

**FIRST CAPITAL GILT-EDGED FUND
INTERIM FINANCIAL STATEMENTS
FOR SIX MONTHS ENDED 30 SEPTEMBER 2016**

REPORT OF THE MANAGER

We have pleasure in presenting the unaudited Interim Financial Statements of First Capital Gilt - Edged Fund for six months ended 30 September 2016.

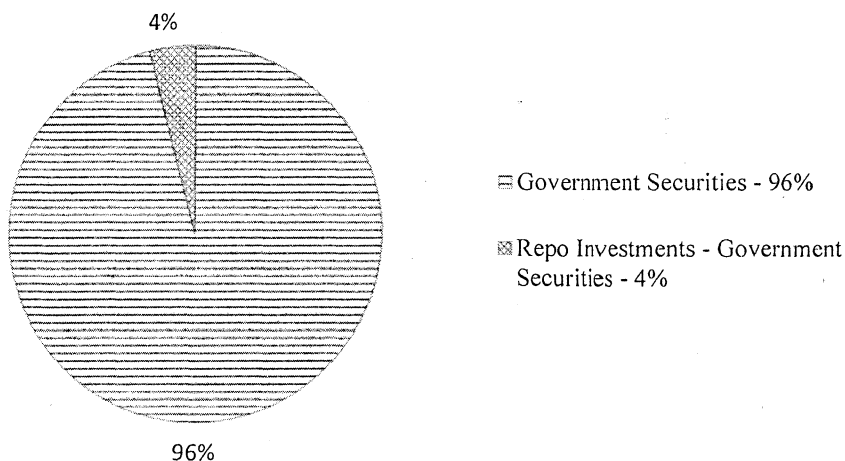
Fund Performance

First Capital Gilt - Edged Fund reported a net profit after tax of Rs. 3.1 Mn for the first half of the financial year 2016/17 compared to a net loss after tax of Rs. 6.3 Mn in the corresponding period of the last year. The fund reported a return of 13.73% (annualised) for six months ended 30 September 2016 compared to 4.7% (annualised) return for the similar corresponding period of 2015/16. The funds under management increased to Rs. 50 Mn compared to Rs. 47 Mn at the beginning of the year.

Net Capital redeemed by the Unitholders for the period under review is Rs 0.07 Mn. Unitholders' funds represent 42,740 units as at 30 September 2016.

Asset Allocation as at 30 September 2016 (%)

The asset allocation of the Fund as at the reporting date is as follows;



Appreciations

We would like to extend our sincere gratitude to our valued unit holders for the confidence placed in us. We also place on record our appreciation for the unstinted support and cooperation extended by the Trustee, Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

FIRST CAPITAL GILT-EDGED FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For Six months ended 30 September	2016 Unaudited Rs.	2015 Unaudited Rs.
Income	2,327,879	1,968,214
Direct expenses	(289,380)	(33,755)
Net trading income	<u>2,038,499</u>	<u>1,934,459</u>
Gain/ (Loss) on fair valuation of financial investments - held for trading	1,623,850	(6,116,564)
	<u>3,662,349</u>	<u>(4,182,105)</u>
Administration and other operating expenses	(186,440)	(2,128,422)
Profit/ (Loss) before taxation	<u>3,475,909</u>	<u>(6,310,527)</u>
Income tax expenses	(347,591)	-
Profit/ (Loss) for the period	<u>3,128,318</u>	<u>(6,310,527)</u>
Other comprehensive income	-	-
Total comprehensive income/ (expense)	<u>3,128,318</u>	<u>(6,310,527)</u>
Increase/ (Decrease) in net assets attributable to unit holders	<u>3,128,318</u>	<u>(6,310,527)</u>

Figures in brackets indicate deductions.
The notes form an integral part of these financial statements.


**FIRST CAPITAL GILT-EDGED FUND
STATEMENT OF FINANCIAL POSITION**

As at	30.09.2016 Unaudited Rs.	31.03.2016 Audited Rs.
Assets		
Cash at bank	535,712	464,734
Financial investments - held for trading	49,972,650	48,464,950
Financial Investments - loans and receivables	2,087,940	2,001,699
Tax receivables	3,191,799	3,335,539
Total assets	55,788,101	54,266,922
Liabilities		
Payable under repurchase agreements	5,471,578	6,711,136
Creditors and accruals	114,802	409,954
Total liabilities	5,586,380	7,121,090
Unit holders' funds		
Net assets attributable to unit holders	50,201,721	47,145,832
Total unit holders' funds and liabilities	55,788,101	54,266,922
Net assets per unit	1,174.58	1,101.23

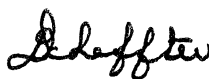
The notes form an integral part of these financial statements.

The Managing Company of First Capital Gilt-Edged Fund is responsible for the preparation and presentation of these Financial Statements in accordance with the Sri Lanka Accounting Standards.


Approved by the Managing Company and the Trustee on 16 December 2016.



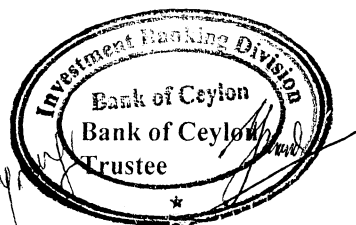
Mangala Jayashantha
Chief Financial Officer
First Capital Asset management Limited
(Managing Company)



Dinesh Schaffter
Managing Director
First Capital Asset management Limited
(Managing Company)



Manjula Mathews (Ms.)
Chairperson
First Capital Asset management Limited
(Managing Company)



FIRST CAPITAL GILT-EDGED FUND
STATEMENT OF CHANGES IN UNIT HOLDERS' FUNDS

For Six months ended 30 September 2016	Unit holders' Capital Rs.	Retained Earnings Rs.	Unit holders' Funds Rs.
Balance as at 01 April 2015 (Audited)	40,627,318	10,773,374	51,400,692
Capital infused during the period	809,273,407	-	809,273,407
Capital withdrawals made during the period	-	-	-
Decrease in net assets attributable to unit holders	-	(6,310,527)	(6,310,527)
Balance as at 30 September 2015 (Unaudited)	<u>849,900,725</u>	<u>4,462,847</u>	<u>854,363,572</u>
Balance as at 01 April 2016 (Audited)	18,692,702	28,453,130	47,145,832
Capital infused during the period	101,000	-	101,000
Capital withdrawals made during the period	(173,429)	-	(173,429)
Increase in net assets attributable to unit holders	-	3,128,318	3,128,318
Balance as at 30 September 2016 (Unaudited)	<u>18,620,273</u>	<u>31,581,448</u>	<u>50,201,721</u>

Figures in brackets indicate deduction.

The notes form an integral part of these financial statements.

**FIRST CAPITAL GILT-EDGED FUND
STATEMENT OF CASH FLOWS**

For Six months ended 30 September

	2016 Unaudited Rs.	2015 Unaudited Rs.
Cash flows from operating activities		
Profit/ (Loss) before taxation	3,475,909	(6,310,527)
Adjustment for :		
(Gain)/ Loss on fair value of financial investments - held for trading	(1,623,850)	6,116,564
Operating profit/ (Loss) before working capital changes	<u>1,852,059</u>	<u>(193,963)</u>
(Increase)/ decrease in financial investments - held for trading	116,149	(238,423,157)
(Increase)/ decrease in financial investments - loans and receivables	(86,241)	(569,073,444)
Increase/ (decrease) in payable under resale agreements	(1,239,558)	3,183
Increase/ (decrease) in accrual and other payables	(295,152)	452,487
Cash flows generated flows from/ (used in) operations	<u>347,257</u>	<u>(807,234,894)</u>
Tax paid	(203,850)	(2,489,513)
Net cash flows from/ (used in) operating activities	<u>143,407</u>	<u>(809,724,407)</u>
Net cash flows from/(used in) investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Net Capital infused/ (redeemed) by unit holders	(72,429)	809,273,407
Net cash flows from/ (used in) financing activities	<u>(72,429)</u>	<u>809,273,407</u>
Net cash inflows/ (outflows) for the period	<u>70,978</u>	<u>(451,000)</u>
Cash and cash equivalents at the beginning of the period	464,734	910,730
Cash and cash equivalents at the end of the period	<u>535,712</u>	<u>459,730</u>

Figures in brackets indicate deductions.

The notes form an integral part of these financial statements.

**FIRST CAPITAL GILT-EDGED FUND
NOTES TO THE FINANCIAL STATEMENTS**

1. The number of Units represented by unitholders' funds as at 30 September 2016 is 42,740.
2. The above figures are subject to audit. The same accounting policies as in the Audited Financial Statements for the year ended 31 March 2016 have been followed in the preparation of the above financial statements.
3. There have been no material commitment and contingent liabilities as at the reporting date which require disclosures in the financial statements (No commitment and contingent liabilities as at 31 March 2016).
4. There have been no material events after the reporting period which require adjustments/disclosures in the financial statements.