



**DUNAMIS CAPITAL PLC**  
————— *Igniting value*

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# **PROVISIONAL**

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# **FINANCIAL**

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# **STATEMENTS**

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QUARTER ENDED 31 DECEMBER 2016

## REVIEW OF OPERATIONS

Dunamis Capital PLC recorded a consolidated loss after tax of Rs. 215.4 Mn for the first nine months of the financial year 2016/17 compared to the loss of Rs.111.9 Mn in the corresponding period of the previous year.

First Capital reported a consolidated profit after tax of Rs. 131.8 Mn compared to Rs. 133.5 Mn in the previous nine months. The main contributing factors are net interest income and gains on sale of government securities.

At Company level, Dunamis Capital PLC recorded a loss after tax of Rs. 208.7 Mn compared to a profit after tax of Rs. 35.5 Mn for cumulative third quarter result in 2015/16. During the period under review, Company has invested in real estate to support its planned expansion. This has therefore resulted in an increase in finance costs by Rs. 97 Mn compared to the previous year.

Kelsey Developments PLC, recorded a consolidated loss after tax of Rs.28.9 Mn compared to a loss after tax of Rs. 58.7 Mn in 2015/16. Development work at Verdant Villas in Negombo was completed and the project was launched in December 2016.

Further, development work with regard to the condominium project in Mt. Lavinia is at the design stage and the Biyagama land development project is expected to be launched in March.

Premier Synthetic Leather, recorded a loss after tax of Rs. 117.6 Mn during the period (2015/16 – loss after tax of Rs. 70.3 Mn). Company expects to stem the losses in 2017/18.

(Sgd.)

Dinesh Schaffter

**Managing Director**

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| For the period ended                                                                                       | Group                                   |                   |                                       |                   |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------|---------------------------------------|-------------------|
|                                                                                                            | October ~ December<br>2016<br>Unaudited | 2015<br>Unaudited | April ~ December<br>2016<br>Unaudited | 2015<br>Unaudited |
| Revenue                                                                                                    | 1,206,438                               | 710,441           | 3,669,221                             | 1,597,964         |
| Cost of sales                                                                                              | (1,020,017)                             | (499,451)         | (3,047,999)                           | (1,131,674)       |
| Gross profit                                                                                               | 186,421                                 | 210,990           | 621,222                               | 466,290           |
| Other operating income                                                                                     | 12,041                                  | 4,885             | 174,462                               | 156,401           |
| Gain/(loss) on fair value of financial investments - held for trading                                      | (454,588)                               | 19,387            | (109,520)                             | 12,348            |
| <b>Less:</b>                                                                                               |                                         |                   |                                       |                   |
| Administrative expenses                                                                                    | (144,456)                               | (166,166)         | (476,132)                             | (468,443)         |
| Sales and distribution expenses                                                                            | (31,218)                                | (21,740)          | (66,737)                              | (56,181)          |
| Other operating expenses                                                                                   | (6,522)                                 | (8,928)           | (36,975)                              | (23,498)          |
|                                                                                                            | (438,322)                               | 38,428            | 106,320                               | 86,918            |
| Share of profit of equity-accounted investee (net of tax)                                                  | -                                       | -                 | -                                     | 9,607             |
| Profit/(loss) from operations                                                                              | (438,322)                               | 38,428            | 106,320                               | 96,525            |
| Finance expenses                                                                                           | (99,713)                                | (67,500)          | (297,324)                             | (193,246)         |
| <b>Loss before tax</b>                                                                                     | (538,035)                               | (29,072)          | (191,004)                             | (96,721)          |
| Income tax expense                                                                                         | 3,870                                   | (3,234)           | (24,446)                              | (15,205)          |
| <b>Loss for the period</b>                                                                                 | (534,165)                               | (32,306)          | (215,450)                             | (111,926)         |
| <b>Other comprehensive income</b>                                                                          |                                         |                   |                                       |                   |
| <b>Items that are or may be reclassified to profit or loss</b>                                             |                                         |                   |                                       |                   |
| Reclassification of fair valuation reserve of financial investments - available for sale to profit or loss | -                                       | -                 | -                                     | 1,572             |
| Share of loss on fair valuation of financial investments - available for sale (Equity accounted investee)  | -                                       | -                 | -                                     | (8)               |
| Other comprehensive income, net of tax                                                                     | -                                       | -                 | -                                     | 1,564             |
| <b>Total comprehensive income for the period</b>                                                           | (534,165)                               | (32,306)          | (215,450)                             | (110,362)         |
| <b>Loss attributable to:</b>                                                                               |                                         |                   |                                       |                   |
| Equity-holders of the parent                                                                               | (452,698)                               | (61,202)          | (253,384)                             | (129,086)         |
| Non-controlling interests                                                                                  | (81,467)                                | 28,896            | 37,934                                | 17,160            |
|                                                                                                            | (534,165)                               | (32,306)          | (215,450)                             | (111,926)         |
| <b>Total comprehensive income attributable to:</b>                                                         |                                         |                   |                                       |                   |
| Equity-holders of the parent                                                                               | (452,698)                               | (61,202)          | (253,384)                             | (127,913)         |
| Non-controlling interests                                                                                  | (81,467)                                | 28,896            | 37,934                                | 17,551            |
|                                                                                                            | (534,165)                               | (32,306)          | (215,450)                             | (110,362)         |
| <b>Basic loss per share (Rs.)</b>                                                                          | (3.68)                                  | (0.50)            | (2.06)                                | (1.05)            |

Note: All values are in rupees '000s unless otherwise stated.  
Figures in brackets indicate negative balances.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| For the period ended                                           | Company                                 |                   |                                       |                   |
|----------------------------------------------------------------|-----------------------------------------|-------------------|---------------------------------------|-------------------|
|                                                                | October ~ December<br>2016<br>Unaudited | 2015<br>Unaudited | April ~ December<br>2016<br>Unaudited | 2015<br>Unaudited |
| Revenue                                                        | -                                       | -                 | 26,623                                | 189,412           |
| Cost of sales                                                  | -                                       | -                 | -                                     | -                 |
| Gross profit                                                   | -                                       | -                 | 26,623                                | 189,412           |
| Other operating income                                         | 9,619                                   | 16,156            | 125,248                               | 96,719            |
| Loss on fair value of financial investments - held for trading | (64,352)                                | (24,152)          | (20,447)                              | 8,343             |
| <b>Less:</b>                                                   |                                         |                   |                                       |                   |
| Administrative expenses                                        | (18,774)                                | (27,526)          | (60,654)                              | (74,048)          |
| Other operating expenses                                       | (1,413)                                 | (292)             | (3,280)                               | (4,400)           |
| Profit/(loss) from operations                                  | (74,920)                                | (35,814)          | 67,490                                | 216,026           |
| Finance expenses                                               | (93,450)                                | (66,845)          | (275,136)                             | (178,248)         |
| <b>Loss before tax</b>                                         | (168,370)                               | (102,659)         | (207,646)                             | 37,778            |
| Income tax expense                                             | (1,088)                                 | (2,046)           | (1,088)                               | (2,277)           |
| <b>Loss for the period</b>                                     | (169,458)                               | (104,705)         | (208,734)                             | 35,501            |
| <b>Other comprehensive income, net of tax</b>                  | -                                       | -                 | -                                     | -                 |
| <b>Total comprehensive income for the period</b>               | (169,458)                               | (104,705)         | (208,734)                             | 35,501            |
| <b>Basic loss per share (Rs.)</b>                              | (1.38)                                  | (0.85)            | (1.70)                                | 0.29              |

Note: All values are in rupees '000s unless otherwise stated.  
Figures in brackets indicate negative balances.

## STATEMENT OF FINANCIAL POSITION

| As at,                                                  | Group                    |                          |                        | Company                  |                          |                        |
|---------------------------------------------------------|--------------------------|--------------------------|------------------------|--------------------------|--------------------------|------------------------|
|                                                         | 31 Dec 2016<br>Unaudited | 31 Dec 2015<br>Unaudited | 31 Mar 2016<br>Audited | 31 Dec 2016<br>Unaudited | 31 Dec 2015<br>Unaudited | 31 Mar 2016<br>Audited |
| <b>ASSETS</b>                                           |                          |                          |                        |                          |                          |                        |
| <b>Non-current assets</b>                               |                          |                          |                        |                          |                          |                        |
| Property, plant and equipment                           | 483,714                  | 379,070                  | 378,971                | 1,705                    | 2,687                    | 2,412                  |
| Investments in subsidiaries                             | -                        | -                        | -                      | 1,871,245                | 1,734,717                | 1,871,245              |
| Long term investments                                   | 200,000                  | 100,000                  | 100,000                | 200,000                  | 100,000                  | 100,000                |
| Investment property                                     | 718,460                  | 358,779                  | 718,030                | 37,630                   | 536,042                  | 37,630                 |
| Investments in venture capital                          | -                        | 7,000                    | -                      | -                        | -                        | -                      |
| Deferred tax assets                                     | 39,781                   | 36,516                   | 48,660                 | -                        | -                        | -                      |
| Intangible assets                                       | 235,890                  | 214,575                  | 215,169                | -                        | -                        | -                      |
|                                                         | <b>1,677,845</b>         | <b>1,095,940</b>         | <b>1,460,830</b>       | <b>2,110,580</b>         | <b>2,373,446</b>         | <b>2,011,287</b>       |
| <b>Current assets</b>                                   |                          |                          |                        |                          |                          |                        |
| Inventories                                             | 1,974,552                | 2,072,411                | 1,615,863              | -                        | -                        | -                      |
| Trade and other receivables                             | 961,334                  | 919,910                  | 904,796                | 2,097                    | 5,786                    | 2,395                  |
| Group balances receivables                              | -                        | 1,451                    | -                      | 876,113                  | 13,759                   | 855,647                |
| Advance paid for acquisition of land                    | 1,022,045                | -                        | 325,000                | 1,022,045                | -                        | 325,000                |
| Financial investments - Held for trading                | 26,631,907               | 12,532,014               | 12,261,906             | 627,831                  | 987,092                  | 1,107,287              |
| Financial investments - Available for sale              | 332,803                  | 2,000                    | 2,000                  | -                        | -                        | -                      |
| Financial investments - Loans and receivables           | 4,298,002                | 6,183,344                | 8,376,585              | 206,107                  | 659,893                  | 71,138                 |
| Financial investments - Pending share allotment         | -                        | 129,750                  | -                      | -                        | 129,750                  | -                      |
| Derivative financial instruments                        | 1,933                    | -                        | 40,861                 | -                        | -                        | -                      |
| Cash and cash equivalents                               | 161,838                  | 213,543                  | 156,074                | 128,388                  | 128,844                  | 2,003                  |
|                                                         | <b>35,384,414</b>        | <b>22,054,423</b>        | <b>23,683,085</b>      | <b>2,862,581</b>         | <b>1,925,124</b>         | <b>2,363,470</b>       |
| Non-current assets held for sale                        | 42,416                   | 42,416                   | 42,416                 | -                        | -                        | -                      |
| <b>Total assets</b>                                     | <b>37,104,675</b>        | <b>23,192,779</b>        | <b>25,186,331</b>      | <b>4,973,161</b>         | <b>4,298,570</b>         | <b>4,374,757</b>       |
| <b>EQUITY AND LIABILITIES</b>                           |                          |                          |                        |                          |                          |                        |
| <b>Capital and reserves</b>                             |                          |                          |                        |                          |                          |                        |
| Stated capital                                          | 445,994                  | 445,994                  | 445,994                | 445,994                  | 445,994                  | 445,994                |
| Capital reserves                                        | 22,500                   | 22,500                   | 22,500                 | -                        | -                        | -                      |
| Risk reserves                                           | 635,774                  | 617,924                  | 617,092                | -                        | -                        | -                      |
| Retained earnings/(losses)                              | (576,189)                | 4,335                    | (304,123)              | 76,145                   | 362,468                  | 284,879                |
| Equity attributable to the equity holders of the parent | 528,079                  | 1,090,753                | 781,463                | 522,139                  | 808,462                  | 730,873                |
| Non-controlling interests                               | 460,524                  | 405,411                  | 414,015                | -                        | -                        | -                      |
| <b>Total equity</b>                                     | <b>988,603</b>           | <b>1,496,164</b>         | <b>1,195,478</b>       | <b>522,139</b>           | <b>808,462</b>           | <b>730,873</b>         |
| <b>Non-current liabilities</b>                          |                          |                          |                        |                          |                          |                        |
| Deferred tax liabilities                                | 1,373                    | 1,373                    | 1,373                  | 1,373                    | 1,373                    | 1,373                  |
| Retirement benefit obligations                          | 50,998                   | 38,068                   | 42,620                 | 10,420                   | 6,735                    | 9,601                  |
| Borrowings on debentures                                | 2,825,960                | 2,792,635                | 2,774,872              | 2,115,728                | 2,110,365                | 2,044,473              |
| Interest bearing borrowings                             | 1,357,432                | 596,370                  | 557,310                | 425,000                  | 500,000                  | 500,000                |
|                                                         | <b>4,235,763</b>         | <b>3,428,446</b>         | <b>3,376,175</b>       | <b>2,552,521</b>         | <b>2,618,473</b>         | <b>2,555,447</b>       |
| <b>Current liabilities</b>                              |                          |                          |                        |                          |                          |                        |
| Trade and other payables                                | 1,028,458                | 2,079,947                | 1,540,183              | 8,081                    | 10,051                   | 27,373                 |
| Interest bearing borrowings                             | 6,933,608                | 3,983,872                | 3,572,593              | 1,591,169                | 510,936                  | 529,949                |
| Group balances payables                                 | 298,262                  | 187,000                  | 470,225                | 36,343                   | 1,226                    | -                      |
| Securities sold under re-purchase agreements            | 22,546,196               | 11,365,952               | 14,245,097             | -                        | -                        | -                      |
| Derivative financial instruments                        | 1,563                    | 3,801                    | 20,835                 | -                        | -                        | -                      |
| Bank overdrafts                                         | 1,072,222                | 647,597                  | 765,745                | 262,908                  | 349,422                  | 531,115                |
|                                                         | <b>31,880,309</b>        | <b>18,268,169</b>        | <b>20,614,678</b>      | <b>1,898,501</b>         | <b>871,635</b>           | <b>1,088,437</b>       |
| <b>Total equity and liabilities</b>                     | <b>37,104,675</b>        | <b>23,192,779</b>        | <b>25,186,331</b>      | <b>4,973,161</b>         | <b>4,298,570</b>         | <b>4,374,757</b>       |

Note: All values are in rupees '000 unless otherwise stated.  
Figures in brackets indicate negative balances.  
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.)  
Himal Akalanka  
Finance Manager

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

14 February 2017  
Colombo

## STATEMENT OF CHANGES IN EQUITY

### GROUP

|                                                  | Attributable to equity holders of parent |                 |                |                              |                         |                  |                           |                  |
|--------------------------------------------------|------------------------------------------|-----------------|----------------|------------------------------|-------------------------|------------------|---------------------------|------------------|
|                                                  | Stated Capital                           | Capital Reserve | Risk Reserve   | Retained Earnings / (Losses) | Fair Valuation Reserves | Total            | Non-Controlling Interests | Total Equity     |
| Balance as at 1 April 2015 (Audited)             | 445,994                                  | 22,500          | 615,559        | 258,783                      | (1,173)                 | 1,341,663        | 438,523                   | 1,780,186        |
| <b>Total comprehensive income for the period</b> |                                          |                 |                |                              |                         |                  |                           |                  |
| Loss for the period                              | -                                        | -               | -              | (129,086)                    | -                       | (129,086)        | 17,160                    | (111,926)        |
| Other comprehensive income, net of tax           | -                                        | -               | -              | -                            | 1,173                   | 1,173            | 391                       | 1,564            |
| <b>Total comprehensive income</b>                | -                                        | -               | -              | (129,086)                    | 1,173                   | (127,913)        | 17,551                    | (110,362)        |
| <b>Transactions with equity holders</b>          |                                          |                 |                |                              |                         |                  |                           |                  |
| Transfer to risk reserves                        | -                                        | -               | 2,365          | (2,365)                      | -                       | -                | -                         | -                |
| Dividends- Final 2014/15                         | -                                        | -               | -              | (122,997)                    | -                       | (122,997)        | (50,663)                  | (173,660)        |
| <b>Total transactions with equity holders</b>    | -                                        | -               | 2,365          | (125,362)                    | -                       | (122,997)        | (50,663)                  | (173,660)        |
| <b>As at 31 December 2015</b>                    | <b>445,994</b>                           | <b>22,500</b>   | <b>617,924</b> | <b>4,335</b>                 | <b>-</b>                | <b>1,090,753</b> | <b>405,411</b>            | <b>1,496,164</b> |
| Balance as at 1 April 2016 (Audited)             | 445,994                                  | 22,500          | 617,092        | (304,123)                    | -                       | 781,463          | 414,015                   | 1,195,478        |
| <b>Total comprehensive income for the period</b> |                                          |                 |                |                              |                         |                  |                           |                  |
| Loss for the period                              | -                                        | -               | -              | (253,384)                    | -                       | (253,384)        | 37,934                    | (215,450)        |
| Other comprehensive income, net of tax           | -                                        | -               | -              | -                            | -                       | -                | -                         | -                |
| <b>Total comprehensive income</b>                | -                                        | -               | -              | (253,384)                    | -                       | (253,384)        | 37,934                    | (215,450)        |
| <b>Transactions with equity holders</b>          |                                          |                 |                |                              |                         |                  |                           |                  |
| Transfer to risk reserves                        | -                                        | -               | 18,682         | (18,682)                     | -                       | -                | -                         | -                |
| Acquisition of Subsidiary with NCI (Note 5)      | -                                        | -               | -              | -                            | -                       | -                | 15,746                    | 15,746           |
| Dividends                                        | -                                        | -               | -              | -                            | -                       | -                | (7,170)                   | (7,170)          |
| <b>Total transactions with equity holders</b>    | -                                        | -               | 18,682         | (18,682)                     | -                       | -                | 8,576                     | 8,576            |
| <b>As at 31 December 2016</b>                    | <b>445,994</b>                           | <b>22,500</b>   | <b>635,774</b> | <b>(576,189)</b>             | <b>-</b>                | <b>528,079</b>   | <b>460,524</b>            | <b>988,603</b>   |

### COMPANY

|                                                  | Stated Capital | Retained Earnings | Total Equity   |
|--------------------------------------------------|----------------|-------------------|----------------|
| Balance as at 1 April 2015 (Audited)             | 445,994        | 449,964           | 895,958        |
| <b>Total comprehensive income for the period</b> |                |                   |                |
| Profit for the period                            | -              | 35,501            | 35,501         |
| Other comprehensive income, net of tax           | -              | -                 | -              |
| <b>Total comprehensive income</b>                | -              | 35,501            | 35,501         |
| <b>Transactions with equity holders</b>          |                |                   |                |
| Dividends - Final 2014/15                        | -              | (122,997)         | (122,997)      |
| <b>Total transactions with equity holders</b>    | -              | (122,997)         | (122,997)      |
| <b>As at 31 December 2015</b>                    | <b>445,994</b> | <b>362,468</b>    | <b>808,462</b> |
| Balance as at 1 April 2016 (Audited)             | 445,994        | 284,879           | 730,873        |
| <b>Total comprehensive income</b>                |                |                   |                |
| Loss for the period                              | -              | (208,734)         | (208,734)      |
| Other comprehensive income, net of tax           | -              | -                 | -              |
| <b>Total comprehensive income</b>                | -              | (208,734)         | (208,734)      |
| <b>As at 31 December 2016</b>                    | <b>445,994</b> | <b>76,145</b>     | <b>522,139</b> |

### SEGMENT INFORMATION

For the nine months period ended 31 December 2016

|                                 | Financial Services | Property Development | Manufacturing | Investment Holdings | Other   | Group Adjustments | Group     |
|---------------------------------|--------------------|----------------------|---------------|---------------------|---------|-------------------|-----------|
| Total revenue                   | 2,678,797          | 731,179              | 250,433       | 26,623              | 3,855   | (21,666)          | 3,669,221 |
| Profit / (loss) from operations | 143,724            | (19,826)             | (73,101)      | 67,490              | 8,871   | (20,839)          | 106,320   |
| Finance expenses                | -                  | (28)                 | (44,457)      | (275,136)           | -       | 22,297            | (297,324) |
| Profit / (loss) before tax      | 143,724            | (19,854)             | (117,558)     | (207,646)           | 8,871   | 1,458             | (191,004) |
| Taxation                        | (11,919)           | (9,062)              | -             | (1,088)             | (2,377) | -                 | (24,446)  |
| Profit / (loss) for the period  | 131,805            | (28,916)             | (117,558)     | (208,734)           | 6,494   | 1,458             | (215,450) |

Note: All values are in rupees '000s unless otherwise stated.  
Figures in brackets indicate negative balances.

## STATEMENT OF CASH FLOWS

For the nine months period ended

### Cash flows from operating activities

Profit/(loss) before taxation

#### Adjustments for:

|                                                                         |          |          |          |           |
|-------------------------------------------------------------------------|----------|----------|----------|-----------|
| Depreciation and amortization                                           | 29,152   | 20,097   | 1,390    | 2,559     |
| Interest expense                                                        | 297,324  | 193,246  | 275,136  | 178,248   |
| Gain on disposal of shares- held for trading                            | (43,245) | (79,089) | (43,245) | (79,089)  |
| Finance income                                                          | (55,808) | (43,065) | (26,623) | (189,411) |
| Gain on disposal of investments                                         | -        | (1,000)  | -        | -         |
| Loss/(gain) on fair valuation of financial instruments-held for trading | 109,520  | 12,348   | 20,447   | (8,343)   |
| Gain on disposal of equity accounted investee                           | -        | (22,305) | -        | -         |
| Gain on disposal of property, plant and equipment                       | (3,507)  | -        | -        | -         |
| Gain on disposal of an investment in unit trust                         | (3,389)  | -        | (3,389)  | -         |
| Provision for retirement benefit obligations                            | 8,673    | (2,362)  | 1,132    | -         |

### Operating Profit/(loss) before working capital changes

|                                                              |              |             |           |           |
|--------------------------------------------------------------|--------------|-------------|-----------|-----------|
| Change in inventories                                        | (358,689)    | (468,905)   | -         | -         |
| Change in trade & other receivables and advances paid        | (741,103)    | (169,499)   | (696,220) | 3,244     |
| Change in related party receivables                          | -            | (1,451)     | (20,466)  | 23,573    |
| Change in financial investments - Held for trading           | (14,588,164) | (1,550,149) | 330,709   | (154,887) |
| Change in financial investments - Loans and receivables      | 4,078,583    | 2,741,929   | (206,043) | (653,911) |
| Change in trade & other payables and short term borrowings   | 2,694,278    | 1,900,189   | 1,040,841 | (609,843) |
| Change in securities purchased under re-purchases agreements | 8,301,099    | (3,470,305) | -         | -         |
| Change in related party payables                             | (113,580)    | -           | 36,343    | -         |

### Cash generated from/(used in) operations

|                 |           |          |           |          |
|-----------------|-----------|----------|-----------|----------|
| Interest paid   | (246,236) | (61,472) | (203,881) | (29,459) |
| Income tax paid | (20,499)  | (18,388) | (527)     | (14,133) |
| Gratuity paid   | (688)     | (1,357)  | (313)     | (1,357)  |

### Net cash generated from/(used in) in operations

### Cash flows from investing activities

|                                                                |           |         |           |         |
|----------------------------------------------------------------|-----------|---------|-----------|---------|
| Investment in subsidiaries, net of cash acquired               | (102,039) | -       | -         | -       |
| Proceeds from redemption of unit trusts                        | 174,932   | -       | 174,932   | -       |
| Investment in long term investment                             | (100,000) | -       | (100,000) | -       |
| Investment in financial investments - Available for sale       | (330,803) | -       | -         | -       |
| Acquisition of property, plant & equipment & intangible assets | (60,928)  | (9,530) | (683)     | (381)   |
| Proceeds from disposal of property, plant and equipment        | 5,905     | 80      | -         | -       |
| Proceeds from disposal of equity accounted investee            | -         | 432,745 | -         | -       |
| Finance income received                                        | 55,808    | 43,065  | 26,623    | 189,411 |

### Net cash flows generated from/(used in) investing activities

### Cash flows from financing activities

|                               |           |           |          |           |
|-------------------------------|-----------|-----------|----------|-----------|
| Settlement of term loans      | (101,040) | (845,390) | (75,000) | -         |
| Proceeds from term loans      | 1,011,907 | 500,000   | -        | 500,000   |
| Dividend paid                 | (7,170)   | (173,660) | -        | (122,997) |
| Proceeds from debenture issue | -         | 1,000,000 | -        | 1,000,000 |

### Net cash flows generated from/(used in) financing activities

### Net change in cash & cash equivalents

|                                                          |           |           |           |           |
|----------------------------------------------------------|-----------|-----------|-----------|-----------|
| Cash & cash equivalent at the beginning of the period    | (609,671) | (263,105) | (458,038) | (291,580) |
| Cash & cash equivalent at the end of the period (Note A) | (910,384) | (434,054) | (134,520) | (220,578) |

#### Note A

|                                           |             |           |           |           |
|-------------------------------------------|-------------|-----------|-----------|-----------|
| Cash in hand and at bank                  | 161,838     | 213,543   | 128,388   | 128,844   |
| Bank overdraft                            | (1,072,222) | (647,597) | (262,908) | (349,422) |
| Cash & cash equivalents as at 31 December | (910,384)   | (434,054) | (134,520) | (220,578) |

Note: All values are in rupees '000s unless otherwise stated.  
Figures in brackets indicate negative balances.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Net assets per share

As at 31 December

| Group |      | Company |      |
|-------|------|---------|------|
| 2016  | 2015 | 2016    | 2015 |
| Rs.   | Rs.  | Rs.     | Rs.  |
| 4.29  | 8.87 | 4.25    | 6.57 |

### 2. Market price per share

For the nine months period ended

| 31 Dec 16 | 31 Dec 15 |
|-----------|-----------|
| Rs.       | Rs.       |
| 25.00     | 29.50     |
| 22.80     | 22.30     |
| 23.50     | 24.40     |

Highest market price

Lowest market price

Closing market price

- 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 financial statements.
- 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.
- On 07th September 2016, Kelsey Developments PLC acquired 75.1% (904,826 shares) of Pre-fab Engineering Projects (Private) Limited, a construction company with a net worth of Rs. 85 Mn for a total consideration of Rs. 90 Mn.
- The number of shares represented by stated capital as at 31 December 2016 is 122,997,050 shares. (as at 31 December 2015- 122,997,050 shares)
- 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 following:

### Company

- The Company has provided a corporate guarantee facility on behalf of First Capital Holdings PLC (Subsidiary) amounting to Rs. 500 Mn for its banking facilities.

### Group

- First Capital Holdings PLC provided a corporate guarantee facility on behalf of its subsidiary, First Capital Limited amounting to Rs. 50 Mn for its banking facilities.
  - First Capital Limited provided a corporate guarantee facility on behalf of First Capital Holdings PLC amounting to Rs. 1 Bn for its banking facilities.
  - In September 2016, the Department of Inland Revenue made assessments on Financial VAT (2013/14) for First Capital Treasuries PLC and First Capital Limited amounting to LKR. 60.8 Mn and LKR 46.2 Mn respectively. Appeals were submitted against the said assessments. Based on the tax consultant's opinion, the Board of Directors is of the view that no liability would arise since the assessments are outside the scope of chargeability of Financial VAT.
  - In January 2017, the Commissioner General of Inland Revenue determined the income tax appeal relating to 2011/12 of First Capital Limited, in favor of the Company. The amount assessed was Rs. 16.9Mn.
  - Kelsey Developments PLC is one of the defendants, on behalf of its clients, in a Partition case to establish title in respect of a property situated at Nawala. On or about October 2016, Kelsey Developments PLC has purchased the right title and interest of one of the defendants in and to the Land at Nawala. Based on legal advise, management is of the opinion that a loss is not probable. Accordingly, provision has not been made in the Financial Statements.
- There have been no material events subsequent to the reporting date which require disclosures/adjustments in the interim financial statements for the period ended 31 December 2016 other than following:

### Group

- On 9th January 2017, the Board of Directors of First Capital Holdings PLC declared an interim dividend for 2016/17 of Rs. 2/- per share total amounting to Rs. 202.5 Mn.



## NOTES TO THE FINANCIAL STATEMENTS

### 9. Information on Listed Debentures

#### (a) Debt Ratios (Group)

|                           | As at<br>31-Dec-16 | As at<br>31-Dec-15 | As at<br>31-Mar-16 |
|---------------------------|--------------------|--------------------|--------------------|
| Debt/equity ratio (times) | 34.05              | 12.52              | 17.69              |
| Quick asset ratio (times) | 1.05               | 1.09               | 1.07               |
| Interest cover (times)    | 0.36               | 0.57               | (0.38)             |

#### Debt Ratios (Company)

|                           | As at<br>31-Dec-16 | As at<br>31-Dec-15 | As at<br>31-Mar-16 |
|---------------------------|--------------------|--------------------|--------------------|
| Debt/equity ratio (times) | 7.91               | 3.86               | 4.21               |
| Quick asset ratio (times) | 1.51               | 2.21               | 2.17               |
| Interest cover (times)    | 0.24               | 1.21               | 0.85               |

#### (b) Market value per debenture- for the quarter ended 31 December 2016

##### Debenture issued by Dunamis Capital PLC

There were no trading on the below debentures during the quarter ended 31 December 2016. Hence, the par value of Rs. 100 is recognised as their respective market values.

I) 05 year fixed rate (12.5 % p.a. payable annually) - 2014/2019

II) 05 year fixed rate (10.5 % p.a. payable semi-annually) - 2015/2020

05 year variable rate (6 months Net T-Bill rate plus 2.50% p.a. payable semi-annually) - 2015/2020

##### Debenture issued by First Capital Holdings PLC

Debentures with 3 year, 4 year and 5 year maturity have not been traded during the quarter ended 31 December 2016. Hence, the par value of Rs. 100 is recognised as their respective market values.

#### (c) Debenture interest yield

##### Debenture issued by Dunamis Capital PLC

|                                                                                                    | As at<br>31-Dec-16 | As at<br>31-Dec-15 | As at<br>31-Mar-16 |
|----------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|
| 05 Year fixed rate ( 12.5% p.a. payable annually) - 2014/2019                                      | 12.50%             | 11.06%             | 11.93%             |
| 05 year fixed rate (10.5% p.a. payable semi-annually) - 2015/2020                                  | 10.50%             | 10.50%             | 10.50%             |
| 05 year variable rate (6 months Net T-Bill rate plus 2.50% p.a. payable semi-annually) - 2015/2020 | 12.00%             | 9.00%              | 9.00%              |

There were no trading on the debentures during the quarter ended 31 December 2016. Hence, interest yields are same as coupon rates.

##### Debenture issued by First Capital Holdings PLC

|                                                    | As at<br>31-Dec-16 | As at<br>31-Dec-15 | As at<br>31-Mar-16 |
|----------------------------------------------------|--------------------|--------------------|--------------------|
| 3 year fixed rate (13.50 % p.a. payable annually ) | 13.50%             | 13.49%             | 13.50%             |
| 4 year fixed rate (13.75 % p.a. payable annually ) | 13.75%             | 12.49%             | 13.75%             |
| 5 year fixed rate (14.00 % p.a. payable annually ) | 14.00%             | 12.69%             | 14.00%             |

There were no trading on the debentures during the quarter ended 31 December 2016. Hence, interest yields are same as coupon rates.

## NOTES TO THE FINANCIAL STATEMENTS

**(d) Yield of comparable government securities**

|                                                                                                    | <b>As at<br/>31-Dec-16</b> | <b>As at<br/>31-Dec-15</b> | <b>As at<br/>31-Mar-16</b> |
|----------------------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|
| <b><u>Debentures issued by Dunamis Capital PLC</u></b>                                             |                            |                            |                            |
| 05 Year fixed rate ( 12.5% p.a. payable annually) - 2014/2019                                      | 11.72%                     | 9.26%                      | 12.18%                     |
| 05 year fixed rate (10.5% p.a. payable semi-annually) - 2015/2020                                  | 12.03%                     | 9.60%                      | 12.40%                     |
| 05 year variable rate (6 months net T-Bill rate plus 2.50% p.a. payable semi-annually) - 2015/2020 | 12.03%                     | 9.60%                      | 12.40%                     |
| <b><u>Debentures issued by First Capital Holdings PLC</u></b>                                      |                            |                            |                            |
| 3 year treasury bond                                                                               | 9.57%                      | 7.79%                      | 10.55%                     |
| 4 year treasury bond                                                                               | 11.01%                     | 8.39%                      | 10.99%                     |
| 5 year treasury bond                                                                               | 11.60%                     | 8.93%                      | 11.74%                     |

**(e) Yield to maturity on trades done for the quarter ended 31 December 2016.**

There were no trading on the above debentures during the quarter ended 31 December 2016. Hence, Yield to maturity on trade done is not applicable.

## INVESTOR INFORMATION

### 10. List of twenty major shareholders as at 31 December 2016

| Name of the shareholder                                  | No of shares | Holding % |
|----------------------------------------------------------|--------------|-----------|
| 1 Ms. M. Mathews                                         | 38,564,398   | 31.35     |
| 2 2.1 First Capital Markets Limited/Nextventures Limited | 26,244,562   | 21.34     |
| 2.2 Nextventures Limited                                 | 9,061,599    | 7.37      |
| 3 People's Leasing and Finance PLC/Mr.D.Schaffter        | 16,050,000   | 13.05     |
| Mr.D.Schaffter                                           | 4,224,918    | 3.44      |
| 4 4.1 Commercial Bank of Ceylon plc/Janashakthi Limited  | 6,200,000    | 5.04      |
| 4.2 Janashakthi plc Account No. 1                        | 4,202,174    | 3.42      |
| 4.3 Seylan Bank plc./Janashakthi plc                     | 1,899,000    | 1.54      |
| 5 HSBC International Nominees Ltd.- ssbt-Deutsche Bank   | 5,888,026    | 4.79      |
| 6 Mrs. Roshni Seetha Liyani de mel                       | 2,000,000    | 1.63      |
| 7 Mr.Ravindra Erle Rambukwelle                           | 310,050      | 0.25      |
| 8 Dr. Ramani Maryette Shanez Fernando                    | 304,800      | 0.25      |
| 9 Mr. Chandana Lal de Silva                              | 300,000      | 0.24      |
| 10 Mr. Charitha Prasanna de silva                        | 299,775      | 0.24      |
| 11 Aruna Enterprises ( pvt ) Limited                     | 260,345      | 0.21      |
| 12 Mr. Deepthi Ananda Edussuriya                         | 250,000      | 0.20      |
| 13 Mr. Abey Siri Hemapala Munasinghe                     | 243,727      | 0.20      |
| 14 Mrs. Wijesooriya Arachchige Dona Santhie Wijesooriya  | 221,600      | 0.18      |
| 15 Sanka Ramoorthy Nadaraj k                             | 168,487      | 0.14      |
| 16 Monad (Private) Limited                               | 150,000      | 0.12      |
| 17 Mr. Nandisena Hewa Kandamby                           | 100,000      | 0.08      |
| 18 Mr. H Galappatti                                      | 98,817       | 0.08      |
| 19 Mr. Sithampalam Abishek                               | 90,000       | 0.07      |
| 20 Ms. Sabiha Abdulhusen Rajkotwala                      | 87,729       | 0.07      |

The percentage of shares held by the public, as defined under the Colombo Stock Exchange regulation, was 23.21% and the number of shareholders was 2,492 as at 31<sup>st</sup> December 2016.

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

| Name                           | No.of shares Holding | %     |
|--------------------------------|----------------------|-------|
| Ms. M. Mathews                 | 38,564,398           | 31.35 |
| Mr. D. Schaffter               | 20,274,918           | 16.49 |
| Mr. A.D.E.I. Perera            | -                    | -     |
| Mr. C. L. de Silva             | 300,000              | 0.24  |
| Mr. R. S. A. W. Wickramasuriya | -                    | -     |
| Mr. N. C. de Mel               | -                    | -     |