

PROVISIONAL FINANCIAL STATEMENTS

QUARTER ENDED | 31 DECEMBER 2017



First Capital

FIRST CAPITAL TREASURIES PLC



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period	October ~ December 2017 (Unaudited)		April ~ December 2016 (Unaudited)	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Income	511,106	703,626	1,815,268	1,981,288
Direct income	511,069	703,593	1,815,221	1,977,739
Direct expenses	(372,981)	(550,549)	(1,188,577)	(1,595,442)
Net trading income	138,088	153,044	626,644	382,297
Other income	37	33	47	3,549
Gain/ (loss) on fair valuation of financial investments - held for trading	48,685	(246,753)	209,252	(268)
	186,810	(93,676)	835,943	385,578
Less:				
Administrative expenses	(30,349)	(3,879)	(114,344)	(83,679)
Sales and distribution expenses	(3,028)	(4,086)	(7,420)	(14,803)
Other operating expenses	(2,422)	(5,530)	(24,901)	(23,329)
	(35,799)	(13,495)	(146,665)	(121,811)
Profit/(loss) before taxation	151,011	(107,171)	689,278	263,767
Income tax expense	-	-	-	-
Profit/(loss) for the period	151,011	(107,171)	689,278	263,767
<u>Other comprehensive income</u>				
Items that will never be reclassified to profit or loss	-	-	-	-
Items that are or may be reclassified to profit or loss	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	151,011	(107,171)	689,278	263,767
Earnings/(loss) per share (Rs.)	9.81	(6.96)	44.79	17.14

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



STATEMENT OF FINANCIAL POSITION

As at	Notes	31 December 2017 (Unaudited)	31 December 2016 (Unaudited)	31 March 2017 (Audited)
ASSETS				
Cash at banks and in hand		4,467	5,579	13,731
Derivative financial instruments		6,364	1,933	24,075
Financial investments - Held for trading		20,630,431	15,633,384	15,384,251
Financial investments - Available for sale		1,000	1,000	1,000
Financial investments - Loans and receivables		1,033,939	8,393,044	6,369,562
Receivable from related companies		3,888	1,430	480
Taxes receivable		12,093	12,093	12,093
Other assets		128,719	133,889	130,835
Property, plant and equipment		1,514	3,092	2,581
Intangible assets		563	1,114	928
Total Assets		21,822,978	24,186,558	21,939,536
LIABILITIES				
Bank overdrafts		621	16,890	-
Derivative financial instruments		21,184	1,563	2,240
Securities sold under re-purchase agreements		18,755,180	21,847,023	19,677,003
Creditors and accrued charges		132,839	226,952	79,219
Payable to related companies		6,275	5,102	1,253
Retirement benefit obligations		9,904	13,616	8,600
Borrowings on listed debentures	4	546,780	498,903	510,304
Total Liabilities		19,472,783	22,610,049	20,278,619
EQUITY				
Stated capital	5	256,500	256,500	256,500
Risk reserve		974,567	897,639	905,639
Retained earnings		1,119,128	422,370	498,778
Total Equity		2,350,195	1,576,509	1,660,917
Total Equity & Liabilities		21,822,978	24,186,558	21,939,536

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

9 February 2018
Colombo



STATEMENT OF CHANGES IN EQUITY

For nine months ended 31 December 2017

	Stated Capital	Risk Reserve	Retained Earnings	Total Equity
Balance as at 1 April 2016 (Audited)	256,500	871,262	309,639	1,437,401
<u>Total comprehensive income for the period</u>				
Profit for the period	-	-	263,767	263,767
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	263,767	263,767
<u>Transactions with equity holders</u>				
Distribution to equity holders				
Dividend paid	-	-	(124,659)	(124,659)
Total distribution to equity holders	-	-	(124,659)	(124,659)
Transfer to risk reserve	-	26,377	(26,377)	-
Total transactions with equity holders	-	26,377	(151,036)	(124,659)
Balance as at 31 December 2016 (Unaudited)	256,500	897,639	422,370	1,576,509
Balance as at 1 April 2017 (Audited)	256,500	905,639	498,778	1,660,917
<u>Total comprehensive income for the period</u>				
Profit for the period	-	-	689,278	689,278
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	689,278	689,278
<u>Transactions with equity holders</u>				
Transfer to risk reserve	-	68,928	(68,928)	-
Total transactions with equity holders	-	68,928	(68,928)	-
Balance as at 31 December 2017 (Unaudited)	256,500	974,567	1,119,128	2,350,195

Figures in bracket indicate deductions.

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



STATEMENT OF CASH FLOWS

For the period

Cash flows from operating activities

Interest receipts and gains realized	1,812,262	1,971,193
Interest payments and other direct cost	(664,322)	(1,266,287)
Other receipts	47	42
Cash payments to employees and suppliers	(143,451)	(115,626)
Operating profit before changes in operating assets and liabilities	1,004,536	589,322
(Increase)/ Decrease in financial investments - held for trading	(5,000,274)	(6,407,142)
(Increase)/ Decrease in financial investments - loans and receivables	5,338,582	(2,482,760)
(Increase)/ Decrease in receivable from related companies	(3,408)	(1,008)
(Increase)/ Decrease in other assets	2,116	3,702
Increase/ (Decrease) in creditors and accrued charges	53,621	766
Increase/ (Decrease) in payable to related companies	5,022	1,607
Increase/ (Decrease) in borrowings against re-purchase agreements	(1,409,603)	8,282,697
Net Cash generated/(used in) from operations	(9,408)	(12,816)

Tax paid

Net cash from/(used in) operating activities

Cash flow from investing activities

Purchase of property, plant and equipment	(303)	(1,852)
Proceeds on sale of property, plant and equipment	-	3,507
Purchase of intangible assets	(174)	-
Net cash from/(used in) investing activities	(477)	1,655

Net cash from 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 ~ December	
	2017 (Unaudited)	2016 (Unaudited)
Cash flows from operating activities		
Interest receipts and gains realized	1,812,262	1,971,193
Interest payments and other direct cost	(664,322)	(1,266,287)
Other receipts	47	42
Cash payments to employees and suppliers	(143,451)	(115,626)
Operating profit before changes in operating assets and liabilities	1,004,536	589,322
(Increase)/ Decrease in financial investments - held for trading	(5,000,274)	(6,407,142)
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Increase/ (Decrease) in creditors and accrued charges	53,621	766
Increase/ (Decrease) in payable to related companies	5,022	1,607
Increase/ (Decrease) in borrowings against re-purchase agreements	(1,409,603)	8,282,697
Net Cash generated/(used in) from operations	(9,408)	(12,816)
Tax paid	-	-
Net cash from/(used in) operating activities	(9,408)	(12,816)
Cash flow from investing activities		
Purchase of property, plant and equipment	(303)	(1,852)
Proceeds on sale of property, plant and equipment	-	3,507
Purchase of intangible assets	(174)	-
Net cash from/(used in) investing activities	(477)	1,655
Net cash from financing activities	-	-
Net cash inflow/(outflow) for the period	(9,885)	(11,161)
Cash and cash equivalents at the beginning of the period (Note A)	13,731	(150)
Cash and cash equivalents at the end of the period (Note B)	3,846	(11,311)
Note A		
Cash at bank and in hand	13,731	1,382
Bank overdraft	-	(1,532)
	13,731	(150)
Note B		
Cash at bank and in hand	4,467	5,579
Bank overdraft	(621)	(16,890)
	3,846	(11,311)

Figures in bracket indicate deductions.

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

NOTES TO THE FINANCIAL STATEMENTS

1 Market Price per Share

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

Net assets per share

	As at 31-Dec-17 Rs.	As at 31-Mar-17 Rs.
	152.71	107.92

- 2 The above figures are provisional and subject to audit. The same accounting policies as in the Annual Report for the year ended 31 March 2017 have been followed in the preparation of the above provisional financial statements.
- 3 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.
- 4 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.
- 5 The number of shares represented by stated capital as at 31 December 2017 is 15,390,000 shares (31 March 2017 - 15,390,000 shares).
- 6 There have been no significant changes in the nature of the Contingent Liabilities which were disclosed in the Annual Report for the year ended 31 March 2017 other than the following :
 - In October 2017, the Department of Inland Revenue issued an assessment on Financial VAT for 2014/15 amounting to Rs. 87.7Mn. The Company submitted an appeal against the said assessment.
 - In November 2017, the Commissioner General of Inland Revenue determined the assessment on Financial VAT 2012/13 amounting to Rs. 62.4Mn in favor of the Department. Further, the Commissioner General determined in come tax assessment – 2012/13 of First Capital Treasuries PLC, reducing the amount assessed by Rs. 0.6Mn in favour of the department, in January 2018. Appeal was submitted against the said determination to 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 assessments/determinations are outside the scope of chargeability of Financial VAT.
- 7 There have been no material events subsequent to the reporting date which require disclosures/adjustments in the provisional financial statements.

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-Feb-2015	Annually	5,000,000	500,000	9.50% (AER - 9.50%)	5 Years	6-Feb-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 31 December 2017

Debentures with 5 year maturity have not been traded during the quarter ended 31 December 2017. Hence, par value is recognised as its market value.

Hence, yield to maturity on trade done is also not applicable.

Debt Ratios

	As at 31-Dec-17	As at 31-Dec-16	As at 31-Mar-17
Debt/ equity ratio (times)	8.21	14.09	12.15
Quick asset ratio (times)	1.16	1.10	1.11
Interest cover (times)	1.59	1.17	1.17

Debenture Interest Yield

	As at 31-Dec-17	As at 31-Dec-16	As at 31-Mar-17
5 year fixed rate (9.50 % p.a. payable annually)	9.50%	9.50%	9.24%

Yield of comparable Government Securities

	As at 31-Dec-17	As at 31-Dec-16	As at 31-Mar-17
5 Year treasury bond	9.52%	11.90%	11.98%