



DUNAMIS CAPITAL PLC

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DUNAMIS CAPITAL PLC

Provisional Financial Statements
Quarter ended 31 March 2013

INCOME STATEMENT

For the period	Group			
	January ~ March		April ~ March	
	2013	2012	2013	2012
Revenue	807,660	182,486	2,068,405	1,097,219
Cost of sales	(503,742)	(216,519)	(1,491,537)	(972,352)
Gross profit/(loss)	303,918	(34,033)	576,868	124,867
Other operating income	52,268	8,688	88,260	51,037
Less:				
Administrative expenses	(60,567)	(59,929)	(245,115)	(181,342)
Provision for bad debts	-	(25,801)	-	(156,701)
Distribution expenses	(3,705)	(867)	(9,885)	(4,536)
Provision for fall in value of assets held for sale	(37,802)	-	(37,802)	-
Provision for fall in value of investment in subsidiary	(3,217)	-	(3,217)	-
Provision for bad and doubtful debt	(4,737)	-	(4,737)	-
Loss on disposal of a subsidiary	(3,791)	-	(3,791)	-
Goodwill written off	(19,261)	-	(19,261)	-
Other expenses	8,817	(745)	(751)	(142,352)
Profit/(loss) from operations	231,923	(112,687)	340,569	(309,027)
Finance expense	(1,537)	(1,442)	(8,761)	(7,854)
Profit/(loss) before tax	230,386	(114,129)	331,808	(316,881)
Taxation	(2,381)	12,180	(26,500)	(16,085)
Profit/(loss) after tax	238,005	(101,949)	305,308	(332,966)
Attributable to:				
Equity holders of the parent	132,000	(73,918)	160,441	(263,124)
Minority interest	96,005	(28,031)	144,867	(69,842)
	228,005	(101,949)	305,308	(332,966)
Earnings/ (loss) per share	1.07	(0.60)	1.30	(2.14)

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

INCOME STATEMENT

For the period	Company			
	January ~ March		April ~ March	
	2013	2012	2013	2012
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Other operating income	493,809	13,946	932,263	57,840
Less:				
Administrative expenses	(20,043)	(12,572)	(42,618)	(24,993)
Provision for fall in value of investment in subsidiary	(3,217)	(67,382)	(3,217)	(67,382)
Loss on disposal of a subsidiary	(3,791)	-	(3,791)	-
Goodwill written off	(73,394)	-	(73,394)	-
Other expenses	-	-	-	(82,032)
Profit/(loss) from operations	393,364	(66,008)	809,243	(116,567)
Finance expense	(43,742)	(12,837)	(75,970)	(54,054)
Profit/(loss) before tax	349,622	(78,845)	733,273	(170,621)
Taxation	1,555	-	1,555	(1,555)
Profit/(loss) after tax	351,177	(78,845)	734,828	(172,176)
Earnings/ (loss) per share	2.86	(0.64)	5.97	(1.40)

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

BALANCE SHEET

As at	Group		Company	
	31-Mar-13	31-Mar-12 (Audited)	31- Mar-13	31-Mar-12 (Audited)
ASSETS				
Non-current assets				
Property, plant & equipment	43,779	23,085	10,608	14,472
Investments in subsidiaries	-	-	1,335,522	616,319
Investment property	96,248	396,042	96,248	396,042
Group balance receivable	-	-	-	130,000
Investments in securities	91,465	91,465	-	-
Venture capital investment	6,000	8,000	-	-
Debenture Investment	66,960	-	66,960	-
Deferred tax asset	46,725	49,485	-	-
Intangible assets	288,052	303,453	37	-
	639,229	871,530	1,509,375	1,156,833
Current assets				
Inventories	370,175	393,103	-	-
Trade and other receivables	495,843	454,775	55,655	3,566
Group balance receivable	-	2,820	-	5,350
Short term investments	12,872,475	6,177,984	-	-
Cash and cash equivalents	22,074	19,239	815	3,380
	13,760,567	7,047,921	56,470	12,296
Assets held for sale	42,416	80,218	-	-
Total assets	14,442,212	7,999,669	1,565,845	1,169,129
EQUITY AND LIABILITIES				
Capital & reserves				
Stated capital	445,994	445,994	445,994	445,994
Risk reserves	384,095	292,865	-	-
Capital reserves	15,000	-	-	-
General reserves	7,500	-	-	-
Revenue reserves	423,457	339,777	551,964	(182,943)
Equity attributable to the parent	1,276,046	1,078,636	997,958	263,051
Minority interest	574,336	452,826	-	-
Total equity	1,850,382	1,531,462	997,958	263,051
Non-current liabilities				
Deferred tax liability	1,373	1,373	1,373	1,373
Retirement benefit obligations	13,832	12,081	1,215	1,215
	15,205	13,454	2,588	2,588
Current liabilities				
Securities sold under re-purchase agreements	11,778,328	4,846,739	-	-
Trade & other payables	206,721	230,546	7,246	22,974
Group balance payable	286	32,303	553,597	879,099
Short-term borrowings	581,494	1,338,305	-	-
Bank overdrafts	9,796	6,860	4,456	1,417
	12,576,625	6,454,753	565,299	903,490
Total equity & liabilities	14,442,212	7,999,669	1,565,845	1,169,129

Note: All values are in Rupees '000s 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.)
Ramani Gunathilake
Finance Manager

The Board of Directors is responsible for the preparation and presentation of these financial statements.

(Sgd.)
Manjula Mathews
Managing Director

(Sgd.)
A.D.E.I. Perera
Director

May 31, 2013
Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP

For the year ended 31 March 2013

	Stated Capital	Risk Reserve	Other Reserve	Capital Reserve	Retained earnings	Total	Minority Interest	Total equity
Balance as at 1 April 2011	445,994	292,865	-	-	569,772	1,308,631	626,628	1,935,259
Loss for the period	-	-	-	-	(263,124)	(263,124)	(69,842)	(332,966)
Adjustments due to acquisition	-	-	-	-	33,129	33,129	(33,129)	-
Repurchase of ordinary shares	-	-	-	-	-	-	(439)	(439)
Dividend paid	-	-	-	-	-	-	(70,392)	(70,392)
As at 31 March 2012	445,994	292,865	-	-	339,777	1,078,636	452,826	1,531,462
Balance as at 1 April 2012	445,994	292,865	7,500	15,000	339,777	1,101,136	452,826	1,553,962
Profit for the period	-	-	-	-	160,441	160,441	144,867	305,308
Transfer to risk reserve	-	91,230	-	-	(91,230)	-	-	-
Adjustments due to acquisition	-	-	-	-	14,469	14,469	(14,469)	-
Dividend paid	-	-	-	-	-	-	(8,888)	(8,888)
As at 31 March 2013	445,994	384,095	7,500	15,000	423,457	1,276,046	574,336	1,850,382

COMPANY

	Stated Capital	Retained Earnings	Total Equity
Balance as at 1 April 2011	445,994	(10,767)	435,227
Loss for the period	-	(172,176)	(172,176)
As at 31 March 2012	445,994	(182,943)	263,051
Balance as at 1 April 2012	445,994	(182,863)	263,131
Profit for the period	-	734,828	734,827
As at 31 March 2013	445,994	551,964	997,958

SEGMENT INFORMATION

For the year ended 31 March 2013

	Financial Services	Property Development	Export Manufacturing	Group Adjustments	Group
Total revenue	1,894,092	231,485	56,081	(113,253)	2,068,405
Profit / (loss) from operations	406,860	(9,632)	2,461	(59,120)	340,569
Finance expenses	(75,970)	(45,410)	(634)	113,253	(8,761)
Profit / (loss) before tax	330,890	(55,042)	1,827	54,133	331,808
Taxation	(26,242)	(39)	(219)	-	(26,500)
Profit / (loss) for the period	304,648	(55,081)	1,608	54,133	305,308

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

CASH FLOW STATEMENT

For the period ended	Group		Company	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Marc-12
Cash flows from operating activities				
Profit/(loss) before taxation	331,808	(316,881)	733,273	(170,621)
Adjustments for:				
Depreciation	16,100	11,846	4,695	5,467
Amortisation/ impairment of intangible assets	-	43,284	-	-
Interest paid	8,761	7,854	75,970	54,054
Dividend income	-	-	(424,883)	(21,887)
Profit/(loss) on sale of property, plant and equipment	4	(3,426)	4	(3,426)
Profit/(loss) on sale of investment	-	(35,665)	(465,505)	(21,217)
Profit on disposal of Investment property	(15,000)	-	(15,000)	-
Profit on disposal of Investment securities	(195,902)	-	-	-
Provision for gratuity	1,751	1,604	-	11
Provision for fall in value of investment in subsidiary	-	-	-	67,382
Provision for fall in value of assets held for sale	37,802	-	-	-
Loss on sale of venture capital	80	-	-	-
Provision for impairment of investment property	-	35,000	3,217	35,000
Provision for slow moving inventory	-	412	-	-
Provision for bad debts	-	156,701	-	-
Provision for group balance receivable	-	-	-	47,032
Written off of goodwill	19,261	-	73,394	-
Operating Profit/(loss)before working capital changes	204,665	(99,271)	(14,836)	(8,205)
Change in inventories	22,928	(277,566)	-	-
Change in trade & other receivables	(40,375)	329,802	(52,088)	112
Change in related party receivable	(2,820)	41,971	5,575	(4,218)
Change in short term investments	(6,681,140)	3,831,091	-	-
Change in trade & other payables	(23,825)	(25,836)	(14,173)	9,588
Change in interest bearing borrowings	(756,811)	322,129	-	-
Change in securities purchased under re-purchases agreements	6,931,589	(3,841,851)	-	-
Change in related party payables	(32,017)	(92,501)	(538,713)	64,484
Cash generated from/(used in) operations	(377,806)	187,968	(614,235)	61,761
Interest paid	(8,761)	(7,854)	(75,970)	(54,054)
Income tax paid	(24,334)	(29,290)	-	-
Gratuity paid	(177)	(2,566)	-	-
Net cash generated from/(used in) in operations	(411,078)	148,258	(690,205)	7,707
Cash flows from investing activities				
Investment in subsidiaries	(13,208)	(43,799)	(13,208)	(43,799)
Investment in debentures	(66,960)	-	(66,960)	-
Acquisition of property, plant & equipment	(36,794)	(10,952)	(744)	(8,785)
Acquisition of investment securities	(996,919)	(90,465)	-	-
Acquisition of intangible assets	(3,860)	9,894	(50)	-
Proceeds from sale of investment property	315,000	(96,042)	315,000	(96,042)
Disposal of Investment securities	1,194,802	-	-	-
Proceeds from sale of property, plant & equipment	-	7,473	-	7,467
Proceeds from sale of investment	25,886	154,253	25,886	122,342
Proceeds from sale of venture capital investment	1,920	-	-	-
Dividend receipt	-	-	424,883	21,886
Capitalisation of expenses incurred on Nuwara Eliya project	-	-	(206)	-
Staff loan recovered	-	1,521	-	-
Net cash flows from / (used in) investing activities	419,867	(68,117)	684,601	3,069
Cash flows from financing activities				
Proceeds to minority shareholders	(8,888)	(70,831)	-	-
Net cash used in financing activities	(8,888)	(70,831)	-	-
Net change in cash & cash equivalents	(99)	9,310	(5,603)	10,776
Cash & cash equivalent at the beginning of the period	12,377	3,069	1,962	(8,813)
Cash & cash equivalent at the end of the period	12,278	12,379	(3,641)	1,963
Note A				
Cash in hand and at bank	22,074	19,239	815	3,380
Bank overdraft	(9,796)	(6,860)	(4,456)	(1,417)
Cash & cash equivalent at the end of the period	12,278	12,379	(3,641)	1,963

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

NOTES TO THE FINANCIAL STATEMENTS

1. The Provisional (Interim) Financial Statements have been prepared on the basis of the same accounting policies and methods applied for the year ended 31 March 2012 and are in compliance with the Sri Lanka Accounting Standard 35 - Interim Financial Reporting. Previous year figures and phrases have been re-arranged wherever necessary to conform to the current presentation.

The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards which has become applicable for financial periods beginning on or after 1 January 2012. These Sri Lanka Accounting Standards comprise Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS).

The Company is required to prepare interim financial statements in accordance with LKAS 34 - Interim Financial Reporting. However, the Institute of Chartered Accountants of Sri Lanka has decided to allow Companies to prepare interim financial statements during the first financial year commencing on or after 01 January 2012 in accordance with the Sri Lanka Accounting Standards that existed immediately prior to that date (SLASs) with disclosures on impact to the Statement of Comprehensive Income for the period and Net Assets based on SLFRS/LKAS. If determination of the impact is impracticable, Companies are required to disclose that fact.

The Company quantified the impact to the Statement of Comprehensive Income for the period (before taxes) and Net Assets based on the new/revised Sri Lanka Accounting Standards and such impact is detailed below.

Impact (before taxes) of application of New/Revised Sri Lanka Accounting Standards (SLFRS/LKAS)

No	Scope of Impact	Description	For the year ended 31 March 2013		Net Assets as at 31 March 2013	Net Assets as at 31 March 2012
			Profit for the year	Other Comprehensive Income		
1	Investment in Government Securities (Dealing Securities)	Classified as "Fair Value through Profit and Loss" and measured at fair value with changes in fair value taken to Income Statement	Increase by Rs.61.04Mn	No impact	Increase by Rs.61.04Mn	No impact
2	Investment in Corporate Debt Securities (Dealing Securities)	Classified as loans and receivables and Initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method. Even though the LKAS 39 requires using the effective interest rate (EIR) method due to the short term nature of the major instruments (less than 3 months) the impact on applying effective interest rate (EIR) method is assessed as insignificant to the Financial Statements.	No significant impact	No impact	No significant impact	No significant impact
3	Investments under Resale Agreements	Classified as loans and receivables and Initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method. Even though the LKAS 39 requires using the effective interest rate (EIR) method due to the short term nature of the instrument (less than 3 months) the impact on applying effective interest rate (EIR) method is assessed as insignificant to the Financial Statements	No significant impact	No impact	No significant impact	No significant impact

No	Scope of Impact	Description	For the year ended 31 March 2013		Net Assets as at 31 March 2013	Net Assets as at 31 March 2012
			Profit for the year	Other Comprehensive Income		
4	Margin Trading Debtors	Classified as loans and receivables and Initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method. Current accounting practice is line with the new standards.	No impact	No impact	No impact	No impact
5	Staff Loans	Measured at fair value using the market interest rate. Current accounting practice is not in line with the new standards. However, the Impact is immaterial to the Financial Statements.	No impact	No significant impact	No significant impact	No significant impact
6	Securities sold under re purchase agreements	Initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method. Even though the LKAS 39 requires using the effective interest rate (EIR) method due to the short term nature of the instrument (less than 3 months) the impact on applying effective interest rate (EIR) method is assessed as insignificant to the Financial Statements.	No significant impact	No impact	No significant impact	No significant impact
7	Interest Rate Swaps (IRS)	Fair value of derivatives should be determined based on present value. The fair value of assets and liabilities are required to be presented gross on the balance sheet.	No impact	Increase by Rs.8.39Mn	Increase by Rs.8.39Mn	Increase by Rs.17.58Mn
8	Investment Properties	Initially recognized at cost and continue with cost model as per SLFRS 40. Current accounting practice is line with the new standards.	No impact	No impact	No impact	No impact

NOTES TO THE FINANCIAL STATEMENTS

2. Earnings per share Year ended 31 March

Net profit /(loss) attributable to equity holders of the parent
Weighted average number of ordinary shares in issue
Earnings/(loss) per share (Rs.)

Group	
2013	2012
160,441	(263,124)
122,997,050	122,997,050
1.30	(2.14)

Company	
2013	2012
734,827	(172,177)
122,997,050	122,997,050
5.97	(1.40)

3. Net assets per share As at 31 March

Group	
2013	2012
Rs.	Rs.
10.37	8.77

Company	
2013	2012
Rs.	Rs.
8.11	2.14

4. Market price per share

For the period ended

Highest market price recorded
Lowest market price recorded
Closing market price recorded

31-Mar-13	31-Mar-12
Rs.Cts	Rs.Cts
12.90	16.80
9.50	9.60
11.70	10.00

5. The number of shares represented by stated capital as at 31 March 2013 is 122,997,050 shares.
6. In accordance with accounting policy, short term investments are valued at the lower of cost or market value. The cost of short term investments as at 31 March 2013 is Rs.13,462.5 Mn compared to the market value of Rs. 13,523.5 Mn.
7. Investment Securities mainly consist of an equity investment in Orient Finance PLC valued at cost amounting to Rs. 90.4 Mn. The Market Value of the said investment is Rs. 344.56 Mn as at 31 March 2013.
8. There have been no significant changes in the nature of contingent liabilities, which were disclosed in the Annual Report for the year ended 31 March 2012.
9. Disclosures in relation to related party transactions in accordance with the Continuing Listing Requirements of the Colombo Stock Exchange (Section 8).
 - PVIC Management Company Limited, a subsidiary of the Company repurchased 18.71 Mn of its own shares at a cost of Rs.744.7 Mn during the period in accordance with the provisions of Section 64 of the Companies Act No. 07 of 2007.
 - The Company amalgamated with its fully owned subsidiary, Kelsey Holdings Limited with effect from 01 March 2013 in accordance with the provisions of Section 242 of the Companies Act No. 07 of 2007.
10. There have been no material events subsequent to the balance sheet date which require disclosures or adjustments in the interim financial statements other than those disclosed below.
 - 10.1 37 Million shares held by the Company in First Capital Holdings PLC has been pledged as security for bank facilities taken by Dunamis Capital PLC from Seylan Bank PLC.
 - 10.2 In May 2013 an entity controlled by a subsidiary, namely First Capital Holdings PLC acquired 100% of DNH Financial (Private) Limited, stock brokering company for Rs. 185 Mn. The effective shareholding of First Capital Holdings PLC in DNH Financial (Private) Limited is 70%.
 - 10.3 In May 2013 the Company entered into an agreement with a subsidiary Kelsey Property Developers (Pvt) Limited to purchase a property for Rs. 440 Mn. Kelsey Property Developers (Pvt) Limited will realise a profit of approximately Rs.180Mn as a result of this transaction. This transaction will have no impact on the consolidated results of Dunamis Capital PLC.

INVESTOR INFORMATION

List of top twenty major shareholders as at 31 March 2013

	Names of shareholders	No. of Shares	Holding (%)
1	First Capital Markets Ltd/ Nextventures Limited	26,244,562	21.34%
2	Pan Asia Banking Corporation PLC / Ms. M Mathews	26,003,365	21.14%
3	Mr.D.Schaffter	20,274,918	16.48%
4	HSBC International Nominees Limited - SSBT-Deutsche Bank	12,398,723	10.08%
5	Commercial Bank of Ceylon PLC / Janashakthi Limited	9,400,000	7.64%
6	Janashakthi Limited	7,924,473	6.44%
7	HSBC International Nominees Limited - UBS AG Singapore Branch	4,475,983	3.64%
8	Mrs. R.S.L De Mel	2,000,000	1.63%
9	Seylan Bank PLC / Janashakthi Limited	1,899,000	1.54%
10	Nextventures Limited	1,213,500	0.99%
11	Mr. A Sithampalam	466,328	0.38%
12	Dr. R.M.S Pieris	304,800	0.25%
13	Mr. R.E Rambukwelle	298,850	0.24%
14	Mr. D.A Edussuriya	281,500	0.23%
15	Mr. Aruna Enterprises (Pvt)Limited	260,345	0.21%
16	Mr D.S.D De Lanerolle	250,000	0.20%
17	Mr.Abeysiri Hemapala Munasinghe	243,727	0.20%
18	Mrs.W.A.D.S.Wijesooriya	221,600	0.18%
19	Mrs.Julia Anne De Mel	200,000	0.16%
20	Mr. Abdul Azeez Mohamed Razik	138,043	0.11%

The percentage of shares held by the public , as defined in the regulations of Colombo Stock Exchange was 14.3% as at 31 March 2013.

The number of shares held by the members of the Board of Directors are as follows

Name	No. of Shares 31 March 2013	%
Ms. M. Mathews	26,003,365	21.14
Mr. D. Schaffter	20,274,918	16.48
Mr. N.E. Rodrigo	13,000	0.01
Mr. A.D.E.I. Perera	-	-
Mr. C. L. De Silva	-	-