



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> JUNE 2020

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FIRST CAPITAL HOLDINGS PLC



First Capital

## REVIEW OF OPERATIONS

First Capital Holdings PLC (the Group) recorded a Profit after Tax of Rs. 1.46Bn for the quarter ended 30<sup>th</sup> June 2020 compared to Rs. 581.96Mn in the corresponding period of the previous year.

The Group's Primary Dealer division reported a Profit after Tax of Rs. 1.36Bn for the quarter (2019/20 – Rs. 562Mn).

The Corporate Finance division mobilised Rs. 3Bn for its clients through structuring and placement of corporate debt securities and generated a fee income of Rs. 25Mn for the quarter (2019/20 – Rs. 31Mn).

The Wealth Management division reported a fee income of Rs. 17Mn for the quarter (2019/20 – Rs. 11Mn). The division showed a growth in its assets under management to end with Rs. 27.9Bn as at 30<sup>th</sup> June 2020 (31<sup>st</sup> March 2020 – Rs. 26.4Bn).

(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 2020 (Unaudited)	2019 (Unaudited)	April - June 2020 (Unaudited)	2019 (Unaudited)
<b>Income</b>		<b>2,603,983</b>	<b>1,504,519</b>	<b>230,449</b>	<b>300,366</b>
Direct income		2,603,532	1,500,672	230,449	300,366
Direct expenses		(739,212)	(844,552)	(203,324)	(267,064)
<b>Net trading income</b>		<b>1,864,320</b>	<b>656,120</b>	<b>27,125</b>	<b>33,302</b>
Other income	1	451	3,847	-	-
Gain on fair valuation of financial assets recognised through profit or loss measured at fair value		526,213	290,817	-	-
		<b>2,390,984</b>	<b>950,784</b>	<b>27,125</b>	<b>33,302</b>
<b>Operating expenses</b>					
Administrative expenses		(285,992)	(118,254)	(12,022)	(12,603)
Sales and distribution expenses		(3,203)	(3,208)	(975)	(803)
Other operating expenses		(17,565)	(16,306)	(1,276)	(3,787)
Provision for Impairment of financial assets at amortised cost		(4,231)	(668)	(13)	-
		<b>(310,991)</b>	<b>(138,436)</b>	<b>(14,286)</b>	<b>(17,193)</b>
<b>Operating profit</b>		<b>2,079,993</b>	<b>812,348</b>	<b>12,839</b>	<b>16,109</b>
Share of profit from equity accounted investee (net of tax)		-	-	1,373,338	541,155
<b>Profit before tax</b>		<b>2,079,993</b>	<b>812,348</b>	<b>1,386,177</b>	<b>557,264</b>
Income tax expense	2	(622,519)	(230,389)	(4,209)	(6,566)
<b>Profit for the period</b>		<b>1,457,474</b>	<b>581,959</b>	<b>1,381,968</b>	<b>550,698</b>
<b>Other comprehensive income</b>					
<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 (net of tax)		-	-	-	(945)
<i>Items that are or may be reclassified to profit or loss</i>		-	-	-	-
<b>Other comprehensive income for the period</b>		-	<b>(1,000)</b>	-	<b>(945)</b>
<b>Total comprehensive income for the period</b>		<b>1,457,474</b>	<b>580,959</b>	<b>1,381,968</b>	<b>549,753</b>
<b>Profit attributable to:</b>					
Equity holders of the parent		1,381,968	550,698	1,381,968	550,698
Non - controlling interest		75,506	31,261	-	-
		<b>1,457,474</b>	<b>581,959</b>	<b>1,381,968</b>	<b>550,698</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		1,381,968	549,753	1,381,968	549,753
Non - controlling interest		75,506	31,206	-	-
		<b>1,457,474</b>	<b>580,959</b>	<b>1,381,968</b>	<b>549,753</b>
<b>Basic Earnings per share (Rs.)</b>		<b>13.65</b>	<b>5.44</b>	<b>13.65</b>	<b>5.44</b>

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 <sup>th</sup> June 2020 (Unaudited)	31 <sup>st</sup> March 2020 (Audited)	30 <sup>th</sup> June 2020 (Unaudited)	31 <sup>st</sup> March 2020 (Audited)
<b>ASSETS</b>				
Cash at banks and in hand	100,232	61,354	33,102	19,744
Derivative financial instruments	4,801	2,734	-	-
Financial assets recognised through profit or loss -measured at fair value	21,840,157	38,540,849	-	-
Financial assets - fair value through other comprehensive income	184,623	184,623	-	-
Financial assets at amortised cost	9,145,285	5,361,512	7,135,239	6,768,167
Trade and other receivables	795,351	598,672	341	1,418
Group balances receivable	7,894	5,632	96,826	9,931
Non - current assets held for sale	42,416	42,416	-	-
Taxes receivable	184,404	271,610	98,789	103,006
Investment in subsidiary	-	-	4,158,383	3,291,070
Deferred tax asset	35,790	299,775	6,690	6,683
Property, plant and equipment and right of use assets	61,815	65,250	20,555	20,698
Intangible assets	117,899	118,694	3,626	3,969
<b>TOTAL ASSETS</b>	<b>32,520,667</b>	<b>45,553,121</b>	<b>11,553,551</b>	<b>10,224,686</b>
<b>LIABILITIES</b>				
Bank overdrafts	952,092	455,103	854,304	442,724
Derivative financial instruments	10,743	3,118	-	-
Securities sold under re-purchase agreements	18,197,302	33,294,423	-	-
Short term borrowings	6,019,071	5,928,107	5,907,051	5,827,371
Group balances payable	731	731	-	-
Trade and other payables	1,004,791	721,350	46,888	59,795
Taxes payable	760,269	488,668	-	-
Long term borrowings	125,679	150,885	125,679	150,885
Borrowings on debentures	533,974	517,641	-	-
Retirement benefit obligations	41,433	39,812	-	-
<b>TOTAL LIABILITIES</b>	<b>27,646,085</b>	<b>41,599,838</b>	<b>6,933,922</b>	<b>6,480,775</b>
<b>EQUITY</b>				
Stated capital	227,500	227,500	227,500	227,500
Risk reserve	1,263,345	1,135,297	1,263,345	1,135,297
Retained earnings	3,276,853	2,529,183	3,276,853	2,529,183
Fair valuation reserve	(148,069)	(148,069)	(148,069)	(148,069)
Equity attributable to the equity holders of the parent	4,619,629	3,743,911	4,619,629	3,743,911
Non- controlling interest	254,953	209,372	-	-
<b>TOTAL EQUITY</b>	<b>4,874,582</b>	<b>3,953,283</b>	<b>4,619,629</b>	<b>3,743,911</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32,520,667</b>	<b>45,553,121</b>	<b>11,553,551</b>	<b>10,224,686</b>

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<sup>th</sup> August 2020  
Colombo



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### GROUP For the quarter ended 30<sup>th</sup> June 2020

	Attributable to equity holders of parent					Non-Controlling Interest	Total Equity
	Stated Capital	Risk Reserve	Retained Earnings	Fair Valuation Reserve	Total		
<b>Balance as at 1<sup>st</sup> April 2019 (Audited)</b>	<b>227,500</b>	<b>1,021,248</b>	<b>2,506,870</b>	<b>(114,828)</b>	<b>3,640,790</b>	<b>180,800</b>	<b>3,821,590</b>
Impact of adoption of IFRIC 23	-	-	(464,230)	-	(464,230)	(24,438)	(488,668)
Adjusted balance as at 1 <sup>st</sup> April 2019 (Restated)	227,500	1,021,248	2,042,640	(114,828)	3,176,560	156,362	3,332,922
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	550,698	-	550,698	31,261	581,959
Other comprehensive income	-	-	-	(945)	(945)	(55)	(1,000)
<b>Total comprehensive income</b>	-	-	<b>550,698</b>	<b>(945)</b>	<b>549,753</b>	<b>31,206</b>	<b>580,959</b>
Transfers to risk reserve	-	53,073	(53,073)	-	-	-	-
<b>Balance as at 30<sup>th</sup> June 2019 (Restated - Unaudited)</b>	<b>227,500</b>	<b>1,074,321</b>	<b>2,540,265</b>	<b>(115,773)</b>	<b>3,726,313</b>	<b>187,568</b>	<b>3,913,881</b>
<b>Balance as at 1<sup>st</sup> April 2020 (Audited)</b>	<b>227,500</b>	<b>1,135,297</b>	<b>2,529,183</b>	<b>(148,069)</b>	<b>3,743,911</b>	<b>209,372</b>	<b>3,953,283</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	1,381,968	-	1,381,968	75,506	1,457,474
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>1,381,968</b>	-	<b>1,381,968</b>	<b>75,506</b>	<b>1,457,474</b>
<b>Transactions with equity holders</b>							
<b>Distribution to equity holders</b>							
Dividend paid - 2 <sup>nd</sup> Interim for 2019/20	-	-	(506,250)	-	(506,250)	-	(506,250)
Dividend paid to shareholders with NCI*	-	-	-	-	-	(29,925)	(29,925)
<b>Total transactions with equity holders</b>	-	-	<b>(506,250)</b>	-	<b>(506,250)</b>	<b>(29,925)</b>	<b>(536,175)</b>
Transfers to risk reserve	-	128,048	(128,048)	-	-	-	-
<b>Balance as at 30<sup>th</sup> June 2020 (Unaudited)</b>	<b>227,500</b>	<b>1,263,345</b>	<b>3,276,853</b>	<b>(148,069)</b>	<b>4,619,629</b>	<b>254,953</b>	<b>4,874,582</b>

\* Non controlling interest

### COMPANY For the quarter ended 30<sup>th</sup> June 2020

	Stated Capital	Risk Reserve	Retained Earnings	Fair Valuation Reserve	Total Equity
<b>Balance as at 1<sup>st</sup> April 2019 (Audited)</b>	<b>227,500</b>	<b>1,021,248</b>	<b>2,506,870</b>	<b>(114,828)</b>	<b>3,640,790</b>
Impact of adoption of IFRIC 23	-	-	(464,230)	-	(464,230)
Adjusted balance as at 1 <sup>st</sup> April 2019 (Restated)	227,500	1,021,248	2,042,640	(114,828)	3,176,560
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	550,698	-	550,698
Other comprehensive income	-	-	-	(945)	(945)
<b>Total comprehensive income</b>	-	-	<b>550,698</b>	<b>(945)</b>	<b>549,753</b>
Transfer to risk reserve	-	53,073	(53,073)	-	-
<b>Balance as at 30<sup>th</sup> June 2019 (Restated - Unaudited)</b>	<b>227,500</b>	<b>1,074,321</b>	<b>2,540,265</b>	<b>(115,773)</b>	<b>3,726,313</b>
<b>Balance as at 1<sup>st</sup> April 2020 (Audited)</b>	<b>227,500</b>	<b>1,135,297</b>	<b>2,529,183</b>	<b>(148,069)</b>	<b>3,743,911</b>
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	1,381,968	-	1,381,968
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>1,381,968</b>	-	<b>1,381,968</b>
<b>Transactions with equity holders</b>					
<b>Distribution to equity holders</b>					
Dividend paid - 2 <sup>nd</sup> Interim for 2019/20	-	-	(506,250)	-	(506,250)
<b>Total transactions with equity holders</b>	-	-	<b>(506,250)</b>	-	<b>(506,250)</b>
Transfer to risk reserve	-	128,048	(128,048)	-	-
<b>Balance as at 30<sup>th</sup> June 2020 (Unaudited)</b>	<b>227,500</b>	<b>1,263,345</b>	<b>3,276,853</b>	<b>(148,069)</b>	<b>4,619,629</b>

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



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 30<sup>th</sup> June 2020

	Group		Company	
	April - June 2020 (Unaudited)	2019 (Unaudited)	April - June 2020 (Unaudited)	2019 (Unaudited)
<b>Cash flows from operating activities</b>				
Interest receipts and gains realised	2,565,774	1,463,292	191,002	249,894
Interest payments and other direct cost	(433,827)	(598,891)	(201,796)	(272,173)
Other receipts	3,495	3,847	-	-
Cash payments to employees and suppliers	(297,560)	(129,755)	(11,910)	(15,865)
<b>Operating profit/(loss) before changes in operating assets and liabilities</b>	<b>1,837,882</b>	<b>738,493</b>	<b>(22,704)</b>	<b>(38,144)</b>
(Increase)/ Decrease in financial assets recognised through profit or loss -measured at fair value	17,226,233	(865,202)	-	-
(Increase)/ Decrease in financial assets at amortised cost	(3,750,246)	(362,417)	(327,638)	178,723
(Increase)/ Decrease in trade and other receivables	(196,407)	(40,386)	1,079	1,289
(Increase)/ Decrease in group balances receivable	(2,262)	227	(86,895)	82
Increase/ (Decrease) in trade and other payables	283,442	80,757	(12,908)	3,371
Increase/ (Decrease) in group balances payable	-	4	-	2,255
Increase/ (Decrease) in other short term borrowings	88,319	168,618	77,945	178,836
Increase/ (Decrease) in borrowings against re-purchase agreements	(15,383,734)	754,498	-	-
<b>Cash flows generated from/(used in) operations</b>	<b>103,227</b>	<b>474,592</b>	<b>(371,121)</b>	<b>326,412</b>
Tax paid (Inclusive of WHT)	-	(31,048)	-	(16,043)
Gratuity paid	-	-	-	-
<b>Net cash flow generated/(used in) operating activities</b>	<b>103,227</b>	<b>443,544</b>	<b>(371,121)</b>	<b>310,369</b>
<b>Cash flow from investing activities</b>				
Purchase of property, plant, equipment and intangible assets	(3,350)	(1,384)	(1,876)	(165)
Investment in shares	-	(1,000)	-	-
Dividend receipts	3,187	1,820	506,025	-
<b>Net cash flow generated from/(used in) investing activities</b>	<b>(163)</b>	<b>(564)</b>	<b>504,149</b>	<b>(165)</b>
<b>Cash flow from financing activities</b>				
Repayment of long term borrowings	(25,000)	(25,000)	(25,000)	(25,000)
Dividend paid	(506,250)	-	(506,250)	-
Dividend paid to shareholders with non-controlling interest	(29,925)	-	-	-
<b>Net cash flow used in financing activities</b>	<b>(561,175)</b>	<b>(25,000)</b>	<b>(531,250)</b>	<b>(25,000)</b>
<b>Net cash inflow/(outflow) for the period</b>	<b>(458,111)</b>	<b>417,980</b>	<b>(398,222)</b>	<b>285,204</b>
Cash and cash equivalents at the beginning of the period	(393,749)	(915,719)	(422,980)	(809,196)
Cash and cash equivalents at the end of the period (Note A)	<b>(851,860)</b>	<b>(497,739)</b>	<b>(821,202)</b>	<b>(523,992)</b>
<b>Note A</b>				
Cash at bank and hand	100,232	45,539	33,102	17,852
Bank overdraft	(952,092)	(543,278)	(854,304)	(541,844)
	<b>(851,860)</b>	<b>(497,739)</b>	<b>(821,202)</b>	<b>(523,992)</b>

Figures in bracket indicate deductions.

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



## NOTES TO THE FINANCIAL STATEMENTS

## 1 Other income

	Group April - June		Company April - June	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Exchange loss	(6,231)	(308)	-	-
Miscellaneous income	6,682	4,155	-	-
	<b>451</b>	<b>3,847</b>	-	-

## 2 Income tax expense

	Group April - June		Company April - June	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Current tax expenses	(358,534)	(52)	(4,216)	-
Deferred tax (expenses)/ reversal	(263,985)	(230,337)	7	(6,566)
	<b>(622,519)</b>	<b>(230,389)</b>	<b>(4,209)</b>	<b>(6,566)</b>

2.1 The Group/ Company is liable to pay income tax at the rate of 24% on its taxable income from 1<sup>st</sup> January 2020 as per the Inland Revenue Department Notice PN/IT/2020-03 dated 12<sup>th</sup> February 2020. However, the legislative process relating to the amendment to laws needs to be completed for the proposed tax rate to be considered as substantively enacted as at the reporting date. Hence, current tax liability for the period from 1<sup>st</sup> April 2020 to 30<sup>th</sup> June 2020 has been computed using the existing tax rate of 28%.

3 These Provisional Financial Statements for the quarter ended 30<sup>th</sup> June 2020 have been prepared in accordance with Sri Lanka Accounting Standard (LKAS 34) "Interim Financial Reporting".

## 4 Financial instruments- Fair Value Measurement

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements in accordance with SLFRS 13.

**Level - 1**

Financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

**Level - 2**

Financial instruments that are measured at fair value on a recurring basis. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined using relevant information generated by market transactions involving comparable securities.

**Level - 3**

Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.



## NOTES TO THE FINANCIAL STATEMENTS

### 4.1 Fair values versus the Carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows;

Group	As at 30.06.2020		As at 31.03.2020	
	Carrying Amount Rs. '000	Fair Value Rs. '000	Carrying Amount Rs. '000	Fair Value Rs. '000
<b>Financial assets measured at fair value</b>				
Derivative financial instruments	4,801	4,801	2,734	2,734
Financial assets recognised through profit or loss - measured at fair value	21,840,157	21,840,157	38,540,849	38,540,849
Financial assets - fair value through other comprehensive income	184,623	184,623	184,623	184,623
	<b>22,029,581</b>	<b>22,029,581</b>	<b>38,728,206</b>	<b>38,728,206</b>
<b>Financial assets not measured at fair value</b>				
Financial assets at amortised cost	9,145,285	9,145,285	5,361,512	5,361,512
Trade receivables	603,999	603,999	373,296	373,296
	<b>9,749,284</b>	<b>9,749,284</b>	<b>5,734,808</b>	<b>5,734,808</b>
<b>Total financial investments</b>	<b>31,778,865</b>	<b>31,778,865</b>	<b>44,463,014</b>	<b>44,463,014</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial instruments	10,743	10,743	3,118	3,118
	<b>10,743</b>	<b>10,743</b>	<b>3,118</b>	<b>3,118</b>
<b>Financial liabilities not measured at fair value</b>				
Securities sold under re-purchase agreements	18,197,302	18,276,752	33,294,423	33,331,477
Short term borrowings	6,019,071	6,019,071	5,928,107	5,928,107
Long term borrowings	125,679	125,679	150,885	150,885
Borrowings on debentures	533,974	585,712	517,641	521,589
	<b>24,876,026</b>	<b>25,007,214</b>	<b>39,891,056</b>	<b>39,932,058</b>
<b>Total financial liabilities</b>	<b>24,886,769</b>	<b>25,017,956</b>	<b>39,894,174</b>	<b>39,935,176</b>

Company	As at 30.06.2020		As at 31.03.2020	
	Carrying Amount Rs. '000	Fair Value Rs. '000	Carrying Amount Rs. '000	Fair Value Rs. '000
<b>Financial assets measured at fair value</b>	-	-	-	-
<b>Financial assets not measured at fair value</b>				
Financial assets at amortised cost	7,135,239	7,135,239	6,768,167	6,768,167
	<b>7,135,239</b>	<b>7,135,239</b>	<b>6,768,167</b>	<b>6,768,167</b>
<b>Total financial investments</b>	<b>7,135,239</b>	<b>7,135,239</b>	<b>6,768,167</b>	<b>6,768,167</b>
<b>Financial liabilities measured at fair value</b>	-	-	-	-
<b>Financial liabilities not measured at fair value</b>				
Short term borrowings	5,907,051	5,907,051	5,827,371	5,827,371
Long term borrowings	125,679	125,679	150,885	150,885
Borrowings on debentures	-	-	-	-
	<b>6,032,730</b>	<b>6,032,730</b>	<b>5,978,256</b>	<b>5,978,256</b>
<b>Total financial liabilities</b>	<b>6,032,730</b>	<b>6,032,730</b>	<b>5,978,256</b>	<b>5,978,256</b>





## NOTES TO THE FINANCIAL STATEMENTS

### 4.2 Financial instruments - Fair Value

The following tables show an analysis of financial instruments at fair value and by level of fair value hierarchy.

Group - As at 30<sup>th</sup> June 2020

	Total Carrying Value Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Fair Value Rs.'000
<b>Financial assets measured at fair value</b>					
<b>Derivative financial instruments</b>					
Forward purchase contracts	3,192	3,192	-	-	3,192
Forward sale contracts	1,609	1,609	-	-	1,609
	<b>4,801</b>	<b>4,801</b>	-	-	<b>4,801</b>
<b>Financial assets recognised through profit or loss - measured at fair value</b>					
Investment in government securities	20,182,718	20,182,718	-	-	20,182,718
Investment in listed debentures	1,026,158	-	1,026,158	-	1,026,158
Investment in unit trust	40,341	-	40,341	-	40,341
Investment in listed shares	590,940	590,940	-	-	590,940
	<b>21,840,157</b>	<b>20,773,658</b>	<b>1,066,499</b>	-	<b>21,840,157</b>
<b>Financial assets - fair value through other comprehensive income</b>					
	184,623	-	-	184,623	184,623
	<b>22,029,581</b>	<b>20,778,459</b>	<b>1,066,499</b>	<b>184,623</b>	<b>22,029,581</b>
<b>Financial assets not measured at fair value</b>					
Financial assets at amortised cost	9,145,285	-	-	9,145,285	9,145,285
Trade receivables	603,999	-	-	603,999	603,999
	<b>9,749,284</b>	-	-	<b>9,749,284</b>	<b>9,749,284</b>
<b>Total financial investments</b>	<b>31,778,865</b>	<b>20,778,459</b>	<b>1,066,499</b>	<b>9,933,907</b>	<b>31,778,865</b>
<b>Financial liabilities measured at fair value</b>					
<b>Derivative financial instruments</b>					
Forward purchase contracts	-	-	-	-	-
Forward sale contracts	10,743	10,743	-	-	10,743
	<b>10,743</b>	<b>10,743</b>	-	-	<b>10,743</b>
<b>Financial liabilities not measured at fair value</b>					
Securities sold under re-purchase agreements	18,197,302	-	-	18,276,752	18,276,752
Short term borrowings	6,019,071	-	-	6,019,071	6,019,071
Long term borrowings	125,679	-	-	125,679	125,679
Borrowings on debentures	533,974	-	585,712	-	585,712
	<b>24,876,026</b>	-	<b>585,712</b>	<b>24,421,502</b>	<b>25,007,214</b>
<b>Total financial liabilities</b>	<b>24,886,769</b>	<b>10,743</b>	<b>585,712</b>	<b>24,421,502</b>	<b>25,017,957</b>



## NOTES TO THE FINANCIAL STATEMENTS

Group - As at 31 <sup>st</sup> March 2020	Total Carrying Value Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Fair Value Rs.'000
<b>Financial assets measured at fair value</b>					
<b>Derivative financial instruments</b>					
Forward purchase contracts	2,734	2,734	-	-	2,734
	<b>2,734</b>	<b>2,734</b>	-	-	<b>2,734</b>
<b>Financial assets recognised through profit or loss - measured at fair value</b>					
Investment in government securities	36,212,069	36,212,069	-	-	36,212,069
Investment in listed debentures	1,452,818	-	1,452,818	-	1,452,818
Investment in unit trust	433,142	-	433,142	-	433,142
Investment in listed shares	442,820	442,820	-	-	442,820
	<b>38,540,849</b>	<b>36,654,889</b>	<b>1,885,960</b>	-	<b>38,540,849</b>
<b>Financial assets - fair value through other comprehensive income</b>					
	184,623	-	184,623	-	184,623
	<b>38,728,206</b>	<b>36,657,623</b>	<b>2,070,583</b>	-	<b>38,728,206</b>
<b>Financial assets not measured at fair value</b>					
Financial assets at amortised cost	5,361,512	-	-	5,361,512	5,361,512
Trade receivables	373,296	-	-	373,296	373,296
	<b>5,734,808</b>	-	-	<b>5,734,808</b>	<b>5,734,808</b>
<b>Total financial investments</b>	<b>44,463,014</b>	<b>36,657,623</b>	<b>2,070,583</b>	<b>5,734,808</b>	<b>44,463,014</b>
<b>Financial liabilities measured at fair value</b>					
<b>Derivative financial instruments</b>					
Forward purchase contracts					
Forward sale contracts	3,118	3,118	-	-	3,118
	<b>3,118</b>	<b>3,118</b>	-	-	<b>3,118</b>
<b>Financial liabilities not measured at fair value</b>					
Securities sold under re-purchase agreements	33,294,423	-	-	33,331,477	33,331,477
Short term borrowings	5,928,107	-	-	5,928,107	5,928,107
Long term borrowings	150,885	-	-	150,885	150,885
Borrowings on debentures	517,641	-	521,589	-	521,589
	<b>39,891,056</b>	-	<b>521,589</b>	<b>39,410,469</b>	<b>39,932,058</b>
<b>Total financial liabilities</b>	<b>39,894,174</b>	<b>3,118</b>	<b>521,589</b>	<b>39,410,469</b>	<b>39,935,176</b>



## NOTES TO THE FINANCIAL STATEMENTS

Company - As at 30<sup>th</sup> June 2020

	Total Carrying Value Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Fair Value Rs.'000
<b>Financial assets measured at fair value</b>	-	-	-	-	-
<b>Financial assets not measured at fair value</b>					
Financial assets at amortised cost	7,135,239	-	-	7,135,239	7,135,239
<b>Total financial investments</b>	<b>7,135,239</b>	-	-	<b>7,135,239</b>	<b>7,135,239</b>
<b>Financial liabilities measured at fair value</b>	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>					
Short term borrowings	5,907,051	-	-	5,907,051	5,907,051
Long term borrowings	125,679	-	-	125,679	125,679
	<b>6,032,730</b>	-	-	<b>6,032,730</b>	<b>6,032,730</b>
<b>Total financial liabilities</b>	<b>6,032,730</b>	-	-	<b>6,032,730</b>	<b>6,032,730</b>

Company - As at 31<sup>st</sup> March 2020

	Total Carrying Value Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Fair Value Rs.'000
<b>Financial assets measured at fair value</b>	-	-	-	-	-
<b>Financial assets not measured at fair value</b>					
Financial assets at amortised cost	6,768,167	-	-	6,768,167	6,768,167
<b>Total financial investments</b>	<b>6,768,167</b>	-	-	<b>6,768,167</b>	<b>6,768,167</b>
<b>Financial liabilities measured at fair value</b>	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>					
Short term borrowings	5,827,371	-	-	5,827,371	5,827,371
Long term borrowings	150,885	-	-	150,885	150,885
	<b>5,978,256</b>	-	-	<b>5,978,256</b>	<b>5,978,256</b>
<b>Total financial liabilities</b>	<b>5,978,256</b>	-	-	<b>5,978,256</b>	<b>5,978,256</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 4.3 Measurement of fair values

#### 4.3 (a) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

#### Financial instruments measured at fair value

Type	Valuation Technique	Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement
Debentures	The valuation model is based on Yield Curve of the Government Securities. Yields relating to Government Securities based on the remaining maturities of the respective debentures is interpolated in the valuation considering the investee companies' risk premiums.	The estimated fair value would increase/decrease if risk premium of the investee company is lower or higher
Unit Trusts	The fair values are based on the Net Asset Values published by the respective unit trusts.	Not applicable
Equity Securities (Financial assets - fair value through other comprehensive income)	The fair values are based on price to book value approach.	The estimated fair value would increase/decrease if the discounting factor used by investor company is lower or higher



## NOTES TO THE FINANCIAL STATEMENTS

### 4.3 Measurement of fair values

#### 4.3 (b) Fair Values - Level 2 and Level 3 (Group)

##### Reconciliation of level 2 and level 3 fair values

The following table shows a reconciliation from the opening balance to the closing balances for Level 2 and Level 3 fair values.

	Debentures Rs.'000	Unit Trust Rs.'000	Equity Securities (Financial assets - FVTOCI) Rs.'000	Total Rs.'000
Balance as at 31 <sup>st</sup> March 2020	1,452,818	433,142	184,623	2,070,583
Purchase	14,563	42,932	-	57,495
Sales	(476,655)	(435,881)	-	(912,536)
Gain/ (loss) on fair valuation of financial investments	35,432	148	-	35,580
<b>Balance as at 30<sup>th</sup> June 2020</b>	<b>1,026,158</b>	<b>40,341</b>	<b>184,623</b>	<b>1,251,122</b>

#### 4.4 (a) Sensitivity analysis on Listed Debentures (Group)

Sensitivity of the Market Yield (Effect on Statement of profit or loss and other comprehensive income) is as follows.

	(-) 50bps Decrease Rs.'000	(-) 100bps Decrease Rs.'000	(+) 50bps Increase Rs.'000	(+) 100bps Increase Rs.'000
Dunamis Capital PLC	958	1,934	(938)	(1,896)
Citizen Development Bank PLC	1,278	2,581	(1,252)	(2,530)
LOLC Holdings PLC	9,392	18,972	(9,204)	(18,596)
Softlogic Capital PLC	471	952	(462)	(933)
	<b>12,099</b>	<b>24,439</b>	<b>(11,856)</b>	<b>(23,955)</b>

#### 4.4 (b) Sensitivity analysis on Unit Trust (Group)

Sensitivity of the Unit Price (Effect on Statement of profit or loss and other comprehensive income) is as follows.

	(-) 0.5% Decrease Rs.'000	(-) 1% Decrease Rs.'000	(+) 0.5% Increase Rs.'000	(+) 1% Increase Rs.'000
First Capital Money Market Fund	(43)	(86)	43	86
First Capital Equity Fund	(159)	(318)	159	318
	<b>(202)</b>	<b>(404)</b>	<b>202</b>	<b>404</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 4.5 Financial instruments - Accounting classifications

#### Group - As at 30<sup>th</sup> June 2020

	Financial assets - FVTPL Rs. '000	Financial assets/ liabilities at amortised cost Rs. '000	Financial assets - FVTOCI Rs. '000	Total carrying amount Rs. '000	Fair value Rs. '000
<b>Financial assets measured at fair value</b>					
Financial assets - FVTPL	21,840,157	-	-	21,840,157	21,840,157
Derivative Financial Instruments	4,801	-	-	4,801	4,801
Financial assets - FVTOCI	-	-	184,623	184,623	184,623
	<b>21,844,958</b>	-	<b>184,623</b>	<b>22,029,581</b>	<b>22,029,581</b>
<b>Financial assets not measured at fair value</b>					
Cash at banks and in hand	-	100,232	-	100,232	100,232
Financial assets at amortised cost	-	9,145,285	-	9,145,285	9,145,285
Trade receivables	-	603,999	-	603,999	603,999
	-	<b>9,849,516</b>	-	<b>9,849,516</b>	<b>9,849,516</b>
<b>Total financial assets</b>	<b>21,844,958</b>	<b>9,849,516</b>	<b>184,623</b>	<b>31,879,097</b>	<b>31,879,097</b>
<b>Financial liabilities measured at fair value</b>					
Derivative Financial Instruments	10,743	-	-	10,743	10,743
	<b>10,743</b>	-	-	<b>10,743</b>	<b>10,743</b>
<b>Financial liabilities not measured at fair value</b>					
Bank overdrafts	-	952,092	-	952,092	952,092
Securities sold under re-purchase agreements	-	18,197,302	-	18,197,302	18,276,752
Short term borrowings	-	6,019,071	-	6,019,071	6,019,071
Long term borrowings	-	125,679	-	125,679	125,679
Borrowings on debentures	-	533,974	-	533,974	585,712
	-	<b>25,828,118</b>	-	<b>25,828,118</b>	<b>25,959,306</b>
<b>Total Financial Liabilities</b>	<b>10,743</b>	<b>25,828,118</b>	-	<b>25,838,861</b>	<b>25,970,048</b>

#### Group - As at 31<sup>st</sup> March 2020

	Financial assets - FVTPL Rs. '000	Financial assets/ liabilities at amortised cost Rs. '000	Financial assets - FVTOCI Rs. '000	Total carrying amount Rs. '000	Fair value Rs. '000
<b>Financial assets measured at fair value</b>					
Financial assets - FVTPL	38,540,849	-	-	38,540,849	38,540,849
Derivative Financial Instruments	2,734	-	-	2,734	2,734
Financial assets - FVTOCI	-	-	184,623	184,623	184,623
	<b>38,543,583</b>	-	<b>184,623</b>	<b>38,728,206</b>	<b>38,728,206</b>
<b>Financial assets not measured at fair value</b>					
Cash at banks and in hand	-	61,354	-	61,354	61,354
Financial assets at amortised cost	-	5,361,512	-	5,361,512	5,361,512
Trade receivables	-	603,999	-	603,999	603,999
	-	<b>6,026,865</b>	-	<b>6,026,865</b>	<b>6,026,865</b>
<b>Total financial assets</b>	<b>38,543,583</b>	<b>6,026,865</b>	<b>184,623</b>	<b>44,755,071</b>	<b>44,755,071</b>
<b>Financial liabilities measured at fair value</b>					
Derivative Financial Instruments	3,118	-	-	3,118	3,118
	<b>3,118</b>	-	-	<b>3,118</b>	<b>3,118</b>
<b>Financial liabilities not measured at fair value</b>					
Bank overdrafts	-	455,103	-	455,103	455,103
Securities sold under re-purchase agreements	-	33,294,423	-	33,294,423	33,331,477
Short term borrowings	-	5,928,107	-	5,928,107	5,928,107
Long term borrowings	-	150,885	-	150,885	150,885
Borrowings on debentures	-	517,641	-	517,641	521,589
	-	<b>40,346,159</b>	-	<b>40,346,159</b>	<b>40,387,161</b>
<b>Total Financial Liabilities</b>	<b>3,118</b>	<b>40,346,159</b>	-	<b>40,349,277</b>	<b>40,390,279</b>



## NOTES TO THE FINANCIAL STATEMENTS

### Company - As at 30<sup>th</sup> June 2020

	Financial assets - FVTPL Rs. '000	Financial assets/ liabilities at amortised cost Rs. '000	Financial assets - FVTOCI Rs. '000	Total carrying amount Rs. '000	Fair value Rs. '000
<b>Financial assets measured at fair value</b>					
Financial assets - FVTOCI	-	-	-	-	-
<b>Financial assets not measured at fair value</b>					
Cash at banks and in hand	-	33,102	-	33,102	33,102
Financial assets at amortised cost	-	7,135,239	-	7,135,239	7,135,239
	-	7,168,341	-	7,168,341	7,168,341
<b>Total financial assets</b>	-	<b>7,168,341</b>	-	<b>7,168,341</b>	<b>7,168,341</b>
<b>Financial liabilities not measured at fair value</b>					
Bank overdrafts	-	854,304	-	854,304	854,304
Short term borrowings	-	5,907,051	-	5,907,051	5,907,051
Long term borrowing	-	125,679	-	125,679	125,679
	-	<b>6,887,034</b>	-	<b>6,887,034</b>	<b>6,887,034</b>
<b>Total financial liabilities</b>	-	<b>6,887,034</b>	-	<b>6,887,034</b>	<b>6,887,034</b>

### Company - As at 31<sup>st</sup> March 2020

	Financial assets - FVTPL Rs. '000	Financial assets/ liabilities at amortised cost Rs. '000	Financial assets - FVTOCI Rs. '000	Total carrying amount Rs. '000	Fair value Rs. '000
<b>Financial assets measured at fair value</b>					
Financial assets - FVTOCI	-	-	-	-	-
<b>Financial assets not measured at fair value</b>					
Cash at banks and in hand	-	19,744	-	19,744	19,744
Financial assets at amortised cost	-	6,768,167	-	6,768,167	6,768,167
	-	<b>6,787,911</b>	-	<b>6,787,911</b>	<b>6,787,911</b>
<b>Total financial assets</b>	-	<b>6,787,911</b>	-	<b>6,787,911</b>	<b>6,787,911</b>
<b>Financial liabilities not measured at fair value</b>					
Bank overdrafts	-	442,724	-	442,724	442,724
Short term borrowings	-	5,827,371	-	6,566,174	6,566,174
Long term borrowing	-	150,885	-	251,833	251,833
	-	<b>6,420,980</b>	-	<b>7,260,731</b>	<b>7,260,731</b>
<b>Total financial liabilities</b>	-	<b>6,420,980</b>	-	<b>7,260,731</b>	<b>7,260,731</b>



## NOTES TO THE FINANCIAL STATEMENTS

- 5 The above figures are provisional and subject to audit. The same accounting policies as in the Annual Report for the year ended 31<sup>st</sup> March 2020 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/ restated to be comparable with those of the current year where necessary.
- 7 The number of shares represented by stated capital as at 30<sup>th</sup> June 2020 is 101,250,000 shares (As at 31<sup>st</sup> March 2020 - 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<sup>st</sup> March 2020.
- 9 There have been no material events subsequent to the reporting date which require disclosures/ adjustments in the above provisional financial statements.

### 10 Net Assets per Share

	<b>As at 30<sup>th</sup> June 2020 Rs.</b>	<b>As at 31<sup>st</sup> March 2020 Rs.</b>
Group	45.63	36.98
Company	45.63	36.98

### 11 Market Price per Share

	<b>As at 30<sup>th</sup> June 2020 Rs.</b>	<b>As at 31<sup>st</sup> March 2020 Rs.</b>
Highest market price recorded	54.00	43.40
Lowest market price recorded	22.10	22.00
Closing market price recorded	53.50	22.80





## INVESTOR INFORMATION

List of twenty major shareholders as at 30<sup>th</sup> June 2020

Name of the shareholder		No of shares As at 30 <sup>th</sup> June 2020	Holding (%)
1	1.1 Commercial Bank of Ceylon PLC/Janashakthi PLC	31,600,000	31.21%
	1.2 Seylan Bank PLC/Janashakthi PLC	25,400,000	25.09%
	1.3 Janashakthi PLC	22,119,816	21.85%
	1.4 Seylan Bank PLC/Janashakthi PLC	4,628,081	4.57%
	1.5 Commercial Bank of Ceylon PLC/Janashakthi PLC	300,703	0.30%
2	People's Leasing & Finance PLC/Mr. D.M.P. Disanayake	650,757	0.64%
3	Mrs. Vasudevan Saraswathi	472,000	0.47%
4	DFCC Bank PLC/Mr. K.S.D. Senaweera	427,500	0.42%
5	Mr. Rajapaksa Vithanage Don Piyathilake & Mr. R.V.D.C.G. Rajapakse	265,324	0.26%
6	Mr. Arunasalam Sithampalam	264,000	0.26%
7	Mr. Wickramatunga Arachchi Pathirana Don Mahipala Wickramatunga	225,000	0.22%
8	Hatton National Bank PLC/Arunasalam Sithampalam	224,644	0.22%
9	Dr. Subashi Nemindi Samarasinghe	210,616	0.21%
10	Mr. Amal Joseph Tissera	210,000	0.21%
11	Mr. Nagen Dayaranjan Kurukulasuriya	208,836	0.21%
12	Mr. Parami Tillakaratne	200,000	0.20%
13	Mr. Dhanusha Senajith Duke De Lanerolle	180,000	0.18%
14	Mr. Upali Chandrakumara Bandaranayake	175,000	0.17%
15	Samaraperuma Mudiyanseelage Padmal Buddika Samarapperuma	169,387	0.17%
16	Dr. Dewolage Mayuramana	163,128	0.16%
17	Mr. Ravindra Earl Rambukwella	162,694	0.16%
18	Seylan Bank PLC/ Tharana Gangul Thoradeniya	156,545	0.15%
19	Mrs. Eileen Monica Perera (Deceased)	151,033	0.15%
20	Citizens Development Business Finance PLC/K.D.C. Somalatha & K. Nandasiri	139,400	0.14%
		<b>88,704,464</b>	<b>87.61%</b>

### Shareholding of the Directors/ Chief Executive Officer

Name of the Director/ Chief Executive Officer	Designation	No. of Shares As at 30 <sup>th</sup> June 2020
Mr. Nishan Fernando	Chairman	Nil
Mr. Dinesh Schaffter	Managing 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
Dr. 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 <sup>th</sup> June 2020 (Rs.)	913,285,125
Public holding percentage	16.86%
Number of public shareholders	5,723

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. The Company has received a waiver from the Securities and Exchange Commission of Sri Lanka to be complied with the same until November 2020.