

PROVISIONAL FINANCIAL STATEMENTS

QUARTER ENDED | 30 JUNE 2017



First Capital
FIRST CAPITAL HOLDINGS PLC



First Capital

REVIEW OF OPERATIONS

First Capital Holdings PLC recorded a Total Comprehensive Income of Rs. 287Mn for the quarter ended 30 June 2017 compared to Rs. 100Mn in the corresponding period of the previous year.

First Capital Treasuries PLC, the Group's primary dealer unit reported a profit after tax of Rs. 285Mn for the quarter (2015/16 – Rs. 30Mn) mainly attributable to net interest income and trading and fair valuation gains on government securities.

The corporate finance arm of First Capital Limited mobilised Rs. 6Bn for its clients through structuring and placement of corporate debt securities and generated a fee income of Rs. 18Mn (2015/16 – Rs. 24Mn).

First Capital Asset Management Limited, the wealth management arm of the Group showed an increase in its funds under management amounting of Rs. 272Mn reflecting an increase of 9% when compared to the beginning of the year.

All other subsidiaries too contributed positively to the Group's bottom line.

(Sgd.)

Dilshan Wirasekara

Director/Chief Executive Officer



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period	Note	Group		Company	
		April ~ June 2017 (Unaudited)	2016 (Unaudited)	April ~ June 2017 (Unaudited)	2016 (Unaudited) (Restated)
Income		1,081,173	747,142	307,982	128,006
Direct income		1,028,965	694,812	307,982	128,006
Direct expenses		(808,721)	(574,469)	(288,859)	(113,995)
Net trading income		220,244	120,343	19,123	14,011
Other income	1	52,208	52,330	-	-
Gain on fair valuation of financial investments - held for trading		247,469	34,411	-	-
		519,921	207,084	19,123	14,011
Operating expenses					
Administrative expenses		(82,028)	(78,453)	(9,626)	(1,209)
Sales and distribution expenses		(4,936)	(10,672)	(413)	(235)
Other operating expenses		(31,258)	(10,590)	(2,116)	(1,713)
		(118,222)	(99,715)	(12,155)	(3,157)
Operating profit		401,699	107,369	6,968	10,854
Share of profit from equity accounted investees (net of tax)		-	-	355,048	89,720
Profit before tax		401,699	107,369	362,016	100,574
Income tax expenses	2	(25,083)	(7,227)	(1,674)	(2,286)
Profit for the period		376,616	100,142	360,342	98,288
Other comprehensive income					
Items that will never be reclassified to profit or loss		-	-	-	-
Items that are or may be reclassified to profit or loss		-	-	-	-
Loss on fair valuation of financial investments - available for sale		(90,053)	-	-	-
Share of other comprehensive income from equity accounted investees		-	-	(90,044)	-
Other comprehensive income for the period		(90,053)	-	(90,044)	-
Total comprehensive income for the period		286,563	100,142	270,298	98,288
Profit attributable to:					
Equity holders of the parent		360,342	98,288	360,342	98,288
Non - controlling interests		16,274	1,854	-	-
		376,616	100,142	360,342	98,288
Total comprehensive income attributable to:					
Equity holders of the parent		270,298	98,288	270,298	98,288
Non - controlling interests		16,265	1,854	-	-
		286,563	100,142	270,298	98,288
Basic Earnings per share (Rs.)		3.56	0.97	3.56	0.97

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Group			Company		
	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)	31 Mar 2017 (Audited)	30 June 2017 (Unaudited)	30 June 2016 (Unaudited) (Re-stated)	31 Mar 2017 (Audited)
ASSETS						
Cash at banks and in hand	39,797	36,612	55,340	8,161	5,377	8,477
Derivative financial instruments	2,449	17,332	24,075	-	-	-
Financial investments - Held for trading	23,118,913	25,910,821	23,799,894	-	-	-
Financial investments - Available for sale	242,750	2,000	332,803	1,000	1,000	1,000
Financial investments - Loans and receivables	7,357,034	6,695,939	6,625,115	8,409,158	5,107,171	8,378,338
Trade and other receivables	597,438	803,891	540,521	1,655	4,053	2,303
Group balances receivables	-	-	-	-	7,360	-
Non - current assets held for sale	42,416	42,416	42,416	-	-	-
Taxes receivables	93,820	59,069	104,032	-	-	-
Investment in subsidiary	-	-	-	2,044,766	1,880,909	1,781,495
Deferred tax assets	29,919	36,226	36,703	-	-	-
Property, plant and equipment	15,358	17,531	14,295	1,370	8	1,515
Intangible assets	114,792	114,277	114,570	37	16	41
Total Assets	31,654,686	33,736,114	31,689,764	10,466,147	7,005,894	10,173,169
LIABILITIES						
Bank overdrafts	254,664	194,145	224,445	160,315	-	29,909
Derivative financial instruments	9,640	2,819	2,240	-	-	-
Securities sold under re-purchase agreements	20,366,864	25,335,009	21,102,897	-	-	-
Short term borrowings	7,154,959	4,701,901	6,768,015	7,118,183	4,238,787	7,202,850
Group balances payables	-	-	-	4,041	16	11,375
Trade and other payables	353,547	436,332	358,793	29,256	31,471	29,499
Taxes payables	7,383	2,770	3,956	2,308	2,316	3,251
Long term borrowings	427,739	-	453,077	427,739	-	453,077
Borrowings on debentures	555,531	752,339	540,032	335,636	532,801	324,837
Retirement benefit obligations	24,183	25,781	22,696	-	-	-
Total Liabilities	29,154,510	31,451,096	29,476,151	8,077,478	4,805,391	8,054,798
EQUITY						
Stated capital	227,500	227,500	227,500	227,500	227,500	227,500
Risk reserve	881,316	824,904	854,456	881,316	824,904	854,456
Retained earnings	1,369,897	1,148,099	1,036,415	1,369,897	1,148,099	1,036,415
Fair valuation reserve	(90,044)	-	-	(90,044)	-	-
Equity attributable to the equity holders of the parent	2,388,669	2,200,503	2,118,371	2,388,669	2,200,503	2,118,371
Non- controlling interests	111,507	84,515	95,242	-	-	-
Total Equity	2,500,176	2,285,018	2,213,613	2,388,669	2,200,503	2,118,371
Total equity and liabilities	31,654,686	33,736,114	31,689,764	10,466,147	7,005,894	10,173,169

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

These consolidated 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 consolidated financial statements.

(Sgd.)
Dilshan Wirasekara
Director/ Chief Executive Officer

(Sgd.)
Dinesh Schaffter
Managing Director

14 August 2017
Colombo



STATEMENT OF CHANGES IN EQUITY

GROUP

For the three months ended 30 June 2017

	Attributable to equity holders of parent						
	Stated Capital	Risk Reserve	Retained Earnings	Fair Valuation Reserve	Total	Non-Controlling Interests	Total Equity
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							
Transfers 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
Balance as at 1 April 2017 (Audited)	227,500	854,456	1,036,415	-	2,118,371	95,242	2,213,613
Total comprehensive income for the period							
Profit for the period	-	-	360,342	-	360,342	16,274	376,616
Other comprehensive income	-	-	-	(90,044)	(90,044)	(9)	(90,053)
Total comprehensive income	-	-	360,342	(90,044)	270,298	16,265	286,563
Transactions with equity holders							
Transfers to risk reserve	-	26,860	(26,860)	-	-	-	-
Total transactions with equity holders	-	26,860	(26,860)	-	-	-	-
Balance as at 30 June 2017 (Unaudited)	227,500	881,316	1,369,897	(90,044)	2,388,669	111,507	2,500,176

COMPANY

For the three months ended 30 June 2017

	Stated Capital	Risk Reserve	Retained Earnings	Fair Valuation Reserve	Total Equity
Balance as at 1 April 2016 (Audited)	227,500	822,022	1,052,693	-	2,102,215
Total comprehensive income for the period					
Profit for the period	-	-	98,288	-	98,288
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	98,288	-	98,288
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 (Restated, Unaudited)	227,500	824,904	1,148,099	-	2,200,503
Balance as at 1 April 2017 (Audited)	227,500	854,456	1,036,415	-	2,118,371
Total comprehensive income for the period					
Profit for the period	-	-	360,342	-	360,342
Other comprehensive income	-	-	-	(90,044)	(90,044)
Total comprehensive income	-	-	360,342	(90,044)	270,298
Transactions with equity holders					
Transfer to risk reserve	-	26,860	(26,860)	-	-
Total transactions with equity holders	-	26,860	(26,860)	-	-
Balance as at 30 June 2017 (Unaudited)	227,500	881,316	1,369,897	(90,044)	2,388,669

Figures in bracket indicate deductions.

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



CONSOLIDATED STATEMENT OF CASH FLOWS

For the period	Group		Company	
	April - June 2017 (Unaudited)	2016 (Unaudited)	April - June 2017 (Unaudited)	2016 (Unaudited)
Cash flows from operating activities				
Interest receipts and gains realised	987,853	675,817	56,714	42,332
Interest payments and other direct cost	(426,750)	(278,837)	(23,422)	(94,871)
Other receipts	3,026	1,558	-	-
Cash payments to employees and suppliers	(114,334)	(97,183)	(10,278)	(3,156)
Operating profit before changes in operating assets and liabilities	449,795	301,355	23,014	(55,695)
(Increase)/ decrease in financial investments - held for trading	957,476	(14,544,734)	-	-
(Increase)/ decrease in financial investments -loans and receivables	(1,081,572)	1,852,388	(30,881)	(1,370,833)
(Increase)/ decrease in trade and other receivables	(56,917)	(227,538)	648	13,857
(Increase)/ decrease in group balances receivable	-	-	-	(7,360)
Increase/ (decrease) in trade and other payables	(5,246)	198,410	(243)	4,874
Increase/ (decrease) in group balances payable	-	-	(7,334)	(383)
Increase/ (decrease) in short term borrowings	411,237	1,813,632	(87,975)	1,415,935
Increase/ (decrease) in borrowings against re-purchase agreements	(736,034)	10,575,729	-	-
Cash used in operations	(61,261)	(30,758)	(102,771)	395
Tax paid	(4,655)	-	(2,613)	-
Net cash flow from/ (used) in operating activities	(65,916)	(30,758)	(105,384)	395
Cash flow from investing activities				
Purchase from sale of property, plant, equipment and intangible assets	(3,690)	(936)	-	(16)
Sale of property plant and equipment	-	4	-	-
Dividend receipts	49,182	50,772	-	-
Net cash flow from/ (used) in investing activities	45,492	49,840	-	(16)
Cash flow from/ (used) in financing activities				
Long term borrowings	(25,338)	-	(25,338)	-
Net cash flow from/ (used) in financing activities	(25,338)	-	(25,338)	-
Net cash inflow/ (outflow) for the period	(45,762)	19,082	(130,722)	379
Cash and cash equivalents at the beginning of the period (Note A)	(169,105)	(176,615)	(21,432)	4,998
Cash and cash equivalents at the end of the period (Note B)	(214,867)	(157,533)	(152,154)	5,377
Note A				
Cash at banks and in hand	55,340	31,066	8,477	4,998
Bank overdraft	(224,445)	(207,681)	(29,909)	-
	(169,105)	(176,615)	(21,432)	4,998
Note B				
Cash at banks and in hand	39,797	36,612	8,161	5,377
Bank overdraft	(254,664)	(194,145)	(160,315)	-
	(214,867)	(157,533)	(152,154)	5,377

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**

Dividend income
Miscellaneous income

Group April - June		Company April - June	
2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000
49,182	50,772	-	-
3,026	1,558	-	-
52,208	52,330	-	-

2 Income tax expense**For the period**

Current tax expenses
Deferred tax expenses

Group April - June		Company April - June	
2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000
18,299	5,750	1,674	2,286
6,784	1,477	-	-
25,083	7,227	1,674	2,286

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

Group
Company

2017 Rs.	2016 Rs.
23.59	21.73
23.59	21.73

4 Market Price per Share**For the three months ended 30 June**

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

2017 Rs.	2016 Rs.
31.80	25.90
20.00	18.40
30.90	18.80

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 2017 have been followed in the preparation of the above provisional financial statements.

In 2016/17, the Company changed its accounting policy for investment in subsidiaries/associates from cost basis to equity method of accounting in accordance with the provisions of "LKAS 27 – Separate Financial Statements" with the objective of fair presentation with effect from 2016/17. Accordingly, comparative figures in 1st Quarter of 2016/17 (Separate Financial Statements) have been restated for the impact of adopting the equity method of accounting.

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 2017 is 101,250,000 shares (As at 31 March 2017 - 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 2017.

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



INVESTOR INFORMATION

Information on Listed Debentures

Market value as at 30 June 2017

Debentures with 4 year and 5 year maturity have not been traded during the quarter ended 30 June 2017. Hence, the par value of Rs. 100 is recognised as their respective market values.

Debt Ratios (Group)

Debt/ equity ratio (times)
Quick asset ratio (times)
Interest cover (times)

	As at 30-Jun-17	As at 30-Jun-16	As at 31-Mar-17
Debt/ equity ratio (times)	11.50	13.56	13.14
Quick asset ratio (times)	1.12	1.11	1.10
Interest cover (times)	1.50	1.19	1.00

Debt Ratios (Company)

Debt/ equity ratio (times)
Quick asset ratio (times)
Interest cover (times)

	As at 30-Jun-17	As at 30-Jun-16	As at 31-Mar-17
Debt/ equity ratio (times)	3.37	2.17	3.78
Quick asset ratio (times)	1.16	1.21	1.16
Interest cover (times)	2.26	1.10	1.06

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-17	As at 30-Jun-16	As at 31-Mar-17
3 year fixed rate (13.50 % p.a. payable annually)	N/A	13.50%	N/A
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 trading on above debentures during the quarter ended 30 June 2017. Yields are same as the coupon rates. Hence, yield to maturity on trades done is not applicable.

Yield of comparable Government Securities

3 Year treasury bond
4 Year treasury bond
5 Year treasury bond

	As at 30-Jun-17	As at 30-Jun-16	As at 31-Mar-17
3 Year treasury bond	N/A	10.12%	N/A
4 Year treasury bond	10.37%	10.78%	12.47%
5 Year treasury bond	10.85%	11.26%	12.46%

N/A - Not Applicable



INVESTOR INFORMATION

List of twenty major shareholders as at 30 June 2017

Name of the shareholder	No of shares As at 30 June 2017	Holding (%)
1 1.1 Commercial Bank of Ceylon PLC/ Dunamis Capital PLC	50,951,368	50.32
1.2 Seylan Bank PLC/ Dunamis Capital PLC	25,400,000	25.09
1.3 Dunamis Capital PLC	2,768,448	2.73
2 Seylan Bank PLC/ Janashakthi PLC	2,058,896	2.03
3 Janashakthi General Insurance Limited	858,650	0.85
4 Mr. Sunil Darmabandu Senaweera	435,000	0.43
5 Mr. Charitha Prasanna De Silva	355,000	0.35
6 People's Leasing & Finance PLC/ Mr. D.M.P. Dissanayake	321,459	0.32
7 Commercial Bank of Ceylon PLC/ Janashakthi Limited	300,703	0.30
8 Seylan Bank PLC/ Sashimaal Ruhash Fernando	294,732	0.29
9 Mr. Arunasalam Sithampalam	264,000	0.26
10 Mr. Dhanusha Senajith Duke De Lanerolle	235,000	0.23
11 Commercial Bank of Ceylon PLC/ U.C. Bandaranayake	225,000	0.22
12 Mr. Nagen Dayaranjan Kurukulasuriya	208,836	0.21
13 Dr. Subashi Nemindi Samarasinghe	200,616	0.20
14 Pan Asia Banking Corporation PLC/ A.C. Jayasinghe	200,168	0.20
15 Timex Garments (Pvt) Ltd	200,000	0.20
16 Mr. Mahipala Wickramathunga	165,000	0.16
17 Mr. Jayasuriya Mudiyanseelage Jayaweera	163,758	0.16
18 Mr. Ravin Arifeen	157,805	0.16
19 Mrs. Eileen Monica Perera	151,033	0.15
20 Mr. Rajapaksa Vithanage Don Piyathilake	150,166	0.15
	86,065,638	85.00

Shareholding of the Directors/ Chief Executive Officer

Name of the Director/ Chief Executive Officer	Designation	No. of Shares As at 30 June 2017
Mr. Nishan Fernando	Director	Nil
Mr. Dinesh Schaffter	Director	Nil
Mr. Eardley Perera	Director	Nil
Ms. Minette Perera	Director	Nil
Mr. Chandana de Silva	Director	Nil
Mr. Dilshan Wirasekara	Director/ Chief Executive Officer	Nil

Public holding as a percentage of issued share capital is 21.86%.

Number of shareholders representing the public holding is 5,946.