

PROVISIONAL FINANCIAL STATEMENTS

QUARTER ENDED | 30 SEPTEMBER 2017



First Capital

FIRST CAPITAL TREASURIES PLC



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period	July ~ September 2017 (Unaudited)		April ~ September 2016 (Unaudited)	
	July ~ September 2017 (Unaudited)	September 2016 (Unaudited)	April ~ September 2017 (Unaudited)	September 2016 (Unaudited)
Income	641,799	789,488	1,304,162	1,277,662
Direct income	641,802	785,981	1,304,152	1,274,146
Direct expenses	(341,350)	(625,295)	(815,596)	(1,044,893)
Net trading income	300,452	160,686	488,556	229,253
Other income/ (expense)	(3)	3,507	10	3,516
Gain on fair valuation of financial investments - held for trading	21,193	246,568	160,567	246,485
	321,642	410,761	649,133	479,254
Less:				
Administrative expenses	(56,827)	(52,159)	(83,995)	(79,800)
Sales and distribution expenses	(1,945)	(4,512)	(4,392)	(10,717)
Other operating expenses	(10,057)	(13,696)	(22,479)	(17,799)
	(68,829)	(70,367)	(110,866)	(108,316)
Profit before taxation	252,813	340,394	538,267	370,938
Income tax expense	-	-	-	-
Profit for the period	252,813	340,394	538,267	370,938
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 for the period	252,813	340,394	538,267	370,938
Basic earnings per share (Rs.)	16.43	22.12	34.98	24.10

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



STATEMENT OF FINANCIAL POSITION

As at	Notes	30 September 2017 (Unaudited)	30 September 2016 (Unaudited)	31 March 2017 (Audited)
ASSETS				
Cash at banks and in hand		2,370	3,733	13,731
Derivative financial instruments		7,100	20,161	24,075
Financial investments - Held for trading		16,770,934	16,257,111	15,384,251
Financial investments - Available for sale		1,000	1,000	1,000
Financial investments - Loans and receivables		811,933	13,306,967	6,369,562
Receivable from related companies		2,722	241	480
Taxes receivable		12,093	12,093	12,093
Other assets		129,633	138,476	130,835
Property, plant and equipment		1,757	2,964	2,581
Intangible assets		734	1,319	928
Total Assets		17,740,276	29,744,065	21,939,536
LIABILITIES				
Bank overdrafts		957	-	-
Derivative financial instruments		10,714	18,329	2,240
Securities sold under re-purchase agreements		14,857,638	27,271,504	19,677,003
Creditors and accrued charges		123,442	94,381	79,219
Payable to related companies		4,580	4,412	1,253
Retirement benefit obligations		9,465	13,172	8,600
Borrowings on listed debentures	4	534,296	533,928	510,304
Total Liabilities		15,541,092	27,935,726	20,278,619
EQUITY				
Stated capital	5	256,500	256,500	256,500
Risk reserve		959,466	908,357	905,639
Retained earnings		983,218	643,482	498,778
Total Equity		2,199,184	1,808,339	1,660,917
Total Equity & Liabilities		17,740,276	29,744,065	21,939,536

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

15 November 2017
Colombo



STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Stated Capital	Risk Reserve	Retained Earnings	Total Equity
Balance as at 01 April 2016 (Audited)	256,500	871,262	309,639	1,437,401
<u>Total comprehensive income for the period</u>				
Profit for the period	-	-	370,938	370,938
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	370,938	370,938
<u>Transactions with equity holders</u>				
Transfer to risk reserve	-	37,095	(37,095)	-
Total transactions with equity holders	-	37,095	(37,095)	-
Balance as at 30 September 2016 (Unaudited)	256,500	908,357	643,482	1,808,339
Balance as at 01 April 2017 (Audited)	256,500	905,639	498,778	1,660,917
<u>Total comprehensive income for the period</u>				
Profit for the period	-	-	538,267	538,267
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	538,267	538,267
<u>Transactions with equity holders</u>				
Transfer to risk reserve	-	53,827	(53,827)	-
Total transactions with equity holders	-	53,827	(53,827)	-
Balance as at 30 September 2017 (Unaudited)	256,500	959,466	983,218	2,199,184

Figures in bracket indicate deductions.

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



STATEMENT OF CASH FLOWS

For the period

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

Net Cash generated from operations

Tax paid

Net cash from operating activities**Cash flow from investing activities**

Purchase of property, Plant and equipment
Purchase of intangible assets

Net cash from/ (used in) investing activities**Net cash from 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 banks and in hand
Bank overdrafts

Note B

Cash at banks and in hand
Bank overdrafts

	April ~ September	
	2017 (Unaudited)	2016 (Unaudited)
Cash flows from operating activities		
Interest receipts and gains realized	1,299,497	1,213,369
Interest payments and other direct cost	(429,154)	(694,588)
Other receipts	10	12
Cash payments to employees and suppliers	(108,689)	(76,606)
Operating profit before changes in operating assets and liabilities	761,664	442,187
(Increase)/ Decrease in financial investments - held for trading	(1,200,668)	(6,785,574)
(Increase)/ Decrease in financial investments - loans and receivables	5,562,284	(7,342,452)
(Increase)/ Decrease in receivable from related companies	(2,242)	181
(Increase)/ Decrease in other assets	1,202	(885)
Increase/ (Decrease) in creditors and accrued charges	44,224	13,353
Increase/ (Decrease) in payable to related companies	3,327	917
Increase/ (Decrease) in borrowings against re-purchase agreements	(5,181,816)	13,673,553
Net Cash generated from operations	(12,025)	1,280
Tax paid	-	-
Net cash from operating activities	(12,025)	1,280
Cash flow from investing activities		
Purchase of property, Plant and equipment	(119)	(901)
Purchase of intangible assets	(174)	3,504
Net cash from/ (used in) investing activities	(293)	2,603
Net cash from financing activities	-	-
Net cash inflow/ (outflow) for the period	(12,318)	3,883
Cash and cash equivalents at the beginning of the period (Note A)	13,731	(150)
Cash and cash equivalents at the end of the period (Note B)	1,413	3,733
Note A		
Cash at banks and in hand	13,731	1,382
Bank overdrafts	-	(1,532)
	13,731	(150)
Note B		
Cash at banks and in hand	2,370	3,733
Bank overdrafts	(957)	-
	1,413	3,733

Figures in bracket indicate deductions.

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



NOTES TO THE FINANCIAL STATEMENTS

1 Market Price per Share

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

Net assets per share

	As at 30-Sep-17 Rs.	As at 31-Mar-17 Rs.
	142.90	107.92

- 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.
- 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.
- 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.
- The number of shares represented by stated capital as at 30 September 2017 is 15,390,000 shares (31 March 2017 - 15,390,000 shares).
- 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. 87.7 Mn. The Company submitted an appeal against the said assessment. Based on tax consultant's opinion, the Board of Directors of the Company is of the view that no liability would arise since the assessment is outside the scope of chargeability of Financial VAT.

- There have been no material events subsequent to the reporting date which require disclosures/adjustments in the provisional financial statements.



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-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 30 September 2017

Debentures with 5 year maturity have not been traded during the quarter ended 30 September 2017. Hence, par value is recognised as its market value.

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

Debt Ratios

	As at 30-Sep-17	As at 30-Sep-16	As at 31-Mar-17
Debt/ equity ratio (times)	6.99	15.38	12.15
Quick asset ratio (times)	1.18	1.08	1.11
Interest cover (times)	1.67	1.36	1.17

Debenture Interest Yield

	As at 30-Sep-17	As at 30-Sep-16	As at 31-Mar-17
5 year fixed rate (9.50 % p.a. payable annually)	9.50%	9.50%	9.24%

Yield of comparable Government Securities

	As at 30-Sep-17	As at 30-Sep-16	As at 31-Mar-17
5 Year treasury bond	9.63%	10.88%	11.98%