



First Capital

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PROVISIONAL

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FINANCIAL

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STATEMENTS

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QUARTER ENDED 31 MARCH 2018

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**FIRST CAPITAL TREASURIES PLC**



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period	Note	January ~ March 2018 (Unaudited)		April ~ March 2018 (Unaudited)		April ~ March 2017 (Audited)	
<b>Income</b>		<b>695,031</b>	<b>558,373</b>	<b>2,510,299</b>		<b>2,539,661</b>	
Direct income		695,030	558,370	2,510,251		2,536,109	
Direct expenses		(462,827)	(479,831)	(1,651,404)		(2,075,273)	
<b>Net trading income</b>		<b>232,203</b>	<b>78,539</b>	<b>858,847</b>		<b>460,836</b>	
Other income		1	3	48		3,552	
Gain/ (loss) on fair valuation of financial investments - held for trading		(69,993)	25,155	139,259		24,887	
		<b>162,211</b>	<b>103,697</b>	<b>998,154</b>		<b>489,275</b>	
<b>Less:</b>							
Administrative expenses		(20,750)	(17,928)	(135,094)		(101,320)	
Sales and distribution expenses		(3,509)	(214)	(10,929)		(14,528)	
Other operating expenses		(3,824)	(6,319)	(28,725)		(29,662)	
		(28,083)	(24,461)	(174,748)		(145,510)	
<b>Profit/ (loss) before taxation</b>		<b>134,128</b>	<b>79,236</b>	<b>823,406</b>		<b>343,765</b>	
Income tax expense	1	844,649	-	844,649		-	
<b>Profit/ (loss) for the year</b>		<b>978,777</b>	<b>79,236</b>	<b>1,668,055</b>		<b>343,765</b>	
<b>Other comprehensive income/ (expense)</b>							
<b>Items that will never be reclassified to profit or loss</b>							
Actuarial gain/ (loss) on defined benefit plans		(608)	4,410	(608)		4,410	
<b>Items that are or may be reclassified to profit or loss</b>		-	-	-		-	
<b>Other comprehensive income/ (expense)</b>		<b>(608)</b>	<b>4,410</b>	<b>(608)</b>		<b>4,410</b>	
<b>Total comprehensive income/ (expense) for the year</b>		<b>978,169</b>	<b>83,646</b>	<b>1,667,447</b>		<b>348,175</b>	
<b>Earnings/ (loss) per share (Rs.)</b>		<b>63.60</b>	<b>5.15</b>	<b>108.39</b>		<b>22.34</b>	

Figures in bracket indicate deductions.  
Note: All values are in Rupees '000 unless otherwise stated.



## STATEMENT OF FINANCIAL POSITION

As at	Note	31 March 2018 (Unaudited)	31 March 2017 (Audited)
<b>ASSETS</b>			
Cash at banks and in hand		3,077	13,731
Derivative financial instruments		163,535	24,075
Financial investments - Held for trading		23,376,073	15,384,251
Financial investments - Available for sale		1,000	1,000
Financial investments - Loans and receivables		968,887	6,369,562
Receivable from related companies		5,292	480
Taxes receivable		12,093	12,093
Other assets		123,363	130,835
Deferred tax asset		844,649	-
Property, plant and equipment		1,393	2,581
Intangible assets		389	928
<b>Total Assets</b>		<b>25,499,751</b>	<b>21,939,536</b>
<b>LIABILITIES</b>			
Bank overdrafts		2,760	-
Derivative financial instruments		21,659	2,240
Securities sold under re-purchase agreements		21,691,825	19,677,003
Creditors and accrued charges		10,303	18,203
Payable to related companies		41,795	1,253
Taxes payable		81,452	61,016
Retirement benefit obligations		10,974	8,600
Borrowings on listed debentures	2	510,689	510,304
<b>Total Liabilities</b>		<b>22,371,457</b>	<b>20,278,619</b>
<b>EQUITY</b>			
Stated capital	3	256,500	256,500
Risk reserve		1,072,444	905,639
Retained earnings		1,799,350	498,778
<b>Total Equity</b>		<b>3,128,294</b>	<b>1,660,917</b>
<b>Total Equity &amp; Liabilities</b>		<b>25,499,751</b>	<b>21,939,536</b>

Note: All values are in Rupees '000 unless otherwise stated.  
The above figures are subject to audit.

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)  
Mangala Jayashantha  
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

(Sgd.)  
Dilshan Wirasekara  
Director/Chief Executive Officer

(Sgd.)  
Dinesh Schaffter  
Managing Director

30 May 2018  
Colombo



## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Stated Capital	Risk Reserve	Retained Earnings	Total Equity
<b>Balance as at 01 April 2016 (Audited)</b>	<b>256,500</b>	<b>871,262</b>	<b>309,639</b>	<b>1,437,401</b>
Total comprehensive income for the year				
Profit for the year	-	-	343,765	343,765
Other comprehensive expense	-	-	4,410	4,410
<b>Total comprehensive expense</b>	<b>-</b>	<b>-</b>	<b>348,175</b>	<b>348,175</b>
<b><u>Transactions with equity holders</u></b>				
Distribution to equity holders	-	-	-	-
Dividend paid (Interim 2016/17)	-	(124,659)	(124,659)	-
Total distribution to equity holders	-	-	(124,659)	(124,659)
Transfer to risk reserve	-	34,377	(34,377)	-
<b>Total transactions with equity holders</b>	<b>-</b>	<b>34,377</b>	<b>(159,036)</b>	<b>(124,659)</b>
<b>Balance as at 31 March 2017 (Audited)</b>	<b>256,500</b>	<b>905,639</b>	<b>498,778</b>	<b>1,660,917</b>
<b>Balance as at 01 April 2017 (Audited)</b>	<b>256,500</b>	<b>905,639</b>	<b>498,778</b>	<b>1,660,917</b>
Total comprehensive income for the year				
Profit for the year	-	-	1,668,055	1,668,055
Other comprehensive income	-	-	(608)	(608)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,667,447</b>	<b>1,667,447</b>
<b><u>Transactions with equity holders</u></b>				
<b><u>Distribution to equity holders</u></b>				
Dividend paid (Interim 2017/18)	-	-	(200,070)	(200,070)
Total distribution to equity holders	-	-	(200,070)	(200,070)
Transfer to risk reserve	-	166,805	(166,805)	-
<b>Total transactions with equity holders</b>	<b>-</b>	<b>166,805</b>	<b>(366,875)</b>	<b>(200,070)</b>
<b>Balance as at 31 March 2018 (Unaudited)</b>	<b>256,500</b>	<b>1,072,444</b>	<b>1,799,350</b>	<b>3,128,294</b>

Figures in bracket indicate deductions.

Note: All values are in Rupees '000 unless otherwise stated.



## STATEMENT OF CASH FLOWS

### For the year ended 31 March

Cash flows from operating activities  
 Interest receipts and gains realized  
 Interest payments and other direct cost  
 Other receipts  
 Cash payments to employees and suppliers  
**Operating profit before changes in operating assets and liabilities**

(Increase)/ Decrease in financial investments - held for trading  
 (Increase)/ Decrease in financial investments - loans and receivables  
 (Increase)/ Decrease in receivable from related companies  
 (Increase)/ Decrease in other assets  
 Increase/ (Decrease) in creditors and accrued charges  
 Increase/ (Decrease) in payable to related companies  
 Increase/ (Decrease) in borrowings against re-purchase agreements

### Cash generated from operations

Tax paid

Gratuity paid

### Net cash from operating activities

### Cash flow from investing activities

Purchase of property, Plant and equipment  
 Purchase of intangible assets  
 Proceeds from disposal of property, plant and equipment

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

### Cash flow from financing activities

Dividend Paid

### Net cash used in financing activities

### Net cash inflow/ (outflow) for the period

Cash and cash equivalents at the beginning of the period (Note A)

### Cash and cash equivalents at the end of the period (Note B)

### Note A

Cash at bank and in hand

Bank overdraft

### Note B

Cash at bank and in hand

Bank overdraft

	April ~ March	
	2018 (Unaudited)	2017 (Audited)
	2,922,644	2,533,987
	(1,651,019)	(1,787,728)
	48	45
	(172,905)	(137,889)
	<b>1,098,768</b>	<b>608,415</b>
	(7,972,596)	(6,154,318)
	4,988,282	(463,700)
	(4,812)	(58)
	7,472	6,756
	14,901	23,864
	40,542	(2,242)
	2,014,822	6,118,187
	<b>187,380</b>	<b>136,904</b>
	-	-
	-	-
	<b>187,380</b>	<b>136,904</b>
	(549)	(1,448)
	(175)	(423)
	-	3,507
	<b>(724)</b>	<b>1,636</b>
	(200,070)	(124,659)
	<b>(200,070)</b>	<b>(124,659)</b>
	<b>(13,414)</b>	<b>13,881</b>
	13,731	(150)
	<b>317</b>	<b>13,731</b>
	13,731	1,382
	-	(1,532)
	13,731	(150)
	3,077	13,731
	(2,760)	-
	<b>317</b>	<b>13,731</b>

Figures in bracket indicate deductions.

Note: All values are in Rupees '000 unless otherwise stated.



## NOTES TO THE FINANCIAL STATEMENTS

### 1 Income Tax Expenses

	2017/18 Rs. '000	2016/17 Rs. '000
Current Tax Expenses	-	-
Deferred Tax (Note 1.1)	844,649	-
	844,649	-

#### Note 1.1

A deferred tax asset amounting to Rs. 844.6Mn was recognised as at 31 March 2018 in accordance with LKAS 12 for the carried forward unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised in line with the provisions of the Inland Revenue Act No. 24 of 2017.

- 2 The debentures represent 5,000,000 rated, subordinated, unsecured, redeemable debentures at a face value of Rs. 100/- interest payable at a rate of 9.5% annually.
- 3 The number of shares represented by stated capital as at 31 March 2018 is 15,390,000 shares (31 March 2017 - 15,390,000 shares).
- 4 The above figures are provisional and subject to audit. The same accounting policies as in the Annual Report for the year ended 31 March 2017 have been followed in the preparation of the above provisional financial statements.
- 5 The presentation and classification of figures for the corresponding period of the previous year have been reclassified to be comparable with those of the current year where necessary.
- 6 The Company declared an interim dividend of Rs. 13/- per share totaling to Rs. 200.07 Mn for 2017/18.
- 7 There have been no significant changes in the nature of the Contingent Liabilities which were disclosed in the Annual Report for the year ended 31 March 2017 other than the following :
  - In October 2017, the Department of Inland Revenue issued an assessment on Financial VAT for 2014/15 amounting to Rs. 87.7Mn. The Company submitted an appeal against the said assessment.
  - In November 2017, the Commissioner General of Inland Revenue determined the assessment on Financial VAT 2012/13 amounting to Rs. 62.4Mn in favor of the Department. Further, the Commissioner General determined income tax assessment 2012/13 of the Company, reducing the amount assessed by Rs. 0.6Mn in favour of the Department, in January 2018. Appeals were submitted against the said determinations to the Tax Appeals Commission.

Based on tax consultant's opinion, the Board of Directors of the Company is of the view that no liability would arise since the assessments/determinations are outside the scope of chargeability of taxes.

- 8 There have been no material events subsequent to the reporting date which require disclosures/adjustments in the provisional financial statements.
- 9 **Market Price per Share**

Market value is not available since the shares of the company are not publicly traded.

### 10 Net assets per share

As at 31-03-2018 Rs.	As at 31-03-2017 Rs.
203.27	107.92



## INVESTOR INFORMATION

### 11. Information on listed debentures

Date of allotment	Frequency on Interest Payment	No. of Debentures issued and allotted	Face Value Rs.000	Rate of Interest	Tenure	Date of Maturity
5-Feb-2015	Annually	5,000,000	500,000	9.50% (AER - 9.50%)	5 Years	6-Feb-2020

### Objectives of the Issue

The Company has achieved the following objectives as stipulated in the prospectus issued to raise Rs. 500Mn via the Debenture Issue made in February 2015.

Objective as per prospectus	Amount allocated as per Prospectus in Rs.	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount Utilised in Rs. (B)	% of Utilisation against allocation (B/A)
To minimise asset/ liability mismatch in the balance sheet	} 500Mn	} 500Mn	} 100%	} 500Mn	} 100%
To minimise the interest rate risk by issuing Listed Debentures with a fixed interest rate.					

### Market value as at 31 March 2018

Debentures with 5 year maturity have not been traded during the quarter ended 31 March 2018. Hence, par value is recognised as its market value.

Hence, yield to maturity on trade done is also not applicable.

### Debt Ratios

	As at 31-Mar-18	As at 31-Mar-17
Debt/ equity ratio (times)	7.11	12.16
Quick asset ratio (times)	1.10	1.11
Interest cover (times)	1.50	1.17

Debenture Interest Yield	As at 31-Mar-18	As at 31-Mar-17
5 year fixed rate (9.50 % p.a. payable annually)	9.50%	9.50%

Yield of comparable Government Securities	As at 31-Mar-18	As at 31-Mar-17
5 Year treasury bond	9.75%	11.98%