



First Capital

PROVISIONAL

FINANCIAL

STATEMENTS

QUARTER ENDED 31ST DECEMBER 2018

FIRST CAPITAL TREASURIES PLC



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period

	Note	October - December 2018 (Unaudited)	December 2017 (Unaudited)	April - December 2018 (Unaudited)	December 2017 (Unaudited)
Income		494,794	511,106	1,993,538	1,815,268
Direct income		478,753	511,069	1,972,823	1,815,221
Direct expenses		(600,278)	(372,981)	(1,672,427)	(1,188,577)
Net trading income/ (expense)		(121,525)	138,088	300,396	626,644
Other income	1	16,041	37	20,715	47
Gain/ (loss) on fair valuation of financial investments - held for trading		(134,355)	48,685	(498,379)	209,252
		(239,839)	186,810	(177,268)	835,943
Less:					
Administrative expenses		(24,065)	(30,349)	(80,730)	(114,344)
Sales and distribution expenses		(1,753)	(3,028)	(6,139)	(7,420)
Other operating expenses		(2,766)	(2,422)	(8,506)	(24,901)
		(28,584)	(35,799)	(95,375)	(146,665)
Profit/ (loss) before tax		(268,423)	151,011	(272,643)	689,278
Income tax expense	2	(520)	-	(639)	-
Profit/(loss) for the period		(268,943)	151,011	(273,282)	689,278
Other comprehensive income					
Items that will never be reclassified to profit or loss		-	-	-	-
Items that are or may be reclassified to profit or loss		-	-	-	-
Other comprehensive income		-	-	-	-
Total comprehensive income/ (expense) for the period		(268,943)	151,011	(273,282)	689,278
Earnings / (loss) per share (Rs.)		(17.48)	9.81	(17.76)	44.79

Figures in bracket indicate deductions.

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



STATEMENT OF FINANCIAL POSITION

As at	Note	31 st December 2018 (Unaudited)	31 st December 2017 (Unaudited)	31 st March 2018 (Audited)
ASSETS				
Cash at banks and in hand		52,345	4,467	3,077
Derivative financial instruments		156,637	6,364	47,868
Financial investments - Held for trading		29,208,572	20,630,431	23,376,073
Financial investments - Available for sale		1,000	1,000	1,000
Financial investments - Loans and receivables		1,670,116	1,033,939	968,887
Receivable from related companies		10,072	3,888	5,239
Taxes receivable		12,093	12,093	12,093
Deferred tax asset		846,996	-	847,635
Other assets		101,910	128,719	239,030
Property, plant and equipment		965	1,514	1,393
Intangible assets		382	563	389
Total Assets		32,061,088	21,822,978	25,502,684
LIABILITIES				
Bank overdrafts		-	621	2,759
Derivative financial instruments		17,257	21,184	21,659
Short term borrowings		1,299,816	-	-
Securities sold under re-purchase agreements		27,221,703	18,755,180	21,691,825
Creditors and accrued charges		68,025	52,813	9,568
Payable to related companies		6,709	6,275	42,478
Taxes payable		81,452	80,026	81,452
Retirement benefit obligations		8,436	9,904	10,974
Borrowings on listed debentures	4	499,692	546,780	510,689
Total Liabilities		29,203,090	19,472,783	22,371,404
EQUITY				
Stated capital	5	256,500	256,500	256,500
Risk reserve		1,072,726	974,567	1,072,726
Retained earnings		1,528,772	1,119,128	1,802,054
Total Equity		2,857,998	2,350,195	3,131,280
Total Equity & Liabilities		32,061,088	21,822,978	25,502,684

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

15th February 2019
Colombo



STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31st December 2018

	Stated Capital	Risk Reserve	Retained Earnings	Total Equity
Balance as at 1st April 2017 (Audited)	256,500	905,639	498,778	1,660,917
<u>Total comprehensive income for the period</u>				
Profit for the period	-	-	689,278	689,278
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	689,278	689,278
<u>Transactions with equity holders</u>				
Transfer to risk reserve	-	68,928	(68,928)	-
Total transactions with equity holders	-	68,928	(68,928)	-
Balance as at 31st December 2017 (Unaudited)	256,500	974,567	1,119,128	2,350,195
Balance as at 1st April 2018 (Audited)	256,500	1,072,726	1,802,054	3,131,280
<u>Total comprehensive income for the period</u>				
Loss for the period	-	-	(273,282)	(273,282)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(273,282)	(273,282)
<u>Transactions with equity holders</u>				
Transfer to risk reserve	-	-	-	-
Total transactions with equity holders	-	-	-	-
Balance as at 31st December 2018 (Unaudited)	256,500	1,072,726	1,528,772	2,857,998

Figures in bracket indicate deductions.

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



STATEMENT OF CASH FLOWS

For the period ended 31st December

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 short term borrowings
Increase/ (Decrease) in borrowings against re-purchase agreements

Cash generated from/ (used in) operations

Tax paid

Gratuity paid

Net cash from/ (used in) 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

Net cash From/ (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 - December	
	2018 (Unaudited)	2017 (Unaudited)
Interest receipts and gains realized	1,971,670	1,812,262
Interest payments and other direct cost	(1,437,052)	(664,322)
Other receipts	12,709	47
Cash payments to employees and suppliers	(92,845)	(143,451)
Operating profit before changes in operating assets and liabilities	454,482	1,004,536
(Increase)/ Decrease in financial investments - held for trading	(6,444,048)	(5,000,274)
(Increase)/ Decrease in financial investments - loans and receivables	(700,076)	5,338,582
(Increase)/ Decrease in receivable from related companies	(4,833)	(3,408)
(Increase)/ Decrease in other assets	137,119	2,116
Increase/ (Decrease) in creditors and accrued charges	58,457	53,621
Increase/ (Decrease) in payable to related companies	(35,769)	5,022
Increase/ (Decrease) in short term borrowings	1,299,344	-
Increase/ (Decrease) in borrowings against re-purchase agreements	5,283,978	(1,409,603)
Cash generated from/ (used in) operations	48,654	(9,408)
Tax paid	-	-
Gratuity paid	(4,099)	-
Net cash from/ (used in) operating activities	44,555	(9,408)
Cash flow from investing activities		
Purchase of property, Plant and equipment	(309)	(303)
Purchase of intangible assets	(225)	(174)
Proceeds from disposal of property, plant and equipment	8,006	-
Net cash from/ (used in) investing activities	7,472	(477)
Cash flow from financing activities		
	-	-
Net cash From/ (used in) financing activities	-	-
Net cash inflow/ (outflow) for the period	52,027	(9,885)
Cash and cash equivalents at the beginning of the period (Note A)	318	13,731
Cash and cash equivalents at the end of the period (Note B)	52,345	3,846
Note A		
Cash at bank and in hand	3,077	13,731
Bank overdraft	(2,759)	-
	318	13,731
Note B		
Cash at bank and in hand	52,345	4,467
Bank overdraft	-	(621)
	52,345	3,846

Figures in bracket indicate deductions.

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



NOTES TO THE FINANCIAL STATEMENTS

1 Other Income	2018/19		2017/18	
	October - December	April - December	October - December	April - December
	Rs'000	Rs'000	Rs'000	Rs'000
Exchange gain	8,037	-	12,701	-
Profit on sale of property, plant and equipment	8,000	-	8,006	-
Miscellaneous income	4	37	8	47
	16,041	37	20,715	47

2 Income Tax Expenses	2018/19		2017/18	
	October - December	April - December	October - December	April - December
	Rs'000	Rs'000	Rs'000	Rs'000
Current Tax Expenses	-	-	-	-
Deferred Tax expense	(520)	(639)	-	-
	(520)	(639)	-	-

- 3 The provisional condensed financial statements for the quarter ended 31st December 2018 have been prepared in accordance with LKAS 34 - Interim Financial Reporting. The provisional condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's Annual Financial Statements for the year ended 31st March 2018.

SLFRS 9 - "Financial Instruments" is applicable for financial periods beginning on or after 1st January 2018. This standard replaces LKAS 39 - "Financial Instruments: Recognition and Measurement". However, The Institute of Chartered Accountants of Sri Lanka has granted an option to prepare interim financial statements continuing the application of LKAS 39 during the financial year commencing on or after 1st January 2018, through "Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements." Accordingly, these financial statements have been prepared by applying LKAS 39 in accordance with the said option granted.

However, based on the preliminary review, there is no significant impact via the said accounting standards on the financial statements of the Company as at 1st April 2018 and for the nine month ended 31st December 2018.

- 4 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.
- 5 The number of shares represented by stated capital as at 31st December 2018 is 15,390,000 shares (31st March 2018 - 15,390,000 shares).
- 6 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.
- 7 There have been no significant changes in the nature of the Contingent Liabilities which were disclosed in the audited financial statements for the year ended 31st March 2018 other than the following:

- In August 2018, the Company filed a written submission against letter of intimation on income tax return of 2015/16 issued by the Department of Inland Revenue. However, the related assessment has not been issued yet.

In September 2018, the Commissioner General of Inland Revenue determined Company's appeal on Financial VAT - 2013/14 amounting to Rs. 60.8Mn in favour of the Inland Revenue. The appeal against the said determination was filed with the Tax Appeals Commission.

In December 2018, the Inland Revenue issued an assessment on Financial VAT amounting to Rs. 47.1Mn for the company. Appeal against the said assessment was submitted to the Commissioner General of Inland Revenue.

Based on tax consultant's opinion, the Board of Directors of the Company is of the view that no liability would arise since the said intimation/assessments 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 above 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	As at
31 st December 2018	31 st March 2018
Rs.	Rs.
185.70	203.46



INVESTOR INFORMATION

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 th February 2015	Annually	5,000,000	500,000	9.50% (AER - 9.50%)	5 Years	6 th February 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 31st December 2018

Debentures with 5 year maturity have not been traded during the quarter ended 31st December 2018. Hence, par value is recognised as its market value. Hence, yield to maturity on trade done is not applicable.

Debt Ratios

	As at 31 st December 2018	As at 31 st December 2017	As at 31 st March 2018
Debt/ equity ratio (times)	10.15	8.21	7.09
Quick asset ratio (times)	1.09	1.16	1.12
Interest cover (times)	0.84	1.59	1.50

Debenture Interest Yield

	As at 31 st December 2018	As at 31 st December 2017	As at 31 st March 2018
5 year fixed rate (9.50 % p.a. payable annually)	9.50%	9.50%	9.50%

Yield of comparable Government Securities (%)

	As at 31 st December 2018	As at 31 st December 2017	As at 31 st March 2018
5 Year treasury bond	11.59%	9.52%	9.75%