		-	(826,351)
IHUK loan principal repaid		289,362	-
Proceed from borrowing		-	1,912,241
Repayment of borrowing		(2,912,241)	-
NZ Listing		(139,295)	-
Unclaimed Monies		1,162,187	-
MMX&MVT Scheme - MVT shares subscription		2,769,874	-
Deposit paid for share purchase agreement		-	(184,780)
Net Cash Provided by/ (used in) Financing Activities		1,169,887	901,110
Net Increase/(Decrease) in Cash and Cash Equivalents Held		4,988,366	(228,203)
Cash and Cash Equivalents at the Beginning of Financial Year		1,129,258	1,357,461
Cash and Cash Equivalents at End of Financial Year	7	6,117,624	1,129,258

Figures prior to 8 July 2014 do not contain the financial results of Murchison Metals Limited as this was prior to the merger with Mercantile Investment Company Limited.

The above statement should be read in conjunction with the accompanying notes.

MERCANTILE INVESTMENT COMPANY LIMITED
ABN 15 121 415 576 and Controlled Entities
Notes to the Financial Statements
For the year ended 30 June 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are a general purpose financial report that has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. Mercantile Investment Company Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements include the consolidated financial statements and notes of Mercantile Investment Company Limited and controlled entities ('Consolidated Group' or 'Group' or 'Company'). Mercantile Investment Company Limited is a listed public company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Mercantile Investment Company Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The accounting policies are consistent with those applied in the 30 June 2014 Annual Report.

	Consolidated	
	30 June 2015	30 June 2014
	\$	\$
NOTE 2: REVENUE AND OTHER INCOME		
Investment Related Income		
- Dividends Received	702,757	357,174
- Trust Distributions Received	499,868	-
- Interest Income	391,097	-
- Capital Return on Trading Portfolio	218,562	40,969
Total Investment Related Income	<u>1,812,284</u>	<u>398,143</u>
Other Income		
- Underwriting Fee	-	36,500
- Sundry Income	25,895	-
- Foreign Exchange - Realised/Unrealised	78,436	39,014
Total Other Income	<u>104,331</u>	<u>75,514</u>
NOTE 3: EXPENSES		
Remuneration Expenses		
Director Fees	182,491	62,985
Superannuation	15,921	4,164
Other	767	175
	<u>199,179</u>	<u>67,324</u>
Listed Company Expenses		
Accounting Fees	67,348	73,810
Audit Fees	37,420	35,640
Company Secretary Expenses	87,285	42,762
Brokerage Costs	31,280	-
Legal & Professional Fees ¹	77,959	171,708
ASIC & ASX Charges	52,939	32,429
Share Registry Costs	59,526	24,281
Services Agreement Fees	168,636	165,000
Taxation Services	135,677	160,617
Other operating expenses	140,680	11,197
	<u>858,750</u>	<u>717,444</u>

¹ A number of legal costs incurred during FY14/15 are considered non-recurring. These include costs relating to preparation of bidders statement for proposed take-over offer of POZ and AKF as well as the MMX Scheme of Arrangement.

MERCANTILE INVESTMENT COMPANY LIMITED
ABN 15 121 415 576 and Controlled Entities
Notes to the Financial Statements
For the year ended 30 June 2015

	Consolidated	
	30 June 2015	30 June 2014
	\$	\$
NOTE 4: INCOME TAX EXPENSE - GROUP		
(a) The components of tax expense comprise:		
- Provision for income tax movement	432,226	135,351
- Under provision for tax - prior year	(117,705)	-
- Deferred tax movement	(267,678)	-
	46,843	135,351
(a) The prima facie tax on (loss)/profit from ordinary activities before income tax is as follows		
(Loss)/Profit from continuing operations before income tax expense	(703,798)	26,789
Add: Gains on disposal of investments available for sale	6,955,730	-
Prima facie tax payable on profit from ordinary activities before income tax at 30%.	1,875,580	8,037
Add: Tax Effect of:		
- Franking Credits	62,120	43,994
- Other Assessable Income	134,694	1,171,354
- Non-Deductible Expenditure	73,265	67,011
Less: Tax Effect of:		
- Group Losses/(Gains) not recognised	116	195
- Non-Assessable Income	(165,561)	(176,449)
- Non-Deductible Expenditure	(75,931)	-
- Tax Losses Utilised	(1,549,100)	(944,240)
- Other Allowable Items	-	(10,096)
- Rebateable Fully Franked Dividends	(207,066)	(43,994)
- Deduction under Sec 40-880	(101,274)	(115,812)
Deferred Tax	-	135,351
	46,843	135,351
Approximate prior year carried losses recouped as at 30 June 2015 was \$5.16m (2014: \$2.90m). The Company has determined that current year taxable profits will be offset against prior year carried forward revenue losses.		
Deferred tax assets relating to capital raising costs (Mercantile) and others (Murchison) have been recognised in the Statement of Financial Position totalling \$243,861.		
Franking Credits		
The ability for Mercantile Investment Company Limited to pay franked dividends is dependent upon the Company paying tax. At 30 June 2015 the Company was liable for tax on taxable profits and total imputation credits from the receipt of franked dividends of \$207,066 was used to reduce tax on taxable profits.		
Balance of franking account at year end arising from:		
Opening balance	641,904	495,258
Payment of provision for income tax	-	-
Franking Credits on dividends received	207,066	146,646
	848,970	641,904

MERCANTILE INVESTMENT COMPANY LIMITED
ABN 15 121 415 576 and Controlled Entities
Notes to the Financial Statements
For the year ended 30 June 2015

	Consolidated	
	30 June 2015	30 June 2014
	\$	\$

NOTE 5: DIVIDENDS

No dividends were paid or provided for during the year (2014: Nil)

Listed Investment Company capital gains account

Balance of the Listed Investment Company (LIC) capital gains account	12,621,164	5,665,434
This would equate to an attributable amount of	13,289,122	6,333,392

Distributable LIC capital gains may entitle certain shareholders to a special gains concession in their taxation return, as set out in the dividend statement. LIC capital gains available for distribution are dependent upon the disposal of investment portfolio holdings which qualify for LIC capital gains.

NOTE 6: EARNINGS PER SHARE

(a) Reconciliation of earnings used in calculating basic and diluted earnings per share

Net Loss attributable to members	(750,641)	(108,562)
Loss used in calculating basic and diluted EPS	<u>(750,641)</u>	<u>(108,562)</u>

<i>(b) Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS</i>	268,764,671	250,577,700
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Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares and options outstanding during the year used in calculating diluted EPS	<u>268,764,671</u>	<u>250,577,700</u>

Comprehensive Income:

Loss for the year	(750,641)	(108,562)
Other Comprehensive Income for the year, Net of Tax	11,985,498	7,635,718
Total Comprehensive Income for the year	<u>11,234,857</u>	<u>7,527,156</u>

NOTE 7: CASH AND CASH EQUIVALENTS

Cash at bank and in Hand	<u>6,117,624</u>	<u>1,129,258</u>
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Cash at bank earns interest at floating rates based on daily bank deposit rates.

MERCANTILE INVESTMENT COMPANY LIMITED
ABN 15 121 415 576 and Controlled Entities
Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated	
		30 June 2015	30 June 2014
		\$	\$
NOTE 8: TRADE AND OTHER RECEIVABLES			
Current - Loans & Receivables			
Other Receivables		74,961	13,991
Amounts Receivable from:			
- GST refundable		9,137	9,659
- Trust Distributions Receivable		-	11,274
		<u>84,098</u>	<u>34,924</u>

There are no balances within trade and other receivables that contain assets that are impaired. Those balances past due are expected to be received in full. All assets are assessed for impairment and are provided for in full, where identified to be impaired.

Non-Current - Loans & Receivables

Loan - Impact Holdings (UK)	<u>713,558</u>	<u>871,534</u>
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On 11 July 2013, the Company advanced GBP500,000 to Impact Holdings (UK). Interest is payable at the end of each quarter at a rate of 4.5% per annum. \$289,362 in principal was repaid and \$20,401 interest was paid during the reporting period.

NOTE 9: FINANCIAL ASSETS

CURRENT & NON-CURRENT

Current - Financial Assets Held-for-Trading	9(a)	3,278,374	4,866,296
Non-Current -Available for Sale Financial Assets	9(b)	32,420,440	34,449,927
Total Financial Assets		<u>35,698,814</u>	<u>39,316,223</u>

(a) Financial Assets Held-For-Trading Comprise:

CURRENT

- Shares in listed corporations held-for-trading	3,278,374	4,866,296
Total Current Financial Assets	<u>3,278,374</u>	<u>4,866,296</u>

(b) Available-for-Sale Financial Assets comprise:

NON-CURRENT

Investments, at fair value		
- Listed domestic and international investments	26,997,447	33,929,026
- Unlisted domestic investments	1,477,805	520,901
- Unlisted international investments	3,945,188	-
Total Non-Current Financial Assets	<u>32,420,440</u>	<u>34,449,927</u>

NOTE 10: OTHER ASSETS

CURRENT

Deposits Paid	-	184,780
Prepayments	43,582	8,340
Total Other Assets	<u>43,582</u>	<u>193,120</u>

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

PLANT & EQUIPMENT

Plant & Equipment:		
At Cost	23,279	23,279
Accumulated Depreciation	(21,624)	(20,989)
	<u>1,655</u>	<u>2,290</u>
Website Development Costs		
At Cost	5,326	5,326
Accumulated Depreciation	(3,916)	(1,786)
	<u>1,410</u>	<u>3,540</u>
Total Plant & Equipment	<u>3,065</u>	<u>5,830</u>

MERCANTILE INVESTMENT COMPANY LIMITED
ABN 15 121 415 576 and Controlled Entities
Notes to the Financial Statements
For the year ended 30 June 2015

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant & Equipment \$	Furniture & Fixtures \$	Website Development \$	Total \$
Consolidated:				
Balance at 1 July 2013	3,806	1,708	2,134	7,648
Additions	-	-	3,192	3,192
Write-Offs	-	-	-	-
Depreciation Expense	(3,001)	(223)	(1,786)	(5,010)
Balance at 30 June 2014	805	1,485	3,540	5,830
Balance at 1 July 2014	805	1,485	3,540	5,830
Additions	-	-	-	-
Write-Offs	-	-	-	-
Depreciation Expense	(412)	(223)	(2,130)	(2,765)
Balance at 30 June 2015	393	1,262	1,410	3,065

NOTE 12: CONTROLLED ENTITIES

	Country of Incorporation	Percentage June 2015	Percentage June 2014
Parent Entity			
Mercantile Investment Company Ltd	Australia	100	100
Controlled Entities of Mercantile Investment Company Ltd			
Murchison Metals Ltd	Australia	100	28
Mercantile ADF Pty Ltd	Australia	100	100
Mercantile IAM Pty Ltd	Australia	100	100
Mercantile IAH Pty Ltd	Australia	100	100
Mercantile OFM Pty Ltd	Australia	100	100
ATL Exploration Pty Ltd	Australia	100	100
Jack Hills Holdings Pty Ltd	Australia	100	100
MMX Investments Pty Ltd	Australia	100	100
MMX Port Holdings Pty Ltd	Australia	100	100
MMX Rail Holdings Pty Ltd	Australia	100	100
Weld Range Mining Pty Ltd	Australia	100	100

Percentage of voting power is in proportion to ownership.

NOTE 13: CURRENT & DEFERRED TAX

	Opening Balance \$	Charged to Income \$	Charged Directly to Equity \$	Closing Balance \$
2015				
Deferred Tax Assets				
Transaction costs on equity issue	36,218	-	110,530	146,748
Accrued expense movements	-	97,113	-	97,113
Balance as at 2015	36,218	97,113	110,530	243,861
Deferred Tax Liability				
Accrued income movements & other timing differences	-	54,587	-	54,587
Fair value gain	4,830,215	(273,195)	(2,155,617)	2,401,403
Balance as at 2015	4,830,215	(218,608)	(2,155,617)	2,455,990

MERCANTILE INVESTMENT COMPANY LIMITED
ABN 15 121 415 576 and Controlled Entities
Notes to the Financial Statements
For the year ended 30 June 2015

NOTE 13: CURRENT & DEFERRED TAX (Continued)

	Opening Balance \$	Charged to Income \$	Charged Directly to Equity \$	Closing Balance \$
2014				
Deferred Tax Assets				
Transaction costs on equity issue	144,465		(108,247)	36,218
Balance as at 2014	<u>144,465</u>	<u>-</u>	<u>(108,247)</u>	<u>36,218</u>
Deferred Tax Liability				
Fair value gain	2,772,498	135,351	1,922,366	4,830,215
Balance as at 2014	<u>2,772,498</u>	<u>135,351</u>	<u>1,922,366</u>	<u>4,830,215</u>

Deferred tax assets relating to capital raising costs (Mercantile) and others (Murchison) have been recognised in the Statement of Financial Position totalling \$243,861.

	Consolidated 30 June 2015	30 June 2014
	\$	\$
Current Tax Asset	-	59
Current Tax Liability	473,096	-

NOTE 14: TRADE AND OTHER PAYABLES

Unsecured Liabilities

Trade payables	311,703	66,828
Sundry payables	1,452,788	71,447
GST payable	-	43
Total	<u>1,764,491</u>	<u>138,318</u>

NOTE 15: BORROWINGS

Current

Unsecured Short-Term Loan	-	2,912,241
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	Consolidated 30 June 2015	30 June 2015
	\$	\$
NOTE 16: ISSUED CAPITAL		
268,764,671 (2014: 250,577,700) fully paid securities	<u>27,404,109</u>	<u>24,773,530</u>

An additional 18,186,971 fully paid ordinary shares were issued on 8 July 2014 (by Scheme of Arrangement) at a price of \$0.1523 per share

	2015 No.	2014 No.	2015 \$	2014 \$
(a) Ordinary Shares				
At the beginning of reporting period	250,577,700	250,577,700	24,773,530	24,881,777
Movement in Ordinary Shares issued during period:				
Shares Issued by Scheme of Arrangement				
MVT & MMX Scheme of Arrangement	18,186,971	-	2,769,874	-
Capital Raising Costs	-	-	(139,295)	(108,247)
At Reporting Date - 30 June 2015	<u>268,764,671</u>	<u>250,577,700</u>	<u>27,404,109</u>	<u>24,773,530</u>

NOTE 17: RESERVES

Asset Revaluation Reserve	5,865,821	10,895,589
Realised Capital Gains Reserve	12,621,164	5,665,434
	<u>18,486,985</u>	<u>16,561,023</u>

MERCANTILE INVESTMENT COMPANY LIMITED
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For the year ended 30 June 2015

NOTE 17: RESERVES (Continued)

	Consolidated	
	30 June 2015	30 June 2015
(a) Asset Revaluation Reserve	\$	\$
The asset revaluation reserve records revaluations of non-current assets. This includes available-for-sale investments. Under certain circumstances dividends can be declared from this reserve.		
Opening Balance at 1 July	10,895,589	6,410,071
Revaluation of Investment Portfolio	(7,185,383)	6,407,883
Provision for Tax on Unrealised Gains	2,155,615	(1,922,365)
Closing balance at 30 June 2015	<u>5,865,821</u>	<u>10,895,589</u>

(b) Realised Capital Gains Reserve

The reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio. As the balance relates to net realised gains it may be distributed as cash dividends at the discretion of the Directors.

The net capital gains on disposal of investments held for sale for the year was 6,955,730 and has been transferred to the Realised Capital Gains Reserve.

Opening Balance at 1 July	5,665,434	2,515,234
Revaluation of Investment Portfolio	-	-
Gain on disposal of investment available for sale	6,955,730	3,150,200
Closing balance at 30 June	<u>12,621,164</u>	<u>5,665,434</u>

NOTE 18: PARENT ENTITY

Statements of Financial Position

Assets

Current Assets	10,265,205	6,183,776
Non-Current Assets	36,006,114	35,397,804
Total Assets	<u>46,271,319</u>	<u>41,581,580</u>

Liabilities

Current Liabilities	5,748,741	3,049,629
Non-Current Liabilities	2,455,990	4,830,215
Total Liabilities	<u>8,204,731</u>	<u>7,879,844</u>
Net Assets	<u>38,066,588</u>	<u>33,701,736</u>

Equity

Issued Capital	27,404,109	24,773,530
Retained Earnings	(7,824,505)	(7,632,817)
Reserves	18,486,984	16,561,023
Shareholders' Equity	<u>38,066,588</u>	<u>33,701,736</u>

Statement of Profit or Loss and Other Comprehensive Income

(Loss)/Profit	<u>(191,688)</u>	<u>27,439</u>
Total Comprehensive Income	<u>11,793,811</u>	<u>7,663,157</u>

NOTE 19: EVENTS SUBSEQUENT TO BALANCE DATE

On 6 July 2015, the Company's shares began trading on the NZX Main Board, following a compliance listing . The NZX code is MVT.

On 4 June 2015 Mercantile announced to the ASX an off-market takeover offer by Mercantile OFM Pty Ltd (Mercantile OFM) (ACN 120 221 623), a wholly owned subsidiary of Mercantile, for all of the ordinary shares issued in ASX listed Ask Funding limited (ASK) (ACN 094 503 385) (ASX code AKF). The offer closed on 14 August 2015 and the Company received acceptance totalling 71.74%. Offer consideration totalling \$2,656,009 will be paid on or before 4 September 2015.

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NOTE 19: EVENTS SUBSEQUENT TO BALANCE DATE

Apart from the above, no events have occurred subsequent to the balance date that would require adjustment to, or disclosure in, the financial report.

NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent assets or liabilities as at 30 June 2015 (2014:Nil).