

PROVISIONAL FINANCIAL STATEMENTS

QUARTER ENDED | 31 DECEMBER 2017



First Capital
FIRST CAPITAL HOLDINGS PLC

REVIEW OF OPERATIONS

First Capital Holdings PLC reported a consolidated profit after tax of Rs. 910Mn for nine months ended 31 December 2017 reflecting a substantial increase of Rs. 778Mn compared to the corresponding period of the previous year. Total comprehensive income for the period under review was Rs. 820Mn (2016/17 – Rs. 132Mn).

First Capital Treasuries PLC, the Group's primary dealer arm reported a profit after tax of Rs. 689Mn for nine months ended 31 December 2017 (2016/17 – Rs. 264Mn) mainly attributable to gains on sale of government securities and net interest income.

During the period under review, the Corporate Finance Division of First Capital Limited mobilised Rs. 18.7Bn for its clients through structuring and placement of Corporate Debt Securities and generated a fee income of Rs. 60Mn (2016/17 – Rs. 34Mn).

First Capital Asset Management Limited recorded a significant growth in funds under management to end with Rs. 7.2Bn as at 31 December 2017 (31 March 2017 - Rs. 3Bn).

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

(Sgd.)

Dilshan Wirasekara

Director/Chief Executive Officer



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period	Note	Group			
		October ~ December 2017 (Unaudited)	December 2016 (Unaudited)	April ~ December 2017 (Unaudited)	December 2016 (Unaudited)
Income		850,668	963,154	3,089,623	2,743,345
Direct income		843,312	959,228	3,024,619	2,678,797
Direct expenses		(618,873)	(790,008)	(2,063,072)	(2,209,625)
Net trading income		224,439	169,220	961,547	469,172
Other income	1	7,356	3,926	65,004	64,548
Gain on fair valuation of financial investments - held for trading		62,466	(390,235)	330,398	(89,073)
Less :		294,261	(217,089)	1,356,949	444,647
Administrative expenses		(85,685)	(58,106)	(277,865)	(242,174)
Sales and distribution expenses		(8,013)	(4,851)	(17,847)	(24,083)
Other operating expenses		(12,390)	(5,986)	(76,449)	(34,666)
Impairment of goodwill		-	-	(13,763)	-
		(106,088)	(68,943)	(385,924)	(300,923)
Profit/ (loss) before taxation		188,173	(286,032)	971,025	143,724
Income tax (expense) reversal	2	(9,102)	11,363	(60,522)	(11,919)
Profit/ (loss) for the period		179,071	(274,669)	910,503	131,805
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)	-
Other comprehensive income/(expense)		-	-	(90,053)	-
Total comprehensive income for the period		179,071	(274,669)	820,450	131,805
Profit attributable to:					
Equity - holders of the parent		170,480	(268,455)	871,290	116,891
Non - controlling interest		8,591	(6,214)	39,213	14,914
		179,071	(274,669)	910,503	131,805
Total comprehensive income attributable to:					
Equity - holders of the parent		170,480	(268,455)	781,246	116,891
Non - controlling interest		8,591	(6,214)	39,204	14,914
		179,071	(274,669)	820,450	131,805
Basic Earnings/ (loss) per share (Rs.)		1.68	(2.65)	8.61	1.15

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



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period	Note	Company			
		October ~ December 2017 (Unaudited)	December 2016 (Unaudited)	April ~ December 2017 (Unaudited)	December 2016 (Unaudited) (Restated)
Income		218,625	217,144	828,036	537,964
Direct income		218,601	217,144	828,012	537,964
Direct expenses		(196,615)	(196,781)	(760,500)	(486,293)
Net trading income		21,986	20,363	67,512	51,671
Other income	1	24	-	24	-
Net trading income		22,010	20,363	67,536	51,671
Less :					
Administrative expenses		(9,282)	(1,489)	(27,828)	(5,729)
Sales and distribution expenses		(1,161)	(253)	(2,113)	(808)
Other operating expenses		(2,363)	(3,537)	(7,572)	(6,769)
Impairment of investment in subsidiary		-	-	(13,763)	-
		(12,806)	(5,279)	(51,276)	(13,306)
Operating profit		9,204	15,084	16,260	38,365
Share of profit from equity accounted investee (net of tax)		163,409	(277,835)	861,946	89,006
Profit/(loss) before taxation		172,613	(262,751)	878,206	127,371
Income tax expenses	2	(2,133)	(5,704)	(6,916)	(10,480)
Profit/(loss) for the period		170,480	(268,455)	871,290	116,891
Other comprehensive income					
Items that will never be reclassified to profit or loss		-	-	-	-
Items that are or may be reclassified to profit or loss		-	-	-	-
Share of other comprehensive income from equity accounted investees		-	-	(90,044)	-
Other comprehensive income/(expense)		-	-	(90,044)	-
Total comprehensive income for the period		170,480	(268,455)	781,246	116,891
Basic Earnings/(loss) per share (Rs.)		1.68	(2.65)	8.61	1.15

Figures in bracket indicate deductions.

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Group			Company		
	31-Dec-2017 (Unaudited)	31-Dec-2016 (Unaudited)	31-Mar-2017 (Audited)	31-Dec-2017 (Unaudited)	31-Dec-2016 (Unaudited) (Re-stated)	31-Mar-2017 (Audited)
ASSETS						
Cash at banks and in hand	48,754	29,521	55,340	13,785	5,049	8,477
Derivative financial instruments	6,364	1,933	24,075	-	-	-
Financial investments - Held for trading	23,378,609	26,004,076	23,799,894	-	-	-
Financial investments - Available for sale	242,750	332,803	332,803	1,000	1,000	1,000
Financial investments - Loans and receivables	5,757,582	4,733,490	6,625,115	6,616,047	5,965,120	8,378,338
Trade and other receivables	545,901	774,051	540,521	1,423	218,370	2,303
Group balances receivable	-	-	-	17	-	-
Non - current assets held for sale	42,416	42,416	42,416	-	-	-
Taxes receivable	79,593	74,956	104,032	7,099	-	-
Investment in subsidiary	-	-	-	2,539,634	1,669,799	1,781,495
Deferred tax asset	29,362	36,558	36,703	-	-	-
Property, plant and equipment	16,492	13,547	14,295	1,185	896	1,515
Intangible assets	99,967	114,439	114,570	323	24	41
Total Assets	30,247,790	32,157,790	31,689,764	9,180,513	7,860,258	10,173,169
LIABILITIES						
Bank overdrafts	270,287	780,348	224,445	269,666	569,011	29,909
Derivative financial instruments	21,184	1,563	2,240	-	-	-
Securities sold under re-purchase agreements	19,902,573	22,546,196	21,102,897	-	-	-
Short term borrowings	5,731,468	5,020,927	6,768,015	5,235,488	4,065,321	7,202,850
Group balances payable	-	-	-	6,323	150	11,375
Trade and other payables	326,825	273,554	358,793	65,558	20,066	29,499
Taxes payable	12,225	8,652	3,956	11,425	8,149	3,251
Long term borrowings	377,576	478,307	453,077	377,576	478,307	453,077
Retirement benefit obligations	26,393	28,500	22,696	-	-	-
Borrowings on debentures	545,196	710,232	540,032	314,860	500,148	324,837
Total Liabilities	27,213,727	29,848,279	29,476,151	6,280,896	5,641,152	8,054,798
EQUITY						
Stated capital	227,500	227,500	227,500	227,500	227,500	227,500
Risk reserve	919,489	846,908	854,456	919,489	846,908	854,456
Retained earnings	1,842,672	1,144,698	1,036,415	1,842,672	1,144,698	1,036,415
Fair Valuation reserve	(90,044)	-	-	(90,044)	-	-
Equity attributable to the equity - holders of the parent	2,899,617	2,219,106	2,118,371	2,899,617	2,219,106	2,118,371
Non - controlling interest	134,446	90,405	95,242	-	-	-
Total Equity	3,034,063	2,309,511	2,213,613	2,899,617	2,219,106	2,118,371
Total Equity and Liabilities	30,247,790	32,157,790	31,689,764	9,180,513	7,860,258	10,173,169

Figures in bracket indicate deductions.

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

9 February 2017
Colombo



STATEMENT OF CHANGES IN EQUITY

GROUP

For nine months ended 31 December 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	-	-	116,891	-	116,891	14,914	131,805
Other comprehensive income/(expense)	-	-	-	-	-	-	-
Total comprehensive income	-	-	116,891	-	116,891	14,914	131,805
Transactions with equity holders							
Distribution to equity holders							
Dividend paid to shareholders with non-controlling interest	-	-	-	-	-	(7,170)	(7,170)
Total distribution to equity holders	-	-	-	-	-	(7,170)	(7,170)
Transfer to risk reserve	-	24,886	(24,886)	-	-	-	-
Total transactions with equity holders	-	24,886	(24,886)	-	-	(7,170)	(7,170)
Balance as at 31 December 2016 (Unaudited)	227,500	846,908	1,144,698	-	2,219,106	90,405	2,309,511
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	-	-	871,290	-	871,290	39,213	910,503
Other comprehensive income/(expense)	-	-	-	(90,044)	(90,044)	(9)	(90,053)
Total comprehensive income	-	-	871,290	(90,044)	781,246	39,204	820,450
Transactions with equity holders							
Transfer to risk reserve	-	65,033	(65,033)	-	-	-	-
Total transactions with equity holders	-	65,033	(65,033)	-	-	-	-
Balance as at 31 December 2017 (Unaudited)	227,500	919,489	1,842,672	(90,044)	2,899,617	134,446	3,034,063

COMPANY

For nine months ended 31 December 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	-	-	116,891	-	116,891
Other comprehensive income/(expense)	-	-	-	-	-
Total comprehensive income	-	-	116,891	-	116,891
Transactions with equity holders					
Transfer to risk reserve	-	24,886	(24,886)	-	-
Total transactions with equity holders	-	24,886	(24,886)	-	-
Balance as at 31 December 2016 (Restated/ unaudited)	227,500	846,908	1,144,698	-	2,219,106
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	-	-	871,290	-	871,290
Other comprehensive income/(expense)	-	-	-	(90,044)	(90,044)
Total comprehensive income	-	-	871,290	(90,044)	781,246
Transactions with equity holders					
Distribution to equity holders					
Transfer to risk reserve	-	65,033	(65,033)	-	-
Total transactions with equity holders	-	65,033	(65,033)	-	-
Balance as at 31 December 2017 (Unaudited)	227,500	919,489	1,842,672	(90,044)	2,899,617

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 ~ Dec 2017 (Unaudited)	Dec 2016 (Unaudited)	April ~ Dec 2017 (Unaudited)	Dec 2016 (Unaudited)
Cash flows from operating activities				
Interest receipts and gains realized	2,993,258	2,651,098	501,735	227,639
Interest payments and other direct cost	(1,500,488)	(1,804,882)	(769,661)	(426,196)
Other receipts	6,945	7,542	-	-
Cash payments to employees and suppliers	(364,386)	(289,211)	(37,056)	(13,218)
Operating profit before changes in operating assets and liabilities	1,135,329	564,547	(304,982)	(211,775)
(Increase) /decrease in financial investments - held for trading	788,338	(14,747,330)	-	-
(Increase) /decrease in financial investments - loans and receivables	898,894	3,823,541	2,087,752	(2,314,456)
(Increase) / decrease in trade and other receivables	(5,380)	(197,699)	880	303,426
(Increase) / decrease in group balances receivable	-	-	(17)	16,837
Increase / (decrease) in trade and other payables	(31,968)	(72,514)	36,059	(6,531)
Increase / (decrease) in group balances payable	-	-	(5,052)	(249)
Increase / (decrease) in other short term borrowings	(1,037,135)	2,127,770	(1,967,362)	1,168,841
Increase / (decrease) in borrowings against re-purchase agreements	(1,753,459)	7,729,748	-	-
Cash generated from/ (used in) operations	(5,381)	(771,937)	(152,721)	(1,043,907)
Tax paid	(20,473)	(2,668)	(5,842)	(2,360)
Net cash flows from/(used in) operating activities	(25,854)	(774,605)	(158,564)	(1,046,267)
Cash flows from investing activities				
Purchase of property, plant, equipment and intangible assets	(9,132)	(6,514)	(408)	(1,000)
Proceed from sale of property plant and equipment	-	5,904	-	-
Financial Investments - Available for sale	-	(330,803)	-	-
Dividend receipts	58,059	53,499	24	-
Net cash flows from /(used in) investing activities	48,927	(277,914)	(384)	(1,000)
Cash flows from financing activities				
Long term borrowings	-	-	-	478,307
Payments of interest bearing borrowings	(75,501)	478,307	(75,501)	-
Net cash flows from/(used in) financing activities	(75,501)	478,307	(75,501)	478,307
Net cash inflow/(outflow) for the period	(52,428)	(574,212)	(234,449)	(568,960)
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)	(221,533)	(750,827)	(255,881)	(563,962)
Note A				
Cash at bank 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 bank and in hand	48,754	29,521	13,785	5,049
Bank overdraft	(270,287)	(780,348)	(269,666)	(569,011)
	(221,533)	(750,827)	(255,881)	(563,962)

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 (Group)

Dividend income
Profit on sale of property plant and equipment
Miscellaneous income

October - December 2017 Rs.'000		2016 Rs.'000		April - December 2017 Rs.'000		2016 Rs.'000	
5,375	806			58,059	53,499		
-	-			-	3,507		
1,981	3,120			6,945	7,542		
7,356	3,926			65,004	64,548		

Other income (Company)

For the period

Dividend income

October - December 2017 Rs.'000		2016 Rs.'000		April - December 2017 Rs.'000		2016 Rs.'000	
24	-			24	-		
24	-			24	-		

2 Income Tax Expenses (Group)

For the period

Current tax expenses
Deferred tax expenses
Taxes on Dividend

October - December 2017 Rs.'000		2016 Rs.'000		April - December 2017 Rs.'000		2016 Rs.'000	
8,836	(20,837)			53,181	(3,754)		
266	(4,658)			7,341	1,145		
-	14,132			-	14,528		
9,102	(11,363)			60,522	11,919		

Income Tax Expenses (Company)

For the period

Current tax expenses
Taxes on Dividend

October - December 2017 Rs.'000		2016 Rs.'000		April - December 2017 Rs.'000		2016 Rs.'000	
2,133	3,344			6,916	8,120		
-	2,360			-	2,360		
2,133	5,704			6,916	10,480		

3 Net Assets per Share As at 31 December

Group
Company

	2017 Rs.	2016 Rs.
Group	28.64	21.92
Company	28.64	21.92

4 Market Price per Share

For the six months ended 31 December

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

	2017 Rs.	2016 Rs.
Highest market price recorded	39.90	34.60
Lowest market price recorded	32.20	24.80
Closing market price recorded	33.60	25.00

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.

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.

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. Accordingly, comparative figures in 3rd Quarter of 2016/17 (Separate Financial Statements) have been restated for the impact of adopting the equity method of accounting.

7 The number of shares represented by stated capital as at 31 December 2017 is 101,250,000 shares (As at 31 March 2017 - 101,250,000 shares).

INVESTOR INFORMATION

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 other than the following:
- (a) In October 2017, the Department of Inland Revenue issued assessments on Financial VAT for 2014/15 for First Capital Treasuries PLC and First Capital Limited amounting to Rs. 87.7Mn and Rs. 53.7Mn respectively. Appeals were submitted against the said assessments.
- (b) In November 2017, the Commissioner General of Inland Revenue determined the assessments on Financial VAT- 2012/13 relating to First Capital Limited and First Capital Treasuries PLC amounting to Rs. 12Mn and Rs. 62.4Mn respectively in favour of the Department. Appeals were submitted against the said determinations to the Tax Appeals Commission. Further, the Commissioner General determined income tax assessment - 2012/13 of First Capital Treasuries PLC, reducing the amount assessed by Rs. 0.6Mn in January 2018.

Based on tax consultant's opinion, the Board of Directors of the Company is of the view that no liability would arise since the assessments/determinations are outside the scope of chargeability of taxes.

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

Information on Listed Debentures

Market value as at 31 December 2017

Debentures with 4 year and 5 year maturity have not been traded during the quarter ended 30 September 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 31-Dec-17	As at 31-Dec-16	As at 31-Mar-17
Debt/equity ratio (times)	8.84	12.79	13.14
Quick asset ratio (times)	1.15	1.11	1.10
Interest cover (times)	1.48	1.07	1.00

Debt Ratios (Company)

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

	As at 31-Dec-17	As at 31-Dec-16	As at 31-Mar-17
Debt/equity ratio (times)	2.14	2.53	3.78
Quick asset ratio (times)	1.20	1.29	1.16
Interest cover (times)	2.16	1.00	1.06

Debenture Interest Yield

3 year fixed rate (13.5 % 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 31-Dec-17	As at 31-Dec-16	As at 31-Mar-17
3 year fixed rate (13.5 % 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 31 December 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 31-Dec-17	As at 31-Dec-16	As at 31-Mar-17
3 Year treasury bond	N/A	9.57%	N/A
4 Year treasury bond	8.13%	11.01%	12.47%
5 Year treasury bond	9.27%	11.60%	12.46%

N/A - Not Applicable



INVESTOR INFORMATION

List of twenty major shareholders as at 31 December 2017

Name of the shareholder		No of shares As at 31 December 2017	Holding (%)
1	1.1 Commercial Bank of Ceylon PLC/ Dunamis Capital PLC	42,858,308	42.33
	1.2 Seylan Bank PLC/ Dunamis Capital PLC	25,400,000	25.09
	1.3 Dunamis Capital PLC	10,861,508	10.73
2	Seylan Bank PLC/ Janashakthi PLC	2,058,896	2.03
3	Janashakthi General Insurance Limited	858,650	0.85
4	Capital Trust Holdings Ltd	528,213	0.52
5	DFCC Bank/Mr. Kankanamge Sunil Dharmabandu Senaweera	443,100	0.44
6	People's Leasing & Finance PLC/Mr.D.M.P.Disanayake	439,138	0.43
7	Seylan Bank PLC/S.R.Fernando	355,744	0.35
8	Mr. Charitha Prasanna De Silva	355,000	0.35
9	Commercial Bank of Ceylon PLC/Janashakthi Limited	300,703	0.30
10	Mr. Arunasalam Sithampalam	264,000	0.26
11	Mr. Joseph Edward	257,000	0.25
12	Seylan Bank PLC/Mr. Mohomed Mushtaq Faud	238,139	0.24
13	Mr. Dhanusha Senajit Duke De Lanerolle	217,500	0.21
14	Commercial Bank of Ceylon PLC/U.C.Bandaranayake	210,000	0.21
15	Mr. Nagen Dayaranjan Kurukulasuriya	208,836	0.21
16	Dr. Subashi Nemindi Samarasinghe	200,616	0.20
17	Timex Garments (Pvt) Ltd	200,000	0.20
18	Mr. Haqqe Mohamed Subair Fouzal/Mrs. S.I. Haqqe Siththi Isama	167,500	0.17
19	Mr. Wickramathunga Arachchi Pathiranage Don Mahipala Wickramathunga	165,000	0.16
20	Mrs. Monica Eileen Perera	151,033	0.15
		86,738,884	85.67

Shareholding of the Directors/ Chief Executive Officer

Name of the Director/ Chief Executive Officer	Designation	No. of Shares as at 31 December 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. Nishan de Mel	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 5,833.