



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 2018

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**FIRST CAPITAL TREASURIES PLC**



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## For the period

Note	April - June	
	2018 (Unaudited)	2017 (Unaudited)
<b>Income</b>	910,280	662,363
Direct income	910,277	662,350
Direct expenses	(605,118)	(474,246)
<b>Net trading income</b>	<b>305,159</b>	<b>188,104</b>
Other income	3	13
Gain/ (loss) on fair valuation of financial investments - held for trading	(96,960)	139,374
	208,202	327,491
<b>Less:</b>		
Administrative expenses	(36,550)	(27,168)
Sales and distribution expenses	(2,089)	(2,447)
Other operating expenses	(4,794)	(12,422)
	(43,433)	(42,037)
<b>Profit before tax</b>	<b>164,769</b>	<b>285,454</b>
Income tax expense	(47,552)	-
<b>Profit for the period</b>	<b>117,217</b>	<b>285,454</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>117,217</b>	<b>285,454</b>
<b>Earnings per share (Rs.)</b>	<b>7.62</b>	<b>18.55</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> June 2018 (Unaudited)	30 <sup>th</sup> June 2017 (Unaudited)	31 <sup>st</sup> March 2018 (Audited)
<b>ASSETS</b>				
Cash at banks and in hand		4,644	5,775	3,077
Derivative financial instruments		235	2,449	47,868
Financial investments - Held for trading		23,659,449	15,175,396	23,376,073
Financial investments - Available for sale		1,000	1,000	1,000
Financial investments - Loans and receivables		979,003	6,041,495	968,887
Receivable from related companies		19,964	2,768	5,239
Taxes receivable		12,093	12,093	12,093
Deferred tax asset		800,084	-	847,635
Other assets		106,512	133,500	239,030
Property, plant and equipment		1,376	2,091	1,393
Intangible assets		285	905	389
<b>Total Assets</b>		<b>25,584,645</b>	<b>21,377,472</b>	<b>25,502,684</b>
<b>LIABILITIES</b>				
Bank overdrafts		5,321	1,042	2,759
Derivative financial instruments		8	9,640	21,659
Securities sold under re-purchase agreements		21,685,450	18,798,488	21,691,825
Creditors and accrued charges		27,005	14,842	9,576
Payable to related companies		675	4,664	42,470
Taxes payable		83,714	71,290	81,452
Retirement benefit obligations		11,485	9,039	10,974
Borrowings on listed debentures	3	522,490	522,096	510,689
<b>Total Liabilities</b>		<b>22,336,148</b>	<b>19,431,101</b>	<b>22,371,404</b>
<b>EQUITY</b>				
Stated capital	4	256,500	256,500	256,500
Risk reserve		1,084,448	934,184	1,072,726
Retained earnings		1,907,549	755,687	1,802,054
<b>Total Equity</b>		<b>3,248,497</b>	<b>1,946,371</b>	<b>3,131,280</b>
<b>Total Equity &amp; Liabilities</b>		<b>25,584,645</b>	<b>21,377,472</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

13<sup>th</sup> August 2018  
Colombo



## STATEMENT OF CHANGES IN EQUITY

For the three months ended 30<sup>th</sup> June 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	-	-	285,454	285,454
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	285,454	285,454
<b><u>Transactions with equity holders</u></b>				
Transfer to risk reserve	-	28,545	(28,545)	-
<b>Total transactions with equity holders</b>	-	<b>28,545</b>	<b>(28,545)</b>	-
<b>Balance as at 30<sup>th</sup> June 2017 (Unaudited)</b>	<b>256,500</b>	<b>934,184</b>	<b>755,687</b>	<b>1,946,371</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>				
Profit for the period	-	-	117,217	117,217
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>117,217</b>	<b>117,217</b>
<b><u>Transactions with equity holders</u></b>				
Transfer to risk reserve	-	11,722	(11,722)	-
<b>Total transactions with equity holders</b>	-	<b>11,722</b>	<b>(11,722)</b>	-
<b>Balance as at 30<sup>th</sup> June 2018 (Unaudited)</b>	<b>256,500</b>	<b>1,084,448</b>	<b>1,907,549</b>	<b>3,248,497</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> June

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 - June	
	2018 (Unaudited)	2017 (Unaudited)
Cash flows from operating activities		
Interest receipts and gains realized	909,416	660,293
Interest payments and other direct cost	(511,067)	(135,710)
Other receipts	3	13
Cash payments to employees and suppliers	(42,491)	(40,910)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>355,861</b>	<b>483,686</b>
(Increase)/ Decrease in financial investments - held for trading	(238,688)	377,256
(Increase)/ Decrease in financial investments - loans and receivables	(9,255)	330,124
(Increase)/ Decrease in receivable from related companies	(14,725)	(2,288)
(Increase)/ Decrease in other assets	16,851	(2,667)
Increase/ (Decrease) in creditors and accrued charges	19,691	6,184
Increase/ (Decrease) in payable to related companies	(41,795)	4,139
Increase/ (Decrease) in borrowings against re-purchase agreements	(88,625)	(1,205,258)
<b>Cash generated from operations</b>	<b>(685)</b>	<b>(8,824)</b>
Tax paid	-	-
Gratuity paid	-	-
<b>Net cash from operating activities</b>	<b>(685)</b>	<b>(8,824)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, Plant and equipment	(310)	-
Purchase of intangible assets	-	(174)
Proceeds from disposal of property, plant and equipment	-	-
<b>Net cash from/ (used in) investing activities</b>	<b>(310)</b>	<b>(174)</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>(995)</b>	<b>(8,998)</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>(677)</b>	<b>4,733</b>
<b>Note A</b>		
Cash at bank and in hand	3,077	13,731
Bank overdraft	(2,759)	-
	<b>318</b>	<b>13,731</b>
<b>Note B</b>		
Cash at bank and in hand	4,644	5,775
Bank overdraft	(5,321)	(1,042)
	<b>(677)</b>	<b>4,733</b>

Figures in bracket indicate deductions.

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



## NOTES TO THE FINANCIAL STATEMENTS

### 1 Income Tax Expenses

	2018/19 Rs. '000	2017/18 Rs. '000
Current Tax Expenses	-	-
Deferred Tax Expenses	47,552	-
	<b>47,552</b>	-

2 The provisional condensed financial statements for the quarter ended 30<sup>th</sup> June 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 quarter ended 30<sup>th</sup> June 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> June 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.

### 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> June 2018 Rs.	As at 31 <sup>st</sup> March 2018 Rs.
	<b>211.08</b>	<b>203.46</b>



## 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> June 2018

Debentures with 5 year maturity have not been traded during the quarter ended 30<sup>th</sup> June 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> June 2018	As at 31 <sup>st</sup> March 2018
Debt/ equity ratio (times)	6.84	7.09
Quick asset ratio (times)	1.14	1.12
Interest cover (times)	1.27	1.50

### Debenture Interest Yield

	As at 30 <sup>th</sup> June 2018	As at 31 <sup>st</sup> March 2018
5 year fixed rate (9.50 % p.a. payable annually)	9.50%	9.50%

### Yield of comparable Government Securities

	As at 30 <sup>th</sup> June 2018	As at 31 <sup>st</sup> March 2018
5 Year treasury bond	9.74%	9.75%