



First Capital

PROVISIONAL

FINANCIAL

STATEMENTS

QUARTER ENDED 30TH SEPTEMBER 2019

FIRST CAPITAL HOLDINGS PLC



First Capital

REVIEW OF OPERATIONS

First Capital Holdings PLC (the Group) recorded a Profit after Tax of Rs. 795Mn for the six months ended 30th September 2019 compared to a Loss after Tax of Rs. 65Mn 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. 671Mn for the six months ended 30th September 2019 (2018/19 – Loss after Tax of Rs. 4Mn).

The Corporate Finance division of First Capital Limited had a successful six months, mobilising Rs. 27Bn for its clients through structuring and placement of Corporate Debt Securities and generating a fee income of Rs. 123Mn for the six months ended 30th September 2019 (2018/19 – Rs. 34Mn).

First Capital Asset Management Limited, the Wealth Management arm of the Group, showed a significant increase in its funds under management during the six months ended 30th September 2019 to Rs. 26Bn (31st March 2019 – LKR 5.9Bn).

First Capital Equities (Private) Limited, Stock Broking division recorded revenue of Rs. 32Mn for the six months ended 30th September 2019 (2018/19 – Rs. 27Mn).

All business units have shown significant improvement over previous year.

(Sgd.)

Dilshan Wirasekara

Director/Chief Executive Officer



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period		Group				
		Note	July - September 2019 (Unaudited)	2018 (Restated Unaudited)	April - September 2019 (Unaudited)	2018 (Restated Unaudited)
Income			1,426,648	955,906	2,931,167	2,287,359
Direct income			1,420,068	945,679	2,920,740	2,275,053
Direct expenses			(766,619)	(777,450)	(1,611,171)	(1,665,914)
Net trading income			653,449	168,229	1,309,569	609,139
Other income		1	6,580	10,227	10,427	12,306
Gain/(loss) on fair valuation of financial assets recognised through profit or loss measured at fair value			(179,824)	(284,452)	110,993	(459,053)
Operating expenses			480,205	(105,996)	1,430,989	162,392
Administrative expenses			(120,797)	(85,024)	(239,051)	(183,113)
Sales and distribution expenses			(3,292)	(7,192)	(6,500)	(13,190)
Other operating expenses			(20,575)	(4,038)	(36,881)	(15,994)
Provision for Impairment of financial assets at amortised cost			(1,594)	-	(2,262)	-
			(146,258)	(96,254)	(284,694)	(212,297)
Profit/ (Loss) before tax			333,947	(202,250)	1,146,295	(49,905)
Income tax (expense)/ reversal		2	(120,468)	39,296	(350,857)	(14,956)
Profit/ (Loss) for the period			213,479	(162,954)	795,438	(64,861)
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)	-
<i>Items that are or may be reclassified to profit or loss</i>			-	-	-	-
Other comprehensive expense for the period			-	-	(1,000)	-
Total comprehensive income/ (expense) for the period			213,479	(162,954)	794,438	(64,861)
Profit attributable to:						
Equity holders of the parent			207,259	(156,176)	757,957	(64,579)
Non - controlling interest			6,220	(6,778)	37,481	(282)
			213,479	(162,954)	795,438	(64,861)
Total comprehensive income attributable to:						
Equity holders of the parent			207,259	(156,176)	757,012	(64,579)
Non - controlling interest			6,220	(6,778)	37,426	(282)
			213,479	(162,954)	794,438	(64,861)
Basic Earnings/ (Loss) per share (Rs.)			2.05	(1.54)	7.49	(0.64)

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	Company				
	Note	July - September 2019 (Unaudited)	2018 (Restated Unaudited)	April - September 2019 (Unaudited)	2018 (Restated Unaudited)
Income		328,157	299,678	628,523	561,051
Direct income		328,157	296,649	628,523	558,022
Direct expenses		(294,585)	(265,882)	(561,649)	(501,505)
Net trading income		33,572	30,767	66,874	56,517
Other income	1	-	3,029	-	3,029
Operating expenses		33,572	33,796	66,874	59,546
Administrative expenses		(10,545)	(11,841)	(23,148)	(24,972)
Sales and distribution expenses		(821)	(2,552)	(1,624)	(4,258)
Other operating expenses		(1,562)	(4,274)	(5,349)	(6,793)
Provision for Impairment of financial assets at amortised cost		(186)	-	(186)	-
		(13,114)	(18,667)	(30,307)	(36,023)
Operating profit		20,458	15,129	36,567	23,523
Share of profit/(loss) from equity accounted investee (net of tax)		192,486	(165,321)	733,641	(78,593)
Profit/ (Loss) before tax		212,944	(150,192)	770,208	(55,070)
Income tax expense	2	(5,685)	(5,984)	(12,251)	(9,509)
Profit/ (Loss) for the period		207,259	(156,176)	757,957	(64,579)
Other comprehensive income					
<i>Items that will never be reclassified to profit or loss</i>					
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>		-	-	-	-
Other comprehensive expense for the period		-	-	(945)	-
Total comprehensive income/ (expense) for the period		207,259	(156,176)	757,012	(64,579)
Basic Earnings/ (Loss) per share (Rs.)		2.05	(1.54)	7.49	(0.64)

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 th Sep 2019 (Unaudited)	30 th Sep 2018 (Restated Unaudited)	31 st March 2019 (Audited)	30 th Sep 2019 (Unaudited)	30 th Sep 2018 (Restated Unaudited)	31 st March 2019 (Audited)
ASSETS						
Cash at banks and in hand	53,060	41,508	55,317	21,034	15,155	21,344
Derivative financial instruments	377	6,313	3,454	-	-	-
Financial assets recognised through profit or loss -measured at fair value	30,703,824	28,422,076	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	10,496,468	9,118,912	7,557,832	7,989,783	9,798,723	7,974,257
Trade and other receivables	330,152	286,543	246,661	5,510	4,818	6,878
Group balances receivable	306	265	514	40	157	121
Non - current assets held for sale	42,416	42,416	42,416	-	-	-
Taxes receivable	241,633	120,086	178,845	92,842	26,970	58,585
Investment in subsidiary	-	-	-	3,538,538	3,190,652	3,212,043
Deferred tax asset	577,429	926,487	862,024	4,322	26,371	16,573
Property, plant and equipment	76,148	37,311	37,050	18,613	21,447	20,864
Intangible assets	118,581	117,212	118,000	4,492	5,193	4,997
TOTAL ASSETS	42,858,314	39,361,879	41,305,470	11,676,382	13,090,486	11,316,870
LIABILITIES						
Bank overdrafts	884,061	1,200,136	971,036	743,235	1,061,612	830,539
Derivative financial instruments	575	1,025	2,878	-	-	-
Securities sold under re-purchase agreements	30,253,267	25,203,814	29,204,828	-	-	-
Short term borrowings	6,698,315	8,139,771	6,566,174	6,698,315	7,888,252	6,566,174
Group balances payable	1,303	1,511	1,198	2,240	2,505	629
Trade and other payables	361,517	279,082	237,524	38,564	29,982	26,905
Taxes payable	52	306	348	-	-	-
Long term borrowings	201,226	301,980	251,833	201,226	301,980	251,833
Borrowings on debentures	226,423	429,942	216,205	-	204,717	-
Retirement benefit obligations	34,655	27,576	31,856	-	-	-
TOTAL LIABILITIES	38,661,394	35,585,143	37,483,880	7,683,580	9,489,048	7,676,080
EQUITY						
Stated capital	227,500	227,500	227,500	227,500	227,500	227,500
Risk reserve	1,084,665	1,012,200	1,021,248	1,084,665	1,012,200	1,021,248
Retained earnings	2,796,410	2,451,791	2,506,870	2,796,410	2,451,791	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	3,992,802	3,601,438	3,640,790	3,992,802	3,601,438	3,640,790
Non- controlling interest	204,118	175,298	180,800	-	-	-
TOTAL EQUITY	4,196,920	3,776,736	3,821,590	3,992,802	3,601,438	3,640,790
TOTAL EQUITY AND LIABILITIES	42,858,314	39,361,879	41,305,470	11,676,382	13,090,486	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.)
Dinesh Schaffter
Managing Director

1st November 2019
Colombo



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP
For six months ended 30th September 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							
Loss for the period	-	-	(64,579)	-	(64,579)	(282)	(64,861)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive expense	-	-	(64,579)	-	(64,579)	(282)	(64,861)
Transfers to risk reserve	-	-	-	-	-	-	-
Balance as at 30th September 2018 (Unaudited)	227,500	1,012,200	2,451,791	(90,053)	3,601,438	175,298	3,776,736
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	-	-	757,957	-	757,957	37,481	795,438
Other comprehensive income	-	-	-	(945)	(945)	(55)	(1,000)
Total comprehensive income	-	-	757,957	(945)	757,012	37,426	794,438
Transactions with equity holders							
Distribution to equity holders							
Dividend paid - Interim 2019/20	-	-	(405,000)	-	(405,000)	-	(405,000)
Dividend paid to shareholders with NCI*	-	-	-	-	-	(14,108)	(14,108)
Total transactions with equity holders	-	-	(405,000)	-	(405,000)	(14,108)	(419,108)
Transfers to risk reserve	-	63,417	(63,417)	-	-	-	-
Balance as at 30th September 2019 (Unaudited)	227,500	1,084,665	2,796,410	(115,773)	3,992,802	204,118	4,196,920

* Non-controlling Interest

COMPANY
For six months ended 30th September 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	-	-	(64,579)	-	(64,579)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	(64,579)	-	(64,579)
Transfer to risk reserve	-	-	-	-	-
Balance as at 30th September 2018 (Unaudited)	227,500	1,012,200	2,451,791	(90,053)	3,601,438
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	-	-	757,957	-	757,957
Other comprehensive income	-	-	-	(945)	(945)
Total comprehensive income	-	-	757,957	(945)	757,012
Transactions with equity holders					
Distribution to equity holders					
Dividend paid - Interim 2019/20	-	-	(405,000)	-	(405,000)
Total transactions with equity holders	-	-	(405,000)	-	(405,000)
Transfer to risk reserve	-	63,417	(63,417)	-	-
Balance as at 30th September 2019 (Unaudited)	227,500	1,084,665	2,796,410	(115,773)	3,992,802

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



CONSOLIDATED STATEMENT OF CASH FLOWS

For six months ended 30th September 2019

Cash flows from operating activities

Interest receipts and gains realised	2,835,832	2,187,701	586,161	403,852
Interest payments and other direct cost	(1,269,975)	(1,406,495)	(559,075)	(482,127)
Other receipts	8,686	9,159	-	-
Cash payments to employees and suppliers	(266,209)	(200,450)	(26,786)	(30,540)
Operating profit/(loss) before changes in operating assets and liabilities	1,308,334	589,915	300	(108,815)

(Increase)/ Decrease in financial assets recognised through profit or loss -measured at fair value

1,395,120 (2,340,369) - -

(Increase)/ Decrease in financial assets at amortised cost

(2,893,070) (3,053,001) 26,651 (2,230,654)

(Increase)/ Decrease in trade and other receivables

(133,510) 524,277 1,370 (1,852)

(Increase)/ Decrease in group balances receivable

208 176 81 (157)

Increase/ (Decrease) in trade and other payables

123,995 (305,403) 11,659 5,683

Increase/ (Decrease) in group balances payable

105 783 1,611 (8,457)

Increase/ (Decrease) in other short term borrowings

128,959 2,118,351 128,960 1,882,356

Increase/ (Decrease) in borrowings against re-purchase agreements

720,035 1,562,357 - -

Cash generated from/(used in) operations

650,176 (902,914) 170,632 (461,896)

Tax paid (Inclusive of WHT)

(129,346) (54,020) (34,257) (29,753)

Gratuity paid

- (1,567) - -

Net cash flow generated/(used in) operating activities

520,830 (958,501) 136,375 (491,649)

Cash flow from investing activities

Purchase of property, plant, equipment and intangible assets

(3,085) (26,430) (581) (22,898)

Sale of property plant and equipment

- 3,321 3,029

Investment in shares

(1,000) - -

Dividend receipts

37,081 50,221 406,200 12

Net cash flow generated from/(used in) investing activities

32,996 27,112 405,619 (19,857)

Cash flow from financing activities

Repayment of long term borrowings

(50,000) (50,000) (50,000) (50,000)

Dividend paid

(405,000) (202,500) (405,000) (202,500)

Dividend paid to shareholders with non-controlling interest

(14,108) - - -

Net cash flow used in financing activities

(469,108) (252,500) (455,000) (252,500)

Net cash inflow/(outflow) for the period

84,718 (1,183,889) 86,994 (764,006)

Cash and cash equivalents at the beginning of the period

(915,719) 25,261 (809,195) (282,451)

Cash and cash equivalents at the end of the period (Note A)

(831,001) (1,158,628) (722,201) (1,046,457)

Note A

Cash at bank and hand

53,060 41,508 21,034 15,155

Bank overdraft

(884,061) (1,200,136) (743,235) (1,061,612)

(831,001) (1,158,628) (722,201) (1,046,457)

Figures in bracket indicate deductions.

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



NOTES TO THE FINANCIAL STATEMENTS

1. Other income

For the period - Group

Exchange Gain	2,049	-
Profit on sale of property, plant and equipment	-	3,147
Miscellaneous income	4,531	7,080
	6,580	10,227

July - September		April - September	
2019	2018	2019	2018
Rs.'000	Rs.'000	Rs.'000	Rs.'000
2,049	-	1,741	-
-	3,147	-	3,147
4,531	7,080	8,686	9,159
6,580	10,227	10,427	12,306

For the period - Company

Profit on sale of property, plant and equipment	-	3,029
	-	3,029

July - September		April - September	
2019	2018	2019	2018
Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	3,029	-	3,029
-	3,029	-	3,029

2. Income tax expenses

For the period - Group

Current tax expenses	(84)	(138)
Deferred tax (expenses)/asset recognised	(54,258)	39,434
WHT on Dividend	(66,126)	-
	(120,468)	39,296

July - September		April - September	
2019	2018	2019	2018
Rs.'000	Rs.'000	Rs.'000	Rs.'000
(84)	(138)	(136)	(282)
(54,258)	39,434	(284,595)	(14,674)
(66,126)	-	(66,126)	-
(120,468)	39,296	(350,857)	(14,956)

For the period - Company

Current tax expenses	-	-
Deferred tax expenses	(5,685)	(5,984)
	(5,685)	(5,984)

July - September		April - September	
2019	2018	2019	2018
Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	-	-	-
(5,685)	(5,984)	(12,251)	(9,509)
(5,685)	(5,984)	(12,251)	(9,509)

3. These Provisional Financial Statements for the quarter ended 30th September 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,

Statement of consolidated financial position	1 st April 2019 (Rs. '000)	
	Group	Company
<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	-



NOTES TO THE FINANCIAL STATEMENTS

For the period

	July - September (Rs. '000) 2019		April - September (Rs. '000) 2019	
	Group	Company	Group	Company
Statement of consolidated comprehensive income				
Depreciation allowance in respect of right to use of assets	3,394	-	6,789	-
Finance charge in respect of lease liabilities	720	-	1,492	-

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 September 2019 is 101,250,000 shares (As at 31st March 2019 - 101,250,000 shares).
7. There have been no significant changes in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31st March 2019 other than the following:

- The Department of Inland Revenue issued assessment on Financial VAT (2016/17) amounting to Rs. 20.97Mn and income tax (2017/18) amounting to Rs. 56.03Mn for First Capital Holdings PLC and First Capital Limited (Subsidiary) respectively.

The appeals were submitted against the said assessments. 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 are outside the scope of chargeability of taxes.

8. There have been no material events subsequent to the reporting date which require disclosures/ adjustments in the above provisional financial statements.

9. Net Assets per Share

	As at 30 th September 2019 Rs.	As at 31 st March 2019 Rs.
Group	39.44	35.96
Company	39.44	35.96

10. Market Price per Share

	As at 30 th September 2019 Rs.	As at 31 st March 2019 Rs.
Highest market price recorded	56.70	30.50
Lowest market price recorded	29.00	20.40
Closing market price recorded	48.20	23.10



INVESTOR INFORMATION

List of twenty major shareholders as at 30th September 2019

Name of the shareholder	No. of shares as at 30 th September 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 DFCC Bank PLC/Mr. K.S.D. Senaweera	426,500	0.42%
4 Mrs. Vasudevan Saraswathi	392,000	0.39%
5 Mrs. Sumudu Priyanwada Gunathilake	363,000	0.36%
6 Sandwave Limited	346,647	0.34%
7 People's Leasing & Finance PLC/Mr. D.M.P. Disanayake	324,386	0.32%
8 Mr. Udunuwarage Kingsly Chandana Gunawardena	301,527	0.30%
9 Commercial Bank of Ceylon PLC/Janashakthi Limited	300,703	0.30%
10 Mr. Rajapaksa Vithanage Don Piyathilake & Mr. R.V.D.C.G. Rajapakse	300,034	0.30%
11 Mr. Arunasalam Sithampalam	264,000	0.26%
12 Hatton National Bank PLC/Arunasalam Sithampalam	224,644	0.22%
13 Mr. Nagen Dayaranjan Kurukulasuriya	208,836	0.21%
14 Mr. Amal Joseph Tissera	204,000	0.20%
15 Mr. Parami Tillakaratne	200,968	0.20%
16 Dr. Subashi Nemindi Samarasinghe	200,616	0.20%
17 Mr. Wickramatunga Arachchi Pathiranage Don Mahipala Wickramatunga	200,000	0.20%
18 People's Leasing & Finance PLC/Mr. N.A.D.B. Jayanath	193,884	0.19%
19 Mr. Dhanusha Senajith Duke De Lanerolle	180,000	0.18%
20 Mr. Upali Chandrakumara Bandaranayake	175,000	0.17%
	88,554,642	87.46%

Shareholding of the Directors/ Chief Executive Officer

Name of the Director/ Chief Executive Officer	Designation	No. of shares as at 30 th September 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 September 2019 (Rs.)	822,810,150
Public holding percentage	16.86%
Number of public shareholders	5,522

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.