



First Capital

PROVISIONAL

FINANCIAL

STATEMENTS

QUARTER ENDED 30TH SEPTEMBER 2019

FIRST CAPITAL TREASURIES PLC



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period	Note	July - September 2019 (Unaudited)	September 2018 (Unaudited)	April - September 2019 (Unaudited)	September 2018 (Unaudited)
Income		971,305	588,463	2,103,529	1,498,743
Direct income		969,255	583,792	2,101,784	1,494,069
Direct expenses		(461,372)	(467,031)	(994,906)	(1,072,149)
Net trading income		507,883	116,761	1,106,878	421,920
Other income	1	2,050	4,671	1,745	4,674
Loss on fair valuation of financial assets recognised through profit or loss- measured at fair value		(304,316)	(267,063)	(56,948)	(364,023)
		205,617	(145,631)	1,051,675	62,571
Operating Expenses					
Administrative expenses		(45,012)	(20,115)	(99,158)	(56,665)
Sales and distribution expenses		(1,006)	(2,298)	(1,960)	(4,387)
Other operating expenses		(5,622)	(946)	(13,365)	(5,740)
		(51,640)	(23,359)	(114,483)	(66,792)
Profit/ (loss) before tax		153,977	(168,990)	937,192	(4,221)
Income tax (expense)/ reversal	2	(44,451)	47,433	(265,716)	(119)
Profit/ (loss) for the period		109,526	(121,557)	671,476	(4,340)
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 income		-	-	(1,000)	-
Total comprehensive income for the period		109,526	(121,557)	670,476	(4,340)
Earnings / (loss) per share (Rs.)		7.12	(7.90)	43.63	(0.28)

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



STATEMENT OF FINANCIAL POSITION

As at	Note	30 th September 2019 (Unaudited)	30 th September 2018 (Unaudited)	31 st March 2019 (Audited)
ASSETS				
Cash at banks and in hand		3,082	1,572	2,144
Derivative financial instruments		377	6,313	3,454
Financial assets recognised through profit or loss - measured at fair value		26,887,507	23,440,653	29,533,427
Financial assets- fair value through other comprehensive income		-	1,000	-
Financial assets -at amortised cost		5,868,080	2,965,644	1,863,996
Receivable from related companies		11,207	11,319	11,616
Taxes receivable		1,472	12,093	1,468
Deferred tax asset		540,765	847,517	806,482
Other assets		77,454	106,541	97,706
Property, plant and equipment		22,157	1,165	1,255
Intangible assets		1,358	265	1,399
TOTAL ASSETS		33,413,459	27,394,082	32,322,947
LIABILITIES				
Bank overdrafts		9,806	473	6,660
Derivative financial instruments		575	1,025	2,878
Securities sold under re-purchase agreements		29,059,811	23,611,204	27,482,737
Short term borrowings		-	-	991,384
Creditors and other payables		57,609	20,771	7,392
Payable to related companies		6,359	6,415	716
Taxes payable		90,202	81,822	83,740
Borrowings on listed debentures	4	535,140	534,699	511,111
Retirement benefit obligations		12,533	10,733	11,446
TOTAL LIABILITIES		29,772,035	24,267,142	29,098,064
EQUITY				
Stated capital	5	256,500	256,500	256,500
Risk reserve		1,149,455	1,072,726	1,082,307
Retained earnings		2,237,469	1,797,714	1,887,076
Fair value reserve		(2,000)	-	(1,000)
TOTAL EQUITY		3,641,424	3,126,940	3,224,883
TOTAL EQUITY AND LIABILITIES		33,413,459	27,394,082	32,322,947

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

1st November 2019
Colombo



STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2019

	Stated Capital	Risk Reserve	Retained Earnings	Fair Valuation Reserve	Total Equity
Balance as at 1st April 2018 (Audited)	256,500	1,072,726	1,802,054	-	3,131,280
<u>Total comprehensive income for the period</u>					
Loss for the period	-	-	(4,340)	-	(4,340)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	(4,340)	-	(4,340)
<u>Transactions with equity holders</u>					
Transfer to risk reserve	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-
Balance as at 30th September 2018 (Unaudited)	256,500	1,072,726	1,797,714	-	3,126,940
Balance as at 1st April 2019 (Audited)	256,500	1,082,307	1,887,076	(1,000)	3,224,883
<u>Total comprehensive income for the period</u>					
Profit for the period	-	-	671,476	-	671,476
Other comprehensive income	-	-	-	(1,000)	(1,000)
Total comprehensive income	-	-	671,476	(1,000)	670,476
<u>Transactions with equity holders</u>					
<u>Distribution to equity holders</u>					
Dividend paid (Interim 2019/20)	-	-	(253,935)	-	(253,935)
	-	-	(253,935)	-	(253,935)
Transfer to risk reserve	-	67,148	(67,148)	-	-
Total transactions with equity holders	-	67,148	(321,083)	-	(253,935)
Balance as at 30th September 2019 (Unaudited)	256,500	1,149,455	2,237,469	(2,000)	3,641,424

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
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 assets recognised through profit or loss measured at fair value
(Increase)/ Decrease in financial assets at amortised cost
(Increase)/ Decrease in receivable from related companies
(Increase)/ Decrease in other assets
Increase/ (Decrease) in short term borrowings
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
Investment in Financial assets fair value through other comprehensive income

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 - September	
	2019 (Unaudited)	2018 (Unaudited)
Cash flows from operating activities		
Interest receipts and gains realized	2,100,150	1,491,619
Interest payments and other direct cost	(708,220)	(921,275)
Other receipts	1,745	4,668
Cash payments to employees and suppliers	(65,692)	(65,045)
Operating profit before changes in operating assets and liabilities	1,327,983	509,967
(Increase)/ Decrease in financial assets recognised through profit or loss measured at fair value	2,592,049	(407,682)
(Increase)/ Decrease in financial assets at amortised cost	(4,002,450)	(1,994,307)
(Increase)/ Decrease in receivable from related companies	409	(6,080)
(Increase)/ Decrease in other assets	(873)	132,489
Increase/ (Decrease) in short term borrowings	(991,384)	-
Increase/ (Decrease) in creditors and accrued charges	9,439	11,575
Increase/ (Decrease) in payable to related companies	5,643	(36,063)
Increase/ (Decrease) in borrowings against re-purchase agreements	1,312,114	1,792,514
Cash generated from operations	252,930	2,413
Tax paid	(3)	-
Gratuity paid	-	(1,278)
Net cash from operating activities	252,927	1,135
Cash flow from investing activities		
Purchase of property, Plant and equipment	-	(310)
Purchase of intangible assets	(200)	(50)
Proceeds from disposal of property, plant and equipment	-	6
Investment in Financial assets fair value through other comprehensive income	(1,000)	-
Net cash from/ (used in) investing activities	(1,200)	(354)
Cash flow from financing activities		
Dividend paid	(253,935)	-
Net cash used in financing activities	(253,935)	-
Net cash inflow/ (outflow) for the period	(2,208)	781
Cash and cash equivalents at the beginning of the period (Note A)	(4,516)	318
Cash and cash equivalents at the end of the period (Note B)	(6,724)	1,099
Note A		
Cash at bank and in hand	2,144	3,077
Bank overdraft	(6,660)	(2,759)
	(4,516)	318
Note B		
Cash at bank and in hand	3,082	1,572
Bank overdraft	(9,806)	(473)
	(6,724)	1,099

Figures in bracket indicate deductions.

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



NOTES TO THE FINANCIAL STATEMENTS

	2019/20		2018/19	
	July- September	April- September	July- September	April- September
	Rs'000	Rs'000	Rs'000	Rs'000
1 Other Income				
Exchange gain/ (loss)	2,048	1,741	4,663	4,663
Profit on disposal of fixed asset	-	-	6	6
Miscellaneous income	2	4	2	5
	2,050	1,745	4,671	4,674

	2019/20		2018/19	
	July- September	April- September	July- September	April- September
	Rs'000	Rs'000	Rs'000	Rs'000
2. Income Tax Expenses				
Current Tax Expenses	-	-	-	-
Deferred Tax (expense)/ reversal	(44,451)	(265,716)	47,433	(119)
	(44,451)	(265,716)	47,433	(119)

- 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".
- 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.
- The number of shares represented by stated capital as at 30th September 2019 is 15,390,000 shares (31st March 2019 - 15,390,000 shares).
- 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 Company has adopted SLFRS 16 using modified retrospective method from 1st April 2019, with out restating comparatives for the year 2018/19 reporting period. Accordingly, following amounts have been recognised in the provisional financial statements.

As at	1st April 2019	
	(Rs.'000)	
Statement of financial position		
<u>Property, plant and equipment</u>		
Recognition of right to use of assets	24,375	
	July - September	April - September
	2019	2019
	(Rs.'000)	(Rs.'000)
For the period		
Statement of comprehensive income		
Depreciation allowance in respect of right to use of assets	1,625	3,250



NOTES TO THE FINANCIAL STATEMENTS

7. 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.
8. 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 31st March 2019.
9. **Market Price per Share**
Market value is not available since the shares of the Company are not publicly traded.
10. **Net assets per share**

As at 30th September 2019 Rs.	As at 31st March 2019 Rs.
236.61	209.54



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 th February 2015	Annually	5,000,000	500,000	9.50% (AER - 9.50%)	5 Years	6 th 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 30th September 2019

Debentures with 5 year maturity have not been traded during the quarter ended 30th September 2019. 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 th September 2019	As at 31 st March 2019
Debt/ equity ratio (times)	8.13	8.99
Quick asset ratio (times)	1.13	1.10
Interest cover (times)	1.95	1.06

Debenture Interest Yield

	As at 30 th September 2019	As at 31 st March 2019
5 year fixed rate (9.50 % p.a. payable annually)	9.50%	9.50%

Yield of comparable Government Securities (%)

	As at 30 th September 2019	As at 31 st March 2019
5 Year treasury bond	8.10%	9.99%