



First Capital

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PROVISIONAL

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FINANCIAL

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STATEMENTS

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QUARTER ENDED 30 SEPTEMBER 2016

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**FIRST CAPITAL TREASURIES PLC**



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period	July ~ September		April ~ September	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
<b>Income</b>	<b>789,488</b>	<b>54,073</b>	<b>1,277,662</b>	<b>328,235</b>
Direct income	785,981	47,695	1,274,146	321,806
Direct expenses	(625,295)	(127,053)	(1,044,893)	(293,262)
<b>Net trading income/ (expense)</b>	<b>160,686</b>	<b>(79,358)</b>	<b>229,253</b>	<b>28,544</b>
Other income	3,507	6,378	3,516	6,429
Gain/ (loss) on fair valuation of financial investments - held for trading	246,568	(93,897)	246,485	(51,985)
	<b>410,761</b>	<b>(166,877)</b>	<b>479,254</b>	<b>(17,012)</b>
Less:				
Administrative expenses	(52,159)	(35,280)	(79,800)	(69,536)
Sales and distribution expenses	(4,512)	(3,985)	(10,717)	(6,879)
Other operating (expenses)/ income	(13,696)	2,787	(17,799)	(3,165)
	<b>(70,367)</b>	<b>(36,478)</b>	<b>(108,316)</b>	<b>(79,580)</b>
<b>Profit/ (loss) before taxation</b>	<b>340,394</b>	<b>(203,355)</b>	<b>370,938</b>	<b>(96,592)</b>
Income tax expense	-	-	-	-
<b>Profit/ (loss) for the period</b>	<b>340,394</b>	<b>(203,355)</b>	<b>370,938</b>	<b>(96,592)</b>
<b>Other comprehensive income/ (expense)</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/ (expense) for the period</b>	<b>340,394</b>	<b>(203,355)</b>	<b>370,938</b>	<b>(96,592)</b>
<b>Earnings/ (loss) per share (Rs.)</b>	<b>22.12</b>	<b>(13.21)</b>	<b>24.10</b>	<b>(6.28)</b>

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



## STATEMENT OF FINANCIAL POSITION

As at	Note	30 Sep 2016 (Unaudited)	30 Sep 2015 (Unaudited)	31 March 2016 (Audited)
<b>ASSETS</b>				
Cash at banks and in hand		3,733	3,442	1,382
Derivative financial instruments		20,161	-	40,861
Financial investments - Held for trading		16,257,111	8,006,601	9,206,856
Financial investments - Available for sale		1,000	1,000	1,000
Financial investments - Loans and receivables		13,306,967	1,899,499	5,903,738
Receivable from related companies		241	264	422
Taxes receivable		12,093	12,091	12,093
Other assets		138,476	258,832	137,591
Property, plant and equipment		2,964	13,283	5,697
Intangible assets		1,319	2,398	1,552
<b>Total Assets</b>		<b>29,744,065</b>	<b>10,197,410</b>	<b>15,311,192</b>
<b>LIABILITIES</b>				
Bank overdrafts		-	99,323	1,532
Derivative financial instruments		18,329	158	20,835
Securities sold under re-purchase agreements		27,271,504	8,156,448	13,271,621
Trade and other payables		94,381	71,768	54,028
Payable to related companies		4,412	85	3,495
Retirement benefit obligations		13,172	10,443	12,327
Borrowings on listed debentures	4	533,928	528,892	509,953
<b>Total Liabilities</b>		<b>27,935,726</b>	<b>8,867,117</b>	<b>13,873,791</b>
<b>EQUITY</b>				
Stated capital	5	256,500	256,500	256,500
Risk reserve		908,357	870,141	871,262
Retained earnings		643,482	203,652	309,639
<b>Total Equity</b>		<b>1,808,339</b>	<b>1,330,293</b>	<b>1,437,401</b>
<b>Total Equity &amp; Liabilities</b>		<b>29,744,065</b>	<b>10,197,410</b>	<b>15,311,192</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.)  
Manjula Mathews (Ms.)  
**Chairperson**

(Sgd.)  
Dinesh Schaffter  
**Managing Director**

15 November 2016  
Colombo

## STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Stated Capital	Risk Reserve	Retained Earnings	Total Equity
<b>Balance as at 01 April 2015 (Audited)</b>	<b>256,500</b>	<b>870,141</b>	<b>300,244</b>	<b>1,426,885</b>
<b><u>Total comprehensive income for the period</u></b>				
Loss for the period	-	-	(96,592)	(96,592)
Other comprehensive income	-	-	-	-
<b>Total comprehensive expense</b>	<b>-</b>	<b>-</b>	<b>(96,592)</b>	<b>(96,592)</b>
<b><u>Transactions with equity holders</u></b>				
Transfer to risk reserve	-	-	-	-
<b>Total transactions with equity holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 30 September 2015 (Unaudited)</b>	<b>256,500</b>	<b>870,141</b>	<b>203,652</b>	<b>1,330,293</b>
<b>Balance as at 01 April 2016 (Audited)</b>	<b>256,500</b>	<b>871,262</b>	<b>309,639</b>	<b>1,437,401</b>
<b><u>Total comprehensive income for the period</u></b>				
Profit for the period	-	-	370,938	370,938
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>370,938</b>	<b>370,938</b>
<b><u>Transactions with equity holders</u></b>				
Transfer to risk reserve	-	37,095	(37,095)	-
<b>Total transactions with equity holders</b>	<b>-</b>	<b>37,095</b>	<b>(37,095)</b>	<b>-</b>
<b>Balance as at 30 September 2016 (Unaudited)</b>	<b>256,500</b>	<b>908,357</b>	<b>643,482</b>	<b>1,808,339</b>

Figures in bracket indicate deductions.

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

## STATEMENT OF CASH FLOWS

For the period

	April ~ September	
	2016 (Unaudited)	2015 (Unaudited)
<b>Cash flows from operating activities</b>		
Interest receipts and gains realized	1,213,369	319,972
Interest payments and other direct cost	(694,588)	(130,373)
Other receipts	12	6,379
Cash payments to employees and suppliers	(76,606)	(69,854)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>442,187</b>	<b>126,124</b>
(Increase)/ Decrease in financial investments - held for trading	(6,785,574)	588,759
(Increase)/ Decrease in financial investments - loans and receivables	(7,342,452)	5,426,217
(Increase)/ Decrease in receivable from related companies	181	(39)
(Increase)/ Decrease in other assets	(885)	(201,744)
Increase/ (Decrease) in trade and other payables	13,353	(34,059)
Increase/ (Decrease) in payable to related companies	917	(5,203)
Increase/ (Decrease) in borrowings against re-purchase agreements	13,673,553	(5,994,341)
<b>Cash generated/ (used) in operations</b>	<b>1,280</b>	<b>(94,286)</b>
Tax paid (ESC)	-	(1,040)
<b>Net cash flow from operating activities</b>	<b>1,280</b>	<b>(95,326)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, Plant and equipment	(901)	(2,725)
Sale of property plant and equipment	3,504	50
<b>Net cash from/ (used) in investing activities</b>	<b>2,603</b>	<b>(2,675)</b>
<b>Net cash flow from financing activities</b>		
	-	-
<b>Net cash inflow/ (outflow) for the period</b>	<b>3,883</b>	<b>(98,001)</b>
Cash and cash equivalents at the beginning of the period (Note A)	(150)	2,120
<b>Cash and cash equivalents at the end of the period (Note B)</b>	<b>3,733</b>	<b>(95,881)</b>
<b>Note A</b>		
Cash at banks and in hand	1,382	2,120
Bank overdraft	(1,532)	-
	<b>(150)</b>	<b>2,120</b>
<b>Note B</b>		
Cash at banks and in hand	3,733	3,442
Bank overdraft	-	(99,323)
	<b>3,733</b>	<b>(95,881)</b>

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 30-Sep-16 Rs.	As at 31-Mar-16 Rs.
	117.50	93.40

- 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 2016 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 30 September 2016 is 15,390,000 shares (31 March 2016 - 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 2016 other than the following :  
  
In September 2016, the Department of Inland Revenue issued an assessment on Financial VAT for 2013/14 amounting to Rs. 60.8 Mn. The Company submitted its appeal against the said assessment. Based on tax consultant's opinion, the Board of Directors of the Company is of the view that no liability would arise since the assessment is 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

#### Market value as at 30 September 2016

Debentures with 5 year maturity have not been traded during the quarter ended 30 September 2016. Hence, the par value of Rs. 100.00 is recognised as its market value.

#### 5 year fixed rate (9.50% p.a. payable annually)

Highest price  
Lowest price  
Last traded price

	As at 30-Sep-16	As at 30-Sep-15	As at 31-Mar-16
Highest price	-	98.27	95.37
Lowest price	-	98.27	95.37
Last traded price	-	98.27	95.37

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

#### Debt Ratios

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

	As at 30-Sep-16	As at 30-Sep-15	As at 31-Mar-16
Debt/ equity ratio (times)	15.38	6.60	9.59
Quick asset ratio (times)	1.08	1.20	1.13
Interest cover (times)	1.36	0.67	1.02

#### Debenture Interest Yield

5 year fixed rate (9.50 % p.a. payable annually)

	As at 30-Sep-16	As at 30-Sep-15	As at 31-Mar-16
5 year fixed rate (9.50 % p.a. payable annually)	9.50%	9.67%	9.96%

#### Yield of comparable Government Securities

5 Year treasury bond

	As at 30-Sep-16	As at 30-Sep-15	As at 31-Mar-16
5 Year treasury bond	10.88%	9.34%	12.19%