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27<sup>th</sup> February 2025

Board of Directors,  
First Capital Treasuries PLC,  
No. 02, Deal Place,  
Colombo 03.

Dear Sir / Madam,

### **Accountant's Report for Inclusion in the Prospectus of First Capital Treasuries PLC**

This report has been prepared for the purpose of the prospectus issued in connection with the issue of up to Ten Million (10,000,000) Listed, Rated, Subordinate, Unsecured, Redeemable Debentures of Rupees one hundred (Rs. 100/-) each with a further option to issue up to another Ten Million (10,000,000) at the discretion of the Company to raise a maximum amount of Sri Lankan Rupees Three Billion (Rs. 3,000,000,000/-) subject to obtaining all necessary regulatory and other approvals and that the said Debentures be listed on the Colombo Stock Exchange (CSE).

We have examined the Financial Statements of the First Capital Treasuries PLC ("the Company") for the years ended 31 March 2020 to 31 March 2024, and report as follows.

#### **1. Incorporation**

First Capital Treasuries PLC ("the Company") is a public limited liability company incorporated on 19<sup>th</sup> August 1982 and domiciled in Sri Lanka. The debentures of the Company have a primary listing on the Colombo Stock Exchange. The Company engages in the business operations of a Primary Dealer in Government Securities. The registered office of the Company is situated at No. 2, Deal Place, Colombo 3.

#### **2. Financial Information**

##### **2.1 Five Years Summary of Audited Financial Statements**

A summary of Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows of First Capital Treasuries PLC for the years ended 31st March 2020 to 31st March 2024, based on the audited financial statements of the Company are set out in Annexure 1.

Summaries presented for Operating Results, Assets, Liabilities and Shareholders' funds for financial years ended 31st March 2020 to 31st March 2024 are based on the financial statements prepared in accordance with SLFRSs and LKASs.

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Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT,  
K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D Corea Dharmaratne



## 2. Financial Information (Continued)

### 2.2 Audit Reports

We have audited the Financial Statements of the Company for the years ended 31 March 2020 to 31 March 2024. Unmodified audit opinions have been issued for the said financial years by such auditor's reports 11<sup>st</sup> August 2020, 11<sup>st</sup> August 2021, 15<sup>th</sup> August 2022, 16<sup>th</sup> August 2023, and 4<sup>th</sup> June 2024 respectively.

### 2.3 Accounting Policies

The Financial Statements of the Company for the years ended 31 March 2020 to 31 March 2024 comply with Sri Lanka Accounting Standards. The accounting policies of the Company are stated in detail in the audited Financial Statements of First Capital Treasuries PLC for the year ended 31<sup>st</sup> March 2024.

### 2.4 Dividends

**2.4.1** The Company has paid dividend for the years ended 31 March 2020 to 31 March 2024 as follows.

Year	Dividend Per Share (Rs.)	Dividend Paid (LKR)
2020*	Rs. 1.29	Rs. 792.6 Mn
2021*	Rs. 0.84	Rs. 515.6 Mn
2022	-	-
2023	Rs. 1.50	Rs. 923.4 Mn
2024	Rs. 14.50	Rs. 8,926.2 Mn

\*This has been adjusted and presented to be comparable with the latest number of shares of the company (i.e. effect of the sub-division of shares executed – 2022/23).

#### 2.4.2 Events after Reporting Date

##### Dividends

On 6<sup>th</sup> January 2025, the Board of Directors of the Company approved and declared an interim dividend of Rs. 2.60 per share amounting to Rs. 1,600.56 Mn for the year 2024/25.

## 3. Restriction on Use

This report is made solely for the purpose of the Board of Directors of First Capital Treasuries PLC for usage in the application for the purpose of issue of up to Ten Million (10,000,000) Listed, Rated, Subordinate, Unsecured, Redeemable Debentures of Rupees one hundred (Rs. 100/-) each with a further option to issue up to another Ten Million (10,000,000) at the discretion of the company to raise a maximum amount of Sri Lankan Rupees Three Billion (Rs. 3,000,000,000/-) subject to obtaining all necessary regulatory and other approvals and that the said Debentures be listed on the Colombo Stock Exchange (CSE). To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the addressee, for our audit work, for the report, or for the opinion we have formed. This report should not be used, circulated, quoted or otherwise referred to any other purpose.

Yours faithfully,

**CHARTERED ACCOUNTANTS**

Colombo, Sri Lanka

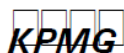


**Annexure 1**  
**Five year summary of Financial Statements**

**FIRST CAPITAL TREASURIES PLC**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 March,*

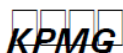
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
Income	26,598,738	9,969,951	622,824	4,294,461	3,708,401
Direct expenses	(7,893,976)	(6,305,233)	(1,054,939)	(1,322,859)	(2,056,410)
<b>Net trading income</b>	<b>18,704,762</b>	<b>3,664,718</b>	<b>(432,115)</b>	<b>2,971,602</b>	<b>1,651,991</b>
Other income	8,752	5,202	55,002	206,834	519
Net gain/ (loss) on fair valuation of financial assets recognised through profit or loss measured at fair value	(307,629)	1,077,830	(73,849)	(385,933)	362,930
	18,405,885	4,747,750	(450,962)	2,792,503	2,015,440
<b>Operating expenses</b>					
Personnel expenses	(1,641,574)	(443,479)	(110,893)	(324,084)	(199,523)
Premises, equipment and establishment expenses	(54,911)	(14,158)	(30,601)	(8,554)	(33,765)
Other operating expenses	(671,360)	(537,204)	(297,243)	(62,523)	(30,492)
	(2,367,845)	(994,841)	(438,737)	(395,161)	(263,780)
<b>Profit/(Loss) before Taxation</b>	<b>16,038,040</b>	<b>3,752,909</b>	<b>(889,699)</b>	<b>2,397,342</b>	<b>1,751,660</b>
Income tax (expense)/ reversal	(4,894,912)	(866,513)	237,254	(560,061)	(544,083)
<b>Profit/(Loss) for the year</b>	<b>11,143,128</b>	<b>2,886,396</b>	<b>(652,445)</b>	<b>1,837,281</b>	<b>1,207,577</b>
<b>Other comprehensive income</b>					
<i>Items that will never be reclassified to profit or loss</i>					
Loss on financial assets at fair value through other comprehensive inc	-	-	-	-	(1,000)
Actuarial gain/(loss) on retirement benefit obligation	(2,247)	(3,470)	9,049	(2,955)	(338)
Tax effect on other comprehensive income	674	1,041	(1,267)	709	94
<i>Item that are or may be reclassified to profit or loss</i>	-	-	-	-	-
<b>Other comprehensive income/ (loss)</b>	<b>(1,573)</b>	<b>(2,429)</b>	<b>7,782</b>	<b>(2,246)</b>	<b>(1,244)</b>
<b>Total Comprehensive income/(loss) for the year</b>	<b>11,141,555</b>	<b>2,883,967</b>	<b>(644,663)</b>	<b>1,835,035</b>	<b>1,206,333</b>
Basic and diluted earnings/ (loss) per share (Rs.)	18.10	4.68	(1.06)	11.94	7.85



**Annexure 1 (Continued)**  
**Five year summary of Financial Statements (Continued)**

**FIRST CAPITAL TREASURIES PLC**  
**STATEMENT OF FINANCIAL POSITION**

<i>As at 31 March,</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Assets</b>					
Cash at banks and in hand	29,161	24,023	348,585	146,614	8,361
Derivative financial instruments	51,933	51,194	5,190	2,315	2,734
Financial assets recognised through profit or loss - measured at fair value	56,684,886	50,753,172	24,509,930	23,085,413	36,212,069
Financial assets - at amortised cost	4,539,304	1,131,851	3,109,800	2,158,045	793,503
Receivable from related companies	5,245	3,744	2,060	165	360
Taxes receivable	-	-	-	-	508
Deferred tax asset	-	4,964	94,318	4,731	262,493
Other assets	2,922,901	338,354	338,345	316,406	94,272
Property, plant and equipment and right of use assets	321,891	16,112	7,782	9,849	7,195
Intangible assets	622	494	573	919	1,106
<b>Total assets</b>	<b>64,555,943</b>	<b>52,323,908</b>	<b>28,416,583</b>	<b>25,724,457</b>	<b>37,382,601</b>
<b>Liabilities</b>					
Derivative financial instruments	71,742	153,586	2,622	824	3,118
Securities sold under repurchase agreements	48,482,468	43,830,826	23,397,838	19,330,472	32,182,773
Creditors and other payables	4,279,710	1,453,226	363,897	336,366	227,058
Payable to related companies	279,955	11,755	6,528	18,515	19,698
Deferred tax liability	16,276	-	-	-	-
Taxes payable	2,971,647	629,708	-	740,959	439,878
Borrowing on listed debentures	764,042	762,076	760,577	759,255	758,342
Retirement benefit obligations	10,735	18,718	11,561	19,843	14,331
<b>Total liabilities</b>	<b>56,876,575</b>	<b>46,859,895</b>	<b>24,543,023</b>	<b>21,206,234</b>	<b>33,645,198</b>
<b>Equity</b>					
Stated capital	256,500	256,500	256,500	256,500	256,500
Risk reserve	2,789,746	1,675,433	1,386,793	1,386,793	1,203,065
Retained earnings	4,635,122	3,534,080	2,232,267	2,876,930	2,279,838
Fair valuation reserve	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
<b>Total Equity</b>	<b>7,679,368</b>	<b>5,464,013</b>	<b>3,873,560</b>	<b>4,518,223</b>	<b>3,737,403</b>
<b>Total Equity and liabilities</b>	<b>64,555,943</b>	<b>52,323,908</b>	<b>28,416,583</b>	<b>25,724,457</b>	<b>37,382,601</b>
Net assets per share (Rs.)	12.47	8.88	6.29	29.36	24.29

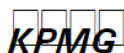


**Annexure 1 (Continued)**  
**Five year summary of Financial Statements (Continued)**

**FIRST CAPITAL TREASURIES PLC**  
**STATEMENT OF CASH FLOWS**

*For the year ended 31 March,*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Cash flows from operating activities</b>					
Interest receipts and gains realised	26,578,897	9,967,457	621,253	4,293,072	3,708,163
Interest payments and other direct cost	(6,792,098)	(6,199,981)	(974,173)	(1,259,725)	(1,782,628)
Other receipts	8,288	5,136	55,002	206,834	519
Cash payments to employees and suppliers	(2,364,419)	(480,172)	(434,861)	(278,232)	(138,229)
<b>Operating profit/(loss) before changes in operating assets and liabilities</b>	<b>17,430,668</b>	<b>3,292,440</b>	<b>(732,779)</b>	<b>2,961,949</b>	<b>1,787,825</b>
Increase in financial assets- fair value through profit or loss- measured at fair value	(6,321,926)	(25,060,452)	(1,499,443)	12,738,848	(6,314,752)
(Increase)/decrease in financial assets at amortised cost	(3,387,612)	1,980,444	(950,184)	(1,363,153)	1,070,731
Increase in other assets	(2,583,951)	(9)	(21,939)	(222,134)	(2,822)
(Increase)/ Decrease in short term borrowings	-	-	-	-	(991,384)
(Increase)/ Decrease in receivable from related companies	(1,502)	(1,684)	(1,895)	195	11,256
(Decrease)/Increase in creditors and accrued charges	979,090	(521,240)	27,531	(491)	14,834
(Decrease)/Increase in payable to related companies	268,200	5,227	(11,987)	(1,183)	18,982
(Decrease)/ Increase in securities sold under repurchase agreements	3,551,730	20,329,236	3,987,922	(12,914,521)	4,423,485
<b>Cash generated from operations</b>	<b>9,934,697</b>	<b>23,962</b>	<b>797,226</b>	<b>1,199,510</b>	<b>18,155</b>
Income tax paid	(2,531,059)	(335,588)	(594,559)	-	(5)
Gratuity paid	(557)	-	-	-	-
<b>Net cash flows generated from/ (used in) operating activities</b>	<b>7,403,081</b>	<b>(311,626)</b>	<b>202,667</b>	<b>1,199,510</b>	<b>18,150</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment and right of use assets	(318,636)	(12,843)	(642)	(6,675)	(138)
Acquisition of intangible assets	(370)	(160)	(200)	(370)	(200)
Proceeds from sale of property, plant and equipment	463	67	146	3	-
Investment in financial assets fair value through other comprehensive income	-	-	-	-	(1,000)
<b>Net cash flows used in investing activities</b>	<b>(318,543)</b>	<b>(12,936)</b>	<b>(696)</b>	<b>(7,042)</b>	<b>(1,338)</b>
<b>Cash flows from financing activities</b>					
Dividend paid	(7,079,400)	-	-	(1,054,215)	(253,935)
Redemption of borrowing on debentures issued in February 2015	-	-	-	-	(500,000)
Borrowing on debentures issued in January 2020	-	-	-	-	750,000
<b>Net cash flows used in financing activities</b>	<b>(7,079,400)</b>	<b>-</b>	<b>-</b>	<b>(1,054,215)</b>	<b>(3,935)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,138</b>	<b>(324,562)</b>	<b>201,971</b>	<b>138,253</b>	<b>12,877</b>
Cash and cash Equivalents at the beginning of the year	24,023	348,585	146,614	8,361	(4,516)
<b>Cash and cash equivalents at the end of the year</b>	<b>29,161</b>	<b>24,023</b>	<b>348,585</b>	<b>146,614</b>	<b>8,361</b>



Annexure 1 (Continued)  
Five year summary of Financial Statements (Continued)

FIRST CAPITAL TREASURIES PLC  
STATEMENT OF CHANGES IN EQUITY

For the years ended 31 March 2024 to 2020,

	Stated Capital	Risk Reserve	Retained Earnings	Fair Valuation Reserve	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April 2019 (Audited)	256,500	1,082,307	1,887,076	(1,000)	3,224,883
Impact on adoption of IFRIC 23	-	-	(439,878)	-	(439,878)
Adjusted balance as at 1 April 2019	256,500	1,082,307	1,447,198	(1,000)	2,785,005
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	1,207,577	-	1,207,577
Other comprehensive loss for the year	-	-	(244)	(1,000)	(1,244)
<b>Total comprehensive income for the year</b>	-	-	1,207,333	(1,000)	1,206,333
<b>Transactions with equity holders</b>					
<b>Distribution to equity holders</b>					
Dividend paid - Interim 2019/20	-	-	(253,935)	-	(253,935)
<b>Total distribution to equity holders</b>	-	-	(253,935)	-	(253,935)
<b>Total Transactions with equity holders</b>	-	-	(253,935)	-	(253,935)
Transfers to risk reserve	-	120,758	(120,758)	-	-
<b>Balance as at 31 March 2020 (Audited)</b>	<b>256,500</b>	<b>1,203,065</b>	<b>2,279,838</b>	<b>(2,000)</b>	<b>3,737,403</b>
<b>Balance as at 1 April 2020 (Audited)</b>	<b>256,500</b>	<b>1,203,065</b>	<b>2,279,838</b>	<b>(2,000)</b>	<b>3,737,403</b>
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	1,837,281	-	1,837,281
Other comprehensive loss for the year	-	-	(2,246)	-	(2,246)
<b>Total comprehensive income for the year</b>	-	-	1,835,035	-	1,835,035
<b>Transactions with equity holders</b>					
<b>Distribution to equity holders</b>					
Dividend paid - 2nd Interim 2019/20	-	-	(538,650)	-	(538,650)
Dividend declared - Interim for 2020/21	-	-	(515,565)	-	(515,565)
<b>Total distribution to equity holders</b>	-	-	(1,054,215)	-	(1,054,215)
<b>Total Transactions with equity holders</b>	-	-	(1,054,215)	-	(1,054,215)
Transfers to risk reserve	-	183,728	(183,728)	-	-
<b>Balance as at 31 March 2021 (Audited)</b>	<b>256,500</b>	<b>1,386,793</b>	<b>2,876,930</b>	<b>(2,000)</b>	<b>4,518,223</b>
<b>Balance as at 1 April 2021 (Audited)</b>	<b>256,500</b>	<b>1,386,793</b>	<b>2,876,930</b>	<b>(2,000)</b>	<b>4,518,223</b>
<b>Total comprehensive income for the year</b>					
Loss for the year	-	-	(652,445)	-	(652,445)
Other comprehensive income for the year	-	-	7,782	-	7,782
<b>Total comprehensive loss for the year</b>	-	-	(644,663)	-	(644,663)
<b>Transactions with equity holders</b>					
<b>Distribution to equity holders</b>					
<b>Total distribution to equity holders</b>	-	-	-	-	-
<b>Total Transactions with equity holders</b>	-	-	-	-	-
<b>Balance as at 31 March 2022 (Audited)</b>	<b>256,500</b>	<b>1,386,793</b>	<b>2,232,267</b>	<b>(2,000)</b>	<b>3,873,560</b>



Annexure 1 (Continued)  
Five year summary of Financial Statements (Continued)

FIRST CAPITAL TREASURIES PLC  
STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the years ended 31 March 2024 to 2020,

	Stated Capital	Risk Reserve	Retained Earnings	Fair Valuation Reserve	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 1 April 2022 (Audited)</b>	<b>256,500</b>	<b>1,386,793</b>	<b>2,232,267</b>	<b>(2,000)</b>	<b>3,873,560</b>
<b>Impact of surcharge tax liability</b>	-	-	(370,114)	-	(370,114)
Adjusted balance as at 1 April 2022	256,500	1,386,793	1,862,153	(2,000)	3,503,446
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	2,886,396	-	2,886,396
Other comprehensive loss for the year	-	-	(2,429)	-	(2,429)
Total comprehensive income for the year	-	-	2,883,967	-	2,883,967
<b>Transactions with equity holders</b>					
<b><u>Distribution to equity holders</u></b>					
<b>Dividend declared 2022/23</b>	-	-	(923,400)	-	(923,400)
<b>Total distribution to equity holders</b>	-	-	(923,400)	-	(923,400)
<b>Total transactions with equity holders</b>	-	-	(923,400)	-	(923,400)
Transfers to risk reserve	-	288,640	(288,640)	-	-
<b>Balance as at 31 March 2023 (Audited)</b>	<b>256,500</b>	<b>1,675,433</b>	<b>3,534,080</b>	<b>(2,000)</b>	<b>5,464,013</b>
<b>Balance as at 1 April 2023 (Audited)</b>	<b>256,500</b>	<b>1,675,433</b>	<b>3,534,080</b>	<b>(2,000)</b>	<b>5,464,013</b>
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	11,143,128	-	11,143,128
Other comprehensive loss for the year	-	-	(1,573)	-	(1,573)
<b>Total comprehensive income for the year</b>	-	-	<b>11,141,555</b>	-	<b>11,141,555</b>
<b>Transactions with equity holders</b>					
<b><u>Distribution to equity holders</u></b>					
Dividend paid 2023/24 - 1 <sup>st</sup> interim	-	-	(6,156,000)	-	(6,156,000)
Dividend declared 2023/24 - 2 <sup>nd</sup> interim	-	-	(2,770,200)	-	(2,770,200)
<b>Total distribution to equity holders</b>	-	-	<b>(8,926,200)</b>	-	<b>(8,926,200)</b>
<b>Total Transactions with equity holders</b>	-	-	<b>(8,926,200)</b>	-	<b>(8,926,200)</b>
Transfers to risk reserve	-	1,114,313	(1,114,313)	-	-
<b>Balance as at 31 March 2024 (Audited)</b>	<b>256,500</b>	<b>2,789,746</b>	<b>4,635,122</b>	<b>(2,000)</b>	<b>7,679,368</b>