



First Capital

PROVISIONAL

FINANCIAL

STATEMENTS

QUARTER ENDED 31 DECEMBER 2016

FIRST CAPITAL HOLDINGS PLC



First Capital

REVIEW OF OPERATIONS

First Capital Holdings PLC reported a consolidated profit after tax of Rs. 132Mn for nine months ended 31 December 2016 compared to Rs. 133Mn 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. 264Mn (2015/16 – Rs. 41Mn) mainly attributable to net interest income and gains on sale of government securities.

The Corporate Finance Division of First Capital Limited mobilised Rs. 9.7Bn for its clients through the structuring and placement of Corporate Debt Securities and generated a fee income of Rs. 34Mn (2015/16 – Rs. 95Mn).

First Capital Asset Management Limited, the wealth management arm of the Group experienced a decline in its funds under management amounting of Rs. 1.6Bn, reflecting a decrease of 30% compared to the beginning of the year.

The Company declared an interim dividend of Rs. 2/- per share totaling Rs. 202.5Mn for 2016/17 in January 2017.

(Sgd.)

Dilshan Wirasekara

Chief Executive Officer



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period	Note	Group			
		October ~ December 2016 (Unaudited)	December 2015 (Unaudited)	April ~ December 2016 (Unaudited)	December 2015 (Unaudited)
Income		963,154	452,073	2,743,345	1,155,881
Direct income		959,228	448,928	2,678,797	1,123,125
Direct expenses		(790,008)	(259,924)	(2,209,625)	(727,832)
Net trading income		169,220	189,004	469,172	395,293
Other income	1	3,926	3,145	64,548	32,756
Gain/ (loss) on fair valuation of financial investments - held for trading		(390,235)	43,538	(89,073)	4,005
		(217,089)	235,687	444,647	432,054
Less :					
Administrative expenses		(58,106)	(85,696)	(242,174)	(252,778)
Sales and distribution expenses		(4,851)	(8,611)	(24,083)	(20,211)
Other operating expenses		(5,986)	(10,388)	(34,666)	(22,250)
		(68,943)	(104,695)	(300,923)	(295,239)
Operating profit/ (loss)		(286,032)	130,992	143,724	136,815
Share of profit of equity-accounted investee (net of tax)		-	-	-	9,606
Profit/ (loss) before taxation		(286,032)	130,992	143,724	146,421
Income tax expense (reversal)	2	11,363	(1,188)	(11,919)	(12,928)
Profit/ (loss) for the period		(274,669)	129,804	131,805	133,493
Other comprehensive income/ (expense)					
Items that will never be reclassified to profit or loss		-	-	-	-
Items that are or may be reclassified to profit or loss					
Transfer of fair valuation reserve of financial investment - available for sale		-	-	-	1,572
Loss on fair valuation of financial investments - available for sale (Equity accounted investee)		-	-	-	(8)
Other comprehensive income for the period		-	-	-	1,564
Total comprehensive income/ (expense) for the period		(274,669)	129,804	131,805	135,057
Profit/ (loss) Attributable to:					
Equity - holders of the parent		(268,455)	121,938	116,891	130,826
Non - controlling interest		(6,214)	7,866	14,914	2,667
		(274,669)	129,804	131,805	133,493
Total comprehensive income/ (expense) Attributable to:					
Equity - holders of the parent		(268,455)	121,938	116,891	132,390
Non - controlling interest		(6,214)	7,866	14,914	2,667
		(274,669)	129,804	131,805	135,057
Basic Earnings/ (loss) per share (Rs.)		(2.65)	1.20	1.15	1.29

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 2016 (Unaudited)	December 2015 (Unaudited)	April ~ December 2016 (Unaudited)	December 2015 (Unaudited)
Income		427,540	79,458	748,360	238,697
Direct income		217,144	79,458	537,964	210,153
Direct expenses		(196,781)	(75,418)	(486,293)	(203,252)
Net trading income		20,363	4,040	51,671	6,901
Other income	1	210,396	-	210,396	28,544
		230,759	4,040	262,067	35,445
Less :					
Administrative expenses		(1,489)	(1,585)	(5,729)	(6,783)
Sales and distribution expenses		(253)	(100)	(808)	(178)
Other operating expenses		(3,537)	(223)	(6,769)	(405)
		(5,279)	(1,908)	(13,306)	(7,366)
Profit before taxation		225,480	2,132	248,761	28,079
Income tax expense	2	(5,704)	-	(10,480)	-
Profit for the period		219,776	2,132	238,281	28,079
Other comprehensive income/ (expense)					
Items that will never be reclassified to profit or loss		-	-	-	-
Items that are or may be reclassified to profit or loss		-	-	-	-
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		219,776	2,132	238,281	28,079
Basic Earnings per share (Rs.)		2.17	0.02	2.35	0.28

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 2016 (Unaudited)	31 Dec 2015 (Unaudited)	31 Mar 2016 (Audited)	31 Dec 2016 (Unaudited)	31 Dec 2015 (Unaudited)	31 Mar 2016 (Audited)
ASSETS						
Cash at banks and in hand	29,521	67,262	31,066	5,049	15,163	4,998
Derivative financial instruments	1,933	-	40,861	-	-	-
Financial investments - Held for trading	26,004,076	11,544,919	11,326,163	-	-	-
Financial investments - Available for sale	332,803	2,000	2,000	1,000	1,000	1,000
Financial investments - Loans and receivables	4,733,490	6,179,544	8,529,332	5,965,120	3,933,002	3,650,664
Trade and other receivables	774,051	690,085	576,353	218,370	835	1,073
Group balances receivable	-	-	-	-	200	16,837
Non - current assets held for sale	42,416	42,416	42,416	-	-	-
Taxes receivable	74,956	62,746	62,379	-	5,738	-
Investment in venture capital	-	7,000	-	-	7,000	-
Investment in subsidiary company	-	-	-	311,072	311,072	311,072
Deferred tax asset	36,558	36,516	37,703	-	-	-
Property, plant and equipment	13,547	18,533	16,648	896	10	9
Intangible assets	114,439	114,549	115,363	24	-	-
Total Assets	32,157,790	18,765,570	20,780,284	6,501,531	4,274,020	3,985,653
LIABILITIES						
Bank overdrafts	780,348	270,264	207,681	569,011	65	-
Derivative financial instruments	1,563	3,801	20,835	-	-	-
Securities sold under re-purchase agreements	22,546,196	11,435,533	14,487,714	-	-	-
Short term borrowings	5,020,927	3,742,994	2,886,142	4,065,321	3,052,759	2,820,725
Group balances payable	-	-	-	150	22,275	399
Trade and other payables	273,554	336,251	237,920	20,066	96,873	26,597
Taxes payable	8,652	921	331	8,149	-	30
Long term borrowings	478,307	-	-	478,307	-	-
Borrowings on debentures	710,232	682,270	730,400	500,148	499,082	515,804
Retirement benefit obligations	28,500	23,168	24,385	-	-	-
Total Liabilities	29,848,279	16,495,202	18,595,408	5,641,152	3,671,054	3,363,555
EQUITY						
Stated capital	227,500	227,500	227,500	227,500	227,500	227,500
Risk reserve	846,908	824,119	822,022	-	-	-
Retained earnings	1,144,698	1,134,349	1,052,693	632,879	375,466	394,598
Equity attributable to the equity holders of the parent	2,219,106	2,185,968	2,102,215	860,379	602,966	622,098
Non - controlling interests	90,405	84,400	82,661	-	-	-
Total Equity	2,309,511	2,270,368	2,184,876	860,379	602,966	622,098
Total Equity and Liabilities	32,157,790	18,765,570	20,780,284	6,501,531	4,274,020	3,985,653

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.)

Manjula Mathews (Ms.)
Chairperson

(Sgd.)

Dinesh Schaffter
Managing Director

14 February 2017
Colombo



STATEMENT OF CHANGES IN EQUITY

GROUP For the nine months ended 31 December 2016

	Attributable to equity holders of parent				Total	Non-Controlling Interests	Total Equity
	Stated Capital	Risk Reserve	Retained Earnings	Fair Valuation Reserve			
Balance as at 1 April 2015 (Audited)	227,500	820,964	1,209,178	(1,564)	2,256,078	81,733	2,337,811
<u>Total comprehensive income for the period</u>							
Profit for the period	-	-	130,826	-	130,826	2,667	133,493
Other comprehensive income	-	-	-	1,564	1,564	-	1,564
Total comprehensive income	-	-	130,826	1,564	132,390	2,667	135,057
<u>Transactions with equity holders</u>							
Distribution to equity holders							
Dividend paid -Final 2014/15	-	-	(202,500)	-	(202,500)	-	(202,500)
Total distribution to equity holders	-	-	(202,500)	-	(202,500)	-	(202,500)
Transfer to risk reserve	-	3,155	(3,155)	-	-	-	-
Total transactions with equity holders	-	3,155	(205,655)	-	(202,500)	-	(202,500)
Balance as at 31 December 2015 (Unaudited)	227,500	824,119	1,134,349	-	2,185,968	84,400	2,270,368
Balance as at 1 April 2016 (Audited)	227,500	822,022	1,052,693	-	2,102,215	82,661	2,184,876
<u>Total comprehensive income for the period</u>							
Profit for the period	-	-	116,891	-	116,891	14,914	131,805
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	116,891	-	116,891	14,914	131,805
<u>Transactions with equity holders</u>							
Distribution to equity holders							
Dividend paid to shareholders with NCI*	-	-	-	-	-	(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

*NCI-Non Controlling interests

COMPANY

For the nine months ended 31 December 2016

	Stated Capital	Retained Earnings	Total Equity
Balance as at 1 April 2015 (Audited)	227,500	549,887	777,387
<u>Total comprehensive income for the period</u>			
Profit for the period	-	28,079	28,079
Other comprehensive income	-	-	-
Total comprehensive income	-	28,079	28,079
<u>Transactions with equity holders</u>			
Distribution to equity holders			
Dividend paid -Final 2014/15	-	(202,500)	(202,500)
Total distribution to equity holders	-	(202,500)	(202,500)
Total transactions with equity holders	-	(202,500)	(202,500)
Balance as at 31 December 2015 (Unaudited)	227,500	375,466	602,966
Balance as at 1 April 2016 (Audited)	227,500	394,598	622,098
<u>Total comprehensive income for the period</u>			
Profit for the period	-	238,281	238,281
Other comprehensive income	-	-	-
Total comprehensive income	-	238,281	238,281
<u>Transactions with equity holders</u>			
Distribution to equity holders			
Dividend paid	-	-	-
Total transactions with equity holders	-	-	-
Balance as at 31 December 2016 (Unaudited)	227,500	632,879	860,379

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 - December 2016 (Unaudited)	2015 (Unaudited)	April - December 2016 (Unaudited)	2015 (Unaudited)
Cash flows from operating activities				
Interest receipts and gains realised	2,651,098	1,070,480	227,639	46,735
Interest payments and other direct cost	(1,804,882)	(558,239)	(426,196)	(219,250)
Other receipts	7,542	11,187	-	-
Cash payments to employees and suppliers	(289,211)	(273,254)	(13,218)	(8,089)
Operating profit / (loss) before changes in operating assets and liabilities	564,547	250,174	(211,775)	(180,604)
(Increase)/ decrease in financial investments - held for trading	(14,747,330)	(1,291,412)	-	-
(Increase)/ decrease in financial investments - loans and receivables	3,823,541	2,793,313	(2,314,456)	(1,073,702)
(Increase)/ decrease in trade and other receivables	(197,699)	(163,561)	303,426	(126)
(Increase)/ decrease in group balances receivable	-	-	16,837	(200)
Increase/ (decrease) in trade and other payables	(72,514)	41,294	(6,531)	71,210
Increase / (decrease) in group balances payable	-	-	(249)	22,220
Increase/ (decrease) in short term borrowings	2,127,770	1,515,728	1,168,841	928,373
Increase/ (decrease) in borrowings under re-purchase agreements	7,729,748	(3,612,059)	-	-
Cash generated/ (used) in operations	(771,937)	(466,523)	(1,043,907)	(232,829)
Tax paid	(2,668)	(4,077)	(2,360)	(110)
Gratuity paid	-	-	-	-
Net cash flows from/ (used) in operating activities	(774,605)	(470,599)	(1,046,267)	(232,939)
Cash flows from investing activities				
Purchase of property, plant, equipment and intangible assets	(6,514)	(8,960)	(1,000)	(12)
Proceed from sale of equity accounted investee	-	432,745	-	432,745
Financial investments - available for sale	(330,803)	-	-	-
Proceeds on sale of venture capital investments	-	7,000	-	7,000
Proceed from sale of property plant and equipment	5,904	116	-	-
Dividend receipts	53,499	6,870	-	-
Net cash flow from investing activities	(277,914)	437,771	(1,000)	439,733
Cash flows from financing activities				
Dividend paid	-	(202,500)	-	(202,500)
Long term borrowings	478,307	-	478,307	-
Net cash flow from financing activities	478,307	(202,500)	478,307	(202,500)
Net change in cash and cash equivalent for the period	(574,212)	(235,329)	(568,960)	4,294
Cash and cash equivalents at the beginning of the period (Note A)	(176,615)	32,327	4,998	10,804
Cash and cash equivalents at the end of the period (Note B)	(750,827)	(203,002)	(563,962)	15,098
Note A				
Cash at banks and hand	31,066	33,193	4,998	10,804
Bank overdraft	(207,681)	(866)	-	-
	(176,615)	32,327	4,998	10,804
Note B				
Cash at banks and hand	29,521	67,262	5,049	15,163
Bank overdraft	(780,348)	(270,264)	(569,011)	(65)
	(750,827)	(203,002)	(563,962)	15,098

Figures in bracket indicate deductions.

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



NOTES TO THE FINANCIAL STATEMENTS

1. Other income - Group

For the period

Gain on disposal of equity accounted investee
Dividend income
Exchange Gain
Profit on sale of Property, plant & Equipment
Miscellaneous income

October - December		April - December	
2016	2015	2016	2015
Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	-	-	12,699
806	1,379	53,499	6,870
-	10	-	6,387
-	-	3,507	-
3,120	1,756	7,542	6,800
3,926	3,145	64,548	32,756

Other operating income - Company

For the period

Gain on disposal of equity accounted investee
Dividend income
Miscellaneous income

October - December		April - December	
2016	2015	2016	2015
Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	-	-	27,544
210,396	-	210,396	-
-	-	-	1,000
210,396	-	210,396	28,544

2 Income tax expenses - Group

For the period

Current tax expense/ (reversal)
Deferred tax expenses/ (reversal)
Taxes on dividend

October - December		April - December	
2016	2015	2016	2015
Rs.'000	Rs.'000	Rs.'000	Rs.'000
(20,837)	1,009	(3,754)	9,185
(4,658)	179	1,145	3,743
14,132	-	14,528	-
(11,363)	1,188	11,919	12,928

Income tax expenses - Company

For the period

Current tax expenses
Taxes on dividend

October - December		April - December	
2016	2015	2016	2015
Rs.'000	Rs.'000	Rs.'000	Rs.'000
3,344	-	8,120	-
2,360	-	2,360	-
5,704	-	10,480	-

3 Net Assets per Share

Group
Company

31-12-2016	31-03-2016
Rs.	Rs.
21.92	20.76
8.50	6.14

4 Market Price per Share

For the nine months ended 31 December

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

2016	2015
Rs.	Rs.
34.60	33.20
24.80	24.90
25.00	25.10



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 March 2016 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.
- 7 The number of shares represented by stated capital as at 31 December 2016 is 101,250,000 shares (31 March 2016 - 101,250,000 shares).
- 8 There have been no significant changes in the nature of the contingent liabilities which were disclosed in the Annual Report for the year ended 31 March 2016 other than the following :
- (a) In September 2016, the Department of Inland Revenue made assessments on Financial VAT (2013/14) for First Capital Treasuries PLC and First Capital Limited amounting to Rs. 60.8 Mn and Rs. 46.2 Mn respectively. Appeals were submitted against the said assessments. Based on the tax consultant's opinion, the Board of Directors is of the view that no liability would arise since the assessments are outside the scope of chargeability of Financial VAT.
 - (b) First Capital Holdings PLC provided a corporate guarantee on behalf of its subsidiary, First Capital Limited amounting to Rs. 50 Mn for its banking facilities.
 - (c) First Capital Limited provided a corporate guarantee on behalf of First Capital Holdings PLC amounting to Rs. 1 Bn for its banking facilities.
 - (d) In January 2017, the Commissioner General of Inland Revenue determined the income tax appeal relating to 2011/12 of First Capital Limited, in favor of the Company. The amount assessed was Rs. 16.9Mn.
- 9 There have been no material events subsequent to the reporting date which require disclosures/ adjustments in the provisional financial statements other than the following:
- On 9 January 2017, the Board of Directors of the Company declared an interim dividend for 2016/17 of Rs. 2/- per share totaling Rs. 202.5 Mn.



INVESTOR INFORMATION

INVESTOR INFORMATION

Information on listed debentures

Market value as at 31 December 2016

Debentures with 3 year, 4 year and 5 year maturity have not been traded during the quarter ended 31 December 2016. 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 31-12-2016	As at 31-12-2015	As at 31-03-2016
Debt/equity ratio (times)	12.79	7.11	8.38
Quick asset ratio (times)	1.11	1.17	1.15
Interest cover (times)	1.07	1.21	1.07

Debt Ratios (Company)

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

	As at 31-12-2016	As at 31-12-2015	As at 31-03-2016
Debt/equity ratio (times)	6.52	5.89	5.32
Quick asset ratio (times)	1.33	1.25	1.30
Interest cover (times)	1.51	1.14	1.20

Debenture Interest Yield

3 year fixed rate (13.50 % p.a. payable annually)
4 year fixed rate (13.75 % p.a. payable annually)
5 year fixed rate (14.00 % p.a. payable annually)

	As at 31-12-2016	As at 31-12-2015	As at 31-03-2016
3 year fixed rate (13.50 % p.a. payable annually)	13.50%	13.49%	13.50%
4 year fixed rate (13.75 % p.a. payable annually)	13.75%	12.49%	13.75%
5 year fixed rate (14.00 % p.a. payable annually)	14.00%	12.69%	14.00%

There were no trading on the debentures with 3, 4, and 5 years maturities during the quarter ended 31 December 2016. Hence, Yield to maturity on trade done is also not applicable. The yields are same as the coupon rates.

Yield of comparable government securities (remaining maturity)

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

	As at 31-12-2016	As at 31-12-2015	As at 31-03-2016
3 Year treasury bond	9.57%	7.79%	10.55%
4 Year treasury bond	11.01%	8.39%	10.99%
5 Year treasury bond	11.60%	8.93%	11.74%



INVESTOR INFORMATION

List of twenty major shareholders as at 31 December 2016

Name of the shareholder		No of shares 31 December 2016	Holding (%)
1	1.1 Commercial Bank of Ceylon PLC/ Dunamis Capital PLC	47,844,700	47.25
	1.2 Seylan Bank PLC/ Dunamis Capital PLC	25,400,000	25.09
	1.3 Dunamis Capital PLC	2,768,448	2.73
2	2.1 Seylan Bank PLC/ Janashakthi PLC	3,008,896	2.97
	2.2 Commercial Bank of Ceylon PLC/ Janashakthi PLC	300,703	0.30
3	HSBC International Nominees Ltd - SSBT Deutsche Bank AG Singapore A/C No. 1	2,156,668	2.13
4	Janashakthi General Insurance Limited	858,650	0.85
5	Bimpuh Finance PLC	523,685	0.52
6	Mr. Kankanamge Sunil Dharmabandu Senaweera	435,000	0.43
7	Mr. Charitha Prasanna De Silva	355,000	0.35
8	Mr. Arunasalam Sithampalam	339,000	0.33
9	People's Leasing & Finance PLC/ Mr. D.M.P. Dissanayake	330,379	0.33
10	Pan Asia Banking Corporation PLC/ S.R. Fernando	294,732	0.29
11	Pan Asia Banking Corporation PLC/ A.C. Jayasinghe	256,352	0.25
12	Mr. Dhanusha Senajit Duke De Lanerolle	235,000	0.23
13	Commercial Bank Of Ceylon PLC/U.C. Bandaranayake	225,000	0.22
14	Mr. Nagen Dayaranjan Kurukulasuriya	208,836	0.21
15	Dr. Subashi Nemindi Samarasinghe	200,616	0.20
16	Mr. Jayasuriya Mudiyanseelage Jayaweera	163,758	0.16
17	Mrs. Monica Eileen Perera	151,033	0.15
18	Mr. W. A. P. D. Mahipala Wickramatunga	140,000	0.14
19	Waldock Mackenzie Ltd/Mrs.K.D.C.Somalatha & Mr.K.Nandasiri	139,400	0.14
20	Sithlanka (Private) Limited	135,800	0.13
		86,471,656	85.40

Shareholding of the Directors/ Chief Executive Officer

Name of the Director/ Chief Executive Officer	Designation	No. of Shares As at 31 December 2016
Ms. Manjula Mathews	Director	Nil
Mr. Dinesh Schaffter	Director	Nil
Mr. Eardley Perera	Director	Nil
Ms. Minette Perera	Director	Nil
Mr. Nishan Fernando	Director	Nil
Mr. Chandana de Silva	Director	Nil
Mr. Dilshan Wirasekara	Chief Executive Officer	Nil

Public holding as a percentage of issued share capital is 24.93%.

Number of shareholders representing the public holding is 6,045.