

**FIRST CAPITAL FIXED INCOME 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 Fixed Income Fund for six months ended 30 September 2016.

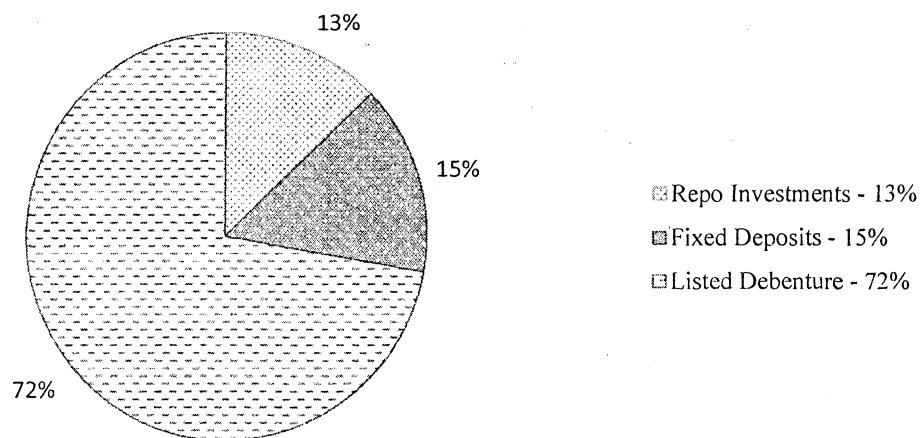
Fund Performance

First Capital Fixed Income Fund reported a net loss after tax of Rs. 263,001 for the first half of the financial year 2016/17 compared to a net profit after tax of Rs. 11.6 Mn in the corresponding period in the last year.

The fund reported a return of -0.17% (annualised) for six months ended 30 September 2016 compared to 7.63% (annualised) return for the similar corresponding period of 2015/16, mainly as a result of increase in fair valuation losses relating to Fund's trading investments amounting to Rs. 14 Mn. The funds under management stand at Rs. 303 Mn at the reporting date (31 March 2016 - Rs. 303 Mn). Unit holders' funds represent 272,369 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 FIXED INCOME FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For Six months ended 30 September	2016 Unaudited Rs.	2015 Unaudited Rs.
Income	15,717,893	13,864,932
Direct expenses	-	-
Net trading income	<u>15,717,893</u>	<u>13,864,932</u>
Loss on fair valuation of financial investments - held for trading	<u>(14,499,766)</u>	<u>(540,585)</u>
	1,218,127	13,324,347
Administration and other operating expenses	(1,178,528)	(1,245,874)
Profit before taxation	<u>39,599</u>	<u>12,078,473</u>
Income tax expenses	(302,600)	(479,889)
Profit/ (Loss) for the period	<u>(263,001)</u>	<u>11,598,584</u>
Other comprehensive income	-	-
Total comprehensive income/ (Expense)	<u>(263,001)</u>	<u>11,598,584</u>
Increase/ (Decrease) in net assets attributable to unit holders	<u>(263,001)</u>	<u>11,598,584</u>

Figures in brackets indicate deductions.

The Notes form an integral part of these financial statements.

**FIRST CAPITAL FIXED INCOME FUND
STATEMENT OF FINANCIAL POSITION**

As at	30.09.2016 Unaudited Rs.	31.03.2016 Audited Rs.
Assets		
Cash at banks	99,048	309,759
Financial investments - held for trading	219,067,490	229,579,277
Financial investments - loans and receivables	83,529,867	73,299,763
Tax receivables	526,938	410,337
Total assets	303,223,343	303,599,136
Liabilities		
Creditors and accruals	277,206	389,998
Total liabilities	277,206	389,998
Unit holders' funds		
Net assets attributable to unit holders	302,946,137	303,209,138
Total unit holders' funds and liabilities	303,223,343	303,599,136
Net assets per unit	1,112.26	1,113.23

The notes form an integral part of these financial statements.

The Managing Company of First Capital Fixed Income 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.



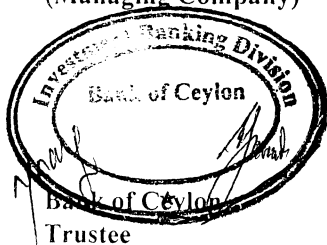
Mangala Jayashantha
Chief Financial Officer
First Capital Asset management Limited
(Managing Company)



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



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



FIRST CAPITAL FIXED INCOME 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)	300,150,000	8,579,238	308,729,238
Capital infused during the period	-	-	-
Capital withdrawals made during the period	-	-	-
Increase in net assets attributable to unit holders	-	11,598,584	11,598,584
Balance as at 30 September 2015 (Unaudited)	<u>300,150,000</u>	<u>20,177,822</u>	<u>320,327,822</u>
Balance as at 01 April 2016 (Audited)	270,150,000	33,059,138	303,209,138
Capital infused during the period	-	-	-
Capital withdrawals made during the period	-	-	-
Decrease in net assets attributable to unit holders	-	(263,001)	(263,001)
Balance as at 30 September 2016 (Unaudited)	<u>270,150,000</u>	<u>32,796,137</u>	<u>302,946,137</u>

Figures in brackets indicate deduction.

The notes form an integral part of these financial statements.

**FIRST CAPITAL FIXED INCOME FUND
STATEMENT OF CASH FLOWS**

For Six months ended 30 September	2016	2015
	Unaudited	Unaudited
	Rs.	Rs.
Cash flows from operating activities		
Profit before taxation	39,599	12,078,473
Adjustment for :		
Loss on fair value of financial investments - held for trading	14,499,766	540,585
Operating profit before working capital changes	<u>14,539,365</u>	<u>12,619,058</u>
Increase in financial investments - held for trading	(3,987,979)	(3,990,894)
Increase in financial investments - loans and receivables	(10,230,104)	(8,207,993)
Decrease in creditors and accruals	(112,792)	(36,818)
Cash generated flows from/ (used in) operations	<u>208,490</u>	<u>383,353</u>
Tax paid	(419,201)	(604,477)
Net cash flows from/ (used in) operating activities	<u>(210,711)</u>	<u>(221,124)</u>
Net cash flows from/(used in) investing activities	<u>-</u>	<u>-</u>
Net cash flows from/ (used in) financing activities	<u>-</u>	<u>-</u>
Net cash inflows/ (outflows) for the period	<u>(210,711)</u>	<u>(221,124)</u>
Cash and cash equivalents at the beginning of the period	309,759	304,981
Cash and cash equivalents at the end of the period	<u>99,048</u>	<u>83,857</u>

Figures in brackets indicate deductions.

The Notes form an integral part of these financial statements.

**FIRST CAPITAL FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS**

1. The number of Units represented by unitholders' funds as at 30 September 2016 is 272,369.
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.