



First Capital

PROVISIONAL

FINANCIAL

STATEMENTS

QUARTER ENDED 30 JUNE 2016

FIRST CAPITAL HOLDINGS PLC



REVIEW OF OPERATIONS

First Capital Holdings PLC recorded a consolidated profit after tax of Rs. 100Mn for the quarter ended 30 June 2016 compared to Rs. 176Mn in the corresponding period of the previous year.

Consequent to monetary tightening by the Central Bank in the month of February, market liquidity and interest rates reacted unfavorably and were not conducive for most of our businesses. However, we were able to capitalize on certain trading opportunities through beneficial movements in the yield curve of the secondary market in government securities that prevailed during the quarter. First Capital Treasuries PLC reported a net trading income of Rs. 69Mn for the quarter (2015/16 - Rs. 108Mn).

The Corporate Finance division of First Capital Limited mobilised Rs. 4.8Bn via listed debentures, asset backed securitisation, commercial papers and short term loans yielding a fee income of Rs. 22Mn during the period under review (2015/16 – Rs. 27Mn). The Division successfully completed a Rs. 1Bn listed debenture IPO for Citizen Development Business Finance PLC in May 2016. The Dealing Securities division also recorded a sizable fair valuation gain on its equity portfolio which reversed fair valuation losses reported previously.

First Capital Asset Management Limited, our Wealth Management division experienced a marginal decline in assets under management of Rs. 200Mn compared to the position at the beginning of the year. Total funds under management (unit trusts and discretionary portfolios) stood at Rs. 5.2Bn as at the end of the quarter. First Capital Wealth Fund, our first unit trust fund declared a tax free dividend of Rs. 100/- per unit totaling Rs. 218Mn for 2015/16.

The Stock Market showed mixed performance during the period under review with the 1st half of the quarter showing a sharp uptrend with market capitalisation peaking on 16 May 2016 amounting to Rs. 2,858Bn (2014/15 – Rs. 3,097Bn) before registering a slow declining trend primarily led by the uncertainty in the interest rate outlook. Consequently, lower trading volumes resulted in lower broking income in the Stock Broking division. However, we note a moderate improvement in margin trading volume compared to the position at the beginning of the year.

First Capital Trustee Services (Private) Limited was incorporated in May 2016 with an exclusive focus on providing trustee services on corporate debt structuring and management.

The Group will continue to focus on its fee-based business operations which will enhance our performance in future.

(Sgd.)

Dilshan Wirasekara

Chief Executive Officer



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period	Note	Group		Company	
		April ~ June 2016 (Unaudited)	2015 (Unaudited)	April ~ June 2016 (Unaudited)	2015 (Unaudited)
Income		747,142	440,931	128,006	89,089
Direct income		694,812	422,175	128,006	61,545
Direct expenses		(574,469)	(245,441)	(113,995)	(62,241)
Net trading income/ (expense)		120,343	176,734	14,011	(696)
Other income	1	52,330	18,756	-	27,544
Gain on fair valuation of financial investments - held for trading		34,411	73,721	-	-
Less:					
Administrative expenses		(78,453)	(82,816)	(1,209)	(1,596)
Sales and distribution expenses		(10,672)	(5,045)	(235)	-
Other operating expenses		(10,590)	(10,255)	(1,713)	(43)
		(99,715)	(98,116)	(3,157)	(1,639)
Operating profit		107,369	171,095	10,854	25,209
Share of profit from equity accounted investee (net of tax)		-	9,606	-	-
Profit before tax		107,369	180,701	10,854	25,209
Income tax expenses	2	(7,227)	(4,617)	(2,286)	-
Profit for the period		100,142	176,084	8,568	25,209
Other comprehensive income/ (expense)					
Items that will never be reclassified to profit or loss		-	-	-	-
Items that are or may be reclassified to profit or loss					
Reclassification of fair valuation reserve of financial investments - available for sale to profit or loss (Equity accounted investee)		-	1,572	-	-
Loss on fair valuation of financial investments - available for sale (Equity accounted investee)		-	(8)	-	-
Other comprehensive income for the period		-	1,564	-	-
Total comprehensive income for the period		100,142	177,648	8,568	25,209
Profit Attributable to:					
Equity holders of the parent		98,288	169,950	8,568	25,209
Non - controlling interest		1,854	6,134	-	-
		100,142	176,084	8,568	25,209
Total comprehensive income Attributable to:					
Equity holders of the parent		98,288	171,514	8,568	25,209
Non - controlling interest		1,854	6,134	-	-
		100,142	177,648	8,568	25,209
Basic Earnings per share (Rs.)		0.97	1.68	0.08	0.25

Figures in bracket indicate deductions.

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



STATEMENT OF FINANCIAL POSITION

As at	Group			Company		
	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)	31 Mar 2016 (Audited)	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)	31 Mar 2016 (Audited)
ASSETS						
Cash at banks and in hand	36,612	42,298	31,066	5,377	10,727	4,998
Derivative financial instruments	17,332	1,602	40,861	-	-	-
Financial investments - Held for trading	25,910,821	9,887,289	11,326,163	-	-	-
Financial investments - Available for sale	2,000	2,000	2,000	1,000	1,000	1,000
Financial investments - Loans and receivables	6,695,939	4,188,417	8,529,332	5,107,171	2,834,064	3,650,664
Trade and other receivables	803,891	946,698	576,353	4,053	433,897	1,073
Group balances receivable	-	-	-	7,360	8	16,837
Non - current assets held for sale	42,416	44,416	42,416	-	-	-
Taxes receivable	59,069	63,172	62,379	-	5,738	-
Investment in venture capital	-	6,000	-	-	6,000	-
Investment in subsidiary	-	-	-	311,072	311,072	311,072
Deferred tax asset	36,226	38,867	37,703	-	-	-
Property, plant and equipment	17,531	24,049	16,648	8	12	9
Intangible assets	114,277	115,435	115,363	16	-	-
Total Assets	33,736,114	15,360,243	20,780,284	5,436,057	3,602,518	3,985,653
LIABILITIES						
Bank overdrafts	194,145	3,703	207,681	-	-	-
Derivative financial instruments	2,819	290	20,835	-	-	-
Securities sold under re-purchase agreements	25,335,009	9,240,497	14,487,714	-	-	-
Short term borrowings	4,701,901	2,595,550	2,886,142	4,238,787	2,240,952	2,820,725
Group balances payable	-	-	-	16	8,704	399
Trade and other payables	436,332	236,904	237,920	31,471	18,213	26,597
Taxes payable	2,770	-	331	2,316	-	30
Retirement benefit obligations	25,781	20,372	24,385	-	-	-
Borrowings on debentures	752,339	747,468	730,400	532,801	532,053	515,804
Total Liabilities	31,451,096	12,844,784	18,595,408	4,805,391	2,799,922	3,363,555
EQUITY						
Stated capital	227,500	227,500	227,500	227,500	227,500	227,500
Risk reserve	824,904	836,523	822,022	-	-	-
Retained earnings	1,148,099	1,363,569	1,052,693	403,166	575,096	394,598
Equity attributable to the equity holders of the parent	2,200,503	2,427,592	2,102,215	630,666	802,596	622,098
Non- controlling interest	84,515	87,867	82,661	-	-	-
Total Equity	2,285,018	2,515,459	2,184,876	630,666	802,596	622,098
Total Equity and Liabilities	33,736,114	15,360,243	20,780,284	5,436,057	3,602,518	3,985,653

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.)
Manjula Mathews (Ms.)
Chairperson

(Sgd.)
A.D.E.I. Perera
Director

12 August 2016
Colombo



STATEMENT OF CHANGES IN EQUITY

GROUP For the quarter ended 30 June 2016

	Attributable to equity holders of parent					Non-Controlling Interests	Total Equity
	Stated Capital	Risk Reserve	Retained Earnings	Fair Valuation Reserve	Total		
Balance as at 1 April 2015 (Audited)	227,500	820,964	1,209,178	(1,564)	2,256,078	81,733	2,337,811
Total comprehensive income for the period							
Profit for the period	-	-	169,950	-	169,950	6,134	176,084
Other comprehensive income	-	-	-	1,564	1,564	-	1,564
Total comprehensive income	-	-	169,950	1,564	171,514	6,134	177,648
Transactions with equity holders							
Transfer to risk reserve	-	15,559	(15,559)	-	-	-	-
Total transactions with equity holders	-	15,559	(15,559)	-	-	-	-
Balance as at 30 June 2015 (Unaudited)	227,500	836,523	1,363,569	-	2,427,592	87,867	2,515,459
Balance as at 1 April 2016 (Audited)	227,500	822,022	1,052,693	-	2,102,215	82,661	2,184,876
Total comprehensive income for the period							
Profit for the period	-	-	98,288	-	98,288	1,854	100,142
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	98,288	-	98,288	1,854	100,142
Transactions with equity holders							
Transfer to risk reserve	-	2,882	(2,882)	-	-	-	-
Total transactions with equity holders	-	2,882	(2,882)	-	-	-	-
Balance as at 30 June 2016 (Unaudited)	227,500	824,904	1,148,099	-	2,200,503	84,515	2,285,018

COMPANY For the quarter ended 30 June 2016

	Stated Capital	Retained Earnings	Total Equity
Balance As at 1 April 2015 (Audited)	227,500	549,887	777,387
Total comprehensive income for the period			
Profit for the period	-	25,209	25,209
Other comprehensive Income	-	-	-
Total comprehensive income	-	25,209	25,209
Balance as at 30 June 2015 (Unaudited)	227,500	575,096	802,596
Balance as at 1 April 2016 (Audited)	227,500	394,598	622,098
Total comprehensive income for the period			
Profit for the period	-	8,568	8,568
Other comprehensive income	-	-	-
Total comprehensive income	-	8,568	8,568
Balance as at 30 June 2016 (Unaudited)	227,500	403,166	630,666

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



STATEMENT OF CASH FLOWS

For the period	Group		Company	
	April - June 2016 (Unaudited)	2015 (Unaudited)	April - June 2016 (Unaudited)	2015 (Unaudited)
Cash flows from operating activities				
Interest receipts and gains realised	675,817	385,491	42,332	61,545
Interest payments and other direct cost	(278,837)	(67,492)	(94,871)	(45,269)
Other receipts / (payments)	1,558	1,958	-	13
Cash payments to employees and suppliers	(97,183)	(90,769)	(3,156)	(1,365)
Operating profit before changes in operating assets and liabilities	301,355	229,188	(55,695)	14,924
(Increase)/ Decrease in financial investments - held for trading	(14,544,734)	430,818	-	-
(Increase)/ Decrease in financial investments -loans and receivables	1,852,388	4,768,479	(1,370,833)	(138,182)
(Increase)/ Decrease in trade and other receivables	(227,538)	10,766	13,857	(443)
(Increase)/ Decrease in group balances receivable	-	-	(7,360)	(8)
Increase / (Decrease) in trade and other payables	198,410	(49,371)	4,874	(1,474)
Increase / (Decrease) in group balances payable	-	-	(383)	8,649
Increase / (Decrease) in other short term borrowings	1,813,632	370,971	1,415,935	116,567
Increase / (Decrease) in borrowings against re-purchase agreements	10,575,729	(5,752,939)	-	-
Cash used in operations	(30,758)	7,912	395	33
Tax paid	-	(2,144)	-	(110)
Net cash flow from/ (used) in operating activities	(30,758)	5,768	395	(77)
Cash flow from investing activities				
Purchase of property, plant, equipment and intangible assets	(936)	(3,609)	(16)	-
Sale of property plant and equipment	4	50	-	-
Dividend receipts	50,772	4,059	-	-
Net cash flow from/ (used) in investing activities	49,840	500	(16)	-
Cash flow from/ (used) financing activities				
	-	-	-	-
Net cash inflow / (outflow) for the period	19,082	6,268	379	(77)
Cash and cash equivalents at the beginning of the period (Note A)	(176,615)	32,327	4,998	10,804
Cash and cash equivalents at the end of the period (Note B)	(157,533)	38,595	5,377	10,727
Note A				
Cash at bank and hand	31,066	33,193	4,998	10,804
Bank overdraft	(207,681)	(866)	-	-
	(176,615)	32,327	4,998	10,804
Note B				
Cash at bank and hand	36,612	42,298	5,377	10,727
Bank overdraft	(194,145)	(3,703)	-	-
	(157,533)	38,595	5,377	10,727

Figures in bracket indicate deductions.

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



NOTES TO THE FINANCIAL STATEMENTS

1. Other Income**For the period**

Gain on disposal of equity accounted investee
Dividend income
Miscellaneous income

Group April - June		Company April - June	
2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
-	12,699	-	27,544
50,772	4,059	-	-
1,558	1,998	-	-
52,330	18,756	-	27,544

2 Income tax expenses**For the period**

Current tax expenses
Deferred tax expenses

Group April - June		Company April - June	
2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
5,750	3,225	2,286	-
1,477	1,392	-	-
7,227	4,617	2,286	-

**3 Net Assets per Share
As at 30 June**

Group
Company

2016 Rs.	2015 Rs.
21.73	23.98
6.23	7.93

**4 Market Price per Share
For the period ended 30 June**

Highest market price recorded
Lowest market price recorded
Closing market price recorded

2016 Rs.	2015 Rs.
25.90	43.00
18.40	27.00
18.80	34.80

- 5 The above figures are provisional and subject to audit. The same accounting policies as in the Annual Report for the year ended 31 March 2016 have been followed in the preparation of the above provisional financial statements.
- 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 The number of shares represented by stated capital as at 30 June 2016 is 101,250,000 shares (As at 30 June 2015 - 101,250,000 shares).
- 8 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 2016 other than the following :
- (a) First Capital Holdings PLC provided a corporate guarantee facility on behalf of its subsidiary, First Capital Limited amounting to Rs. 50 Mn for its banking facilities.
- (b) First Capital Limited provided a corporate guarantee facility on behalf of First Capital Holdings PLC amounting to Rs. 500 Mn for its banking facilities.
- 9 There have been no material events subsequent to the reporting date which require disclosures/ adjustments in the provisional financial statements.



INVESTOR INFORMATION

INVESTOR INFORMATION

Information on listed debentures

Market value as at 30 June 2016

Debentures with 3 year, 4 year and 5 year maturity have not been traded during the quarter ended 30 June 2016.

3 year fixed rate (13.5% p.a. payable annually)

Highest price

Lowest price

Last traded price

4 year fixed rate (13.75% p.a. payable annually)

Highest price

Lowest price

Last traded price

5 year fixed rate (14.00% p.a. payable annually)

Highest price

Lowest price

Last traded price

	30-Jun-16	30-Jun-15	31-Mar-16
Highest price	-	-	-
Lowest price	-	-	-
Last traded price	-	-	-
Highest price	-	-	-
Lowest price	-	-	-
Last traded price	-	-	-
Highest price	-	-	-
Lowest price	-	-	-
Last traded price	-	-	-

Debt Ratios (Group)

Debt/ equity ratio (times)

Quick asset ratio (times)

Interest cover (times)

	As at 30-Jun-16	As at 30-Jun-15	As at 31-Mar-16
Debt/ equity ratio (times)	13.56	5.00	8.38
Quick asset ratio (times)	1.11	1.27	1.15
Interest cover (times)	1.19	1.76	1.07

Debt Ratios (Company)

Debt/ equity ratio (times)

Quick asset ratio (times)

Interest cover (times)

	As at 30-Jun-16	As at 30-Jun-15	As at 31-Mar-16
Debt/ equity ratio (times)	7.57	3.46	5.32
Quick asset ratio (times)	1.21	1.27	1.30
Interest cover (times)	1.10	1.41	1.20

Debenture Interest Yield

3 year fixed rate (13.50 % p.a. payable annually)

4 year fixed rate (13.75 % p.a. payable annually)

5 year fixed rate (14.00 % p.a. payable annually)

	As at 30-Jun-16	As at 30-Jun-15	As at 31-Mar-16
3 year fixed rate (13.50 % p.a. payable annually)	13.50%	13.50%	13.50%
4 year fixed rate (13.75 % p.a. payable annually)	13.75%	13.75%	13.75%
5 year fixed rate (14.00 % p.a. payable annually)	14.00%	14.00%	14.00%

There were no trades on the above debentures during the quarter ended 30 June 2016. Therefore yields are shown at the coupon rates and yield to maturity on trades is not applicable.

Yield of comparable Government Securities

3 Year treasury bond

4 Year treasury bond

5 Year treasury bond

	As at 30-Jun-16	As at 30-Jun-15	As at 31-Mar-16
3 Year treasury bond	10.12%	6.96%	10.55%
4 Year treasury bond	10.78%	7.57%	10.99%
5 Year treasury bond	11.26%	7.78%	11.74%



INVESTOR INFORMATION

List of twenty major shareholders as at 30 June 2016

Name of the shareholder		No of shares As at 30 June 2016	Holding (%)
1	1.1 Commercial Bank of Ceylon PLC/ Dunamis Capital PLC	35,844,700	35.40
	1.2 Seylan Bank PLC/ Dunamis Capital PLC	25,400,000	25.09
	1.3 Dunamis Capital PLC	14,768,448	14.59
2	Seylan Bank PLC/ Janashakthi PLC	2,917,000	2.88
3	HSBC International Nominees Ltd - SSBT Deutsche Bank AG Singapore A/C No. 1	2,156,668	2.13
4	Janashakthi General Insurance Limited	858,650	0.85
5	Life Insurance Corporation (Lanka) Limited	740,000	0.73
6	Mr. Kankanamge Sunil Dharmabandu Senaweera	435,000	0.43
7	People's Leasing & Finance PLC/ Mr. D.M.P. Dissanayake	356,450	0.35
8	Mr. Charitha Prasanna De Silva	355,000	0.35
9	Mr. Arunasalam Sithampalam	339,000	0.33
10	Mr. Mahibalan Murugesu	336,111	0.33
11	Commercial Bank of Ceylon PLC/ Janashakthi Limited	300,703	0.30
12	Pan Asia Banking Corporation / Mr. S.R. Fernando	254,624	0.25
13	Mr. Dhanusha Senajit Duke De Lanerolle	235,000	0.23
14	Commercial Bank of Ceylon PLC/ Mr. U.C. Bandaranayake	230,000	0.23
15	Mr. Nagen Dayaranjan Kurukulasuriya	208,836	0.21
16	Mr. Hans Anton Van Starrex	203,985	0.20
17	Dr. Subashi Nemindi Samarasinghe	200,616	0.20
18	Mr. Gajanthan Kumaraswamy	200,000	0.20
19	Hatton National Bank PLC/ Mr. Sanka Ramoorthy Nadaraj Kumar	175,566	0.17
20	Mrs. Monica Eileen Perera	151,033	0.15
		86,667,390	85.60

Shareholding of the Directors/ Chief Executive Officer

Name of the Director/ Chief Executive Officer	Designation	No. of Shares As at 30 June 2016
Ms. Manjula Mathews	Director	Nil
Mr. Dinesh Schaffter	Director	Nil
Mr. Eardley Perera	Director	Nil
Ms. Minette Perera	Director	Nil
Mr. Nishan Fernando	Director	Nil
Mr. Chandana de Silva	Director	Nil
Mr. Dilshan Wirasekara	Chief Executive Officer	Nil

Public holding as a percentage of issued share capital is 24.93%.

Number of shareholders representing the public holding is 6,144