



First Capital

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PROVISIONAL

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FINANCIAL

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STATEMENTS

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QUARTER ENDED 30<sup>TH</sup> SEPTEMBER 2018

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**FIRST CAPITAL TREASURIES PLC**



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period	Note	July - September		April - September	
		2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
<b>Income</b>		<b>588,463</b>	<b>641,799</b>	<b>1,498,743</b>	<b>1,304,162</b>
Direct income		583,792	641,802	1,494,069	1,304,152
Direct expenses		(467,031)	(341,350)	(1,072,149)	(815,596)
<b>Net trading income</b>		<b>116,761</b>	<b>300,452</b>	<b>421,920</b>	<b>488,556</b>
Other income		4,671	(3)	4,674	10
Gain/ (loss) on fair valuation of financial investments - held for trading		(267,063)	21,193	(364,023)	160,567
		<b>(145,631)</b>	<b>321,642</b>	<b>62,571</b>	<b>649,133</b>
<b>Less:</b>					
Administrative expenses		(20,115)	(56,827)	(56,665)	(83,995)
Sales and distribution expenses		(2,298)	(1,945)	(4,387)	(4,392)
Other operating expenses		(946)	(10,057)	(5,740)	(22,479)
		<b>(23,359)</b>	<b>(68,829)</b>	<b>(66,792)</b>	<b>(110,866)</b>
<b>Profit/(Loss) before tax</b>		<b>(168,990)</b>	<b>252,813</b>	<b>(4,221)</b>	<b>538,267</b>
Income tax (expense)/ reversal	1	47,433	-	(119)	-
<b>Profit/(Loss) for the period</b>		<b>(121,557)</b>	<b>252,813</b>	<b>(4,340)</b>	<b>538,267</b>
<b>Other comprehensive income</b>					
Items that will never be reclassified to profit or loss		-	-	-	-
Items that are or may be reclassified to profit or loss		-	-	-	-
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>(121,557)</b>	<b>252,813</b>	<b>(4,340)</b>	<b>538,267</b>
<b>Earnings/(Loss) per share (Rs.)</b>		<b>(7.90)</b>	<b>16.43</b>	<b>(0.28)</b>	<b>34.98</b>

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



## STATEMENT OF FINANCIAL POSITION

As at	Note	30 <sup>th</sup> September 2018 (Unaudited)	30 <sup>th</sup> September 2017 (Unaudited)	31 <sup>st</sup> March 2018 (Audited)
<b>ASSETS</b>				
Cash at banks and in hand		1,572	2,370	3,077
Derivative financial instruments		6,313	7,100	47,868
Financial investments - Held for trading		23,440,653	16,770,934	23,376,073
Financial investments - Available for sale		1,000	1,000	1,000
Financial investments - Loans and receivables		2,965,644	811,933	968,887
Receivable from related companies		11,319	2,722	5,239
Taxes receivable		12,093	12,093	12,093
Deferred tax asset		847,517	-	847,635
Other assets		106,541	129,633	239,030
Property, plant and equipment		1,165	1,757	1,393
Intangible assets		265	734	389
<b>Total Assets</b>		<b>27,394,082</b>	<b>17,740,276</b>	<b>25,502,684</b>
<b>LIABILITIES</b>				
Bank overdrafts		473	957	2,759
Derivative financial instruments		1,025	10,714	21,659
Securities sold under re-purchase agreements		23,611,204	14,857,638	21,691,825
Creditors and accrued charges		20,771	44,031	9,568
Payable to related companies		6,415	4,580	42,478
Taxes payable		81,822	79,411	81,452
Retirement benefit obligations		10,733	9,465	10,974
Borrowings on listed debentures	3	534,699	534,296	510,689
<b>Total Liabilities</b>		<b>24,267,142</b>	<b>15,541,092</b>	<b>22,371,404</b>
<b>EQUITY</b>				
Stated capital	4	256,500	256,500	256,500
Risk reserve		1,072,726	959,466	1,072,726
Retained earnings		1,797,714	983,218	1,802,054
<b>Total Equity</b>		<b>3,126,940</b>	<b>2,199,184</b>	<b>3,131,280</b>
<b>Total Equity &amp; Liabilities</b>		<b>27,394,082</b>	<b>17,740,276</b>	<b>25,502,684</b>

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

14<sup>th</sup> November 2018  
Colombo



## STATEMENT OF CHANGES IN EQUITY

For the six months ended 30<sup>th</sup> September 2018

	Stated Capital	Risk Reserve	Retained Earnings	Total Equity
<b>Balance as at 1<sup>st</sup> April 2017 (Audited)</b>	<b>256,500</b>	<b>905,639</b>	<b>498,778</b>	<b>1,660,917</b>
<b><u>Total comprehensive income for the period</u></b>				
Profit for the period	-	-	538,267	538,267
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>538,267</b>	<b>538,267</b>
<b><u>Transactions with equity holders</u></b>				
Transfer to risk reserve	-	53,827	(53,827)	-
<b>Total transactions with equity holders</b>	<b>-</b>	<b>53,827</b>	<b>(53,827)</b>	<b>-</b>
<b>Balance as at 30<sup>th</sup> September 2017 (Unaudited)</b>	<b>256,500</b>	<b>959,466</b>	<b>983,218</b>	<b>2,199,184</b>
<b>Balance as at 1<sup>st</sup> April 2018 (Audited)</b>	<b>256,500</b>	<b>1,072,726</b>	<b>1,802,054</b>	<b>3,131,280</b>
<b><u>Total comprehensive income for the period</u></b>				
Loss for the period	-	-	(4,340)	(4,340)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(4,340)</b>	<b>(4,340)</b>
<b><u>Transactions with equity holders</u></b>				
Transfer to risk reserve	-	-	-	-
<b>Total transactions with equity holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 30<sup>th</sup> September 2018 (Unaudited)</b>	<b>256,500</b>	<b>1,072,726</b>	<b>1,797,714</b>	<b>3,126,940</b>

Figures in bracket indicate deductions.

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



## STATEMENT OF CASH FLOWS

For the period ended 30<sup>th</sup> September

### 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

### Cash generated from operations

Tax paid

Gratuity paid

### Net cash from operating activities

### Cash flow from investing activities

Purchase of property, Plant and equipment  
Purchase of intangible assets  
Proceeds from disposal of property, plant and equipment

### Net cash from/ (used in) investing activities

### Cash flow from financing activities

Dividend Paid

### Net cash used in 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 bank and in hand

Bank overdraft

#### Note B

Cash at bank and in hand

Bank overdraft

	April - September	
	2018 (Unaudited)	2017 (Unaudited)
<b>Cash flows from operating activities</b>		
Interest receipts and gains realized	1,491,619	1,299,497
Interest payments and other direct cost	(921,275)	(429,154)
Other receipts	4,668	10
Cash payments to employees and suppliers	(65,045)	(108,689)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>509,967</b>	<b>761,664</b>
(Increase)/ Decrease in financial investments - held for trading	(407,682)	(1,200,668)
(Increase)/ Decrease in financial investments - loans and receivables	(1,994,307)	5,562,284
(Increase)/ Decrease in receivable from related companies	(6,080)	(2,242)
(Increase)/ Decrease in other assets	132,489	1,202
Increase/ (Decrease) in creditors and accrued charges	11,575	44,224
Increase/ (Decrease) in payable to related companies	(36,063)	3,327
Increase/ (Decrease) in borrowings against re-purchase agreements	1,792,514	(5,181,816)
<b>Cash generated from operations</b>	<b>2,413</b>	<b>(12,025)</b>
Tax paid	-	-
Gratuity paid	(1,278)	-
<b>Net cash from operating activities</b>	<b>1,135</b>	<b>(12,025)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, Plant and equipment	(310)	(119)
Purchase of intangible assets	(50)	(174)
Proceeds from disposal of property, plant and equipment	6	-
<b>Net cash from/ (used in) investing activities</b>	<b>(354)</b>	<b>(293)</b>
<b>Cash flow from financing activities</b>		
Dividend Paid	-	-
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
<b>Net cash inflow/ (outflow) for the period</b>	<b>781</b>	<b>(12,318)</b>
Cash and cash equivalents at the beginning of the period (Note A)	318	13,731
<b>Cash and cash equivalents at the end of the period (Note B)</b>	<b>1,099</b>	<b>1,413</b>
<b>Note A</b>		
Cash at bank and in hand	3,077	13,731
Bank overdraft	(2,759)	-
	318	13,731
<b>Note B</b>		
Cash at bank and in hand	1,572	2,370
Bank overdraft	(473)	(957)
	<b>1,099</b>	<b>1,413</b>

Figures in bracket indicate deductions.

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



## NOTES TO THE FINANCIAL STATEMENTS

	2018/19		2017/18	
	July- September Rs'000	April- September Rs'000	July- September Rs'000	April- September Rs'000
1 Income Tax Expenses				
Current Tax Expenses	-	-	-	-
Deferred Tax (expense)/ reversal	47,433	(119)	-	-
	<b>47,433</b>	<b>(119)</b>	-	-

2 The provisional condensed financial statements for the quarter ended 30<sup>th</sup> September 2018 have been prepared in accordance with LKAS 34 - Interim Financial Reporting. The provisional condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's Annual Financial Statements for the year ended 31<sup>st</sup> March 2018.

SLFRS 9 - "Financial Instruments" is applicable for financial periods beginning on or after 1<sup>st</sup> January 2018. This standard replaces LKAS 39 - "Financial Instruments: Recognition and Measurement". However, The Institute of Chartered Accountants of Sri Lanka has granted an option to prepare interim financial statements continuing the application of LKAS 39 during the financial year commencing on or after 1<sup>st</sup> January 2018, through "Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements". Accordingly, these financial statements have been prepared by applying LKAS 39 in accordance with the said option granted.

However, based on the preliminary review, there is no significant impact via the said accounting standards on the financial statements of the Company as at 1<sup>st</sup> April 2018 and for the six month ended 30<sup>th</sup> September 2018.

3 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.

4 The number of shares represented by stated capital as at 30<sup>th</sup> September 2018 is 15,390,000 shares (31<sup>st</sup> March 2018 - 15,390,000 shares).

5 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.

6 There have been no significant changes in the nature of the Contingent Liabilities which were disclosed in the audited financial statements for the year ended 31<sup>st</sup> March 2018 other than the following:

- In August 2018, the Company filed a written submission against letter of intimation on income tax return of 2015/16 issued by the Department of Inland Revenue. However, the related assessment has not been issued yet.

- In September 2018, the Commissioner General of Inland Revenue determined Company's appeal on Financial VAT - 2013/14 amounting to Rs. 60.8Mn in favour of the Inland Revenue. The appeal against the said determination is being filed with the Tax Appeals Commission.

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

#### 7 Market Price per Share

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

#### 8 Net assets per share

	As at 30 <sup>th</sup> September 2018	As at 31 <sup>st</sup> March 2018
	Rs.	Rs.
	<b>203.18</b>	203.46



## 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 <sup>th</sup> February 2015	Annually	5,000,000	500,000	9.50% (AER - 9.50%)	5 Years	6 <sup>th</sup> February 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<sup>th</sup> September 2018

Debentures with 5 year maturity have not been traded during the quarter ended 30<sup>th</sup> September 2018. 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 <sup>th</sup> September 2018	As at 30 <sup>th</sup> September 2017	As at 31 <sup>st</sup> March 2018
Debt/ equity ratio (times)	7.72	6.99	7.09
Quick asset ratio (times)	1.12	1.18	1.12
Interest cover (times)	1.00	1.67	1.50

### Debenture Interest Yield

5 year fixed rate (9.50 % p.a. payable annually)

	As at 30 <sup>th</sup> September 2018	As at 30 <sup>th</sup> September 2017	As at 31 <sup>st</sup> March 2018
Yield of comparable Government Securities (%)			

5 Year treasury bond