



First Capital

PROVISIONAL

FINANCIAL

STATEMENTS

QUARTER ENDED 30TH JUNE 2019

FIRST CAPITAL HOLDINGS PLC



First Capital

REVIEW OF OPERATIONS

First Capital Holdings PLC (the Group) recorded a profit after tax of Rs. 582Mn for the quarter ended 30th June 2019 compared to Rs. 99Mn in the corresponding period of the previous year.

First Capital Treasuries PLC, the Group's primary dealer arm reported a profit after tax of Rs. 562Mn (2018/19 – Rs. 117Mn) mainly attributable to trading gains and fair valuation gains on government securities.

The Corporate Finance Division of First Capital Limited mobilised Rs. 12.2Bn for its clients through the structuring and placement of Corporate Debt Securities and generated a fee income of Rs. 31Mn (2018/19 – Rs. 23Mn).

First Capital Asset Management Limited, the wealth management arm of the Group showed an increase in its funds under management amounting of Rs. 2.2Bn reflecting an increase of 37% when compared to the beginning of the year.

(Sgd.)

Dilshan Wirasekara

Director/Chief Executive Officer



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | Group | | Company | |
|---|------|-------------------------------------|---------------------------------|-------------------------------------|---------------------------------|
| | | April - June 2019 (Unaudited) | 2018 (Restated Unaudited) | April - June 2019 (Unaudited) | 2018 (Restated Unaudited) |
| For the period | | | | | |
| Income | | 1,504,519 | 1,331,453 | 300,366 | 261,373 |
| Direct income | | 1,500,672 | 1,329,374 | 300,366 | 261,373 |
| Direct expenses | | (844,552) | (888,464) | (267,064) | (235,623) |
| Net trading income | | 656,120 | 440,910 | 33,302 | 25,750 |
| Other income | 1 | 3,847 | 2,079 | - | - |
| Gain/ (loss) on fair valuation of financial assets recognised through profit or loss measured at fair value | | 290,817 | (174,601) | - | - |
| | | 950,784 | 268,388 | 33,302 | 25,750 |
| Operating expenses | | | | | |
| Administrative expenses | | (118,254) | (98,089) | (12,603) | (13,131) |
| Sales and distribution expenses | | (3,208) | (5,998) | (803) | (1,706) |
| Other operating expenses | | (16,306) | (11,956) | (3,787) | (2,519) |
| (Provision)/ reversal of Impairment of financial assets at amortised cost | | (668) | 818 | - | 574 |
| | | (138,436) | (115,225) | (17,193) | (16,782) |
| Operating profit | | 812,348 | 153,163 | 16,109 | 8,968 |
| Share of profit from equity accounted investee | | - | - | 541,155 | 86,904 |
| Profit before tax | | 812,348 | 153,163 | 557,264 | 95,872 |
| Income tax expense | 2 | (230,389) | (54,481) | (6,566) | (3,686) |
| Profit for the period | | 581,959 | 98,682 | 550,698 | 92,186 |
| Other comprehensive income | | | | | |
| <i>Items that will never be reclassified to profit or loss</i> | | | | | |
| Loss on financial assets fair value through other comprehensive income | | (1,000) | - | - | - |
| Share of other comprehensive income from equity accounted investee | | - | - | (945) | - |
| <i>Items that are or may be reclassified to profit or loss</i> | | - | - | - | - |
| Other comprehensive expense for the period | | (1,000) | - | (945) | - |
| Total comprehensive income for the period | | 580,959 | 98,682 | 549,753 | 92,186 |
| Profit attributable to: | | | | | |
| Equity holders of the parent | | 550,698 | 92,186 | 550,698 | 92,186 |
| Non - controlling interest | | 31,261 | 6,496 | - | - |
| | | 581,959 | 98,682 | 550,698 | 92,186 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent | | 549,753 | 92,186 | 549,753 | 92,186 |
| Non - controlling interest | | 31,206 | 6,496 | - | - |
| | | 580,959 | 98,682 | 549,753 | 92,186 |
| Basic earnings per share (Rs.) | | 5.44 | 0.91 | 5.44 | 0.91 |

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



First Capital

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As at | Group | | | Company | | |
|---|---|---|--|---|---|--|
| | 30 th June 2019 (Unaudited) | 30 th June 2018 (Restated Unaudited) | 31 st March 2019 (Audited) | 30 th June 2019 (Unaudited) | 30 th June 2018 (Restated Unaudited) | 31 st March 2019 (Audited) |
| ASSETS | | | | | | |
| Cash at banks and in hand | 45,539 | 72,386 | 55,317 | 17,852 | 14,111 | 21,344 |
| Derivative financial instruments | 34,453 | 235 | 3,454 | - | - | - |
| Financial assets recognised through profit or loss -measured at fair value | 33,130,442 | 25,941,389 | 31,985,437 | - | - | - |
| Financial assets - fair value through other comprehensive income | 217,920 | 242,750 | 217,920 | 1,208 | 1,000 | 1,208 |
| Financial assets at amortised cost | 7,955,141 | 6,300,745 | 7,557,832 | 7,846,006 | 6,524,202 | 7,974,257 |
| Trade and other receivables | 237,029 | 437,424 | 246,661 | 5,588 | 9,088 | 6,878 |
| Group balances receivable | 287 | 573 | 514 | 40 | 1,059 | 121 |
| Non - current assets held for sale | 42,416 | 42,416 | 42,416 | - | - | - |
| Taxes receivable | 209,856 | 90,213 | 178,845 | 74,628 | 10,036 | 58,585 |
| Investment in subsidiary | - | - | - | 3,752,252 | 3,356,149 | 3,212,043 |
| Deferred tax asset | 631,717 | 886,824 | 862,024 | 10,008 | 32,193 | 16,573 |
| Property, plant and equipment | 81,788 | 40,658 | 37,050 | 19,538 | 23,486 | 20,864 |
| Intangible assets | 117,990 | 117,997 | 118,000 | 4,827 | 5,668 | 4,997 |
| TOTAL ASSETS | 42,704,578 | 34,173,610 | 41,305,470 | 11,731,947 | 9,976,992 | 11,316,870 |
| LIABILITIES | | | | | | |
| Bank overdrafts | 543,278 | 686,631 | 971,036 | 541,844 | 679,607 | 830,539 |
| Derivative financial instruments | 22,863 | 8 | 2,878 | - | - | - |
| Securities sold under re-purchase agreements | 30,194,973 | 23,275,324 | 29,204,828 | - | - | - |
| Short term borrowings | 6,739,902 | 5,116,010 | 6,566,174 | 6,739,902 | 4,974,457 | 6,566,174 |
| Group balances payable | 1,202 | - | 1,198 | 2,884 | 7,852 | 629 |
| Trade and other payables | 318,278 | 374,850 | 237,524 | 30,273 | 31,783 | 26,905 |
| Taxes payable | 393 | 536 | 348 | - | - | - |
| Long term borrowings | 226,501 | 327,072 | 251,833 | 226,501 | 327,072 | 251,833 |
| Borrowings on debentures | 221,110 | 425,390 | 216,205 | - | 198,018 | - |
| Retirement benefit obligations | 33,529 | 27,510 | 31,856 | - | - | - |
| Total Liabilities | 38,302,029 | 30,233,331 | 37,483,880 | 7,541,404 | 6,218,789 | 7,676,080 |
| EQUITY | | | | | | |
| Stated capital | 227,500 | 227,500 | 227,500 | 227,500 | 227,500 | 227,500 |
| Risk reserve | 1,074,321 | 1,023,270 | 1,021,248 | 1,074,321 | 1,023,270 | 1,021,248 |
| Retained earnings | 3,004,495 | 2,597,486 | 2,506,870 | 3,004,495 | 2,597,486 | 2,506,870 |
| Fair valuation reserve | (115,773) | (90,053) | (114,828) | (115,773) | (90,053) | (114,828) |
| Equity attributable to the equity holders of the parent | 4,190,543 | 3,758,203 | 3,640,790 | 4,190,543 | 3,758,203 | 3,640,790 |
| Non- controlling interest | 212,006 | 182,076 | 180,800 | - | - | - |
| Total Equity | 4,402,549 | 3,940,279 | 3,821,590 | 4,190,543 | 3,758,203 | 3,640,790 |
| TOTAL EQUITY AND LIABILITIES | 42,704,578 | 34,173,610 | 41,305,470 | 11,731,947 | 9,976,992 | 11,316,870 |

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

9th August 2019
Colombo



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP For the quarter ended 30th June 2019

| | Attributable to equity holders of parent | | | | | | Total Equity |
|--|--|--------------|-------------------|------------------------|----------------|--------------------------|----------------|
| | Stated Capital | Risk Reserve | Retained Earnings | Fair Valuation Reserve | Total | Non-Controlling Interest | |
| Balance as at 1st April 2018 (Audited) | 227,500 | 1,012,200 | 2,516,370 | (90,053) | 3,666,017 | 175,580 | 3,841,597 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | 92,186 | - | 92,186 | 6,496 | 98,682 |
| Other comprehensive income | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | 92,186 | - | 92,186 | 6,496 | 98,682 |
| Transfers to risk reserve | - | 11,070 | (11,070) | - | - | - | - |
| Balance as at 30th June 2018 (Unaudited) | 227,500 | 1,023,270 | 2,597,486 | (90,053) | 3,758,203 | 182,076 | 3,940,279 |
| Balance as at 1st April 2019 (Audited) | 227,500 | 1,021,248 | 2,506,870 | (114,828) | 3,640,790 | 180,800 | 3,821,590 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | 550,698 | - | 550,698 | 31,261 | 581,959 |
| Other comprehensive income | - | - | - | (945) | (945) | (55) | (1,000) |
| Total comprehensive income | - | - | 550,698 | (945) | 549,753 | 31,206 | 580,959 |
| Transfers to risk reserve | - | 53,073 | (53,073) | - | - | - | - |
| Balance as at 30th June 2019 (Unaudited) | 227,500 | 1,074,321 | 3,004,495 | (115,773) | 4,190,543 | 212,006 | 4,402,549 |

COMPANY For the quarter ended 30th June 2019

| | Stated Capital | Risk Reserve | Retained Earnings | Fair Valuation Reserve | Total Equity |
|--|----------------|--------------|-------------------|------------------------|----------------|
| Balance as at 1st April 2018 (Audited) | 227,500 | 1,012,200 | 2,516,370 | (90,053) | 3,666,017 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | 92,186 | - | 92,186 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income | - | - | 92,186 | - | 92,186 |
| Transfer to risk reserve | - | 11,070 | (11,070) | - | - |
| Balance as at 30th June 2018 (Unaudited) | 227,500 | 1,023,270 | 2,597,486 | (90,053) | 3,758,203 |
| Balance as at 1st April 2019 (Audited) | 227,500 | 1,021,248 | 2,506,870 | (114,828) | 3,640,790 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | 550,698 | - | 550,698 |
| Other comprehensive income | - | - | - | (945) | (945) |
| Total comprehensive income | - | - | 550,698 | (945) | 549,753 |
| Transfer to risk reserve | - | 53,073 | (53,073) | - | - |
| Balance as at 30th June 2019 (Unaudited) | 227,500 | 1,074,321 | 3,004,495 | (115,773) | 4,190,543 |

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



CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 30th June 2019

| | Group | | Company | |
|--|-------------------------------------|---------------------|-------------------------------------|---------------------|
| | April - June 2019 (Unaudited) | 2018 (Unaudited) | April - June 2019 (Unaudited) | 2018 (Unaudited) |
| Cash flows from operating activities | | | | |
| Interest receipts and gains realised | 1,463,292 | 1,129,785 | 249,894 | 112,431 |
| Interest payments and other direct cost | (598,891) | (640,553) | (272,173) | (212,689) |
| Other receipts | 3,847 | 2,079 | - | - |
| Cash payments to employees and suppliers | (129,755) | (110,999) | (15,865) | (14,650) |
| Operating profit/(loss) before changes in operating assets and liabilities | 738,493 | 380,312 | (38,144) | (114,908) |
| (Increase)/ Decrease in financial assets recognised through profit or loss -measured at fair value | (865,202) | 545,497 | - | - |
| (Increase)/ Decrease in financial assets at amortised cost | (362,417) | (118,009) | 178,723 | 1,039,226 |
| (Increase)/ Decrease in trade and other receivables | (40,386) | 257,944 | 1,289 | (6,122) |
| (Increase)/ Decrease in group balances receivable | 227 | (131) | 82 | (1,059) |
| Increase/ (Decrease) in trade and other payables | 80,757 | (209,634) | 3,371 | 7,481 |
| Increase/ (Decrease) in group balances payable | 4 | (728) | 2,255 | (3,110) |
| Increase/ (Decrease) in other short term borrowings | 168,618 | (1,120,380) | 178,836 | (1,041,600) |
| Increase/ (Decrease) in borrowings against re-purchase agreements | 754,498 | (144,115) | - | - |
| Cash generated from/(used in) operations | 474,592 | (409,244) | 326,412 | (120,092) |
| Tax paid (Inclusive of WHT) | (31,048) | (23,994) | (16,043) | (12,819) |
| Gratuity paid | - | - | - | - |
| Net cash flow generated/(used in) operating activities | 443,544 | (433,238) | 310,369 | (132,911) |
| Cash flow from investing activities | | | | |
| Purchase of property, plant, equipment and intangible assets | (1,384) | (25,218) | (165) | (22,634) |
| Investment in shares | (1,000) | - | - | - |
| Dividend receipts | 1,820 | 46,450 | - | - |
| Net cash flow generated from/(used in) investing activities | (564) | 21,232 | (165) | (22,634) |
| Cash flow from financing activities | | | | |
| Repayment of long term borrowings | (25,000) | (25,000) | (25,000) | (25,000) |
| Dividend paid | - | (202,500) | - | (202,500) |
| Net cash flow used in financing activities | (25,000) | (227,500) | (25,000) | (227,500) |
| Net cash inflow/(outflow) for the period | 417,980 | (639,506) | 285,204 | (383,045) |
| Cash and cash equivalents at the beginning of the period | (915,719) | 25,261 | (809,196) | (282,451) |
| Cash and cash equivalents at the end of the period (Note A) | (497,739) | (614,245) | (523,992) | (665,496) |
| Note A | | | | |
| Cash at bank and hand | 45,539 | 72,386 | 17,852 | 14,111 |
| Bank overdraft | (543,278) | (686,631) | (541,844) | (679,607) |
| | (497,739) | (614,245) | (523,992) | (665,496) |

Figures in bracket indicate deductions.

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



NOTES TO THE FINANCIAL STATEMENTS

1. Other income

| | Group | | Company | |
|----------------------|--------------|--------------|--------------|----------|
| | April - June | | April - June | |
| | 2019 | 2018 | 2019 | 2018 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Exchange gain/(loss) | (308) | - | - | - |
| Miscellaneous income | 4,155 | 2,079 | - | - |
| | 3,847 | 2,079 | - | - |

2. Income tax expense

| | Group | | Company | |
|-----------------------|------------------|-----------------|----------------|----------------|
| | April - June | | April - June | |
| | 2019 | 2018 | 2019 | 2018 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Current tax expenses | (52) | (144) | - | - |
| Deferred tax expenses | (230,337) | (54,337) | (6,566) | (3,686) |
| | (230,389) | (54,481) | (6,566) | (3,686) |

3. These provisional financial statements for the quarter ended 30th June 2019 have been prepared in accordance with Sri Lanka Accounting Standard (LKAS 34) "Interim Financial Reporting".

4. The above figures are provisional and subject to audit. The same accounting policies as in the Annual Report for the year ended 31st March 2019 have been followed in the preparation of the above provisional financial statements, other than the adoption of "SLFRS 16 - Leases" which became effective for financial reporting periods beginning on or after 1st January 2019.

- SLFRS 16 requires the recognition of lease liabilities and right to use of assets for leases previously classified as operating leases in accordance with LKAS 17. Further, the standard requires to recognise depreciation allowance and finance charges during the lease period. The Group has adopted SLFRS 16 using modified retrospective method from 1st April 2019, without restating comparatives for the year 2018/19 reporting period. Accordingly, following amounts have been recognised in the provisional financial statements.

As at,

| | 1 st April 2019 | |
|---|----------------------------|---------|
| | (Rs. '000) | |
| | Group | Company |
| Statement of consolidated financial position | | |
| <u>Property, plant and equipment</u> | | |
| Recognition of right to use of assets | 50,018 | - |
| <u>Trade and other payables</u> | | |
| Recognition of lease liabilities | 21,232 | - |

For the period

| | April - June | |
|---|--------------|---------|
| | (Rs. '000) | |
| | Group | Company |
| Statement of consolidated comprehensive income | | |
| Depreciation allowance in respect of right to use of assets | 3,395 | - |
| Finance charge in respect of lease liabilities | 772 | - |

5. The presentation and classification of figures for the corresponding period of the previous year have been reclassified/restated to be comparable with those of the current year where necessary.

6. The number of shares represented by stated capital as at 30th June 2019 is 101,250,000 shares (As at 31st March 2019 - 101,250,000 shares).



INVESTOR INFORMATION

7. 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 31st March 2019.
8. There have been no material events subsequent to the reporting date which require disclosures/ adjustments in the above provisional financial statements other than the following;
- Subsequent to the reporting period, the Company declared an interim dividend of Rs. 4/-per share amounting to Rs. 405Mn for year 2019/20.

9. Net Assets per Share

| | As at 30 th June 2019 | As at 31 st March 2019 |
|---------|-------------------------------------|--------------------------------------|
| | Rs. | Rs. |
| Group | 41.39 | 35.96 |
| Company | 41.39 | 35.96 |

10. Market Price per Share

| | As at 30 th June 2019 | As at 31 st March 2019 |
|-------------------------------|-------------------------------------|--------------------------------------|
| | Rs. | Rs. |
| Highest market price recorded | 29.50 | 30.50 |
| Lowest market price recorded | 20.00 | 20.40 |
| Closing market price recorded | 28.80 | 23.10 |



INVESTOR INFORMATION

List of twenty major shareholders as at 30th June 2019

| Name of the shareholder | | No of shares As at 30 th June 2019 | Holding (%) |
|-------------------------|---|--|----------------|
| 1 | 1.1 Commercial Bank of Ceylon PLC/Dunamis Capital PLC | 31,600,000 | 31.21% |
| | 1.2 Seylan Bank PLC/Dunamis Capital PLC | 25,400,000 | 25.09% |
| | 1.3 Dunamis Capital PLC | 22,119,816 | 21.85% |
| 2 | Seylan Bank PLC/ Janashakthi PLC | 4,628,081 | 4.57% |
| 3 | Capital Trust Holdings Limited | 888,911 | 0.88% |
| 4 | DFCC Bank PLC/Mr. K.S.D. Senaweera | 426,000 | 0.42% |
| 5 | Mrs. Vasudevan Saraswathi | 412,000 | 0.41% |
| 6 | Commercial Bank of Ceylon PLC/Janashakthi Limited | 300,703 | 0.30% |
| 7 | Mr. Udunuwara Kingsly Chandana Gunawardena | 300,500 | 0.30% |
| 8 | Mr. Rajapaksa Vithanage Don Piyathilake | 284,054 | 0.28% |
| 9 | People's Leasing & Finance PLC/Mr. D.M.P. Disanayake | 276,376 | 0.27% |
| 10 | Mr. Arunasalam Sithampalam | 264,000 | 0.26% |
| 11 | Mr. Amal Joseph Tissera | 249,000 | 0.25% |
| 12 | Hatton National Bank PLC/Arunasalam Sithampalam | 214,844 | 0.21% |
| 13 | Mr. Nagen Dayaranjan Kurukulasuriya | 208,836 | 0.21% |
| 14 | Mr. Wickramatunga Arachchi Pathiranage Don Mahipala Wickramatunga | 205,000 | 0.20% |
| 14 | Commercial Bank of Ceylon PLC/U.C. Bandaranayake | 205,000 | 0.20% |
| 16 | Dr. Subashi Nemindi Samarasinghe | 200,616 | 0.20% |
| 17 | Mr. Dhanusha Senajith Duke De Lanerolle | 200,000 | 0.20% |
| 18 | Mrs. Eileen Monica Perera | 151,033 | 0.15% |
| 19 | Mr. Parami Tillakaratne | 147,800 | 0.15% |
| 20 | Citizens Development Business Finance PLC/K.D.C. Somalatha and K. Nandasiri | 139,400 | 0.14% |
| | | 88,821,970 | 87.73% |

Shareholding of the Directors/ Chief Executive Officer

| Name of the Director/ Chief Executive Officer | Designation | No. of Shares As at 30 th June 2019 |
|--|-----------------------------------|---|
| Mr. Nishan Fernando | Director | Nil |
| Mr. Dinesh Schaffter | Director | Nil |
| Mr. Eardley Perera | Director | Nil |
| Ms. Minette Perera | Director | Nil |
| Mr. Chandana de Silva (Joint with Mr.C.P.de Silva) | Director | 118,333 |
| Mr. Nishan de Mel | Director | Nil |
| Mr. Prakash Schaffter | Director | Nil |
| Mr. Ramesh Schaffter | Director | Nil |
| Mr. Dilshan Wirasekara | Director/ Chief Executive Officer | Nil |

Disclosure in accordance with the Section 7.4 (b) (ii) - Appendix 7B (a) (Item 4) of CSE Listing Rules (Compliance relating to the Public Floating).

| | |
|---|-------------|
| Float adjusted market capitalisation as at 30 th June 2019 (Rs.) | 491,637,600 |
| Public holding percentage | 16.86% |
| Number of public shareholders | 5,624 |

The Company is not compliant with the Minimum Public Holding requirement under option 5 of the section 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange. However, the Company has received a waiver from the Securities and Exchange Commission of Sri Lanka to be complied with the same until February 2020.