



First Capital
A Janashakthi Group Company

ANNUAL REPORT

FIRST CAPITAL TREASURIES PLC
2021/2022

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CORPORATE OVERVIEW

ABOUT US

WHO WE ARE

First Capital Treasuries PLC (the Company or FCT) is a subsidiary of First Capital Holdings PLC (First Capital or First Capital Group), a member of the Janashakthi Group. With 40 years of industry expertise, FCT is the leading standalone non-bank primary dealer (PD) in Sri Lanka, appointed and regulated by the Central Bank of Sri Lanka to deal exclusively in government securities.

We serve an array of companies, institutions, government agencies, high net-worth individuals and retail clients seeking truly objective advice, innovative solutions and execution expertise. We operate throughout Sri Lanka via our sales network.

As a company listed on the Colombo Stock Exchange (CSE) (Ticker: FCT), we exemplify requisite financial transparency and governance standards. Reflecting credit fundamentals including a robust capital structure, liquidity, risk controls and earnings profile, we have been rated “A” by ICRA Lanka Limited.

FCT maintains a strong interlink between the parent entity and the subsidiaries within the First Capital Group through the sharing of a common brand, management team, systems, and group treasury function. As a result, our guiding principles reflect that of our parent entity.

OUR SERVICE OFFERING

Our entrepreneurial roots go back to 1982, First Capital’s collaborative culture and multiple capabilities are a result of organic and inorganic growth over the years. Harnessing 40 years of expertise, we leverage on opportunities created through the dynamics of the markets in which we operate and have gained distinct competitive advantages in our core businesses.

Our specialised offering comprises distributing and leveraging of government securities as a standalone non-bank primary dealer developing the government securities market in Sri Lanka.

SEAMLESS INVESTMENT SOLUTIONS PROVIDED BY FIRST CAPITAL TREASURIES PLC

- Participation at Primary Auction
- Secondary Market Trading of Government Securities
- Purchasing US Dollar denominated Sri Lanka Development Bonds (presently on hold for non-bank PDs)
- In-depth research on the Government Securities market including pre-policy analysis and economic overview
- Integrated treasury advisory solutions

FIRST CAPITAL TREASURIES AT A GLANCE

A Capital Base of over Rs. 3Bn - the highest among stand-alone non-bank primary dealers in Sri Lanka

A Company with an illustrious history and a proven 40-year track record

Highest rated non-bank primary dealer with a credit rating of [SL] 'A' Stable outlook assigned by ICRA Lanka Limited

Strong base of clients across diverse segments, including several leading Corporates and Banks in Sri Lanka



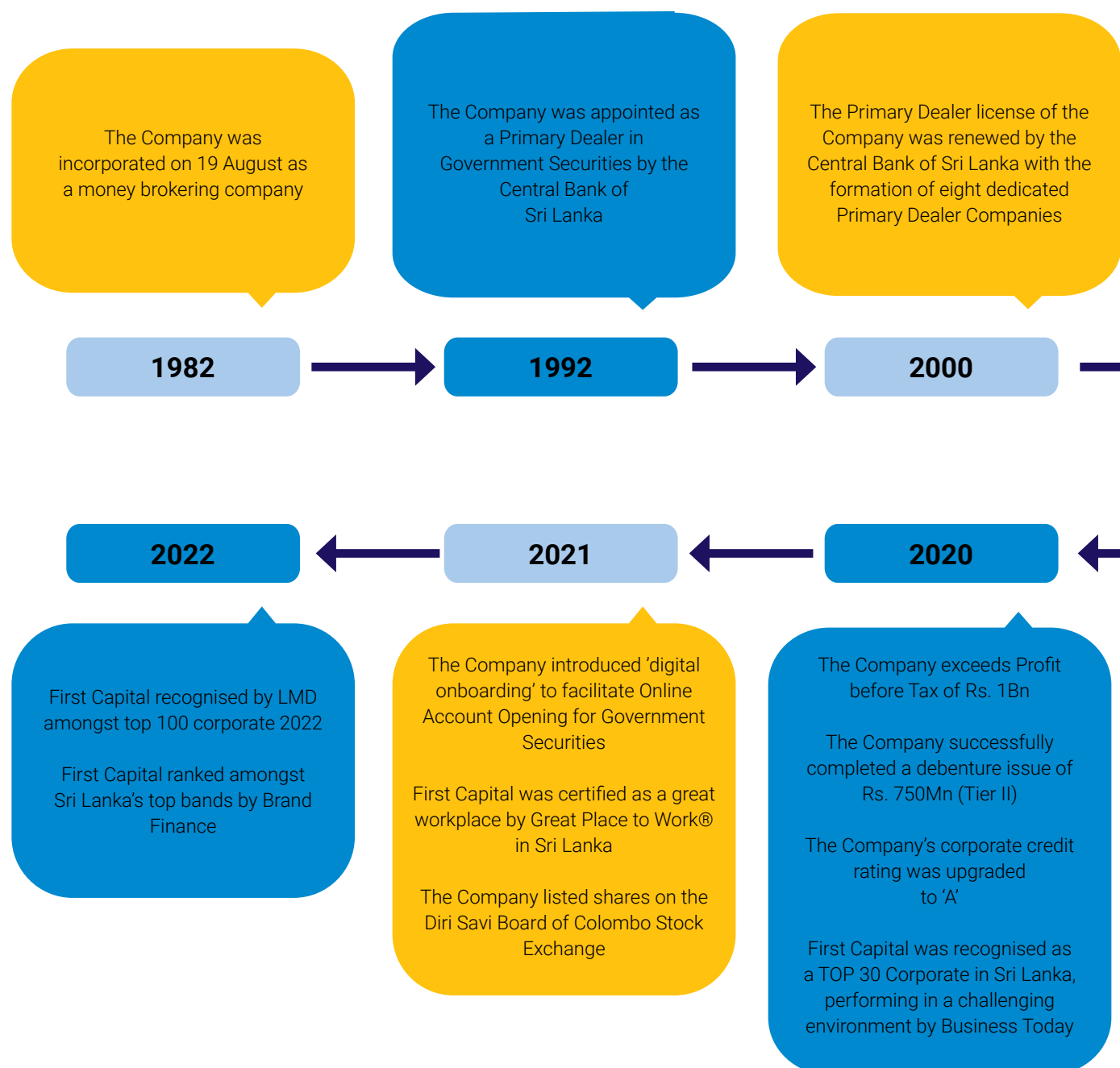
Board of Directors comprising of experienced professionals from diverse backgrounds have established a robust Corporate Governance structure

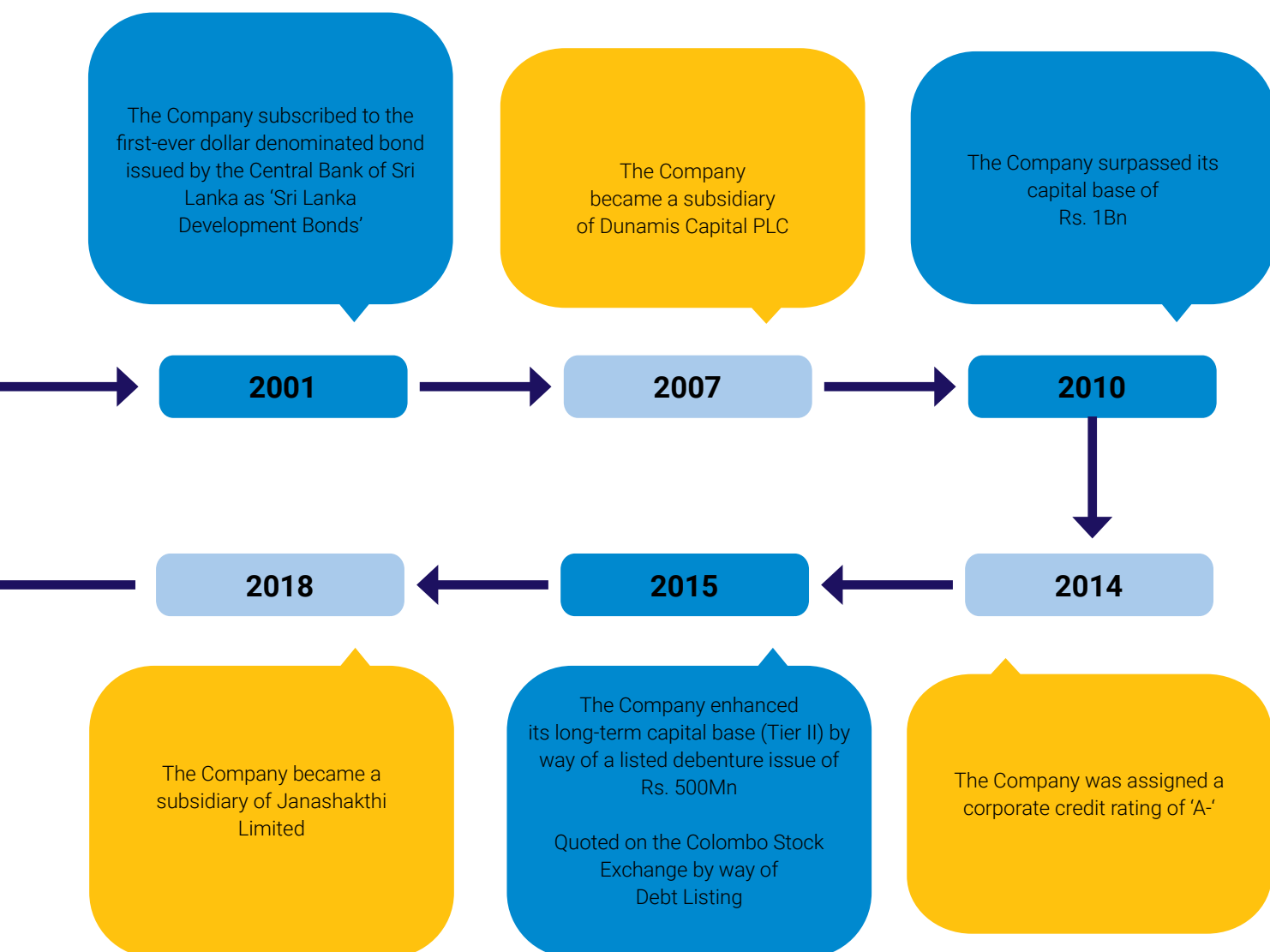
Current Capital Base is well above the level stipulated by the Central Bank of Sri Lanka

Dividend Payout of 50% for the past ten years

Recorded a 5-year average ROE of 27%

OUR JOURNEY





FINANCIAL HIGHLIGHTS

For the year ended 31 March	2022	2021	Variance
Income Statement (Rs. '000)			
Income	622,824	4,294,461	(3,671,637)
Net Trading Income before Expenses	(450,962)	2,792,503	(3,243,465)
Profit/ (Loss) after tax	(652,445)	1,837,281	(2,489,726)
Total Comprehensive Income/ (Loss)	(644,663)	1,835,035	(2,479,698)
Selected Return Ratios (Percentage)			
Return on Average Equity	(15.55)	44.51	(60.06)
Return on Average Assets	(2.41)	5.82	(8.23)
Financial Position (Rs. '000)			
Total Assets	28,416,583	25,724,457	2,692,126
Total Shareholders' Funds	3,873,560	4,518,223	(644,663)
Stated Capital	256,500	256,500	-
Funds Employed (Equity/ Debt)	28,031,975	24,607,950	3,424,025
Selected Ratios (Time/ Percentage)			
Leverage Ratio (Debt to Equity)	6.24	4.45	1.79
Interest Cover	0.15	2.84	(2.69)
Capital Adequacy Ratio	84.87	33.22	51.65
Shares Related Information			
Earnings per Share* (Rs.)	(1.06)	2.98	(4.04)
Dividend per Share* (Rs.)	-	0.84	(0.84)
Net Assets per Share (Rs.)	25.17	29.36	(4.19)
Dividend Payout Ratio (Percentage)	-	28.19	(28.19)
Closing Share Price** (Rs.)	28.00	-	28.00
Market Capitalisation** (Rs.Mn)	4,309.20	-	4,309.20
Number of Shares issued (as at year-end)	153,900,000	153,900,000	-

* The effect of the sub-division of shares has been adjusted retrospectively.

** The ordinary shares of the Company were listed on the Colombo Stock Exchange on 23 December 2021.

OPERATIONAL HIGHLIGHTS

Rs.
209BN

Sale of Government Securities for FY 2021/22

Rs.
27.6BN

Investment in Government Securities

Rs.
3.9BN

Net Assets as at 31 March 2022

With a Stable Outlook

“A”

Credit Rating



MANAGEMENT REPORT

CHAIRMAN'S STATEMENT

At FCT, we believe that upholding the highest standards of governance is a pivotal factor that enables us to create long-term value for all our stakeholders and have hence never compromised on the same.



CHAIRMAN'S STATEMENT

It is my privilege to present to you the Annual Report and Audited Financial Statements of First Capital Treasuries PLC (FCT) for the year ended 31 March 2022.

PERFORMANCE

We began the financial year at a time of sustained uncertainty across the world due to the continuing COVID-19 pandemic. Extraordinary public health measures have been put in place to allay the impact of the pandemic since its advent. Significantly high levels of fiscal and monetary stimulus continued to be prevalent in some major economies to protect the global economy. As a result, some economies are now in a stronger position in terms of recovery. For others it may be reasonable to anticipate that overall economic effects of the pandemic will continue to be felt.

Here, in Sri Lanka, the financial year ended 31 March 2022 (FY 2021/22) was marked by singular, country specific socio-political and macroeconomic trials. Sri Lanka recorded a 3.7% real GDP growth during the calendar year 2021. A muted recovery from the COVID-19 pandemic was not surprising as Sri Lanka's economy struggled with macroeconomic challenges arising from a change in the sovereign debt rating, high and unsustainable debt, low foreign reserves and imminent inflationary pressures. Asian Development Bank (ADB) forecasts Sri Lanka's economic growth to dip to 2.4% in 2022 and improve marginally to 2.5% in 2023.

Given the challenging macro-economic conditions and marked levels of uncertainty in the market, year 2021/22 was a particularly exigent period for Sri Lanka's Primary Dealer (PD) companies. The year saw a marked growth in the overall liquidity risk exposure of PDs

due to a substantial increase of 83% in overnight negative mismatch in the maturity profile of assets and liabilities of PDs - from Rs. 13Bn as at end of 2020 to Rs. 20.3Bn as at end of 2021.

FCT's portfolio accounting for 5.9% of the total volume at Treasury Bill Primary Auctions and 3.6% for Treasury Bonds had a significant impact on the company's performance.

The Company reported Trading Losses of Rs. 905Mn on sale of Government Securities and mark to market losses on Government Securities amounting to Rs. 74Mn. Closing the year under review with a Net Interest Income of Rs. 484Mn, FCT reported a Loss after Tax of Rs. 652Mn.

Despite a subdued performance during this period, the Company was accorded with a rating of [SL] A with Stable outlook by ICRA Lanka Limited.

The Ratings agency noted that the rating was based on "FCT's position as the leading standalone non-bank primary dealer in Sri Lanka with an established track record, franchise and clientele"; "the low credit risk profile of the portfolio"; and "the comfortable capital profile of the company" which according to ICRA Lanka would allow "FCT to comfortably withstand unfavourable interest rate movements in the near term."

SHARES

The market continued to place immense trust in its strong fundamentals though the Company did not pay dividend for year 2021/22.

FCT's Rs. 300Mn Initial Public Offering (IPO) of Ordinary Voting Shares was oversubscribed by 4.5 times within hours on its opening day. The Company

received 1,991 applications amounting to Rs. 1.3Bn for 7,695,000 ordinary voting shares that were offered at Rs. 39 per share. The shares were listed on the "Diri Savi Board" of the Colombo Stock Exchange (CSE) and the trading commenced on 23 December 2021.

The Company also went in for a subdivision of its ordinary shares, subdividing every one (1) existing ordinary share to four (4) ordinary shares, without a change to the Stated Capital. FCT received shareholder approval for this move on 8 April 2022 and trading commenced on 5 May 2022.

GOVERNANCE

At FCT, we believe that upholding the highest standards of governance is a pivotal factor that enables us to create long-term value for all our stakeholders and have hence never compromised on the same.

FCT's immediate listed parent company, First Capital Holdings PLC, and the Janashakthi Limited, the ultimate parent company at large, have always remained committed to maintaining the highest levels of professionalism in everything we do.

Every member of our team, right from our senior management, strive to live by our corporate values, day in and day out. With a culture that promotes open dialogue across all teams and levels, we have been able to ensure high levels of transparency and facilitate the free flow of ideas.

We continue to actively review, benchmark, and strengthen our mechanisms for good governance to meet evolving ground realities.

OUTLOOK

Sri Lanka is going through one of the most challenging periods in its history with unprecedented levels of instability and economic uncertainty. This has dealt a devastating blow to both individuals and enterprises. Financial markets too are reeling under pressure.

While the short to medium term outlook remains a bit bleak at the moment, we are cautiously optimistic about the nation's long-term prospects. We are beginning to see some early signs of hope and a possible recovery. As a responsible enterprise, we look forward to doing everything in our control to support the economic revival and growth.

The current conditions have led to a rise in the risk associated with most traditional forms of investment. With this, there is heightened interest in government securities from investors, retail investors in particular. As the largest standalone non-bank primary dealer, we have taken upon ourselves to develop the government securities market, together with the wider group we believe in creating a platform for all Sri Lankans to enjoy access to the financial market with ease. We see great potential here and seek to accelerate the same through our investments in awareness campaigns and digital infrastructure.

Adapting our *modus operandi* to suit evolving market conditions, we will continue to strive to maintain FCT leadership position in both the primary and secondary markets and deliver sustained value to all our stakeholders, continuing our legacy of almost 40 years.

APPRECIATIONS

As we look ahead with hope, I would like to take a moment to express my sincerest gratitude to my colleagues on

the Board for their wisdom and support, especially during these trying times, and to the extended team at FCT, led by the Managing Director and the Director/Chief Executive Officer, for their ingenuity, commitment, and relentless efforts that have helped weather many a storm and emerge stronger.

I would also like to thank the officials of the Central Bank of Sri Lanka and other regulatory bodies for their continued guidance and support and for the pivotal role they play in shaping our industry and to all our customers and business partners for inspiring us with their trust and loyalty.

(Sgd.)

Nishan Fernando

Chairman

15 August 2022

DIRECTOR/CHIEF EXECUTIVE OFFICER'S REVIEW

We have immense faith in the resilience of our fellow Sri Lankans and the nation, and remain hopeful about the market's prospects in the long-term.



PERFORMANCE HIGHLIGHTS

First Capital Treasuries PLC (FCT), the Primary Dealing arm of First Capital Holdings PLC (FCH), saw its performance being hindered by the exceptionally challenging conditions in the operating environment during year 2021/22. The Company recorded a Loss after Tax of Rs. 652Mn for the year under review.

INDUSTRY ENVIRONMENT

Under the operating environment that prevailed, 2021/22 proved to be a challenging year for First Capital. We entered the financial year with a positive outlook and anticipation of continued monetary easing and a salutary rate environment bolstering the fragile economic recovery from COVID-19. Unanticipated early tightening in monetary policy during the first half of the year and a rising rate environment meant that the impact on our business operations had diverged from our expectations.

While monetary easing and ample liquidity provision had facilitated economic recovery in the first few months of our fiscal year, in August 2021, the Central Bank of Sri Lanka (CBSL) increased the policy rates and the Statutory Reserve Ratio (SRR) - antecedents for progressively rising bond market yields.

The SRR was increased by 2% to 4% effective from September 2021 mopping up Rs. 170Bn from the banking system. By end 2021, deposits with the CBSL recorded an expansion from Rs. 171.1Bn to Rs. 300.7Bn.

Yields on government securities, which declined during 2020, recorded a significant increase during 2021 in view of the increased borrowing requirement of the Government, amidst the change in the monetary policy stance and the removal of maximum yield rates for acceptance at primary auctions of government securities.

Primary market yields on treasury bills (T-Bills) increased within a range of 723-823 basis points (bps) across all tenures during the period from end-2020 to end-March 2022. Market appetite increased with the removal of maximum yield rates for acceptance at primary auctions. The preference of investors towards short tenures amidst perceived uncertainty was

apparent, with subscriptions favouring the 91-day maturity basket. Primary market yields on treasury bonds (T-Bonds) issued from the beginning of 2021 till end-March 2022 also increased by a range of 223-876 bps across tenures.

Secondary market yields rose across all maturities during the same period. Yields on T-Bills increased within a range of 740-746 bps across all tenures. On T-Bonds, secondary market yields ranged from 758-855 bps. The Government of Sri Lanka raised funds through US dollar denominated Sri Lanka Development Bonds at varied fixed rates in the range of 5% -10% during the period.

Given the advancing policy rates, Non-bank affiliated stand-alone primary dealers (PDs) saw a decline in assets in 2021. Total assets of PDs declined by 9.8% to Rs. 78.7Bn in 2021. Collective trading portfolio value decreased to Rs. 54.9Bn as at end 2021 from Rs. 62.6Bn recorded as at end 2020. Collective held to maturity portfolio value declined to Rs. 12Bn as at end 2021 from Rs. 14.7Bn as at end 2020. Available for sale portfolio increased to Rs. 3.6Bn by the end of 2021 compared to Rs. 2.8Bn as at the end of 2020.

PDs recorded a loss after tax of Rs. 0.4Bn during 2021 compared to profit after tax of Rs. 4.9Bn in the previous year. PDs reported a decline in capital gains and booked in mark-to-market losses in 2021 compared to 2020. Return on Assets (ROA) and Return on Equity (ROE) of PDs contracted to negative 0.7% and negative 3.2%, respectively, as at the end of 2021.

COMPANY PERFORMANCE

FCT's Loss after Tax of Rs. 652Mn on the back of net interest income of Rs. 484Mn was a result of trading losses of Rs. 905Mn on the sale of Government Securities and mark-to-mark losses of Rs. 74Mn on Government Securities.

OUTLOOK

Given the unparalleled levels of political and economic turbulence that the nation is currently faced with, the overall outlook for businesses in general and the government securities industry in particular is a bit gloomy in the short to medium term. However, we have immense faith in the resilience of our

fellow Sri Lankans and the nation and remain hopeful about the market's prospects in the long-term.

The strength of the Janashakthi Group and First Capital Holdings PLC, as well as the company's own sound financial foundations, gives us the wherewithal to rise above these challenges.

Despite the prevalent economic climate, the market is witnessing some positive developments too. As an organisation, we are at the forefront of digital transformation and are committed to developing our digital services to provide an enhanced customer experience. Adapting to the new operating environment, whilst increasing the ease of doing business and speed of performance is a key strategy that we are focusing on.

Furthermore, retail investors who generally shied away from government securities are beginning to appreciate the stability and attractive returns offered by these instruments. Armed with almost 40 years of expertise, together with enhancements in customer experience, backed by accessible research and impactful awareness messaging, FCT is fully geared to serve this growing segment.

We will continue to identify and capitalise on such pockets of opportunity to deliver greater value to all our stakeholders.

APPRECIATIONS

As we conclude what has been a particularly challenging year, I would like to thank our Chairman, my colleagues on the Board, and the entire team at FCT for powering us through this rough patch through their innate flair for our business as well as their passion and dedication. I would like to express my sincerest gratitude to the Central Bank of Sri Lanka and other regulatory bodies for continuing to guide and shape our industry and to all our clients for trusting and standing by us during this period.

(Sgd.)

Dilshan Wirasekara

Director/Chief Executive Officer

15 August 2022

BOARD OF DIRECTORS





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BOARD OF DIRECTORS

1. Nishan Fernando

Independent Non-Executive Chairman

Nishan Fernando is a Fellow Chartered Accountant and a Chartered Global Management Accountant with Associate Membership of the Chartered Institute of Management Accountants, UK. He holds a Master's Degree in Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura, and is a Graduate of the Sri Lanka Institute of Directors.

He counts over 30 years of experience, during which period he has held the position of CFO/ Head of Finance at leading corporates in Sri Lanka. Nishan is a Past President of the Institute of Chartered Accountants of Sri Lanka. He has served on the International Accounting Education Standards Board of the International Federation of Accountants, and its Consultative Advisory Board. He has also served on the Board of South Asian Federation of Accountants. He has been representing Sri Lanka in the Asia Oceanian Standard Setters' Group for over ten years and was appointed as its Chair in 2020.

He had been a Commission Member of the Securities and Exchange Commission of Sri Lanka and also served on the Accounting and Auditing Standards Monitoring Board, Governing Boards of Postgraduate Institute of Management and of National Institute of Business Management. He has been serving on the Sri Lanka Accounting Standards Committee for over seventeen

years and chaired it in 2009-2013 during which period Sri Lanka fully converged with IFRS. He has also been chairing the SLFRS Implementation and Interpretation Committee of CA Sri Lanka.

Other Principal Appointments

Chairman: First Capital Holdings PLC
Managing Director: BDO Consulting (Pvt) Limited

2. Dinesh Schaffter

Managing Director

Dinesh Schaffter currently serves as the Managing Director of First Capital Holdings PLC and its subsidiaries. He has a background in finance, and substantial experience of over 25 years, during which he has executed a range of transactions including M&A, restructuring and business valuations.

With a professional qualification in Management Accounting as an Associate Member of the Chartered Institute of Management Accountants (ACMA) and a Bachelor's Degree in Business Law (LL.B Bus. Law) from UK, and an Executive Master's Degree in Business Administration (MBA) from INSEAD, France, his insights are valuable to the company in developing strategies for expansion, acquisitions and business collaboration. He was formerly the Managing Director of Kelsey Developments PLC and Dunamis Capital PLC.

Other Principal Appointments

Managing Director: First Capital Holdings PLC
Director: Janashakthi Limited and Janashakthi Insurance PLC

3. Dilshan Wirasekara

Director/Chief Executive Officer

Dilshan Wirasekara, Director/Chief Executive Officer of First Capital Holdings PLC is an experienced professional with a career spanning over 26 years, comprising diversified expertise in financial services including, banking, treasury and investment management, capital market strategy and corporate finance advisory services.

Having joined First Capital in 2013, Dilshan steered the Company, a full service investment and advisory services provider in Government Securities, Corporate Finance and Advisory, Asset Management and Stock brokering complemented by an industry-leading Research unit, to establish itself as a significant contributor to the local capital market industry. He spearheaded the formation of key debt structuring deals with internationally based development financial institutions as well the signing of strategic partnerships with foreign institutions focusing on emerging markets such as Sri Lanka.

He was the former General Manager of Softlogic Capital PLC guiding investment and trading portfolio management across subsidiaries inclusive of the Group's Licensed Finance Company, Composite Insurer and Equity Brokerage; prior to which he was the Head of Treasury at Nations Trust Bank PLC.

He specialises in Asset and Liability Risk Management having secured the accolade of leading and representing two Sri Lankan companies in winning

the International Bank Asset and Liability competition organised annually by the Netherlands Development Finance Company (FMO), German Investment Corporation (DEG) and Proparco – a subsidiary of the Agence Française de Développement (AFD).

Dilshan Wirasekara is an Alumnus of INSEAD having successfully completed his Executive Professional Education at INSEAD Business School, Fontainebleau, France. He is also an Alumnus of the Association for Overseas Technical Cooperation and Sustainable Partnerships, Tokyo, Japan.

Other Principal Appointments

Chairman : Colombo Stock Exchange
Director/ CEO: First Capital Holdings PLC

4. Prakash Schaffter

Non-Independent Non-Executive Director (Resigned with effect from 10 January 2022)

Prakash Schaffter is the Deputy Chairman / Chief Executive Officer of Janashakthi Limited, the parent company of First Capital Holdings PLC. He is a graduate of Cambridge University and has over three decades of managerial and financial experience in both Sri Lanka and the United Kingdom.

Over the course of his tenure of leadership as the Executive Chairman of Janashakthi Insurance PLC, he has led Janashakthi through a growth phase that saw Janashakthi become the third largest Non-Life Insurer. He was instrumental in acquiring the Non-Life segment of AIA Insurance Lanka in 2015 and also led the divestment project of Janashakthi's Non-Life segment in 2018.

Prakash is a former President of the Insurance Association of Sri Lanka, and continues to impact the business sector through his membership on the council of the Sri Lanka Institute of Directors (SLID). He served on the Boards of several listed and unlisted entities including the Bank of Ceylon and has been amongst the youngest Fellow Members of the Chartered Insurance Institute. He has also served as President of the Young Presidents Organisation of Sri Lanka.

Other Principal Appointments

Deputy Chairman: Janashakthi Limited and Janashakthi Insurance PLC
Director: Kelsey Developments PLC and Orient Finance PLC

BOARD OF DIRECTORS

5. Ramesh Schaffter

Non-Independent Non-Executive Director

Ramesh Schaffter was appointed as a Non-Independent, Non-Executive Director on 21 December 2018. He serves as the Managing Director/Group Chief Executive Officer of Janashakthi Group. Counting over three decades of experience in Finance and Marketing, he is a Fellow Member and former Council Member of the Chartered Institute of Management Accountants, Sri Lanka, and an Associate Member of the Chartered Institute of Marketing. He has served on the Boards of several public listed and unlisted companies.

A social entrepreneur and life coach, he is an accomplished public speaker and a multiple award winner at national and international level Toastmasters' contests. He is the former President of Habitat for Humanity Sri Lanka and a former Board Member of World Vision for Sri Lanka. He is a Co-Founder of cable television channel Swarga TV, as well as the Christian Arts Foundation (Chraft), an organisation that promotes music and drama in Sri Lanka.

Ramesh served on the Council of the Colombo Theological Seminary, a graduate and postgraduate educational institute, and is the former Chairman of the Incorporated Trustees of the Church of Ceylon.

Other Principal Appointments

Managing Director/ Group Chief Executive Officer: Janashakthi Limited
Director: First Capital Holdings PLC, Serendib Land PLC and Sarvodaya Development Finance PLC

Alternate Director to Prakash Schaffter: Janashakthi Insurance PLC and Kelsey Development PLC

6. Minette Perera

Independent Non-Executive Director

Minette Perera was the Group Finance Director of the MJF Group, which comprises several tea growing, packing and exporting companies, supplying the "Dilmah Tea" brand around the world, from September 2000 till March 2013.

During the period of her employment with the MJF Group, she was appointed a Director of the MJF Group of Companies, including MJF Holdings Limited. She continues to hold Board positions in some Companies of the MJF Group.

Minette is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and the Association of Chartered Certified Accountants of UK. She has over 40 years working experience as a qualified accountant having worked in leading local and international companies as an Executive Director.

Other Principal Appointments

Director: First Capital Holdings PLC, Orient Finance PLC, Dilmah Ceylon Tea Company PLC (formerly Ceylon Tea Services PLC), Kahawatte Plantations PLC, Talawakelle Tea Estates PLC and Forbes & Walker (Pvt) Limited PLC

7. Chandana de Silva

Independent Non-Executive Director

Chandana de Silva, has 32 years of managerial and financial experience acquired in Sri Lanka and the United Kingdom. In Sri Lanka since 2002, he worked at MAS Holdings in a variety of roles before retiring as Chief Executive Officer of the MAS Investments Division in 2012.

A Fellow of the Institute of Chartered Accountants in England and Wales and in Sri Lanka, he also holds a Bachelor of Science in Mathematics and Management from the University of London, UK.

He currently serves as an independent non-Executive board member and as a Consultant.

Other Principal Appointments

Chairman: Janashakthi Limited
Director: First Capital Holdings PLC, Eureka Technologies (Pvt) Limited, 24/7 Techies (Pvt) Limited and Reap Digital (Pvt) Limited.

8. Nishan de Mel

Independent Non-Executive Director

Nishan de Mel is the Executive Director and Head of Research of Verité Research, a think tank that provides analytical research and advisory services on economic, political, and legal issues in Sri Lanka and Asia. He is an economist with extensive academic, policy, and private sector experience.

He has been a Member of the Presidential Task Force on Health Sector Reform, Presidential Committee on Tobacco, Alcohol and Dangerous Drug Regulation, and the National Steering Committee on Social Security. He has also served as the Executive Director of the International Centre for Ethnic Studies (ICES) and on the Board of the Sri Lanka Foundation Institute, among others. Internationally, Nishan has held several governing, teaching, and research positions, including as Lecturer in Economics at the University of Oxford, UK. His undergraduate degree in Economics is from Harvard University, USA. He earned his masters and doctoral degrees in Economics at the University of Oxford where he was a Chevening scholar.

Other Principal Appointments

Director : First Capital Holdings PLC,
Eureka Technology Partners (Pvt) Limited

MANAGEMENT TEAM



1. Dinesh Schaffter
Managing Director



2. Dilshan Wirasekara
Director/ Chief Executive Officer



3. Tharusha Ekanayake
Chief Operating Officer



4. Mangala Jayashantha
Chief Financial Officer



5. Wasanthi Stephen
Group Chief Human Resources Officer



6. Harshanee Deshapriya
Group Chief Legal Officer



7. K V Kuganathan
Group Chief Information Officer



8. Manindri Dias Bandaranayake
Group Chief Brand Marketing Officer



9. Dimantha Mathew
Head of Research



10. Kapila Perera
AGM – Risk & Compliance



11. Anjelo Simmons
Chief Dealer



12. Sujani Kumarage
AGM – Operations



13. Anushi Ranawaka
Senior Manager - Treasury Sales



14. Dhillip Joseph
Deputy Chief Financial Officer



15. Rohana Jayakody
Senior Manager – Branch Sales



16. Harsha Perera
Senior Manager – Operations



17. Anushka Dissanayake
Senior Manager – Treasuries



18. Rangajeewa Abeywickrama
Head of Group IT Operations



19. Salinda Samarakoon
Senior Manager - Kandy Branch



20. Nisansala Munasinghe
Head of Marketing - Branding and Marketing Services



21. Nisansala Kothalawala
Senior Manager - Risk & Compliance



22. Chamara Pussella
Senior Manager – Human Resources



23. Uthpala Pinnaduwaheewa
Head of Digital & CRM

MANAGEMENT TEAM

1. Dinesh Schaffter

Managing Director

Please refer to the Directors' Profile on page 18.

2. Dilshan Wirasekara

Director/ Chief Executive Officer

Please refer to the Directors' Profile on page 19.

3. Tharusha Ekanayake

Chief Operating Officer

Tharusha Ekanayake brings over 21 years of experience in banking and financial services, specialising in the areas of treasury, foreign exchange, fixed income securities, investment banking, assets and liability management, portfolio management, fund raising activities, and risk management in relation to the treasury.

He has received broad exposure and extensive training in treasury, risk management, investment management, and asset and liability management.

Tharusha holds a Bachelor of Science Honors, Special Degree in Chemistry from the University of Peradeniya.

4. Mangala Jayashantha

Chief Financial Officer

Mangala Jayashantha brings over 20 years of significant expertise in financial management, accounting, auditing, corporate planning, and taxation.

Mangala commenced his career at KPMG - Sri Lanka, a member firm of KPMG International. At KPMG, he obtained extensive exposure in audit and assurance services of a broad array of industry segments including Licensed Commercial Banks, Licensed Specialised Banks, and other financial institutions.

Mangala is an Associate Member of the Institute of the Chartered Accountants of Sri Lanka and holds a Bachelor of Science (Special) Degree in Accountancy from the University of Sri Jayewardenepura.

5. Wasanthi Stephen

Group Chief Human Resources Officer

Wasanthi Stephen counts over 22 years of experience within the Human Resource Industry in Sri Lanka. During this period, she has gained extensive exposure to talent management, employee relations and handling of industrial disputes, mentoring and counseling employees, strategic HR planning, and learning and development across hospitality, real estate, manufacturing, financial services, and insurance industries.

Prior to joining Janashakthi Group, Wasanthi served as Director of Human Resources for Cinnamon Lakeside Hotel, as well as an Assistant Vice President at John Keells Holdings.

Wasanthi is a qualified Attorney-at-Law and has practiced as a Junior Counsel and an Instructing Attorney, as well as worked for Sri Lanka Telecom's legal division prior to commencing her HR career.

She is also an Associate Member of the Chartered Institute of Personnel Management, and a Certified Professional Coach in Transformative Coaching.

6. Harshanee Deshapriya

Group Chief Legal Officer

Harshanee Deshapriya possesses 16 years of work experience including 13 years as a corporate lawyer with an extensive exposure towards capital market regulatory work, corporate affairs, activities and transactions in diversified industries such as manufacturing, real estate, insurance, investment banking and finance. Her professional expertise ranges across various foreign and local investment activities including company takeovers and mergers, corporate finance and advisory services, dealing with foreign hedge funds and exchanges, commercial arbitration and contract management.

Harshanee holds a Master of Laws (LLM) in International Business and Commercial Law with a Merit Pass from the University of West London and she was awarded Outstanding Performance recognition for the highest average in dissertation. She obtained a Bachelor of Laws with Honours from the University of Colombo, Faculty of Law and she was admitted as an Attorney-at-Law in Sri Lanka with Honours.

Harshanee has also obtained Professional Qualifications in Human Resources Management (PQHRM) from IPM Sri Lanka with a Merit Award and has successfully completed the Post Attorney Diploma in Corporate Law with

a Merit Pass from the Advanced Legal Studies Unit of Sri Lanka Law College. Prior to joining the Janashakthi Group, she headed the legal division of the Lanka Century Investments PLC Group (presently known as Ambeon Holdings).

Harshanee apprenticed with the President Counsel Geoffrey Alagaratnam and also has received substantial training at John Keells Holdings PLC, Peoples' Bank, and the Securities and Exchange Commission of Sri Lanka.

7. K V Kuganathan

Group Chief Information Officer

K V Kuganathan is a seasoned business, digital, and IT strategist with over 23 years of experience, including over 9 years serving at C-level positions, with extensive experience in Banking Finance, Insurance, and the Capital Market sector.

He specialises in building and transforming financial models into dynamic digital businesses with an acute focus on achieving exceptional results.

Kuganathan currently serves as the Group Chief Information Officer at Janashakthi Group across the Insurance, Finance, Investment and Real estate sectors.

Prior to joining Janashakthi, he transformed the National Development Bank PLC as Sri Lanka's leading mobility banking solution providing the market's best customer experience for its loyal customers. Further to this, he initiated and led the e-Banking division at Hatton National Bank PLC.

Kuganathan holds several IT related board positions, including Chairman of British Computer Society for IT Chartered Institute Sri Lanka Section and is on the Board of the British Computer Society for IT Chartered Institute UK. He also served as a Non-Executive Director for UPAY Payment Solution Ltd.

Kuganathan graduated with a Distinction in MSc in IT Consultancy as well as a degree in Computing and Information Systems. With many prestigious accolades in recognition of his contribution to the IT industry, since 2011, Kuganathan has judged NBQSA ICT Awards and Asia Pacific ICT Awards. Additionally, Kuganathan shares his enthusiasm for Digital Financial Infusion at many International Conferences, focusing on Channel Optimisation, where he is a renowned public speaker.

8. Manindri Dias Bandaranayake

Group Chief Brand Marketing Officer

Manindri Dias Bandaranayake is a marketing professional with over 16 years of marketing experience. She has been with Janashakthi for over 6 years, currently holding the position of Group Chief Brand Marketing Officer overlooking the marketing strategies across the group companies.

Prior to Janashakthi, she completed a successful 9-year stint in brand building at Unilever Sri Lanka. She joined Unilever Sri Lanka as a Management Trainee in 2005 and spent over 7 years in Food Categories/brands (beverages & savoury), and handled the flagship brand Sunlight. Manindri followed a Master of Business Administration from the University

of Wales, and a Bachelor of Science in Microbiology from the Bangalore University. She is also a Member of the Chartered Institute of Marketing UK (MCIM) and a Fellow member of the Chartered Institute of Management Accountants UK (FCMA, CGMA). She was recognised by Women in Management at the "Top 50 Professional and Career Woman Awards" - 2021.

9. Dimantha Mathew

Head of Research

Dimantha Mathew has over 15 years of experience with investment banking a predominant focus.

Dimantha brings significant exposure in economic, fixed income and equity research, portfolio management, debt and equity financing strategy, project finance, and corporate finance and advisory services.

Prior to joining First Capital, Dimantha acted as Head of Research at Softlogic Stockbrokers. He had also worked at Capital Alliance and John Keells Stockbrokers.

Dimantha holds a Master of Business Administration from the University of Wales, UK and a Bachelor of Laws from the University of London. He is an Attorney-at-Law in Sri Lanka and also holds ACMA and CGMA qualifications.

MANAGEMENT TEAM

10. Kapila Perera

AGM – Risk & Compliance

Kapila Perera counts over 14 years of experience in Risk and Compliance, Operations and Finance. He has significant exposure in risk management, compliance, AML/CFT compliance, financial and credit analysis and business operations related to handling scrip and scripless securities.

Kapila assumed his current position as Assistant General Manager - Risk and Compliance in July 2020. He holds a Master of Business Administration from the University of Colombo and obtained his Bachelor's (Special) Degree in Commerce from the University of Sri Jayewardenepura. Kapila is an Associate Member of the Sri Lanka Institute of Credit Management (SLICM) and also a Member of the Institute of Chartered Professional Managers of Sri Lanka. He has successfully completed the Diploma in Treasury and Risk Management conducted by the Institute of Bankers of Sri Lanka.

11. Anjelo Simmons

Chief Dealer

Anjelo Simmons possesses 14 years of fixed income related experience. Commencing his career with Ceylinco Insurance (Life) in 2007, Anjelo joined First Capital Treasuries PLC in 2012 as a Senior Executive. He was promoted as a Manager and Senior Manager in 2015 and 2018 respectively. Presently, he performs duties in the AGM category.

His core focus is on fixed income trading, providing strategic investment and dealer-trader solutions. Anjelo is a Finalist of the Chartered Institute of Management Accountants (CIMA)-UK.

12. Sujani Kumarage

AGM – Operations

Sujani Kumarage counts over 23 years of experience in business processing relating to fixed income securities and treasury operations.

She provides oversight for processing of government and corporate debt securities, money market operations and SWIFT securities/payments and Settlements. Sujani manages centralised operations of First Capital Group and maintains expansive relationships with Banks & Primary Dealers.

She holds a Diploma in Treasury and Risk Management conducted by the Institute of Bankers of Sri Lanka, certificate for Treasury & Foreign Exchange Operations conducted by the Central Bank of Sri Lanka and currently she is reading for her MBA at the University of Suffolk.

13. Anushi Ranawaka

Senior Manager - Treasury Sales

Anushi Ranawaka has over 15 years of experience in numerous key areas relating to the fixed income securities market in Sri Lanka. She has gathered wide knowledge and proficiency in managing the investment needs of sophisticated corporates, institutional investors and high net-worth individuals.

Anushi commenced her career at Seylan Bank Asset Management Limited, a Primary Dealer in Government Securities. She holds a Diploma in Treasury and Risk Management from the Institute of Bankers of Sri Lanka.

14. Dhillip Joseph

Deputy Chief Financial Officer

Dhillip Joseph counts varied experience spanning over 14 years in accounting, auditing, financial management, corporate planning and taxation.

Dhillip commenced his career at KPMG - Sri Lanka, a leading firm of Chartered Accountants and a member firm of KPMG International. During his career at KPMG, he obtained extensive exposure in audit and assurance services of multiple industry segments including banking, finance leasing, money brokering, manufacturing, trading and leisure.

Dhillip is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and holds a Master of Business Administration from the Postgraduate Institute of Management of the University of Sri Jayewardenepura.

15. Rohana Jayakody

Senior Manager – Branch Sales

Rohana Jayakody counts over 20 years of experience in fixed income securities. Commencing his career at the Employee Provident Fund department of the Central Bank of Sri Lanka in 1998 as a Project Officer, Rohana joined First Capital a year later and was promoted to the post of Manager in 2008.

Rohana currently heads the Matara Branch. His chief focus is in providing trading and investment solutions in fixed income to diverse clients across the Southern Province.

Rohana holds a Bachelor of Commerce (Special) Degree from the University of Sri Jayewardenepura and a Diploma in Investment Advisory from the Securities and Exchange Commission of Sri Lanka.

16. Harsha Perera **Senior Manager – Operations**

Harsha Perera possesses over 20 years of experience in fixed income securities processing and post-trade operations.

Harsha joined the First Capital Group in 1999 and was promoted to Assistant Manager in 2010 and Manager in 2015. Presently, Harsha manages treasury operations and oversees SWIFT Securities Payments and Settlements and centralised operations of First Capital Group companies and maintains expansive relationships with Banks and Primary Dealers.

He has extensive exposure in back-office operations of government and corporate debt securities and money market operations. He has undergone training in "Securities Settlement and Reconciliation" conducted by the SWIFT Training Centre Mumbai, India.

He has completed stage 1 of Investment Operations Certificate (IOC) conducted by Chartered Institute for Securities & Investment (CISI).

17. Anushka Dissanayake **Senior Manager – Treasuries**

Anushka Dissanayake has over 12 years of diversified experience in the fields of fixed income securities, equity portfolio management, manufacturing and real estate.

Anushka joined the First Capital Group in 2016 having served 4 years in the Parent Company, Dunamis Capital PLC. Joining Dunamis as a Senior Executive and promoted as an Assistant Manager in April 2014, Anushka worked under the direct supervision of the Managing Director. Subsequently, he was promoted as Manager-Treasuries of First Capital and manages fixed income trading.

Anushka is an Associate Member of the Chartered Institute of Management Accountants (CIMA) UK.

18. Rangajeewa Abeywickrama **Head of Group IT Operations**

Rangajeewa Abeywickrama counts over 19 years of experience in the fields of IT Security, Cloud and Virtualization, SWIFT Support Service, Core Application and ERP Development Project Management, IT Infrastructure, Data Center Management, Disaster Recovery Planning and Risk Management and Virtual Office with Private Cloud Development.

Rangajeewa joined the First Capital Group in 2008 as a IT Administrator. He was promoted as a Assistant Manager, Manager, and Senior Manager in 2013, 2017 and 2020. In 2021 he was promoted to the current position as the

Head of IT of the Group, heading the Information Technology Department of the Group and reporting directly to the Director/ Chief Executive Officer.

He started his career as Technical Support Engineer at MicroNet Information Systems (Pvt) Ltd in 2002. He had also worked at HS Cargo and Hayleys Advantis.

Rangajeewa holds a Master of Business Administration from the University of Bedfordshire, UK. He is a Member of the Computer Society of Sri Lanka and holds a CCNA in Computing and Information System from the Sri Lanka Institute of Information Technology.

19. Salinda Samarakoon **Senior Manager - Kandy Branch**

Salinda Samarakoon counts over 17 years of experience with a decade's service at First Capital.

Specialising in fixed income securities, Salinda manages the dealer-trader and strategic investment needs of a diverse client base across the Central, Uva and Sabaragamuwa provinces.

MANAGEMENT TEAM

20. Nisansala Munasinghe

Head of Marketing - Branding and Marketing Services

Nisansala Munasinghe counts over 10 years of experience in developing strategic communications to increase business value and influence. She has worked on local and international brands in the areas of corporate communications, public relations, strategic planning and business development.

Nisansala commenced her career at Grant Public Relations (GPR Communications Consultancy), a subsidiary of the Dentsu Grant Group.

Subsequently, she joined the Colombo Stock Exchange and was responsible for marketing communications and international events including the 'Invest Sri Lanka' roadshow events held in Singapore, Dubai, Hong Kong and London.

Nisansala is an Associate Member of the Chartered Institute of Marketing (UK).

She holds a Bachelor of Arts in International Relations and Mass Communication from Deakin University, Australia and a Diploma in Media Communication from Deakin College, Australia. Nisansala has undergone training in Brand Building, Corporate Strategy and Customer Service Excellence.

21. Nisansala Kothalawala

Senior Manager - Risk & Compliance

Nisansala Kothalawala counts 15 years of experience in Risk and Compliance and Banking Operations. She assumed her current position as Senior Manager – Risk and Compliance in April 2021 and has significant exposure in risk management, compliance, AML/CFT compliance and middle office functions.

Nisansala is an experienced banker with 11 years of extensive exposure to Branch Operations, Treasury products and operations, FX and international trade services during her tenure at Sampath Bank PLC.

She holds an MBA from Cardiff Metropolitan University of United Kingdom and she is an Associate Member of the Institute of Bankers of Sri Lanka (IBSL). She obtained her bachelor's degree in Business Administration from the University of Sri Jayewardenepura and holds a Diploma in International Trade and a Diploma in Business Finance & Bank Management from the Institute of Bankers of Sri Lanka (IBSL). She holds advanced Diploma in Management Accounting of the Chartered Institute of Management Accountants (CIMA) and holds Certificate in Treasury and Foreign Exchange Operations of Centre for Banking Studies, Central Bank of Sri Lanka. She has completed Risk in Financial Services of Compliance & Risk qualification pathway of the Chartered Institute for Securities and Investment (CISI).

22. Chamara Pussella

Senior Manager – Human Resources

Chamara brings over 15 years of Human Resources Management experience in Banking/Finance and Real estate industries in both multinational and local companies.

He gained extensive knowledge in Human Resources Management in banking and finance industry with over 11 years of collective experience with HSBC and Amba Research (currently known as Acuity Knowledge Partners). Most recently he was attached to Fairway Holdings where he gained significant exposure to Real Estate industry.

He holds an MBA awarded by the University of Wales and he is a holder of Claritas Investment Certificate, a program conducted by the CFA institute for Investment banking professionals. Chamara is a professional member of Association of HR Professionals (HRP).

23. Uthpala Pinnaduwaheewa

Head of Digital & CRM

A professional in Digital channels, CRM, Marketing, and Banking, Uthpala is right now counting her 16th year in the financial industry. She is currently acting as the Head of Digital and Customer Relationship Management at First Capital since March 2022. She had started her career at Sampath Bank PLC in 2007 and ended her tenure in 2018 gathering great exposure in a variety of key divisions. Prior to joining First Capital, she served as the Head of Customer Relationship Manager (CRM) at Citizens Development Business Finance PLC from 2018 to 2022.

She has earned her expertise in Customer Experience Management, Customer Relationship Management, Digital Banking Operations, New Product Development, Process Development, Corporate Training, Corporate Sales, Project Management, Branch Banking, Foreign Investor Accounts Operations, and Card Centre Operations writing her own professional journey.

Uthpala holds an MBA from the University of Northampton, UK, and carries the status of Certified Professional Marketers in Asia offered by the Asia Marketing Federation. Adding more value to her expertise she also holds a Post Graduate Diploma in Marketing from the Sri Lanka Institute of Marketing (SLIM), a Diploma in Business Finance and Bank Management from the Institute of Bankers Sri Lanka (IBSL), and a Diploma in Television Journalism from the National Institute of Television Training.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC BACKDROP

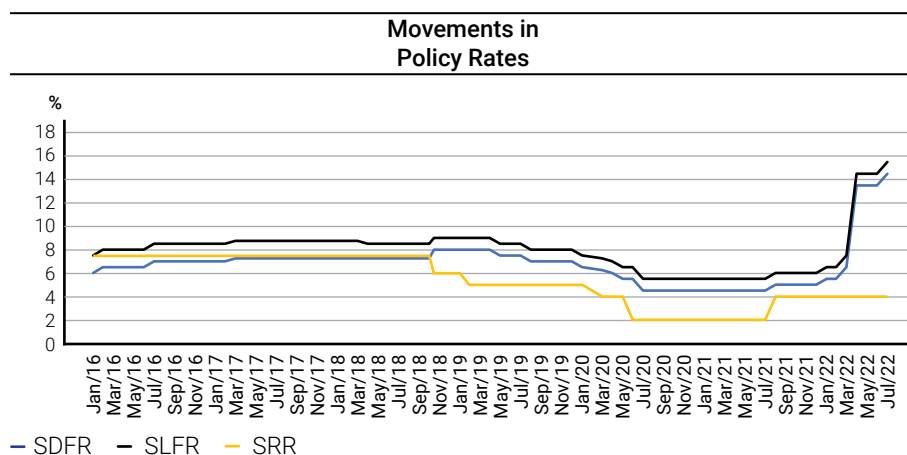
The uncertainty brought about by the global pandemic continued to plague economies around the world right through this fiscal year too. The world economy was set to grow by 6.1% in 2021 and 3.6% in 2022 and 2023 as per projections by the International Monetary Fund (IMF). However, global markets fell sharply towards the end of March 2022 and given the current geopolitical and economic climate, remain highly volatile.

In Asia, the Asian Development Bank (ADB) estimated developing markets in the region to grow by 5.2% in 2022 and 5.3% in 2023. Developing Asia was severely affected by the uncertainties stemming from the Russia-Ukraine conflict, the continuing pandemic and the fiscal tightening by the United States Federal Reserve.

Already reeling from the blow dealt by global events, Sri Lanka also faced its own set of unprecedented socio-political and macro-economic challenges during the financial year ended 31 March 2022. The market's ability to rise back from COVID-19 was affected by a variety of factors including drop in sovereign debt ratings, high and unsustainable debt, low foreign reserves and imminent inflationary pressures. The nation ended the calendar year 2021 with real GDP growth of 3.7%. ADB projects that Sri Lanka's economic growth will dip to 2.4% in 2022 and improve marginally to 2.5% in 2023.

INDUSTRY ENVIRONMENT

Domestic money market liquidity witnessed significant fluctuations during 2021 and liquidity which remained at considerable surplus levels during the first half of 2021, declined notably into large deficit levels during the second half as a result of tight monetary policy stance adopted by CBSL which saw increase in key policy rates by 0.5% to 5% (SDFR) and 6% (SLFR). The Statutory Reserve Ratio (SRR) was also increased by 2% to 4% effective from September 2021 causing an absorption of Rs. 170Bn from the banking system, alongside several other measures. Following the tightening of the monetary policy stance, overall liquidity in the domestic money market turned into large deficit levels, resulting in a gradual upward adjustment in the market interest rates structure.



Owing to upward adjustment in policy rates, the yield curve of government securities expanded and stayed at higher levels towards the latter part of 2021. Another round of

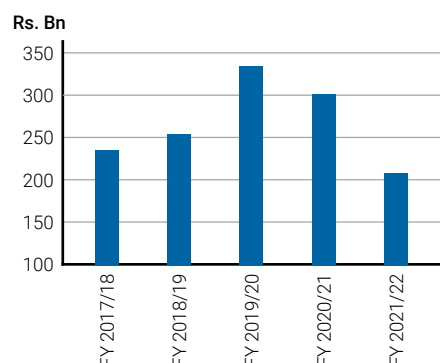
upward adjustments in yield rates was experienced with announcement of the removal of the maximum acceptance yield rates in government securities in September 2021, coupled with downgrade in sovereign ratings actions and increased government borrowings. There was an increase in the overall liquidity risk exposure of primary dealers due to the increase in overnight negative mismatch in the maturity profile of assets and liabilities by end of 2021. As a result of expansion in overnight liabilities by 82.8% as at end of 2021, the overnight negative mismatch increased to Rs. 20.3Bn as at end of 2021 from Rs. 13Bn (79.5%) as at end of 2020. However, due to the holding of a large volume of government securities, which is considered to be free of credit risk, PDs have been able to obtain funds to bridge any unforeseen liquidity gaps using such government securities as collateral. Hence, the liquidity risk profile of primary dealers remained low throughout the year. At the same time, most of the PDs had standby contingency funding arrangements to bridge the liquidity gaps.

Primary Dealer companies reported a Loss after Tax of Rs. 0.4Bn for the year 2021 compared to Profit after Tax of Rs. 4.9Bn in the previous year, indicating a significant deterioration in the profitability consequent to the rise in yields of Government Securities. The substantial drop in trading gains in 2021 compared to the corresponding year along with the mark to market losses largely contributed to the loss in 2021.

COMPANY PERFORMANCE

Despite the exacting market conditions, First Capital Treasuries PLC (FCT) was able to curtail its losses during this markedly challenging year. The Company concluded the financial year ended 31 March 2022 with a Net Interest Income of Rs. 484Mn and a Loss after Tax of Rs. 652Mn. Trading losses and mark-to-market losses on the Government Securities stood at Rs. 905Mn and Rs. 74Mn respectively.

FCT - Sale of Government Securities



In spite of these temporary setbacks, the Company was accorded with a rating of [SL] A with Stable outlook by ICRA Lanka Limited. The ratings agency noted that FCT would be able to “comfortably withstand unfavourable interest rate movements in the near term” due to its “position as the leading standalone primary dealer (PD) in Sri Lanka with an established track record, franchise and clientele”; “the low credit risk profile of the portfolio”; and “the comfortable capital profile of the Company.”

Embracing the digitalisation of the local capital market industry, First Capital Treasuries PLC broke barriers in the non-bank financial services space, with the introduction of ‘digital onboarding’ to

facilitate non-face-to-face account opening for Government securities clients for the first time in Sri Lanka.

HUMAN RESOURCES

Given the COVID-19 related health concerns, FCT continued to actively facilitate working from home to protect the health and well-being of its team members. Training and development to enhance the skills and capabilities of our people remained one of the key priorities for the business, with several targeted programs being conducted to keep the staff motivated and engaged through the course of the year. The Company also focused on succession planning for its managerial personnel based on its 3-year corporate strategy.

OUTLOOK

As the world begins to recover from the financial impact of the pandemic, Sri Lanka is faced with daunting socio-economic challenges leading significant changes in the political front with critical policy changes expected to realign the economy on a recovery path. Discussions with IMF and foreign debt restructuring efforts are in progress with the support of advisory teams providing hope for the longer term despite gloomy outlook in the short to medium term amidst a great deal of uncertainty and volatility. In light of these factors, FCT will adopt a cautious approach during the year, in line with the First Capital Group.

The CBSL is likely to continue current tight monetary policy stance throughout the rest of 2022. Accordingly, Average Lending and Deposit rates are expected to remain elevated over the year ahead.

While market conditions might not be most conducive, the Company will focus on its efforts on maintaining its stability, competitive advantage and delivering a superior customer experience, while continuing to explore opportunities in the digital era.

Our strong fundamentals together with the dedication of our teams and the backing of the Group and our parent Company, have enabled us to remain resilient through challenging market cycles. Moving ahead with the same agility and determination, we will persevere through these trying times, ready to capitalise on any windows of opportunity as and when the market begins its recovery.

FUTURE GROWTH



Confidence

- Drawing on over 3 decades of experience, the Company is geared to look ahead with immense confidence to set new benchmarks in Primary Dealing.
- Current strategic direction that has served the Company well, is poised to help strengthen its position as a leading standalone Primary Dealer in Primary Auctions and to be amongst the top three in the secondary market.



Digital Transformation

- First Capital Group is at the forefront of digital transformation and is committed to developing digital services to further enrich the customer experience.
- The Company introduced the First Capital Online Customer Portal and the Online Account Opening facility.



Performance First

- Continuing to uphold its brand promise of “Performance First”, the First Capital Group is committed to delivering greater value to all its stakeholders as it embarks on the next phase of growth.



Forward Together

- FCT strongly believes the introduction of the Central Counter Party (CCP) clearing process by CBSL, removing the current counter party restrictions and limitations will create a surge in secondary market transaction volumes and growth in profitability for the Company.

ENTERPRISE RISK MANAGEMENT

First Capital Treasuries PLC (the Company) aligns the enterprise risks to the strategic objectives of the Company. The Senior Management of the Company identifies, measures, responds to all types of risks with an oversight by the Board of Directors. This sets the basis of risk appetite of the Company which is closely monitored by the risk function independent from the business function.

We also have the advantage of having insights from the competent research team to analyse the dynamics of economic, political, and social environment to forecast the scenarios impacting our investments and to mitigate the risks encountered in a robust manner. The above will enable us to stress test our exposures in order to initiate timely mitigating measures.

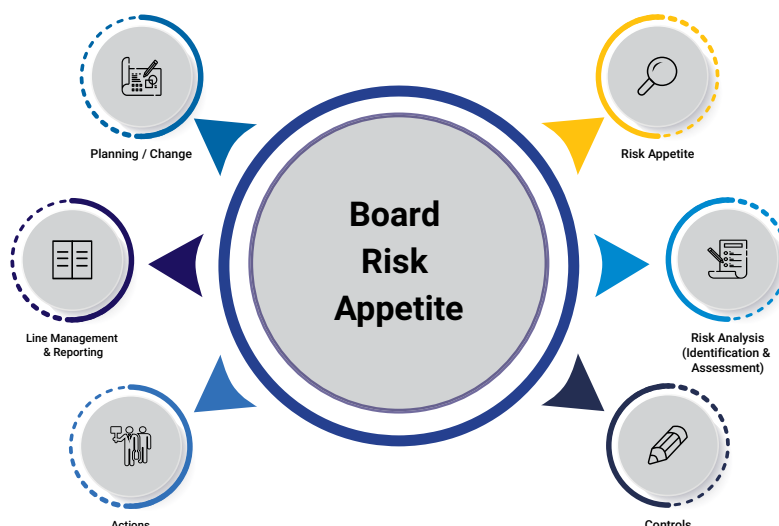
RISK CULTURE

Oversight (Three Lines of Defence)

First Line
Operations

Second Line
Independent Risk and Compliance Division

Third Line
Internal / External Audit



OVERSIGHT (GOVERNANCE)

- Delegated Authority Manual
- Group Limit Structure
- Process Manuals
- Group Policies and Procedures

COMMITTEES

- Enterprise Risk Management Committee
- Board Audit Committee
- Related Party Transactions Review Committee
- Investment, Asset and Liability Committee

System and Control Infrastructure

Communication, Education, Training and Guidance

OUR ENTERPRISE RISK MANAGEMENT FRAMEWORK

Our enterprise risk management framework is based on ISO 31000:2018-Risk Management, which provides benchmark guidelines, principles and processes for managing risk.

Our enterprise risk management framework provides the governance structure and approach for our risk management discipline, directing us towards sound risk conduct. It defines our risk management universe, structure, policies and processes.

Within this framework, our risk management policy objective is to ensure all business risks are prudently identified, analysed and managed in accordance with the principles for managing risks set out in the policy we have adopted.

No material changes were made to the framework this year and the focus remained on the several key strategic initiatives and the maturity of implementation.

Through the framework we continue to elicit higher levels of certainty and visibility about potential risks and clarity regarding how these risks are mitigated. It also ensures that information about risk derived from the risk management process is adequately reported and used as a basis for decision making and accountability at all relevant institutional levels.

This requires an integrated approach in all business areas to enable an effective risk management process from identification through to mitigation.

Integrating enterprise risk management into an institution is in itself a dynamic and iterative process, customised to the institution's needs and culture. In the current environment, we benefit from experience gained in weathering the difficulties of the pandemic. Although risk management plans were put to the test during the advent and progression of COVID-19, the Company has proved to be effective and agile. We will continue to enhance our risk awareness, process and integration with compliance risk requirements business-wide in a dynamic regulatory setting. As we mature our business continuity plans, strategy and risk management activities, we intend to gain an improved resilience to adverse risk events imminent in the current operating environment.

The Company's risk management model is based on 3 lines of defence;

FIRST LINE

The first line of defense is made up of business units assisted by support functions. The activities undertaken by them will give rise to different risk exposures which are managed by well - documented and Board approved procedures, internal controls and limits.

Front office and back-office staff members engaged in business operations, perform their tasks in accordance with the regulatory compliances, approved internal policies, procedures, and controls. They contribute invaluable inputs to update the risk register which will ultimately improve the risk awareness and risk culture across the Company.

SECOND LINE

The second line of defense is made of Enterprise Risk Management Committee (ERMC) and Independent Risk and Compliance division, responsible for effective management and to ensure that the risks undertaken are within the level of defined risk appetite. ERMC is a Board sub-committee chaired by an Independent Non-Executive Director, that ensure principal and emergent risks as well as events and outcomes which may significantly impact business continuity, profitability and reputation are identified, assessed and responded through appropriate controls whilst apprising the Board in this regard.

The Risk and Compliance division coordinates the risk management processes across the Company to ensure that risk management and internal control systems are ingrained in the Company culture. The Risk and Compliance division is also responsible for giving assurance to the ERMC and the Audit Committee on regulatory compliance and risk tolerance.

One of the salient features of the Company is its Middle Office. The Division consists of staff members who are competent and experienced to validate all the transactions of the Company based on prevailing market rates/prices and economic conditions. Middle office validates transaction risks for price, limits, and approvals, where any exceptions encountered are escalated for higher approval.

The Investment, Asset and Liability Committee whilst directing investment strategy of the Company, execute asset and liability management and liquidity management to provide a risk-oversight role. This monitoring responsibility is in terms of determining limits and the controls applicable on predominantly interest rate risk that comes under its general mandate.

THIRD LINE

The Internal and External Audits are the last layer of control that provide an assurance of effective implementation of processes and controls. Internal Auditors convey assurance through their review reports to the Board Audit committee on a bi-annual basis. The Committee reviews the financial reporting and audit process, the systems of internal control and the Company's procedures for monitoring statutory and regulatory compliance alongside the code of conduct in effect.

TYPES OF RISKS FACED BY THE COMPANY

Trading Market Risk

As majority of our investments are categorised under the trading book, risk of fall in value of portfolios that occur due to market volatility is a significant risk which is closely monitored by the Investment, Asset and Liability Committee with internally established limits.

The Company is exposed to traded interest rate risk based on the nature of the financial instruments engaged in. The Company has identified the following financial instruments under its trading book that are potentially impacted due to volatility of market price and yield curves.

ENTERPRISE RISK MANAGEMENT

ASSET	VALUATION AS AT 31 MARCH 2022 (RS. '000)
Government Securities - Treasury bills	23,408,748
Government Securities - Treasury bonds	1,101,182
Total	24,509,930

Risk and Compliance division and Finance division circulate Management Information reports to the Investment, Asset and Liability Committee which meets fortnightly to make decisions on managing such financial instruments and services. The committee establishes portfolio and sensitivity limits in order to manage the positions which Risk and Compliance division monitors on a daily basis. Any exceptions are duly escalated to the Committee for corrective measures.

Stress testing calculations are performed by the Risk and Compliance Division to assess the impact of interest rate risk on portfolio values, capital adequacy, earnings and net asset positions also flagging any potential threat to regulatory requirements/limits.

The robust Middle Office function ensures adherence to limits, the flagging of off-market rates applied to transactions and such exceptions are duly escalated for necessary approval.

Liquidity Risk

Liquidity Risk is the risk of non-compliance with payment obligations on time or doing so with excessive cost. A material and sustained shortfall in our cash flow could undermine our credit rating, impair investor confidence and also restrict Company's ability to raise funds.

Investment Committee reviews the liquidity position of the Company on a fortnightly basis, setup maturity mismatch concentration limits in order to manage liquidity risk effectively. Accordingly, management of the Company makes sure its sources of funds are diversified, expanded and balanced to minimise over reliance on any one source.

First Capital Research division provides their support in evaluating macro-environmental risks that impact the availability of funds and the details are assessed to ensure the sufficiency and flexibility of funds.

Operational Risk

Risk of losses due to inadequacy or failure of processes, people, systems and internal or external events. These risks are mitigated through well laid down procedures, internal controls and transfer of low frequency, high impact, unexpected risk of operational losses through insurance.

Heads of each business and supporting units are responsible for maintaining an appropriate process driven environment within the framework of the Company's policies and procedures. Each of the business and support units also have their own risk grids that identify risk events and the related impact on their respective units.

Risk and Compliance division develops and updates all process manuals, policies and procedures based on regulatory requirements, strategic plans and limits and circulates the same to relevant business units for execution. Extensive on-going training is provided to ensure that the staff are fully aware of their responsibility for complying

with the correct operational procedures in order to optimise operational efficiency and individual accountability at all levels of the Company. Operations Department follows the guidelines related to Document Deficiency Procedure and Deal Level Exception Procedure to report any exceptions to the laid down processes and circulates the same to the Director/ Chief Executive Officer and Managing Director for approval. The summary is reported/abled to the Enterprise Risk Management Committee.

Physical and system segregation of duties is in place to prevent any impact of conflict of interest and independent review of deal execution.

An outsourced Internal Audit function operating in semi-annual examination cycles ensures critical points of internal control are independently reviewed and reported.

Regulatory and Compliance Risk

The risk due to non-compliance of regulatory requirements. These risks are of the constant review of the Board of Directors as the Company is governed by the Central Bank of Sri Lanka (CBSL), Securities and Exchange Commission (SEC) and Colombo Stock Exchange (CSE). Risk and Compliance divisions' staff members are vigilant about the changes of relevant regulatory directions and circulars. Internal process manuals of individual business units are created and updated benchmarking such directions and industry best practices.

Business agreements, contractual documents and service level agreements are carefully and independently reviewed by the internal legal officer and professional services of external legal experts are sought whenever specific expertise is required.

Quarterly compliance reports are submitted to the Board and all non-compliances (if any) are informed to the regulator concerned with proposed remedial action for their concurrences.

Reputational Risk

The risk of damage to the Company's corporate image in the public domain including customers, investors, and all other Stakeholder groups.

These risks have been identified as crucial to business continuation and several measures have been implemented to mitigate such risks. Complaint Handling Procedure is one named.

An embedded system of shared values that include ethical and honest, transparent and performance driven culture is in effect. The whistle blower policy is in operation to strengthen the values and professionalism in managing affairs of the Company.

Implementation of a strong risk and process driven culture is a key to hold the Company and its staff members responsible to safeguard the best interest of the client. Risk and Compliance department together with the individual business units had created business level process manuals, Policy and Procedure Manual and Delegated Authority framework in order to sustain the process driven culture. Continuous training and awareness sessions are conducted to maintain the awareness of processes, changes in regulatory directions etc.

We have enhanced our strategy in brand and reputation building raising public awareness regarding our business, focusing on the Company's governance and ethical perspectives.

The Company's marketing team engages in strengthening stakeholder engagement including investor relations.

Further, the Company conducts constant service level reviews and provide proactive responses to client feedback in mitigating reputational risk.

Strategic Risk

The risk that the results are significantly different from the strategy and business plan as a result of changes

in the business environment and risks associated with strategic decisions.

We use our business planning process to help manage strategic risk. The planning process aligns objectives, goals and resources throughout the Company with the business plan establishing strategic direction.

The Board holds quarterly meetings and monthly performance reviews at which strategy and performance are a central focus together with embedded risk management aspects. The assessment and monitoring of the effective implementation of strategy and communication of the change of business environment and remedial measures by each business unit are discussed at Management Committee and CEO's meetings held fortnightly.

BUSINESS CONTINUITY AND SYSTEM & INFORMATION RISK

Due to the nature of the industry, continuity of the normal course of business of the Company is increasingly dependent on Information Technology (IT) systems and the management of information. Consequently, a greater emphasis is placed on the need for secure and reliable IT systems, together with infrastructure and cautious management of the information that is in our possession.

Disruption of IT systems is treated as an IT disaster which could disrupt most of the Company's business activities including cash and security settlement management, information sharing, administration and communication, ultimately impacting results.

The Company invested in a fully-fledged Disaster Recovery (DR) site which facilitates functioning of all the critical operations. Mirror databases and off-site back up databases are maintained in order to keep the safety of the critical data. The Company carries out DR tests bi-annually to ensure the readiness of people, processes and equipment at the event of a disaster.

A comprehensively documented Business Continuity Plan is in place, validated by external consultants and our staff including specific teams is fully trained in its operation in the event of a disaster. The Business Continuity Management Team and the Crisis Management Team appointed as a part of Business Continuity Plan effectively manage potential risks that could adversely impact the normal course of business. Prompt actions taken by these teams helped the Company in managing the contingencies due to the COVID-19 pandemic. The Company managed to conduct all business functions with no disruption to client engagement. Further, impacts related to the current energy crisis and social unrest situation are being closely monitored and relevant actions are being taken to maintain uninterrupted services.

Information and cyber Security Risk

The Company IT policy manual which includes policies covering the protection of both business and personal information, as well as the use of IT systems and applications by our employees is developed and updated. All service level agreements with the system providers are duly signed and maintained.

Cyber security risk is mitigated through investing in top-tier firewalls. The IT team conducts necessary awareness sessions frequently to educate and train staff members in identifying and taking actions for potential threats.

Continuous monitoring of and focus on emerging risks in relation to IT and cyber security is prevalent as there is a significant increase in usage of advanced and dynamic techniques for cyber-attacks.

HOW WE RESPOND TO CYBER SECURITY RISK IN REMOTE WORKING

As a financial services provider, we are critically dependent on IT infrastructure that is increasingly exposed to Cyber Security Risk. With working from home

ENTERPRISE RISK MANAGEMENT

(WFH) arrangements implemented during the COVID-19 pandemic, the impact and probability of this risk increased significantly, and the Company had to initiate several measures to mitigate risk levels.

► Policies and procedures

Policies and procedures relating to cyber security risk related incident management have been properly documented in line with industry best practice.

► Software update

Anti-virus and other firewall software are being updated expeditiously by the IT division. This task comes under the divisional risk register as a key risk indicator and the same has been identified as a key performance indicator of the IT division.

► Senior Management, Board Accountability and Communication

Even though there is no standard regulatory framework stipulated by a regulator, the Company follows industry best practices benchmarking the framework issued to Finance Companies by the CBSL.

A Management Committee, the IT Steering Committee, is established to monitor the activities of IT Division and analyse the IT Risk Register. Follow-up reports to the IT Internal Audit action plans are being reported to the Board Audit Committee and Board oversight prevails via monitoring of progress.

► Skills and resources

IT infrastructure, security and cyber security related functions are being managed by the IT Division. This centralised division consists of IT officers with adequate qualifications and experience.

► Training

Staff members of IT division have undergone required training related to information and cyber security requirements. To mitigate risk at user level, training sessions are being conducted on a structured basis at the point of onboarding a staff member and periodically.

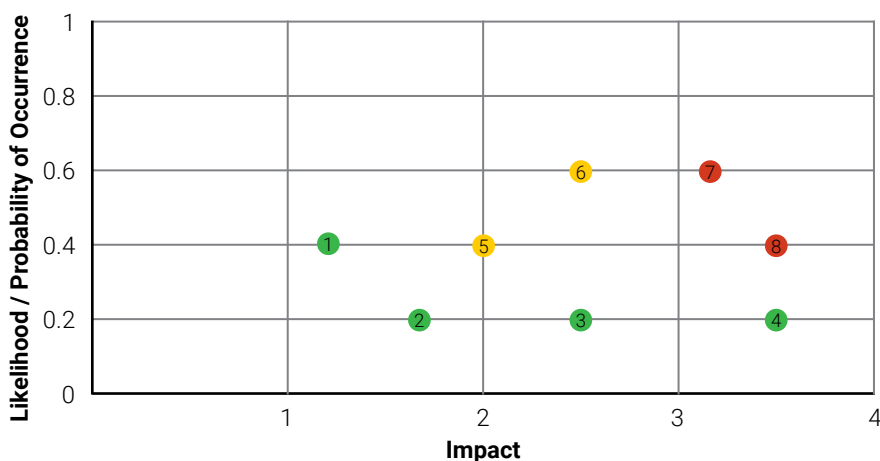
RISK MATRIX OF FIRST CAPITAL TREASURIES PLC

Our risk matrix provides the impact and likelihood ratings that will be utilised for risk assessments. It also provides interpretative guidance on categorisation of impact and likelihood to foster institutional uniformity in classifying, rating and prioritising risks.

Risk ratings will be monitored periodically and are subject to change based on overall changes in impact to the Company and percentage of likelihood.

Risk rating matrix

Depending on the results obtained, risks will be positioned in the matrix given below;



- 1. Interest Rate Risk
- 2. Liquidity Risk
- 3. Regulatory and Compliance Risk
- 4. Reputational Risk
- 5. Strategic Risk
- 6. Information and Cyber Security Risk
- 7. Business Continuity Risk
- 8. Operational Risk

Note: We consider the impact of Political and Policy Risk and Macro-Economic Risk as pervasive, as these are systematic risks. As such, specific risks impacted by systematic risk have respective controls and processes to mitigate risk.



GOVERNANCE REPORTS

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of First Capital Treasuries PLC have the pleasure in presenting their Annual Report together with the Audited Financial Statements for the year ended 31 March 2022 which were approved by the Directors on 15 August 2022.

REVIEW OF OPERATIONS

During the year under review, the Company reported total revenue of Rs. 623Mn compared to Rs. 4,294Mn reported in the previous year.

Net Trading Loss before expenses for the year is Rs. 451Mn (2020/21- Net Trading Income before expenses of Rs. 2,793Mn) and loss before tax for the year is Rs. 890Mn (2020/21- profit before tax of Rs. 2,397Mn)

PRINCIPAL ACTIVITIES

The main activity of the Company is operating as a Primary Dealer in Government Securities.

LEGAL STATUS

First Capital Treasuries PLC was incorporated on 19 August 1982 under the provisions of the Companies Act No. 17 of 1982 and re- registered under the Companies Act No. 7 of 2007. The ordinary shares of the Company were listed on the Colombo Stock Exchange on 23 December 2021.

FINANCIAL RESULTS

The Company's net loss after tax was Rs. 652Mn compared with net profit after tax of Rs. 1,837Mn in year 2020/21.

A summary of the financial results for the year is set out below.

	2022 Rs.'000	2021 Rs.'000
Revenue	622,824	4,294,461
Profit/ (loss) before tax	(889,699)	2,397,342
Profit/ (loss) after tax	(652,445)	1,837,281
Total comprehensive income/ (loss)	(644,663)	1,835,035

The financial statements of the Company are set out in pages 58-99 of the Annual Report.

BOARD OF DIRECTORS

Directorate

The following were the Directors of the Company as at 31 March 2022.

1. Mr. Nishan Fernando
2. Mr. Dinesh Schaffter
3. Mr. Dilshan Wirasekara
4. Mr. Ramesh Schaffter
5. Ms. Minette Perera
6. Mr. Chandana de Silva
7. Dr. Nishan de Mel

The profiles of the Directors are given in pages 16 to 21 of the Annual Report.

INTEREST IN SHARES

Directors/Chief Executive Officer and their shareholdings as at 31 March 2022 were as follows:

	No. of Shares 31.03.2022	No. of Shares 31.03.2021
Mr. Nishan Fernando	4,000	Nil
Mr. Dinesh Schaffter	10	10
Mr. Dilshan Wirasekara	Nil	Nil
Mr. Ramesh Schaffter	Nil	Nil
Ms. Minette Perera	Nil	Nil
Mr. Chandana de Silva	Nil	Nil
Dr. Nishan de Mel	Nil	Nil

Other Directorship/ Significant Positions of Directors

Information of the other Directorships/ significant positions of the present Directors of the Company are given on pages 16 to 21.

RELATED PARTY TRANSACTIONS

Related party transactions have been declared at the meetings of the Directors and are detailed in Note 34 to the financial statements.

The Directors declare that the Company is in compliance with the Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE) pertaining to related party transactions during year 2021/22.

DIRECTORS' INTERESTS

As required by the Companies Act, No. 7 of 2007, an Interests Register was maintained by the Company during the period under review. All Directors have made declarations as provided for in Section 192 (2) of the Companies Act aforesaid. The Interests Register is available for inspection as required under the Companies Act.

The Company carries out transactions in the ordinary course of business with entities in which a Director of the Company is a Director. The transactions with entities where a Director of the Company either has control or exercises significant influence have been classified as related party transactions and disclosed in Note 34 to the Financial Statements.

REMUNERATION AND FEES

Details of Directors remuneration and fees are set out in Note 11 to the financial statements. All fees and remuneration have been duly approved by the Board of Directors of the Company.

RISK AND INTERNAL CONTROL

The Board of Directors has satisfied itself that there exists an effective and comprehensive system of internal controls to monitor, control and manage the risks to which the Company is exposed, to carry on its business in an orderly manner, to safeguard its assets and to secure as far as possible the reliability and accuracy of records.

CORPORATE GOVERNANCE

The Directors acknowledge their responsibility for the Company's corporate governance and the system

of internal control. The Directors are responsible to the shareholders for providing strategic direction to the Company and safeguarding the assets of the Company. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the financial statements. The compliance with recommended corporate governance practices is disclosed in pages 42 to 47 of the Annual Report.

The performance of the Company is monitored by way of regular review meetings. These meetings provide an opportunity to ensure that progress is in line with agreed targets. Regular Board meetings are held to further strengthen the review process and ensure compliance with all statutory and regulatory obligations.

DIVIDEND

The Board of Directors did not declare a dividend for 2021/22 (2020/21 – a dividend amounting to Rs. 515.6Mn was paid).

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are given on pages 62 to 74. There were no changes in the accounting policies adopted by the Company during the year under review.

GOING CONCERN

The Board of Directors has reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements are prepared on a going concern basis.

CAPITAL EXPENDITURE

Details of property, plant and equipment and their movements during the year are given in Note 21 to the financial statements.

RESERVES

The movements in reserves during the financial year 2021/22 have been presented in the Statement of Changes in Equity on page 60 of the Annual Report.

INCOME TAX EXPENSES

Income tax expenses have been computed in accordance with the provision of the Inland Revenue Act, No. 24 of 2017 and subsequent amendments thereto as disclosed in Note 12 to the financial statements.

STATED CAPITAL

The stated capital of the Company as at 31 March 2022 was Rs. 256.5Mn consisting of 153,900,000 ordinary shares.

On 8 April 2022, the Shareholders of the Company resolved to execute a sub-division of shares without a change to the stated capital of Rs. 256.5Mn by splitting every one (01) existing voting ordinary share into four (04) voting ordinary shares. The shares so divided rank equal and pari passu in all respects with the existing shares from which the division arose.

SHARE INFORMATION AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2022, there were 822 registered shareholders. Share information and the twenty largest shareholders as at 31 March 2022 are listed in pages 101 to 102 of the Annual Report.

Information relating to market value of a share and information on share trading is stated under Shareholder and Investor information in pages 101 to 102 of the Annual Report.

DEBT SECURITIES ISSUED

The details of debt securities issued by the Company are set out in page 103 of the Annual Report.

CORPORATE DONATIONS

During the year under review, the Company made charitable donations of Rs. 2.9Mn.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

STATUTORY PAYMENTS AND COMPLIANCE WITH LAWS AND REGULATIONS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government and in relation to the employees have been made on time, and that the Company has not engaged in any activities contravening laws and regulations.

EQUAL OPPORTUNITIES

The Company is committed to providing equal opportunities to all employees irrespective of their gender, marital status, age, religion, race or disability. It is the Company's policy to give full and fair consideration to persons, with respect to applications for employment, continued employment, training, career development and promotion, having regard for each individual's particular aptitudes and abilities.

EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material events after the financial reporting period which requires an adjustment to or a disclosure in the financial statements other than those disclosed in Note 38 to the financial statements.

INDEPENDENT AUDITORS

During the period under review, the Company's Auditors were Messrs. KPMG, Chartered Accountants. The fees paid to auditors are disclosed in Note 11 to the financial statements.

Based on the declaration from Messrs. KPMG, and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company, other than as disclosed in the above paragraph.

Messrs. KPMG, Chartered Accountants, have expressed their willingness to continue in office as Auditors of the Company for the ensuing year.

In accordance with the Companies Act, No. 7 of 2007, a resolution proposing

the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors to the Company will be submitted at the Annual General Meeting.

INDEPENDENT AUDITOR'S REPORT

The independent Auditor's report on the financial statements is given on pages 54 to 57 of the Annual Report.

AUDITOR'S RIGHT TO INFORMATION

Each person who is a Director of the Company at the date of approval of this report confirms that:

As far as each Director is aware, there is no relevant audit information of which the Company's Auditors are unaware.

Each Director has taken all the steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 08 September 2022. The notice convening the Meeting and the agenda are given on page 109 of the Annual Report.

This Annual Report is signed for and on behalf of the Board.

(Sgd.)
Janashakthi Corporate Services Limited
Secretaries

(Sgd.)
Dinesh Schaffter
Managing Director

(Sgd.)
Nishan Fernando
Chairman

15 August 2022
Colombo

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Statement sets out the responsibility of the Board of Directors, in relation to the Financial Statements of First Capital Treasuries PLC.

The Directors of the Company are responsible for ensuring that the Company maintains accurate records of accounts of all the transactions and prepare and present the financial statements to the shareholders in accordance with the relevant provisions of the Companies Act, No. 7 of 2007 and other statutes which are applicable in the preparation of financial statements. The financial statements comprise of the Statements of Financial Position as at 31 March 2022, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year ended and Notes thereto. The Directors are required to prepare these financial statements on a going concern basis unless it is not appropriate.

The Directors confirm that the financial statements of the Company give a true and fair view of;

- The state of affairs of the Company as at 31 March 2022 and
- The financial performance of the Company for the financial year ended 31 March 2022

COMPLIANCE REPORT

The Board of Directors also wishes to confirm that;

- appropriate accounting policies have been adopted in a consistent basis and appropriate estimates and judgments have been made to reflect the true substance and form of transactions.
- the financial statements of the Company for the year ended 31 March 2022 incorporated in this report have been prepared in accordance with the Companies Act, No. 7 of 2007, Sri Lanka Accounting Standards (LKAS/SLFRS) and Listing Rules of the Colombo Stock Exchange.

- they ensure the proper accounting records which correctly record and explain the Company's transactions and also determine the Company's financial position with reasonable accuracy at any time are maintained by the Company enabling the preparation of financial statements and further enabling the financial statements to be readily and properly audited, in accordance with the Section 148 (1) of the Act. The Directors have therefore caused the Company to maintain proper books of accounts and regularly review financial reports at their meetings.
- they accept the responsibility for the integrity and objectivity of the financial statements presented.
- the financial statements of the Company have been certified by the Chief Financial Officer of the Company who is responsible for the preparation of financial statements and signed by two Directors in accordance with Section 150 and 152 of the Companies Act.
- they review and approve all interim financial statements prior to their release.
- they have taken reasonable measures to safeguard the assets of the Company and to prevent and detect frauds and other irregularities. In this regard, the Directors have laid down effective and comprehensive internal control system.
- to the best of their knowledge, all statutory payments due in respect of the Company as at the financial reporting date have been paid or where relevant provided for.
- after considering the financial position, operating conditions and regulatory and other factors, they have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future and that the Going Concern basis is the most appropriate in the preparation of these financial statements.

- the Auditors of the Company, Messrs. KPMG who were reappointed in accordance with a resolution passed at the last Annual General Meeting were provided with all necessary information required by them in order to carry out their audit and to express an opinion which is contained on pages 54 to 57 of this Annual Report.
- as required by the Sections 166 (1) and 167 (1) of the Companies Act, they have prepared the Annual Report in time and will ensure that a copy thereof is sent to every shareholder of the Company, who expressed desire to receive a hard copy. A soft copy of the Annual Report will be published/ hosted in the Company's website and Colombo Stock Exchange website within the stipulated period of time as required by the Section 7.5 (a) and (b) of the Listing Rules of the Colombo Stock Exchange.

Accordingly, the Board of Directors is of the view that they have discharged their responsibilities as set out in the above statement.

By Order of the Board,

(Sgd).

Janashakthi Corporate Services Limited
Secretaries

15 August 2022
Colombo

CORPORATE GOVERNANCE

The Directors acknowledge their responsibility for the Company's corporate governance and the need to ensure the highest standards of accountability to all stakeholders.

First Capital Treasuries PLC is fully committed to the principles of good governance and recognises that good corporate governance is the corner-stone of a successful organisation.

The Company is committed to act with integrity, transparency and fairness in all of its dealings, and considerable emphasis is placed by the Board on the development of systems, processes and procedures to ensure the maintenance of high standards throughout the organisation.

BOARD COMPOSITION AND INDEPENDENCE

The Board comprises of four Non-Executive Independent Directors, one Non-Executive Non-Independent Director and two Executive Directors all of whom possess a broad range of skills and experience across a range of industries and functional areas. Detailed profiles of each member of the Board are provided in a separate section of this Annual Report (pages 16 - 21).

The Independence of the Directors is assessed in accordance with the Listing Rules of Colombo Stock Exchange and the Independent Non- Executive Directors have declared their independency in writing.

The Board meets frequently in order to ensure the effective discharge of its duties. Formal Board Meetings were held four times during the year and performance review meetings were held monthly. Attendance of the Directors for the Board meetings is as follows.

NAME OF DIRECTOR	ATTENDANCE IN 2021/22 (ATTENDED/ELIGIBLE TO ATTEND)
Mr. Nishan Fernando	4/4
Mr. Dinesh Schaffter	3/4
Mr. Dilshan Wirasekara	4/4
Mr. Prakash Schaffter *	1/3
Mr. Ramesh Schaffter	3/4
Ms. Minette Perera	4/4
Mr. Chandana de Silva	4/4
Dr. Nishan de Mel	4/4

*Resigned w.e.f. 10 January 2022

BOARD RESPONSIBILITIES

The Directors are responsible for the formulation of the Company's business strategy and in ensuring the existence of an adequate risk management framework. Four Non-Executive Independent Directors bring independent judgment to bear on issues of strategy and performance. The Board is satisfied with the effectiveness of the system of internal control in the Company for the period up to the date of signing the financial statements.

The Board carries responsibility for ensuring that the senior management team possesses the relevant skills and expertise required in the management of the Company and that a suitable succession planning strategy is in place. The Directors

also ensure adherence to laws and regulations pertaining to the functioning of the organisation. The Assistant General Manager - Risk and Compliance functions as the Compliance Officer to ensure compliance with all regulatory and statutory requirements and proper reporting of all compliance matters to the Board. The Board of Directors exercises oversight of the compliance function.

The Board reviews strategic and operational issues, approves interim and annual financial statements and annual budgets, assesses performance and ensures compliance with all statutory and regulatory obligations. Members of the Board are expected to attend the Annual General Meeting of shareholders, Board and Review Meetings. Material is provided to members of the Board well in advance of scheduled meetings to allow adequate time for review and familiarisation and to facilitate decision making at meetings.

Necessary advice and guidance are provided to the senior management team at monthly performance review meetings which provide an opportunity to evaluate progress and ensure accountability of the senior management team.

A strong focus on training and career development has created a committed and empowered workforce who continues high standards of achievement.

BOARD BALANCE

Executive, Independent Non-Executive, and Non -Executive Non- Independent Directors on the Board who are professionals / academics / business leaders hold senior positions in their respective fields ensure a right balance between executive expediency and independent judgment as no individual Director or small group of Directors dominate the Board discussion and decision making.

Directors are provided with monthly reports of performance and minutes of

the Boards Meetings and are given the specific documentation necessary, in advance of such meetings.

There is a distinct and clear division of responsibilities between the Chairman and the Management to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Management has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company's Articles of Association call for one third of the Non-Executive Directors retire at each Annual General Meeting and the Director who retires are those who have served for the longest period after their appointment / re-appointment. The Company ensures the compliance on the said aspects annually.

BOARD COMMITTEES (STATUTORY)

To assist the Board in discharging its duties, various Board Sub Committees have been established. The functions and terms of references of the Board Committees are clearly defined.

AUDIT COMMITTEE

The Audit Committee of First Capital Holdings PLC (Parent Company) functions as Audit Committee of First Capital Treasuries PLC. The Report of the Audit Committee is presented on pages 48 to 49 and the duties of the Committee are included therein.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review (RPT) Committee of First Capital Holdings PLC (Parent Company) functions as RPT Committee of First Capital Treasuries PLC. The Report of the RPT Committee is presented on pages 50 to 51 and the duties of the Committee are included therein.

REMUNERATION COMMITTEE

The Remuneration Committee of First Capital Holdings PLC, Immediate Listed Parent Company functions as Remuneration Committee of First Capital Treasuries PLC. Composition of the Committee, mandate of the Committee and other details are shown on Page 46.

INVESTMENT, ASSET AND LIABILITY COMMITTEE

The Investment, Asset and Liability Committee of First Capital Holdings PLC, Immediate Listed Parent Company, is responsible in reviewing investment related analysis, liquidity positions and risks and approving Investment decisions of the Company for the best interest of the shareholders. The Board representation to the committee comprise with Mr. Dinesh Schaffter (Executive Director) as the chairman, Mr. Nishan Fernando (Independent, Non-Executive Director), Mr. Dilshan Wirasekara (Executive Director) and Dr. Nishan de Mel (Independent, Non-Executive Director) as other members.

ENTERPRISE RISK MANAGEMENT COMMITTEE

The Enterprise Risk Management Committee is responsible for establishing and maintaining a comprehensive enterprise-wide risk management framework for identifying, assessing and managing risk to assist the management team in managing risk with reasonable assurance in a dynamic business environment. The Board representation to the committee comprise with Mr. Nishan Fernando (Independent, Non-Executive Director) as the Chairman and Mr. Dilshan Wirasekara (Executive Director) as a member.

SHAREHOLDER RELATIONS

The Board considers the Annual General Meeting as a prime opportunity to communicate with shareholders. The Shareholders are given the opportunity to exercise their rights at the Annual General Meeting. The Notice of the Annual General Meeting and the relevant

documents required are published and sent to the shareholders in a timely manner. The Company circulates the agenda for the meeting and shareholders vote on each issue separately.

All shareholders are invited and encourage participating at the Annual General Meeting. The Annual General Meeting provides an opportunity for shareholders to seek and obtain clarifications and information on the performance of the Company. The external auditors are also present at the Annual General Meeting to render any professional assistance that may be required. Shareholders who are not in a position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their choice.

The Company published quarterly financial statements in a timely manner as its principal communication with shareholders and others. This enables stakeholders to make a rational judgement of the Company.

INTERNAL AUDIT AND CONTROL

The Board is responsible for the Company's internal control and its effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing great discipline on decision making. It covers all controls, including financial, operational and compliance control and risk management. It is important to state, that any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time.

The Internal audit function of the Company has been outsourced to Messrs. Ernst & Young. The Internal audit reports along with management comments are discussed with Audit Committee and with the Board. Further, at each meeting, follow up issues from

CORPORATE GOVERNANCE

previous meetings are also discussed in order to ensure the implementation of appropriate policies and procedures as a prevention mechanism.

EXTERNAL AUDIT

The Company engages the services of independent external auditor to conduct an audit and obtain reasonable assurance on whether the financial statements and relevant disclosures are free from material misstatements. The independent auditors directly report their findings to the Audit Committee which has the overall responsibility of financial statement integrity and the reporting process.

Messrs. KPMG are the External Auditors of the Company. In addition to the audit services, Messrs. KPMG also provide certain non-audit services as well. However, External Auditors would not engage in any services which may compromise the independence of the Auditor. All such services have been provided with the full knowledge of the Audit Committee and are assessed to ensure that there is no compromise on the independence of the External Auditors.

The Audit Committee appraises the performance of External Auditors on an annual basis. Based on the evaluation results the Committee proposes the appointment of the External Auditors to the Board for endorsement and approval of the shareholders. The endorsement is submitted to the shareholders for approval at the Annual General Meeting (AGM). The representatives of the External Auditors are expected to be present at the AGM and have the opportunity to make a statement on the Company's financial statements and results of operations if they desire to do so. The External Auditors are also expected to be available to respond to the questions during the meeting.

There were no disagreements with the Company's External Auditors on any matter of accounting principles or practices, financial statements disclosures, or auditing scope or procedures in the period under review.

COMPANY SECRETARIES

Janashakthi Corporate Services Limited serves as the Company Secretaries for First Capital Treasuries PLC. The Company Secretaries ensure compliance with Board procedures, the Companies Act, Regulations of the Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange. The Company Secretaries keep the Board informed of relevant new regulations and requirements.

The Company's adherence to the Listing Rules of the Colombo Stock Exchange is summarised below;

LISTING RULE NO.	REQUIREMENT	REMARKS / SECTION OR REFERENCE
Section No 07 – Continuing Listing Requirements		
7.6 Contents of Annual Report		
7.6 (i)	Names of persons who during the financial year were Directors of the Company	Board of Directors on Page 16 to 21
7.6 (ii)	Principal activities of the Company	Annual Report of the Board of Directors on Page 38
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Investors' information on Page 101
7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%) and number of public shareholders	Investors' Information on Page 101
7.6 (v)	A statement of each Directors' holding and Chief Executive Officer's holding in shares of the Company at the beginning and end of the financial year	Annual Report of the Board of Directors on Page 38
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Company	Risk Management on Page 32 to 36
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Company	Not Applicable
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Company's land holdings and investment properties	Not Applicable
7.6 (ix)	Number of shares representing the Company's stated capital	Note 30 to the Financial Statements

LISTING RULE NO.	REQUIREMENT	REMARKS / SECTION OR REFERENCE
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings as at the end of the year	Investors' Information on Page 101
7.6 (xi)	Ratios and market price information relating to Equity and Debt. Any changes in credit rating	Investors' Information on Page 101 and Financial Highlights on Page 08 Information on Listed Debentures on Page 103 Information on Listed Debentures on Page 103
7.6 (xii)	Significant changes in the Company's fixed assets and the market value of land, if the value differs substantially from the book value	Not Applicable
7.6 (xiii)	Details of funds raised through an Initial Public Offering and/or a further issue of Securities during the year	The Company did not raise any funds from the IPO. All proceeds from the Offer were credited to the account of selling shareholder. Refer page 12 for more details on IPO
7.6 (xiv)	a. Information in respect of Employee Share Option Schemes b. Information in respect of Employee Share Purchase Schemes (ESPS)	Not Applicable
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules; 7.10.1, 7.10.2 & 7.10.3 - Disclosures relating to Directors 7.10.5 (c) Remuneration Committee	Profiles of Directors on Page 16 to 21 The Remuneration Committee of First Capital Holdings PLC (Immediate Listed Parent Company) functions as Remuneration Committee of First Capital Treasuries PLC. The Remuneration Committee (through Immediate Listed Parent Company) consists of two Non-Executive Directors namely, Mr. Eardley Perera and Mr. Chandana de Silva. Mr. Eardley Perera functions as the Chairman of the committee. The Committee is mandated with ensuring accountability, transparency and fairness in reward structures that recognised the relationship between performance and reward. The Committee functions with delegated authority from the Board and is responsible for setting the Company's remuneration policy and ensuring its continued ability to attract and retain high caliber candidates

CORPORATE GOVERNANCE

LISTING RULE NO.	REQUIREMENT	REMARKS / SECTION OR REFERENCE
	7.10.6 (c) Audit Committee	<p>The Company bases remuneration on both individual and company performance whilst paying due regard to staff retention. The Committee recommends increment levels and determines the remuneration payable to the executive directors. The aggregate remuneration paid to the Directors is given in the Note 11 to the financial statements</p> <p>Audit Committee Report on Page 49</p>
9. Related Party Transactions		
9.3.2 (a)	In the case of Non-recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements the required information in the rule must be presented in the Annual Report	No disclosures made, as no transactions exceeding 10% of the equity or 5% of the total assets of the Company were made after listing the shares of the Company
9.3.2 (b)	In the case of Recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement, as per the latest audited financial statements	Note 34.6 to the Financial Statements
9.3.2 (c)	Annual Report shall contain a report by the Related Party Transactions Review Committee	Related Party Transaction Review Committee Report on Page 50 to 51. The committee is formed to be in compliance with rule 9.2.1 & 9.2.2 of listing rules
9.3.2 (d)	A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to Related Party Transactions or a negative statement in the event the Entity has not entered into any Related Party Transaction/s.	Annual report of the Board of Directors on page 38 to 40

COMPLIANCE REQUIREMENTS ON CORPORATE GOVERNANCE RULE 7.10 OF THE LISTING RULES

LISTING RULE REFERENCE	LISTING RULE (DESCRIPTION)	STATUS OF COMPLIANCE	DETAILS/REFERENCE
7.10.1 Non - Executive Directors			
7.10.1(a)	Two or one third of the Directors, whichever is higher, should be Non-Executive Directors	Complied	Refer the Pages 16 to 21
7.10.2 Independent Directors			
7.10.2(a)	Two or one third of Non-Executive Directors, whichever is higher, should be independent	Complied	Refer the Pages 16 to 21
7.10.2(b)	Each Non-Executive Director should submit a declaration of independence/non independence in the prescribed format	Complied	The Independent Directors have submitted written declarations of their independence
7.10.3 (a)	Names of Independent Directors should be disclosed in the Annual Report	Complied	Refer the Pages 16 to 21
7.10.3 (b)	In the event a Director does not qualify as independent as per the rules on corporate governance but if the Board is of the opinion that the Director is nevertheless independent, it shall specify the basis of the determination in the Annual Report	Not Applicable	Not applicable
7.10.3 (c)	A brief resume of each Director should be published in the Annual Report including the areas of expertise	Complied	Refer the Pages 16 to 21
7.10.3 (d)	A brief resume of any new Director appointed to the Board should be provided to the Exchange for dissemination to the public	Not Applicable	Not Applicable
7.10.4 Criteria for Defining Independence			
7.10.4 (a-h)	Requirements for meeting the criteria to be an Independent Director	Complied	Independence of the Directors has been determined based on listing rules 7.10.4 (a-h)
7.10.5 Remuneration Committee			
7.10.5 (a)	The Remuneration Committee shall comprise a minimum of two Independent Non-Executive Directors or a majority of Independent Non-Executive Directors, whichever is higher	Complied	Refer the Page 46
7.10.5 (c)	The Annual Report shall set out:		
	(i) The names of the Directors that comprise the Remuneration Committee	Complied	Refer the Page 46
	(ii) A statement of Remuneration Policy	Complied	Refer the Page 46
	(iii) Aggregate remuneration paid to Executive and Non- Executive Directors	Complied	Refer the note 11 to Financial Statements
7.10.6 Audit Committee			
7.10.6 (a)	(i) The Audit Committee shall comprise a minimum of two Independent Non-Executive Directors, or a majority of Independent Non-Executive Directors, whichever is higher	Complied	Refer the Page 48
	(ii) The Chief Executive Officer and Chief Financial Officer shall attend Audit Committee meetings	Complied	Refer the Page 48
	(iii) The Chairman or one member of the Committee should be a member of a recognised professional accounting body	Complied	Refer the Page 20

CORPORATE GOVERNANCE

LISTING RULE REFERENCE	LISTING RULE (DESCRIPTION)	STATUS OF COMPLIANCE	DETAILS/REFERENCE
7.10.6 (b)	The functions of the Audit Committee;	Complied	Refer the Page 48
	Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements in accordance with SLFRS/ LKAS		
	Overseeing the compliance with financial reporting requirements, information requirements as per laws and regulations		
	Ensuring the internal and risk management controls, are adequate, to meet the requirements of the SLFRS/LKAS		
	Assessment of the independence and performance of the Entity's External Auditors		
	Make recommendations to the Board pertaining to External Auditors		
7.10.6 (c)	The Annual Report shall set out;	Complied	Refer the Page 48
	(i) The names of the Directors who comprise the Audit Committee		
	(ii) The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination		
	(iii) A report by the Audit Committee setting out the manner of compliance of the functions set out in Section 7.10 of the Listing Rules		

AUDIT COMMITTEE REPORT

First Capital Holdings PLC is the Immediate Listed Parent Company of First Capital Treasuries PLC, which is the primary dealer arm of the First Capital Group. The Audit Committee of First Capital Holdings PLC thus functions as the Audit Committee of First Capital Treasuries PLC which has complied with the policies and procedures set out by the Group Audit Committee.

CHARTER OF THE COMMITTEE

The Group Board Audit Committee (BAC) assists the Board in the discharge of its responsibilities by overseeing financial reporting, internal/ external audits and internal control practices. The BAC Charter defines the Terms of Reference (TOR) of the Committee and regulates the composition, functions and responsibilities of the BAC. The Committee shall have the power to conduct or authorise investigations into any matters within the Committee's scope of responsibilities. The Committee shall have unrestricted access to members of management and other employees of the Company, as well as all information relevant to the carrying out of its responsibilities.

COMPOSITION

The Group Audit Committee consists of two Independent Non-Executive Directors and a Non-Independent Non-Executive Director of the Company. The Committee is chaired by Ms. Minette Perera.

The members of the Group Audit Committee are as follows.

Ms. Minette Perera

Chairperson – Independent Non-Executive Director

Mr. Nishan Fernando

Independent Non-Executive Director

Mr. Ramesh Schaffter

Non-Independent Non-Executive Director

Brief profiles of the members of the Group Audit Committee are given on Pages 16 to 21 of the Annual Report.

Mr. Kapila Perera, AGM – Risk and Compliance functions as the Secretary to the Group Audit Committee.

MEETINGS

Five audit committee meetings were held during the year under review. Director/ Chief Executive Officer, Chief Financial Officer, Deputy Chief Financial Officer, AGM - Risk and Compliance, Senior Manager – Risk and Compliance and Head of Legal attend the meetings by invitation. The External Auditors and Internal Auditors are also present at meetings on a need basis. The proceedings

of the Group Audit Committee meetings are reported to the Board of Directors on a regular basis.

The attendance of the Members for the Group Audit Committee meetings during year 2021/22 is as follows.

NAME OF DIRECTOR	ATTENDANCE IN 2021/22 (ATTENDED/ ELIGIBLE TO ATTEND)
Ms. Minette Perera	5/5
Mr. Nishan Fernando	5/5
Mr. Ramesh Schaffter	4/5

FUNCTIONS

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities, primarily through:

- Overseeing management's conduct of the Company's financial reporting process and systems of internal accounting and financial controls;
- Monitoring the independence and performance of the Company's external auditors; and
- Providing an avenue of communication among the external auditors, internal auditors, management and the Board.

FINANCIAL REPORTING SYSTEM

The Committee reviewed the financial reporting system adopted by the Company with particular reference to the following;

The preparation, presentation and adequacy of the disclosures in the Company's annual and interim financial statements in accordance with the Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007 and other applicable statutes.

The underlying rationale and basis for the significant estimates and judgments to the financial statements.

INTERNAL AUDIT

The Internal Audit function of the Company has been outsourced to Messrs. Ernst & Young. Control weaknesses highlighted in the internal audit reports were examined by the Committee and follow up action taken by the management on the audit recommendations were also reviewed. The committee reviewed the effectiveness of the internal audit function and the scope and procedures for internal audit during the ensuing year.

EXTERNAL AUDIT

External Auditor's management letters pertaining to the previous year's audit and the Management's response thereto were discussed during the year. Follow up action taken by the management to ensure that the recommendations contained in the management letter were implemented was reviewed. Further, the draft annual financial statements for 2021/22 were also reviewed with the External Auditors prior to release.

The Committee reviewed the non-audit services provided by the auditor to ensure that the provision of these services does not impair their independence and the objectivity.

The fees payable to the auditors have been recommended by the Committee to the Board for approval.

Having reviewed the effectiveness of the External Audit, the Group Audit Committee also recommended to the Board of Directors that Messrs. KPMG be reappointed as Auditors for the financial year ending 31 March 2023, subject to the approval of the shareholders at the Annual General Meeting.

(Sgd.)

Ms. Minette Perera

Chairperson-Audit Committee

15 August 2022
Colombo

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Ordinary shares of First Capital Treasuries PLC (the Company) were listed on the Colombo Stock Exchange on 23 December 2021. Accordingly, listing rules on related party transactions (section 9) are applicable for the Company.

The Related Party Transactions Review Committee of First Capital Holdings PLC (Immediate Listed Parent Company of First Capital Treasuries PLC) functions as the Related Party Transactions Review Committee of First Capital Treasuries PLC which has complied with the policies and procedures set out by the Group Related Party Transactions Review Committee. The Group Related Party Transactions Review Committee consists of three (3) members with a combination of two Independent Non- Executive Directors and an Executive Director. The members of the Group Related Party Transactions Review Committee are as follows:

COMPOSITION OF THE COMMITTEE

Ms. Minette Perera

*Independent Non-Executive Director
(Chairperson)*

Mr. Nishan Fernando

Independent Non-Executive Director

Mr. Dinesh Schaffter

Executive Director

Brief profiles of the members of the Group Related Party Transactions Review Committee are given on pages 16 to 21 of the Annual Report.

The Company Secretary functions as the Secretary to the Group Related Party Transactions Review Committee.

SCOPE

The Group Related Party Transactions Review Committee assists the Board in reviewing the Related Party Transactions (RPT) carried out by the Company.

The mandate of the Group Related Party Transactions Review Committee includes inter-alia the assurance of the following:

1. Developing and recommending for adoption by the Board of Directors, a Group RPT Policy which is consistent with the listing rules of the Colombo Stock Exchange (CSE).
2. Making immediate market disclosures on applicable RPT, as required by Section 9 of the Continuing Listing Requirements of the CSE.
3. Making appropriate disclosures on RPT in the Annual Report, as required by Section 9 of the Continuing Listing Requirements of the CSE.

POLICIES AND PROCEDURES

The Company has adopted the Group Related Party Transactions (RPTs) Policy in view of structuring the Company's policies and procedures to uphold good governance and in the best interests of the Company.

The policies and procedures are adopted for (a) reviewing the Related Party Transactions at each quarterly meeting, (b) identifying and reporting on recurrent and non-recurrent transactions to be in line with the applicable CSE Rules.

The Group Related Party Transactions Review Committee ensures that all transactions with related parties are in the best interests of all stakeholders, adequate transparency is maintained and are in compliance with the Listing Rules.

The Group Related Party Transactions Review Committee reviewed related party transactions during the year and communicated its observations to the Board.

MEETINGS

The Group Related Party Transactions Review Committee held two quarterly meetings since listing of the Colombo Stock Exchange to discuss the matters related to the Company. Director/ Chief Executive Officer, Chief Financial Officer and Deputy Chief Financial Officer attend the meetings by invitation. Proceedings of the committee meetings are regularly reported to the Board of Directors.

The attendance at the Group Related Party Transactions Review Committee meeting to discuss the matters related to the Company during the year 2021/22 is as follows.

NAME OF DIRECTOR	ATTENDANCE IN 2021/22 (ATTENDED/ ELIGIBLE TO ATTEND)
Ms. Minette Perera	2/2
Mr. Nishan Fernando	2/2
Mr. Dinesh Schaffter	2/2

DURING THE PERIOD UNDER REVIEW

There were no non-recurrent related party transactions that exceeded the thresholds that required the immediate market disclosure, shareholder approval or disclosure in the Annual Report, as required under Section 9 of the Continuing Listing Requirements of the CSE.

There were no recurrent related party transactions that exceeded the thresholds that required the immediate market disclosure or shareholder approval as required under Section 9 of the Continuing Listing Requirements of the CSE. Recurrent related party transactions that require disclosure in the Annual Report are given in Note 34.6 of the Financial Statements.

DECLARATION BY THE BOARD OF DIRECTORS

A declaration by the Board of Directors relating to compliance under the listing rules is given on page 39 of the Annual Report.

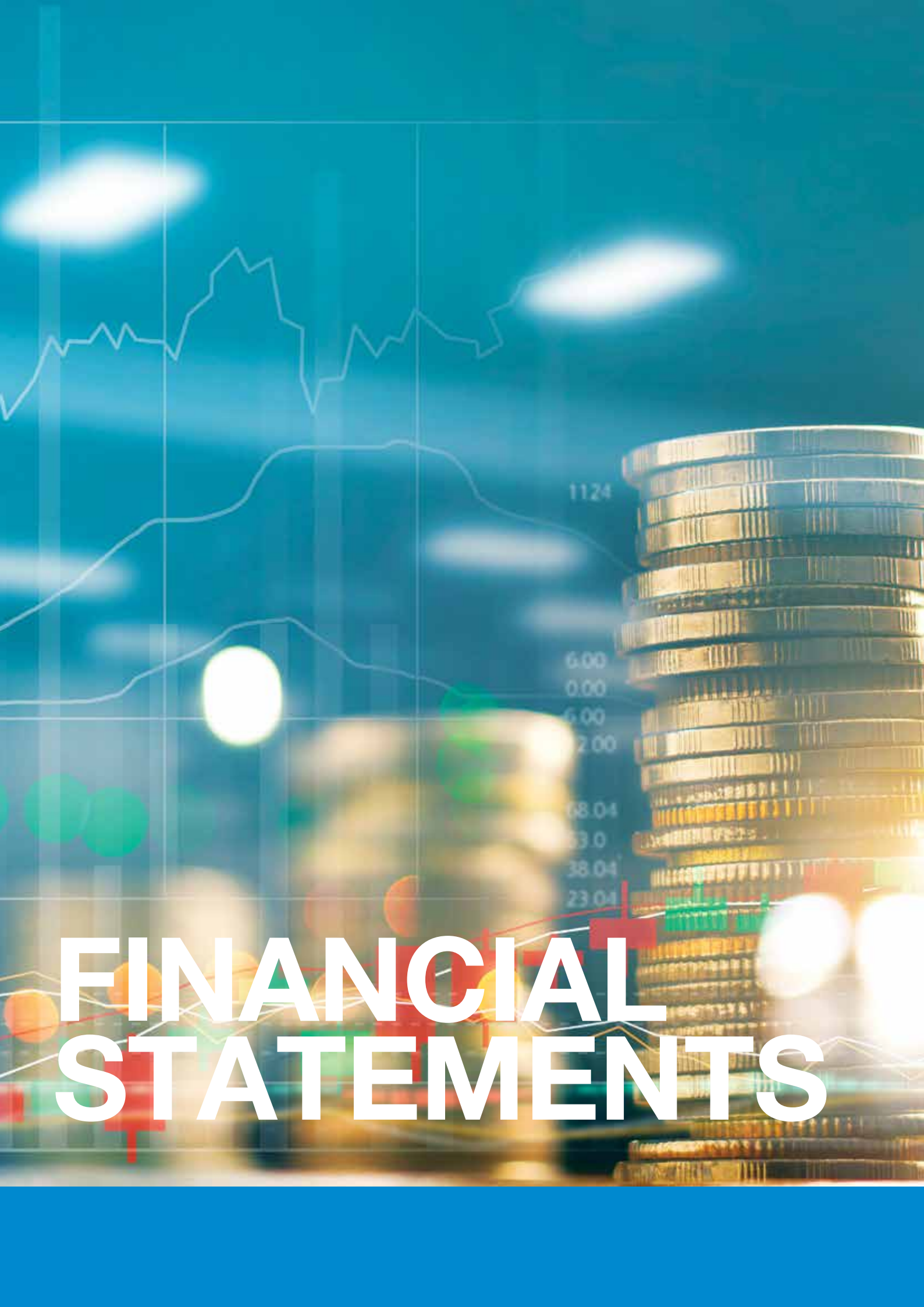
(Sgd.)

Ms. Minette Perera

*Chairperson-Related Party Transactions
Review Committee*

15 August 2022

Colombo



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FINANCIAL CALENDAR 2021/22

Interim Financial Reports in terms of Rule 8.3 of the Colombo Stock Exchange (CSE) were issued as follows.

REPORTS	DATE OF RELEASE
1 st Quarter 2021/22 Interim Financial Report (unaudited)	16 August 2021
2 nd Quarter 2021/22 Interim Financial Report (unaudited)	01 November 2021
3 rd Quarter 2021/22 Interim Financial Report (unaudited)	17 February 2022
4 th Quarter 2021/22 Interim Financial Report (unaudited)	18 May 2022

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
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TO THE SHAREHOLDERS OF FIRST CAPITAL TREASURIES PLC Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of First Capital Treasuries PLC ("the Company"), which comprise the statement of financial position as at 31 March 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information as set out on pages 58 to 99.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka ("Code of Ethics") and we have fulfilled our other

ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Carrying amount of financial assets

Refer to the significant accounting policy in Note 3.2 and explanatory Notes 16 and 17 to the financial statements.

RISK DESCRIPTION

As at 31 March 2022, the Company's financial assets portfolio consists with treasury bills and treasury bonds measured at fair value and amortised cost. Further, these financial assets make up 97% of total assets (by value) and is considered to be the key driver of the Company's capital and revenue performance.

As the Company's business operations are sensitive to market conditions, the carrying amounts of these financial assets are considered to be an area of risk for the current financial year considering

the uncertainties and volatilities in the macro-economic environment existed during the year that are still prevailing. Due to rapid changes in the macro-economic environment, the composition of the investment portfolio of the Company and the observability of the market data were affected making the investment decisions and measurement more challenging and significant.

Accordingly, due to their materiality in the context of the financial statements as a whole and the prevailing uncertain and volatile macro-economic environment, the carrying amount of financial assets are considered to be an area which had a great effect on our overall audit strategy and allocation of resources in planning and completing our audit.

OUR RESPONSE

Our audit procedures included:

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the management's key internal controls over identification, measurement and management of measurement risk as well as evaluating the methodologies and input parameters used by the Company in determining carrying amounts including fair values.
- Comparing observable inputs against independent sources and externally available market data and re-performing independent valuations.



- Making inquiries of the management on the market conditions and reviewing the minutes of the enterprise risk management committee meetings.
- Testing mathematical accuracy and verifying the appropriateness and completeness of the data used.
- Obtaining and agreeing with the third-party confirmations for a sample of outstanding financial instruments.
- Assessing the adequacy of the disclosures in the financial statements in accordance with the relevant accounting standards.

2. Recognition of gains/ losses on sales and interest income on financial assets

Refer to the significant accounting policy in note 3.13 and 3.14 and explanatory note 6 to the financial statements.

RISK DESCRIPTION

As described in Note 6, the Company has recognised a total income of Rs. 623Mn during the year comprising of gains/ losses on sales and interest income on financial assets. Based on the Company's business model, this arise from different types of financial instruments.

In addition, the Company considers such income as an important element in the preparation of budgets and measuring management performance. Further, during the year, business operations of the Company was significantly affected due to the prevailing uncertain and volatile macro-economic environment and policy decisions with the depressed economic condition existed throughout the year. This has resulted a significant drop in total income by 85% including a

loss on sale of financial instruments of Rs. 905Mn. These factors could create situations for gains/ losses on sales and interest income to be recognised in contrary to the recognition criteria.

Considering above factors, we identified gains/ losses on sales and interest income of financial assets as a key audit matter because it is a significant audit risk which elevated with the prevailing uncertain macro-economic environment which may result in non-recurring and unusual impact on revenue and also it being one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition by management to meet specific targets or expectations.

OUR RESPONSE

Our audit procedures included:

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the management's key internal controls over the gains/ losses on sales and interest income recognition and measurement.
- Testing the operating effectiveness of key IT application controls over gains/ losses on sales and interest income, in addition to evaluating the integrity of the general IT control environment.
- Making inquiries of the management on the market conditions and reviewing the minutes of the enterprise risk management committee meetings.

- Evaluating the appropriateness of the Company's gains/ losses on sales and interest income recognition policies, including the recognition, measurement and classification criteria as well as disclosure requirements in comparison with the macro-economic environment.
- Performing test of details over gains/ losses on sales and interest income by inspecting a sample of transactions, recomputation of gains and losses/ interest and testing of cut off transactions in order to ensure such income is recognised and measured in accordance with the applicable financial reporting requirements and the Company accounting policies.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT



RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSS, we exercise professional judgement and maintain professional skepticism through-out the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about



the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3544.

A handwritten signature in black ink, appearing to read 'K. Pulli'.

Chartered Accountants

Colombo

15 August 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March,	Note	2022 Rs.'000	2021 Rs.'000
Income	6	622,824	4,294,461
Direct expenses	7	(1,054,939)	(1,322,859)
Net trading income/(loss)		(432,115)	2,971,602
Other income	8	55,002	206,834
Net loss on fair valuation of financial assets recognised through profit or loss measured at fair value	9	(73,849)	(385,933)
		(450,962)	2,792,503
Operating expenses			
Personnel expenses	10.1	(110,893)	(324,084)
Premises, equipment and establishment expenses	10.2	(30,601)	(8,554)
Other operating expenses	10.3	(297,243)	(62,523)
		(438,737)	(395,161)
Profit/(Loss) before tax	11	(889,699)	2,397,342
Income tax expenses	12	237,254	(560,061)
Profit/(Loss) for the year		(652,445)	1,837,281
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss</i>			
Actuarial gain/(loss) on retirement benefit obligations	29	9,049	(2,955)
Tax effect on other comprehensive income	12	(1,267)	709
<i>Item that are or may be reclassified to profit or loss</i>		-	-
Other comprehensive income/ (loss)		7,782	(2,246)
Total comprehensive income/(loss) for the year		(644,663)	1,835,035
Basic and diluted earnings/ (loss) per share (Rs.)	13	(1.06)	2.98

Figures in brackets indicate deductions.

The notes disclosed on pages 62 to 99 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March,	Note	2022 Rs.'000	2021 Rs.'000
ASSETS			
Cash at banks and in hand	14	348,585	146,614
Derivative financial instruments	15	5,190	2,315
Financial assets recognised through profit or loss - measured at fair value	16	24,509,930	23,085,413
Financial assets - at amortised cost	17	3,109,800	2,158,045
Receivable from related companies	18	2,060	165
Deferred tax asset	19	94,318	4,731
Other assets	20	338,345	316,406
Property, Plant and equipment and right of use assets	21	7,782	9,849
Intangible assets	22	573	919
Total Assets		28,416,583	25,724,457
LIABILITIES			
Derivative financial instruments	23	2,622	824
Securities sold under repurchase agreements	24	23,397,838	19,330,472
Creditors and other payables	25	363,897	336,366
Payable to related companies	26	6,528	18,515
Taxes payable	27	-	740,959
Borrowing on listed debentures	28	760,577	759,255
Retirement benefit obligations	29	11,561	19,843
Total Liabilities		24,543,023	21,206,234
EQUITY			
Stated capital	30	256,500	256,500
Risk reserve	31	1,386,793	1,386,793
Retained earnings		2,232,267	2,876,930
Fair valuation reserve	32	(2,000)	(2,000)
Total Equity		3,873,560	4,518,223
Total Equity and Liabilities		28,416,583	25,724,457
Net assets per share (Rs.)		25.17	29.36

The notes disclosed on pages 62 to 99 form an integral part of these Financial Statements.

I certify that these Financial Statements are prepared and presented in compliance with the requirements of the Companies Act No. 07 of 2007.



Mangala Jayashantha
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board,



Dilshan Wirasekara
Director/Chief Executive Officer



Dinesh Schaffter
Managing Director

15 August 2022
Colombo

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022	Note	Stated Capital Rs.'000	Risk Reserve Rs.'000	Retained Earnings Rs.'000	Fair Valuation Reserve Rs.'000	Total Equity Rs.'000
Balance as at 1 April 2020		256,500	1,203,065	2,279,838	(2,000)	3,737,403
Total comprehensive income for the year						
Profit for the year		-	-	1,837,281	-	1,837,281
Other comprehensive loss for the year		-	-	(2,246)	-	(2,246)
Total comprehensive income for the year		-	-	1,835,035	-	1,835,035
Transactions with equity holders						
Distribution to equity holders						
Dividend paid - 2 nd Interim 2019/20		-	-	(538,650)	-	(538,650)
Dividend declared - Interim for 2020/21	33	-	-	(515,565)	-	(515,565)
Total distribution to equity holders		-	-	(1,054,215)	-	(1,054,215)
Total transactions with equity holders		-	-	(1,054,215)	-	(1,054,215)
Transfers to risk reserve	31	-	183,728	(183,728)	-	-
Balance as at 31 March 2021		256,500	1,386,793	2,876,930	(2,000)	4,518,223
Balance as at 1 April 2021		256,500	1,386,793	2,876,930	(2,000)	4,518,223
Total comprehensive income/ (loss) for the year						
Loss for the year		-	-	(652,445)	-	(652,445)
Other comprehensive income for the year		-	-	7,782	-	7,782
Total comprehensive loss for the year		-	-	(644,663)	-	(644,663)
Transactions with Equity holders						
Distribution to equity holders		-	-	-	-	-
Total distribution to equity holders		-	-	-	-	-
Total transactions with equity holders		-	-	-	-	-
Balance as at 31 March 2022		256,500	1,386,793	2,232,267	(2,000)	3,873,560

Figures in brackets indicate deductions.

The notes disclosed on pages 62 to 99 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31 March,	Note	2022 Rs.'000	2021 Rs.'000
Cash flows from operating activities			
Interest receipts and gains realised		621,253	4,293,072
Interest payments and other direct cost		(974,173)	(1,259,725)
Other receipts		55,002	206,834
Cash payments to employees and suppliers		(434,861)	(278,232)
Operating profit/ (loss) before changes in operating assets and liabilities		(732,779)	2,961,949
Increase in financial assets at amortised cost		(950,184)	(1,363,153)
(Increase)/ Decrease in financial assets- fair value through profit or loss- measured at fair value		(1,499,443)	12,738,848
Increase in other assets		(21,939)	(222,134)
(Increase)/ Decrease in receivable from related companies		(1,895)	195
Increase/ (Decrease) in securities sold under repurchase agreements		3,987,922	(12,914,521)
Decrease in payable to related companies		(11,987)	(1,183)
Increase/ (Decrease) in creditors and accrued charges		27,531	(491)
Cash generated from operations		797,226	1,199,510
Income tax paid	27	(594,559)	-
Gratuity paid	29	-	-
Net cash generated from operating activities		202,667	1,199,510
Cash flows from investing activities			
Acquisition of property, plant and equipment	21	(642)	(6,675)
Acquisition of intangible assets	22	(200)	(370)
Proceeds from sale of property, plant and equipment		146	3
Net cash used in investing activities		(696)	(7,042)
Cash flows from financing activities			
Dividend paid	33	-	(1,054,215)
Net cash used in financing activities		-	(1,054,215)
Net increase in cash and cash equivalents		201,971	138,253
Cash and cash equivalents at the beginning of the year		146,614	8,361
Cash and cash equivalents at the end of the year	14	348,585	146,614

Figures in brackets indicate deductions.

The notes disclosed on pages 62 to 99 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and Legal Form

First Capital Treasuries PLC ("the Company") is a public limited liability company incorporated and domiciled in Sri Lanka on 19 August 1982. The registered office and place of business of the Company is No. 2, Deal Place, Colombo 03. The debentures issued by the Company are listed on the Colombo Stock Exchange. The ordinary shares of the Company were listed on the Colombo Stock Exchange on 23 December 2021. The staff strength of the Company as at 31 March 2022 is 10 (2021 – 13).

1.2 Parent Entity and Ultimate Parent Entity

The Company's parent entity is First Capital Limited. The ultimate parent undertaking and controlling party of the Company is Janashakthi Limited.

1.3 Principal Activities

The principal activity of the Company continued to be engaged in the business operations of a Primary Dealer in Government Securities. There were no significant changes in the nature of the principal activities of the Company during the financial year.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company which comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes thereto have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka, and in compliance with the requirements of the Companies Act No. 7 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange. These Financial Statements, except for information on cash flows have been prepared on the accrual basis of accounting.

Further, the tax liability arising from the Surcharge Tax Act No: 14 of 2022 has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka as disclosed under the Note 38.

2.2 Presentation of Financial Statements

The assets and liabilities of the Statement of Financial Position are grouped by nature and listed in-order to reflect their relative liquidity and maturity pattern.

2.3 Approval of Financial Statements by Directors

The Financial Statements for the year ended 31 March 2022 were authorised for issue by the Board of Directors on 15 August 2022.

2.3.1 Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007 and related disclosure requirements of the Listing Rules. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Directors acknowledges their responsibility as set out in the "Annual Report of the Board of Directors" and "Statement of Director's Responsibility".

2.4 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the following,

CATEGORY	BASIS OF MEASUREMENT	NOTE
Derivative Financial Assets/ Liabilities	Fair value	Note 3.2.3
Financial Assets measured at fair value through profit or loss	Fair value	Note 3.2.4.1
Financial Assets measured at fair value through other comprehensive income	Fair value	Note 3.2.4.3
Financial Assets at amortised cost	Amortised cost	Note 3.2.4.2
Right to use of assets	Present value of the pre-paid lease rentals	Note 3.6
Retirement benefit obligation	Projected unit credit method	Note 3.12.2

2.5 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise.

2.6 Use of Significant Judgments, Estimates and Assumptions

The preparation of Financial Statements in conformity with SLFRSs/LKASs requires management to make judgments, estimates and assumptions that affect the

application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments, estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are included in the following notes to the Financial Statements.

CRITICAL ACCOUNTING ESTIMATE/JUDGMENT	DISCLOSURE REFERENCE
Going concern	Note 2.11
Classification of financial assets and liabilities	Note 3.2.2
Fair value of financial instruments	Note 3.2.11
Useful lives of intangible assets	Note 3.3
Useful lives of property, plant and equipment	Note 3.4
Retirement benefit obligation	Note 3.12
Deferred tax on unutilised tax losses	Note 3.7.2
Impairment losses on financial assets	Note 3.2.7
Impairment of non-financial assets	Note 3.5
Provisions for liabilities, commitments and contingencies	Note 3.20

2.7 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.8 Materiality, Presentation and Aggregation

As per LKAS – 1 "Presentation of Financial Statements", each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.9 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation (issued by the International Financial Reporting Interpretations Committee and Standard Interpretations Committee) and as specifically disclosed in the Significant Accounting Policies of the Company.

2.10 Rounding

The amounts in the Financial Statements have been rounded off to the nearest Thousand, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard LKAS 1 on 'Presentation of Financial Statements'.

2.11 Going Concern

The Board of Directors is satisfied that the Company has adequate resources to continue its operations in the foreseeable future and management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, going concern basis has been adopted in preparing these Financial Statements.

2.12 Events after Reporting Date

Events after the reporting date are those events, favorable and unfavorable, that occur between the reporting date and the date when the Financial Statements are authorised for issue. In this regard, all material and important events that occurred after the reporting period are considered and appropriate disclosures are made where necessary (Note 36).

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Company unless otherwise stated. Comparative information has where necessary been reclassified to confirm the current year's presentation.

3.1 Foreign Currency

3.1.1 Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currency (Sri Lankan Rupees-LKR) at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the middle rate of exchange prevailing at the reporting date. The foreign currency gain or loss on monetary items are the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in Statement of Profit or Loss.

3.2 Financial Instruments

3.2.1 Initial Recognition, Classification and Subsequent Measurement

3.2.1.1 Date of Recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

3.2.1.2 Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

3.2.2 Classification and Subsequent Measurement of Financial Instruments

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest ("SPPI").

A debt instrument is measured at FVTOCI only if it meets both of the following condition and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis. All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3.2.2.1 Business Model Assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's Management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cashflows nor held both to collect contractual cash flows and to sell financial assets.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company

considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVTOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVTOCI	These assets are subsequently measured at fair value. Dividend is recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.2.3 Derivatives recorded at fair value through profit or loss

3.2.3.1 Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

3.2.3.2 Other Derivatives

If a derivative is not held for trading, and is not designated in a qualifying hedge relationship, then all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments at FVTPL.

3.2.4 Financial Assets

Financial assets are within the scope of SLFRS 9 are classified appropriately as financial assets recognised through profit or loss, Financial assets measured at fair value through other comprehensive income and Financial assets at amortised cost.

All the financial assets are recognised at fair value at its initial recognition.

3.2.4.1 Financial Assets measured at - fair value through profit or loss

A financial asset is classified at fair value through Profit or Loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through Profit or Loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, transaction costs are recognised in Profit or Loss as incurred.

Financial assets at fair value through Profit or Loss are measured at fair value, and subsequent therein are recognised in Profit or Loss. This comprises of investment in government securities issued in local (LKR) and foreign currency (USD).

3.2.4.2 Financial Assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost of the Company comprise of the lending.

3.2.4.3 Financial Assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income (FVTOCI) are nonderivative financial assets that are designated FVTOCI and that are not classified in any of the previous categories of financial assets. FVTOCI are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment in debt instrument is derecognised, the cumulative gain or loss in other comprehensive income is transferred to Profit or Loss.

3.2.4.4 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

Bank overdrafts that are repayable on demand and form an integral part of the Company cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.2.5 Financial Liabilities

The Company initially recognises debt securities and borrowings on the date that they are originated. All other financial

liabilities are recognised at initially on the trade date, which is the date that the Company becomes party to the contractual provisions of the instruments.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using effective interest rate method.

Financial liabilities comprise;

- Securities sold under re-purchase agreements
- Borrowing on listed debentures

3.2.5.1 Recognition and Measurement of Financial Liabilities

The Company classifies financial liabilities, other than financial guarantees and loan commitments, into one of the following categories:

- Financial liabilities at amortised cost; and
- Financial liabilities at fair value through profit or loss

A financial liability is measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Subsequent measurement of financial liability is at fair value or amortised cost. The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount.

3.2.5.1.1 Classification and subsequent measurement of financial liabilities

The subsequent measurement of financial liabilities depends on their classification.

3.2.5.2 Financial Liabilities at amortised cost

Financial liabilities issued by the Company that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

The EIR amortisation is included in "Interest expense" in the income statement. Gains and losses too are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

3.2.5.3 Financial Liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivative liabilities held for risk management purposes.

3.2.6 Reclassification of Financial Assets and Liabilities

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Company changes its objective of the business model for managing such financial assets. Financial liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

3.2.7 Impairment of Financial Assets

3.2.7.1 Recognition and Measurement of Expected Credit Losses (ECL)

The Company assesses financial assets under three stages in determining ECL.

- **Stage 1** : financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, a 12-months ECL is recognised.

- **Stage 2** : financial instruments that have experienced a significant increase in credit risk since initial recognition but for which the exposure is not yet defaulted. For these assets, lifetime ECLs are recognised, representing the expected credit losses that result from all possible default events over the expected life of the financial asset.
- **Stage 3** : financial instruments which are deemed to be credit impaired. This is where a credit loss has already been suffered on the assets. For these assets, lifetime ECLs are recognised, representing the expected credit losses that result from all possible default events over the expected life of the financial asset.

Expected loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3.2.7.2 Credit-Impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired (referred to as "Stage 3 financial assets"). A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market or a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

3.2.7.3 Presentation of Allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVTOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

3.2.7.4 Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in "provision for impairment of financial assets at amortised cost" in the Statement of Profit or Loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.2.8 Derecognition of Financial Assets and Financial Liabilities

3.2.8.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.2.8.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.2.9 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an

intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.2.10 Amortised Cost Measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

3.2.11 Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by

a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3.3 Intangible Assets

3.3.1 Software

Software acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software is 5 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.4 Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period.

3.4.1 Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

3.4.2 Subsequent Cost

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

3.4.3 Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment are as follows:

TYPE OF ASSET	LIFE TIME (YEARS)
Computer equipment	5
Fixtures and fittings	5
Furniture	5
Office equipment	5
Motor vehicle	5

NOTES TO THE FINANCIAL STATEMENTS

3.4.4 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised.

3.5 Impairment of Non-financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets.

The 'recoverable amount' of an asset is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 SLFRS 16 – Leases

At the inception of a contract, the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company use the definition of a lease in SLFRS 16.

This is applicable for leases entered after 1 April 2019.

3.6.1 Company Acting as a Lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate plus remaining value of lease rentals paid in advance if any.

The Company determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of the lease asset.

Lease payments included in the measurement of lease liability includes;

- Fixed payments
- Variable lease payments that depend on an index or rate
- Amount expected to be payable under residual value guarantee
- The exercise price under a purchase option that the Company is reasonably certain to exercise

Lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable or if there is a fixed in substance lease payment.

When the lease liability is remeasured as such, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents the right-of-use asset in Note 21.

Short term leases and leases of low value assets

The Company elected not to recognise right-of-use assets and lease liabilities for lease of low value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on the straight-line basis.

3.7 Tax Expense

Tax expense comprises current, deferred tax and other statutory taxes. Income tax and deferred tax expense is recognised in Statement of Profit or Loss except to the extent that it relates to items recognised in the Statement of Other Comprehensive Income or Statement of Changes in equity.

3.7.1 Current Tax Expense

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted

or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the tax on dividend income.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and is measured using the tax rates enacted or substantively enacted as at the reporting date.

3.7.2 Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to

the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are not discounted.

The net increase in the carrying amount of deferred tax liability net of deferred tax asset is recognised as deferred tax expense and conversely any net decrease is recognised as reversal to deferred tax expense, in the Statement of Profit or Loss.

3.7.3 Uncertainty Over Income Tax Treatments

The Company accounts for the uncertainty over tax treatments under IFRIC 23. An 'uncertain tax treatment' is a tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law.

If it is not probable that the taxation authority will accept an uncertain tax treatment, effect of uncertainty shall be reflected in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. The effect of uncertainty for each uncertain tax treatment shall be reflected by using either of the most likely amount or the expected value methods, depending on which method the Company expects to better predict the resolution of the uncertainty.

3.7.4 Value Added Tax on Financial Services (VAT on FS)

VAT on Financial Services is calculated in accordance with the amended VAT Act No. 7 of 2003 and subsequent amendments thereto. VAT on financial services is computed on the prescribed rate. The rate of 15% is applicable for the period from April 2021 to December 2021 and revised rate of 18% is applicable for the period from January 2022 to March 2022.

The VAT on Financial service is recognised as expense in the period it becomes due.

3.8 Borrowings

Repo borrowings and borrowing on debentures are the Company's sources of debt funding. When the Company sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale and repurchase agreement), the arrangement is accounted for as a borrowing, and the underlying asset continues to be recognised in the Company's financial statements.

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The borrowing on debentures is initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.10 Dividends Payable

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are recommended and declared by the Board of Directors.

3.11 Other Liabilities

Other liabilities are recorded at amounts expected to be payable at the Reporting date.

NOTES TO THE FINANCIAL STATEMENTS

3.12 Employee Benefits

3.12.1 Defined Contribution Plan

A defined contribution plan is a postemployment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as expense in the profit or loss as and when they are due.

3.12.1.1 Employees' Provident Fund

The Company and employee contribute 12% - 15% and 8% - 10% respectively on the salary of each employee to an approved Provident Fund.

3.12.1.2 Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

3.12.2 Defined Benefit Plans

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan.

Gratuity

Gratuity is a Defined Benefit Plan. The Company annually measures the present value of the promised retirement benefits for gratuity, which is a Defined Benefit Plan. The cost of providing benefits under the defined benefits plans is determined using the projected unit credit method.

Gain or loss arising as a result of changes in assumption is recognised in other comprehensive income (OCI) in the period in which it arises.

The Gratuity liability is not externally funded. These items are grouped under Defined Benefit Liability in the Statement of Financial Position.

According to the payment of Gratuity Act No.12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continued service.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.12.3 Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Statement of Profit or Loss and Other Comprehensive Income

3.13 Interest Income and expense

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the statement of profit or loss and Other Comprehensive Income include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis; and
- interest on debt securities measured at FVTOCI is calculated on an effective interest basis.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Fair value changes on other derivatives held for risk management purposes, and other financial assets and financial liabilities carried at fair value through profit or loss, are presented in net income as gain on fair valuation of other financial instruments at fair value through profit or loss in the statement of profit or loss and Other Comprehensive Income.

3.14 Gain/ (Loss) on Sale of Financial Investments measured at Fair Value through Profit or loss

Gain/(loss) on Sale of Financial Investments measured at fair value through profit or loss comprises realised trading gains on disposal of government securities presented in direct income as sale of financial investments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

3.15 Gain/ (Loss) on Disposal of Financial Investments – Fair Value through Other Comprehensive Income

Gain/ (loss) on Disposal of Financial Investments measured at fair value through other comprehensive income comprises realised capital gain/ (loss) on disposal of investment in equity securities classified as financial assets measured at fair value through other comprehensive income, is presented in other income.

3.16 Gain/ (Loss) on Fair Valuation of Financial Investments – Fair Value through Profit or Loss

Gain/(loss) on Fair Valuation of Financial Investments is the unrealised gain/ (loss) on fair valuation (marked to market valuation) of government securities. The fair valuation gain/ (loss) is presented in profit or loss in the statement of profit or loss and other comprehensive income.

3.17 Dividend Income

Dividend income is recognised in profit or loss on an accrual basis when the Company's right to receive the dividend is established. This is usually on the ex-dividend date for equity securities. Dividends are presented in other income.

3.18 Expenses Recognition

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year. For the presentation of the Statement of Profit or Loss, the Directors are of the opinion that the nature of the expenses method present fairly the element of the Company's performance, and hence such presentation method is adopted.

3.19 Earnings per Share (EPS)

The Company presents Basic and Diluted Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders

and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.20 Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. The Company's capital commitments are also included with appropriate disclosures.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

4. STATEMENT OF CASH FLOWS

The Statement of Cash Flow has been prepared using the "Direct Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard - (LKAS 7) "Statement of Cash Flows". Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

5. NEW AMENDMENTS TO THE SRI LANKA ACCOUNTING STANDARD ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued following new amendments to the Sri Lanka Accounting Standard which will become applicable for financial periods beginning on or after 1 April 2022. Accordingly, the Company has not applied the following new amendments to the standards in preparing these Financial Statements.

The following new amendments to the standards are not expected to have a significant impact on the Company's financial statements.

5.1 Proceeds before intended use (amendments to LKAS 16 - Property, plant and equipment)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The above amendment to Standard will be effective for annual reporting periods beginning on or after 1 January 2022.

5.2 Onerous Contracts – Cost of fulfilling the contract (Amendments to LKAS 37 - Provisions, Contingent Liabilities and Contingent Assets)

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract.' Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The above amendment to Standard will be effective for annual reporting periods beginning on or after 1 January 2022.

5.3 Amendments to "Financial Instruments" (SLFRS 9) – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the CA Sri Lanka issued an amendment to "Financial Instruments" (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are

NOTES TO THE FINANCIAL STATEMENTS

substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The above amendment to Standard will be effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

5.4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to Sri Lanka Accounting Standard LKAS 12 – “Income Taxes”)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other types of transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The above amendment to Standard will be effective for annual reporting periods beginning on or after 1 January 2023.

5.5 Disclosure of accounting policies (Amendments to LKAS 1)

Disclosure of Accounting Policies (Amendments to LKAS 1) with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2023. This amendment is not yet adopted in Sri Lanka.

5.6 Amendments to “Leases” (SLFRS 16)

As part of its 2018-2020 annual improvements to SLFRS standards process, the CA Sri Lanka issued an amendment to “Leases” (SLFRS 16). The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

The above amendment to Standard will be effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

5.7 Definition of accounting estimates (Amendments to LKAS 8)

The amendments introduced the definition of accounting estimates and included other amendments to LKAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.

The amendments are effective for annual periods beginning on or after 1 January 2023. This amendment is not yet adopted in Sri Lanka.

6 INCOME

For the year ended 31 March,	2022 Rs.'000	2021 Rs.'000
Gain/ (loss) on sale of financial investments - financial assets recognised through profit or loss measured at fair value	(904,846)	2,469,688
Interest income on financial investments -financial assets recognised through profit or loss measured at fair value	1,352,941	1,631,552
Interest income on financial investments -financial assets at amortised cost	174,729	193,221
	622,824	4,294,461

6.1 TIMING OF INCOME RECOGNITION

Income generated at a point of time	(904,846)	2,469,688
Income generated over the period	1,527,670	1,824,773
	622,824	4,294,461

7 DIRECT EXPENSES

Interest expenses on repurchase agreements	947,052	1,203,651
Brokerage cost	5,931	17,155
Interest expenses on listed debentures	96,931	97,063
Other direct expenses	5,025	4,990
	1,054,939	1,322,859

8 OTHER INCOME

Profit on sale of property, plant and equipment	9	3
Exchange gain	54,921	206,831
Miscellaneous income	72	-
	55,002	206,834

9 NET LOSS ON FAIR VALUATION OF FINANCIAL ASSETS RECOGNISED THROUGH PROFIT OR LOSS MEASURED AT FAIR VALUE

Loss on fair valuation of financial assets recognised through profit or loss measured at fair value	(74,926)	(387,808)
Gain/ (loss) on fair valuation of derivative assets	2,875	(419)
Gain/ (loss) on fair valuation of derivative liabilities	(1,798)	2,294
	(73,849)	(385,933)

Gain/ (loss) on fair valuation of financial investments has been accounted for in accordance with the SLFRS 9.

10 OPERATING EXPENSES

10.1 Personnel expenses

Salaries	78,201	67,263
Performance bonus	-	228,573
Employer's contribution to EPF & ETF	12,357	10,711
Retirement benefit cost	3,485	2,557
Other personnel expenses	16,850	14,980
	110,893	324,084

10.2 Premises, equipment and establishment expenses

Building maintenance charges	20,394	364
Depreciation and amortisation	4,555	4,578
Electricity	1,189	1,293
Miscellaneous expenses	4,463	2,319
	30,601	8,554

NOTES TO THE FINANCIAL STATEMENTS

10 OPERATING EXPENSES (CONTD.)

10.3 Other operating expenses

For the year ended 31 March,	2022 Rs.'000	2021 Rs.'000
VAT/NBT on financial services	219,801	16,746
Professional service related expenses	35,178	8,343
Bank related charges	19,081	17,336
Communication and information technology expenses	12,370	10,450
Sales promotion expenses	3,393	5,006
Donations	2,890	2,400
Travelling expenses	880	1,242
Miscellaneous expenses	3,650	1,000
	297,243	62,523

11 PROFIT/ (LOSS) BEFORE TAX

For the year ended 31 March,	2022 Rs.'000	2021 Rs.'000
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Profit/ (loss) before taxation is stated after charging all expenses including the following:

Directors' emoluments	25,339	70,942
Auditor's remuneration - Audit services	575	525
Auditor's remuneration - Other services	160	120
Depreciation on property, plant and equipment and right of use assets (Note 21)	4,009	4,021
Amortisation of intangible assets (Note 22)	546	557
Retirement benefit cost (Note 29)	3,485	2,557
Salaries	78,201	67,263
Employer's contribution to defined contribution plans	12,357	10,711
Legal fees	1,413	11
Donations	2,890	2,400

12 INCOME TAX EXPENSE

Recognised in Profit or Loss

current tax expense (Note 12.1)	-	(292,297)
Over/ (under) provision for tax	146,400	(9,293)
Deferred tax asset recognised/ (reversed) during the year (Note 19)	90,854	(258,471)
	237,254	(560,061)

Recognised in Other Comprehensive Income

Deferred tax asset recognised/ (reversed) during the year (Note 19)	(1,267)	709
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The Company is liable to pay income tax at the rate of 12% (2020/21 - 24%) in accordance with the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

12.1 Reconciliation of accounting profit/ (loss) to income tax

For the year ended 31 March,	2022 Rs.'000	2021 Rs.'000
Profit/ (loss) before tax	(889,699)	2,397,342
Less : Exempted income	(51,573)	(332,661)
Add : Disallowable expenses	283,738	53,206
Less : Allowable expenses	(4,396)	(1,928)
Statutory income	(661,930)	2,115,959
Tax loss claimed during the year	-	(898,061)
Taxable income/ (loss)	(661,930)	1,217,898
Income tax expense	-	292,297

12.2 Accumulated tax losses

For the year ended 31 March,	2022 Rs.'000	2021 Rs.'000
Balance at the beginning of the year	7,144,952	8,068,602
Loss incurred during the year	661,930	-
Loss utilised during the year	-	(898,061)
Adjustment with respect of previous year	238,899	(5,157)
Over/ (under) utilisation of loss for past tax assessment	325,671	(20,432)
Loss disallowed by Inland Revenue Department	(7,709,522)	-
Balance at the end of the year	661,930	7,144,952

13 BASIC AND DILUTED EARNINGS/ (LOSS) PER SHARE

Earnings/ (loss) per Share has been calculated by dividing profit/ (loss) for the year attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

For the year ended 31 March,	2022	2021 (Restated)
Profit/ (loss) attributable to ordinary shareholders (Rs.'000)	(652,445)	1,837,281
Weighted average number of ordinary shares in issue (Note 38 (b))	615,600,000	615,600,000
Basic and diluted earnings/ (loss) per share (Rs.)	(1.06)	2.98

There were no potentially dilutive ordinary shares outstanding at any time during the year, hence diluted earnings/ (loss) per share is equal to the basic earnings/ (loss) per share.

14 CASH AT BANKS AND IN HAND

As at 31 March,	2022 Rs.'000	2021 Rs.'000
Cash at banks (Note 41.4.1)	348,510	146,539
Cash in hand	75	75
	348,585	146,614

15 DERIVATIVE FINANCIAL INSTRUMENTS

Forward purchase contracts - Government securities (Note 9)	3,290	2,315
Forward sale contracts - Government securities (Note 9)	1,900	-
	5,190	2,315

16 FINANCIAL ASSETS RECOGNISED THROUGH PROFIT OR LOSS - MEASURED AT FAIR VALUE

	Market Value		Face Value	
As at 31 March,	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Treasury bills	23,408,748	37,358	23,849,819	37,641
Treasury bonds	1,101,182	20,348,816	1,171,084	19,179,238
Sri Lanka Development Bond	-	2,699,239	-	2,488,580
	24,509,930	23,085,413	25,020,903	21,705,459

NOTES TO THE FINANCIAL STATEMENTS

16 FINANCIAL ASSETS RECOGNISED THROUGH PROFIT OR LOSS - MEASURED AT FAIR VALUE (CONTD.)

16.1 Securities Pledged as Collateral

Out of the Government securities classified as Financial assets recognised through profit or loss - measured at fair value, following securities have been pledged as collateral for Repurchase Agreements entered into by the Company as at 31 March 2022.

As at 31 March,	Market Value		Face Value	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Treasury bills	20,809,592	37,358	21,265,113	37,641
Treasury bonds	961,138	19,132,435	1,014,607	18,074,032
	21,770,730	19,169,793	22,279,720	18,111,673

17 FINANCIAL ASSETS - AT AMORTISED COST

As at 31 March,	2022 Rs.'000	2021 Rs.'000
Treasury bonds	2,368,982	-
Investments under resale agreements - Treasury bills	130,657	-
Investments under resale agreements - Treasury bonds	610,161	2,158,045
	3,109,800	2,158,045

The Treasury bonds at amortised cost have been fully pledged as collateral for repurchase agreements entered into by the Company as at 31 March 2022. The market value of the treasury bonds at amortised cost is Rs. 2,370.8Mn as at 31 March 2022.

17.1 Securities received as collateral

As at 31 March,	Market Value		Face Value	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Treasury bills	141,818	-	147,400	-
Treasury bonds	678,882	2,474,184	727,810	2,171,672
	820,700	2,474,184	875,210	2,171,672

The Company is entitled to repledge the securities received as collateral for its Borrowings (Repos) and requires to return the said collateral to the respective counterparties at the time of the settlement of outstandings (Reverse Repos). Accordingly, the Company has repledged market value of treasury bonds amounting to Rs. 552.1Mn as at 31 March 2022 and no treasury bills were repledged (As at 31 March 2021 repledged market value of treasury bonds amounting to Rs. 2,472.9Mn).

The Company follows the guidelines stipulated in the direction, Reverse Repurchase Transactions of Dealer Direct Participants in Scripless Treasury Bonds and Scripless Treasury Bills issued by the Central Bank of Sri Lanka, in receiving securities for reverse repurchase agreements (Direction No. 01 of 2019 dated 20 December 2019). Only the eligible securities are being used for such receipts and the Section 4.3, 4.4 and 4.5 are being complied with when considering the haircut requirements.

Board of Directors of the company have established an effective risk management framework by implementing necessary policies and procedures to ensure compliance with the said guidelines. An effective internal control system is being used to verify the accuracy of security receipts.

18 RECEIVABLE FROM RELATED COMPANIES

As at 31 March,	2022 Rs.'000	2021 Rs.'000
First Capital Limited	1,028	-
First Capital Equities (Pvt) Limited	760	87
First Capital Asset Management Limited	268	58
Kelsey Homes (Pvt) Limited	4	-
Premier Synthetic Leather Manufacturers (Pvt) Limited	-	20
	2,060	165

19 DEFERRED TAX ASSET

Balance at the beginning of the year	4,731	262,493
Impact of change in income tax rate recognised in profit or loss (Note 12)	13	(36,926)
Impact of change in income tax rate recognised in other comprehensive income (Note 12)	(1,984)	(573)
Charge/ (Reversal) in profit or loss during the year (Note 12)	90,841	(221,545)
Recognised/ (reversed) in other comprehensive income during the year (Note 12)	717	1,282
Balance at the end of the year	94,318	4,731

19.1 Deferred tax asset is recognised by considering the brought forward tax losses of which, the amount in the opinion of the Directors, will be available to allow the benefit of the loss to be realised in accordance with LKAS 12 and provisions of Inland Revenue Act No. 24 of 2017. The deferred tax asset has been computed on the basis of 14% (2020/21 - 24%).

Deferred tax is attributable to the followings;

As at 31 March,	2022		2021	
	(Taxable)/ Deductible Temporary Difference Rs.'000	Tax Effect Rs.'000	(Taxable)/ Deductible Temporary Difference Rs.'000	Tax Effect Rs.'000
On Property, plant and equipment	210	29	(132)	(32)
On Retirement benefit obligations	11,561	1,619	19,843	4,763
On Accumulated tax losses	661,930	92,670	-	-
	673,701	94,318	19,711	4,731

The Company's brought forward tax losses amounting to Rs. 7,145Mn have been disallowed by Department of Inland Revenue in year 2021/22. Therefore, Deferred tax asset has not been recognised on the same (brought forward tax losses as at 31 March 2021 - Rs. 7,145Mn).

20 OTHER ASSETS

As at 31 March,	2022 Rs.'000	2021 Rs.'000
Advance paid for Building (Note 37 (a))	220,000	220,000
Advance paid for Land (Note 37 (a))	77,300	77,300
Prepayments and other receivable	40,096	18,021
Staff loans (Note 20.1)	949	1,085
	338,345	316,406

20.1 Staff Loans

Balance at the beginning of the year	1,085	602
Disbursements during the year	150	710
Recoveries during the year	(286)	(227)
Balance at the end of the year	949	1,085

NOTES TO THE FINANCIAL STATEMENTS

21 PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

	Office Equipment Rs.'000	Furnitures Rs.'000	Fixtures & Fittings Rs.'000	Right of Use Asset Rs.'000	Total Rs.'000
Cost					
Balance as at 1 April 2021	24,052	7,298	19,052	8,531	58,933
Additions during the year	642	-	-	1,456	2,098
Disposals during the year	(156)	(26)	-	-	(182)
As at 31 March 2022	24,538	7,272	19,052	9,987	60,849
Accumulated Depreciation					
As at 1 April 2021	18,184	7,298	19,052	4,550	49,084
Charge for the year	1,691	-	-	2,318	4,009
Disposals during the year	-	(26)	-	-	(26)
As at 31 March 2022	19,875	7,272	19,052	6,868	53,067
Carrying Value as at 31 March 2022	4,663	-	-	3,119	7,782

	Office Equipment Rs.'000	Furnitures Rs.'000	Fixtures & Fittings Rs.'000	Right of Use Asset Rs.'000	Total Rs.'000
Cost					
Balance as at 1 April 2020	17,377	7,347	19,052	8,531	52,307
Additions during the year	6,675	-	-	-	6,675
Disposals during the year	-	(49)	-	-	(49)
As at 31 March 2021	24,052	7,298	19,052	8,531	58,933
Accumulated Depreciation					
As at 1 April 2020	16,439	7,347	19,051	2,275	45,112
Charge for the year	1,745	-	1	2,275	4,021
Disposals during the year	-	(49)	-	-	(49)
As at 31 March 2021	18,184	7,298	19,052	4,550	49,084
Carrying value as at 31 March 2021	5,868	-	-	3,981	9,849

Based on the assessment of potential impairment carried out by the Company as at 31 March 2022, no provision was required to be made in the Financial Statements.

Property, Plant and Equipment included fully depreciated assets having a gross amount of Rs. 55,448,992 as at 31 March 2022 (2020/21 Rs. 51,490,825).

There were no capitalised borrowing cost related to the acquisition of Property, Plant and Equipment during the year (2020/21 - Nil).

There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2022.

There were no items of Property, Plant and Equipment pledged as security as at 31 March 2022.

There were no temporary idle items of Property, Plant and Equipment as at 31 March 2022.

22 INTANGIBLE ASSETS

	Software	Total	2021
	Rs.'000	Rs.'000	Rs.'000
Cost			
As at 1 April	17,112	17,112	16,742
Additions during the year	200	200	370
As at 31 March	17,312	17,312	17,112
Accumulated Amortisation/Impairment			
Amortisation			
As at 1 April	16,193	16,193	15,636
Amortisation charge for the year	546	546	557
Balance as at 31 March	16,739	16,739	16,193
Carrying Value as at 31 March 2022	573	573	
Carrying Value as at 31 March 2021	919		919

23 DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 March,	2022	2021
	Rs.'000	Rs.'000
Forward sale contracts - Government securities (Note 9)	2,622	824
	2,622	824

24 SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Against treasury bills	19,794,447	34,463
Against treasury bonds	3,603,391	19,296,009
	23,397,838	19,330,472

Securities given as Collateral

	Market Value		Face Value	
As at 31 March,	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Treasury bills	20,809,592	37,358	21,265,113	37,641
Treasury bonds	3,884,057	21,605,300	4,082,857	20,244,632
	24,693,649	21,642,658	25,347,970	20,282,273

NOTES TO THE FINANCIAL STATEMENTS

24 SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (CONTD.)

The Company follows the guidelines stipulated in the direction, Repurchase Transactions of Dealer Direct Participants in Scripless Treasury Bonds and Scripless Treasury Bills issued by the Central Bank of Sri Lanka, in allocating securities for repurchase agreements (Direction No. 01 of 2019 dated 20 December 2019). Only the eligible securities are being used for such allocations and the Section 4.3, 4.4 and 4.5 are being complied with when considering the haircut requirements.

The Company has established an effective risk management framework by implementing necessary policies and procedures to ensure compliance with the said guidelines. An effective internal control system is being used to verify the accuracy of security allocations.

25 CREDITORS AND OTHER PAYABLES

As at 31 March,	2022 Rs.'000	2021 Rs.'000
Provision for staff expenses	-	210,610
Other provisions and payables	37,707	11,158
Provision for VAT on financial services (Note 38(c))	326,190	114,598
	363,897	336,366

26 PAYABLE TO RELATED COMPANIES

As at 31 March,	2022 Rs.'000	2021 Rs.'000
First Capital Holdings PLC	3,112	16,982
First Capital Limited	-	780
Janashakthi Limited	512	728
First Capital Markets Limited	186	-
Janashakthi Corporate Services Limited (formerly - KHL Corporate Services Limited)	-	25
Janashakthi Business Services (Pvt) Ltd	2,718	-
	6,528	18,515

27 TAXES PAYABLE

As at 31 March,	2022 Rs.'000	2021 Rs.'000
Balance at the beginning of the year	740,959	439,878
Under provision of tax with respect to previous years in line with IFRIC 23	-	11,687
	740,959	451,565
Current tax provision for the year (Note 12)	-	292,297
Over provision of tax with respect to previous year (Note 27.1)	(146,400)	(2,394)
Transfer of brought forward tax receivable	-	(509)
	-	-
Payment made during the year	(594,559)	-
Balance at the end of the year	-	740,959

27.1 This reflects reversal of over provision for income tax following the settlement of income tax assessments up to 2017/18 as per the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto (previous tax legislation).

28 BORROWING ON LISTED DEBENTURES

As at 31 March,	2022 Rs.'000	2021 Rs.'000
Balance at the beginning of the year	759,255	758,342
Accrual of interest	96,931	97,063
Sub total	856,186	855,405
Settlement of interest (Coupon)	(95,609)	(96,150)
Balance at the end of the year	760,577	759,255

28.1 The debentures consist of 7,500,000 Rated, Subordinated, Unsecured, Redeemable 5 year (2020/2025) listed debentures at a face value of Rs. 100/- interest payable at a rate of 12.75% semi - annually issued in January 2020. The debentures are quoted on the Colombo Stock Exchange.

Tenure	No.of Debentures	Face Value Rs.'000	Carrying value 31.03.2022 Rs.'000	Allotment Date	Maturity Date	Rate of Interest	Frequency on Interest
5 Year	7,500,000	750,000	760,577	30-Jan-20	30-Jan-25	12.75% (AER-13.16%)	Semi - annually

29 RETIREMENT BENEFIT OBLIGATIONS

As at 31 March,	2022 Rs.'000	2021 Rs.'000
Balance at the beginning of the year	19,843	14,331
Amount recognised in profit or loss for the year		
Gratuity charge for the year	1,816	1,338
Impact of change in retirement age	(1,071)	-
Interest charge for the year	2,740	1,219
Amount recognised in other comprehensive income for the year		
Actuarial (gain)/ loss for the year	(9,049)	2,955
Transfers made during the year	(2,718)	-
Balance at the end of the year	11,561	19,843

As required by Sri Lanka Accounting Standard LKAS 19 - "Employee Benefits", gratuity liability is provided for based on the Projected Unit Credit Method. During 2021/2022, the retirement benefit obligations were adjusted to reflect new legal requirements in the country regarding the retirement age. Accordingly, Company's defined benefit obligation decreased by Rs. 1,071,159 and same was recognised in profit or loss during the year 2021/22.

NOTES TO THE FINANCIAL STATEMENTS

29 RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

29.1 Principal Assumptions used:

As at 31 March,	2022 Rs.'000	2021 Rs.'000
Discount rate/ interest rate	16.00%	8.50%
Expected annual average salary increment	8.00%	7.50%
Staff turnover factor	10%	10%
Retirement age of employees	60 Years	55 Years

29.2 Sensitivity of the assumptions used

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

As at 31 March,	2022 Rs.'000	2021 Rs.'000
Decrease in discount rate by 1%	853	1,298
Increase in discount rate by 1%	(788)	(1,201)
Decrease in salary increment by 1%	(851)	(1,223)
Increase in salary increment by 1%	911	1,298

30 STATED CAPITAL

As at 31 March,	2022 Rs.'000	2021 Rs.'000
Ordinary Shares of 153,900,000 (Note 38 (b))	256,500	256,500

31 RISK RESERVE

As at 31 March,	2022 Rs.'000	2021 Rs.'000
Balance at the beginning of the year	1,386,793	1,203,065
Transfer during the year	-	183,728
Balance at the end of the year	1,386,793	1,386,793

The Company made a transfer of 10% (2020/21 -10%) of its profit after tax to the risk reserve in accordance with the directions issued by the Central Bank of Sri Lanka. No Transfers have been made in 2021/22 due to the losses.

32 FAIR VALUATION RESERVE VIA FINANCIAL ASSET RECOGNISED THROUGH OTHER COMPREHENSIVE INCOME

As at 31 March,	2022 Rs.'000	2021 Rs.'000
Balance at the beginning of the year	(2,000)	(2,000)
Transfer during the year	-	-
Balance at the end of the year	(2,000)	(2,000)

The above reserve is relating to the Company's equity investment in Lanka Financial Services Bureau Limited amounting to Rs. 2Mn (at cost) which is accounted for "Financial Assets - fair value through other comprehensive income." Carrying value of the said investment as at 31 March 2022 is zero (31 March 2021 - zero).

33 DIVIDEND PAID

The Board of Directors of the Company did not declare dividend for 2021/22 (2020/21 - a dividend amounting to Rs. 515.6Mn was paid).

34 RELATED PARTY DISCLOSURES

34.1 Directorships in Other Companies

The Directors of First Capital Treasuries PLC (Reporting Entity) are also Directors of the following companies.

Name of the company	Relationship	Mr. Nishan Fernando	Mr. Dinesh Schaffter	Mr. Dilshan Wirasekara	Ms. Minette Perera	Mr. Chandana Lal de Silva	Dr. Nishan de Mel	Mr. Ramesh Schaffter
Janashakthi Limited	Ultimate Parent	-	Director	-	-	Chairman	-	Managing Director/Group CEO
Janashakthi Insurance PLC	Subsidiary of the Ultimate Parent	-	Director	-	-	-	-	Director*
Janashakthi Capital Limited	Subsidiary of the Ultimate Parent	-	-	-	-	-	-	Director
Janashakthi Business Services (Private) Limited	Subsidiary of the Ultimate Parent	-	-	-	-	-	-	Director
Janashakthi Corporate Services Limited (formerly - KHL Corporate Services Limited)	Subsidiary of the Ultimate Parent	-	Director	-	-	-	-	Director
Orient Finance PLC	Subsidiary of the Ultimate Parent	-	-	-	Director	-	-	-
First Capital Holdings PLC	Intermediary Parent	Chairman	Managing Director	Director/CEO	Director	Director	Director	Director
First Capital Limited	Immediate Parent	Chairman	Managing Director	Director/CEO	Director	Director	Director	-
First Capital Markets Limited	Subsidiary of the Immediate Parent	Chairman	Managing Director	Director/CEO	Director	Director	Director	-
First Capital Asset Management Limited	Subsidiary of the Immediate Parent	Chairman	Managing Director	Director/CEO	Director	Director	Director	-
First Capital Equities (Private) Limited	Subsidiary of the Immediate Parent	Chairman	Managing Director	Director	Director	Director	Director	-
First Capital Trustee Services (Private) Limited	Subsidiary of the Immediate Parent	-	Managing Director	Director/CEO	-	-	-	-
Kelsey Developments PLC	Subsidiary of the Ultimate Parent	-	-	-	-	-	-	Director*
Kelsey Homes (Private) Limited	Subsidiary of the Ultimate Parent	-	-	-	-	-	-	Director*
Kelsey Homes (Central Park) Limited	Subsidiary of the Ultimate Parent	-	-	-	-	-	-	Director*
Premier Synthetic Leather Manufacturers (Private) Limited	Related Party through KMP	-	Director	-	-	-	-	-
Nextventures Limited	Related Party through KMP	-	Director	-	-	-	-	-

KMP - Key Management Personnel

* Alternate Director

NOTES TO THE FINANCIAL STATEMENTS

34 RELATED PARTY DISCLOSURES (CONTD.)

34.1 Directorships in Other Companies (Contd.)

Mr. Prakash Schaffter has stepped down from the Board of Directors of First Capital Holdings PLC and acts as alternate Director to Mr. Ramesh Schaffter with effect from 2 September 2021. He has also stepped down from the Board of Directors of Janashakthi Insurance PLC, Kelsey Developments PLC, Premier Synthetic Leather Manufacturers (Pvt) Ltd, K H L Corporate Services Limited and First Capital Treasuries PLC with effect from 11 August 2021, 2 September 2021, 26 November 2021, 26 November 2021 and 10 January 2022 respectively.

Mr. Prakash Schaffter has been appointed to the Board of Directors of Kelsey Homes (Pvt) Ltd and Kelsey Homes (Central Park) Limited with effect from 1 January 2022. Mr. Ramesh Schaffter acts as alternate Director to Mr. Prakash Schaffter in Kelsey Homes (Pvt) Ltd and Kelsey Homes (Central Park) Ltd.

Mr. Ramesh Schaffter has stepped down from the Board of Directors of Janashakthi Insurance PLC and Kelsey Developments PLC and appointed as alternate Director to Mr. Prakash Schaffter with effect from 11 August 2021 and 2 September 2021 respectively. He has stepped down from the Board of Directors of Orient Finance PLC with effect from 6 September 2021 and the position of Alternate Director (to Mr. Prakash Schaffter) from the Board of Orient Finance PLC with effect from 2 March 2022. He has also stepped down from the Board of Directors of Premier Synthetic Leather Manufacturers (Pvt) Ltd with effect from 26 November 2021.

Mr. Ramesh Schaffter has been appointed to the Board of Janashakthi Business Services (Private) Limited with effect from 14 February 2022.

Mr. Dinesh Schaffter has stepped down from the Board of Directors of Kelsey Developments PLC, Kelsey Homes (Central Park) Limited (formerly know as Twid Capital (Pvt) Ltd) and Kelsey Homes (Pvt) Ltd with effect from 2 September 2021. He has been appointed to the Board of Janashakthi Insurance PLC with effect from 5 July 2021.

Mr. Chandana Lal de Silva has stepped down from the Board of Directors of Kelsey Developments PLC with effect from 2 September 2021.

First Capital Asset Management Limited manages licensed Unit Trusts namely First Capital Wealth Fund, First Capital Fixed Income Fund, First Capital Gilt-Edged Fund, First Capital Money Market Fund and First Capital Equity Fund which are also treated as Related Parties of the Company.

The Company carries out transactions with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24), "Related Party Disclosure", in the ordinary course of its business. The details of such transactions are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

34.2 Transactions with parent companies

Nature of Transaction	2021/22 Rs.'000	2020/21 Rs.'000
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Statement of Profit or Loss and Other Comprehensive Income

Interest income on resale agreements	1,265	-
Interest expenses on repurchase agreements	20,573	6,299
Interest expense on debentures	2,905	15,335
Reimbursement of expenses	15,289	10,257
Commitment fee	5,000	4,990
Corporate guarantee charges	1,419	1,421

Statement of Changes in Equity

Dividend paid	-	995,648
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Statement of Financial Position

Right of use asset (at cost)	8,294	9,750
Borrowings on listed debentures	22,787	22,747
Securities sold under repurchase agreements (government securities)	477,689	172,594
Current account payable	3,624	18,490
Current account receivable	1,028	-

34.3 Transactions with subsidiaries of the parent company (First Capital Limited)

Nature of Transaction	2021/22 Rs.'000	2020/21 Rs.'000
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Statement of Profit or Loss and Other Comprehensive Income

Interest expenses on repurchase agreements	-	225
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Statement of Financial Position

Right of use asset (at cost)	6,094	6,094
Current account receivables	1,028	145
Current account payable	186	-

34.4 Transaction with other related parties

Nature of Transaction	2021/22 Rs.'000	2020/21 Rs.'000
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Statement of Profit or Loss and Other Comprehensive Income

Interest income on resale agreements	35,365	36,852
Gain on sale of government securities	285	43,476
Interest expenses on repurchase agreements	243,641	120,140
Interest expenses on debenture	31,875	31,875
Secretarial fees paid	414	299

Statement of Financial Position

Securities purchased under resale agreements (government securities)	-	812,410
Securities sold under repurchase agreements (government securities)	2,133,289	5,884,405
Borrowings on listed debentures	253,526	253,085
Current account receivables	4	20
Current account payables	2,718	25

NOTES TO THE FINANCIAL STATEMENTS

34 RELATED PARTY DISCLOSURES (CONTD.)

34.4 Transaction with other related parties (Contd.)

Outstanding trading investments (Resale agreements with parent company) at year end are secured (i.e. collateralised via assets without guarantees). Other investments and current account balances with related parties are unsecured. The settlement of all transactions occurs in cash. No expenses have been recognised in the current year or previous years for bad or doubtful debts in respect of amounts owed by related parties.

34.5 Transactions with Key Management Personnel (KMP) and their Close Family Members (CFM)

According to Sri Lanka Accounting Standards LKAS 24 "Related Party Disclosures", Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the entity. Accordingly, the Board of Directors have been classified as key management personnel of the entity.

Close Family Members of a Key Management Person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Entity. They may include;

- The individual's domestic partner and children;
- Children of the individual's domestic partner; and
- Dependents of the individual or individual's domestic partner

Close Family Members are related parties to the Entity.

Transactions with Key Management Personnel and their close family members are disclosed below.

Nature of Transaction	2021/22 Rs.'000	2020/21 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income		
Emoluments paid - short term benefits	25,339	70,942
Interest income on resale agreements	-	48
Interest Expense on repurchase agreements	537	599
Statement of Financial Position		
Securities sold under repurchase agreements (against government securities)	6,756	6,190

34.6 Disclosures in relation to related party transactions in accordance with the Continuing Listing Requirements of the Colombo Stock Exchange.

Recurrent transactions

Name of the Related Parties	Relationship	Nature of the Transaction	Aggregate Value of Related Party transaction entered during the financial year Rs "000	Aggregate value of Related Party Transactions as a % of Gross Revenue/ Income	Terms and Conditions of the Related Party Transactions
First Capital Treasuries PLC/ First Capital Holdings PLC	Company/ Intermediary Parent	Borrowing via repurchase agreements	477,689	70%	Borrowing is at the prevailing market rates
First Capital Treasuries PLC/ Janashakthi Insurance PLC - Shareholders Fund	Company/ Fund managed by a Subsidiary of the Immediate Parent	Borrowing via repurchase agreements	477,499	70%	Borrowing is at the prevailing market rates
First Capital Treasuries PLC/ Janashakthi Insurance PLC - Policyholders - Non Par	Company/ Fund managed by a Subsidiary of the Immediate Parent	Borrowing via repurchase agreements	73,009	11%	Borrowing is at the prevailing market rates
First Capital Treasuries PLC/ Janashakthi Insurance PLC - Policy Holders - Universal Life	Company/ Fund managed by a Subsidiary of the Immediate Parent	Borrowing via repurchase agreements	290,807	43%	Borrowing is at the prevailing market rates
First Capital Treasuries PLC/ First Capital Money Market Fund	Company/ Unit Trust managed by a Subsidiary of the Immediate Parent	Borrowing via repurchase agreements	1,000,205	148%	Borrowing is at the prevailing market rates
First Capital Treasuries PLC/ First Capital Money Market Fund	Company/ Unit Trust managed by a Subsidiary of the Immediate Parent	Interest expense on repurchase agreements	151,989	22%	Interest expenses on borrowing is at the prevailing market rates

35 CONTINGENT LIABILITIES

There were no material contingent liabilities as at the reporting date which require disclosures in the financial statements for the year ended 31 March 2022.

36 LITIGATION AND CLAIMS

There were no material litigations or claims with respect to employee compensation. Further, the Company did not have any other material litigations or claims that could have a material impact on the financial position of the company, or which would lead to disclosures in the financial statements for the year ended 31 March 2022.

37 COMMITMENTS

There were no material capital commitments as at the reporting date which require disclosures in the financial statements other than those disclosed below:

(a) Capital Commitments

The Company entered into an agreement to acquire three condominium units currently occupied by the Company for a purchase consideration of Rs. 270Mn. A cash advance of Rs. 220Mn was made in 2020/21.

The Company entered into a sale and purchase agreement to acquire a property (land and premises) for a consideration of Rs. 382Mn and an advance of Rs. 77.3Mn was paid. However, in consequent to the seller failing to honor the terms of the agreement, legal proceedings were initiated against the seller and the District Court granted an interim order in favour of the Company, against the Seller disposing and alienating the property to any third party. The legal proceedings have not been concluded yet.

NOTES TO THE FINANCIAL STATEMENTS

37 COMMITMENTS (CONTD.)

(b) Other Commitments

The value of forward purchase contracts (Government Securities) as at 31 March 2022 is Rs. 1,363Mn (31 March 2021 - Rs. 2,718Mn) and the value of forward sales contracts (Government Securities) as at 31 March 2022 is Rs. 1,210Mn (31 March 2021 - Rs. 1,437Mn).

38 EVENTS AFTER THE REPORTING PERIOD

There have been no material events subsequent to the reporting date which require disclosures/ adjustments in the financial statements other than followings.

- (a) As per the Surcharge Tax Act No. 14 of 2022 which was certified on 8 April 2022, the Company is liable for the surcharge tax of Rs. 370Mn out of the taxable income of Rs. 1,480.5Mn pertaining to the year of assessment 2020/21. According to the said Act, the surcharge tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2020. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is accounted as recommended by the SoAT on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in April 2022. The liability on surcharge tax amounting to Rs. 370Mn was settled by two installments on 20 April 2022 and 20 July 2022.

The impact of the surcharge tax under the Surcharge Tax Act on the comparative year would have been as given below:

	Rs. '000
Profit after Tax for 2020/21	1,837,281
Surcharge tax levied under Surcharge Act	(370,114)
Comparable Profit for the year 2020/21	1,467,167

- (b) On 8 April 2022, the Shareholders of the Company resolved to execute a sub-division of shares without a change to the stated capital of Rs. 256,500,000/- by splitting every one (01) existing voting ordinary share into four (04) voting ordinary shares. The shares so divided rank equal and pari pasu in all respects with the existing shares from which the division arose.

Number of shares prior to sub – division	153,900,000
Number of shares after sub – division	615,600,000

- (c) The Company's long standing assessments on VAT on financial services were fully settled as per the agreement reached with the department of Inland Revenue on 28 June 2022.

39 ECONOMIC OUTLOOK AND THE BUSINESS IMPACT

The Economic activities for near term are expected to be significantly influenced by the unfavorable developments occurred since 2021 in the domestic front particularly the shortage in foreign currency and scarcities stemming from global supply chain disruptions and resultant rising commodity prices. Consequently, current economic conditions are expected to remain throughout 2022 with the GDP growth getting negatively impacted and interest rates remaining at high levels. The Economy is expected to recover in the medium to long term conditional on restoring political stability, reassuring social coherence and seeking an economic adjustment programme from the International Monetary Fund (IMF).

The prevailing economic conditions and the impact of the expected future fiscal and monetary policy measures required to bring the macro-economic stability are likely to impact the financial services industry in short-term. The increase of policy rates and subsequent increase in treasury bill rates compelled the market rates to increase significantly. However, the Company has implemented the risk mitigation strategies to reduce the impact of interest rate risk.

Further, the current economic crisis of the country results in negative vibes on funding and liquidity. However, the Company always maintained capital and liquidity buffers over and above the regulatory minimum levels. Hence, the Company's ability to withstand the shocks, stands at a higher level. Based on the operational model and financial strength of the Company, the Management is confident that prevailing economic conditions do not have a significant impact to the business continuity and expects to manage the said challenges effectively.

40 CAPITAL MANAGEMENT

The Objectives of the capital management of the company are summarised below.

1. Appropriately allocate capital to meet the strategic objectives.
2. Enable the company to face any economic downturn/ crisis situation (via a solid capital buffer)

The Company's policy is to maintain a strong capital base to ensure investor, creditor and market confidence in order to sustain future development of the business, complying with the regulatory requirements on an ongoing basis. The Company monitors the return on capital, gearing ratio, dividend payout to ordinary shareholders.

The Capital comprises stated capital, capital reserves and revenue reserves with adjustments on intangible assets and deferred tax assets (core capital – Tier I) and subordinated debts (Tier II). The Company manages its capital structure and adjusts it accordingly in line with the changes in regulatory, economic and market conditions and the overall risk appetite. Summary of the capital structure of the company is as follows:

As at 31 March	2022 Rs. Mn	2021 Rs. Mn
Core capital	3,779	4,513
Subordinated debts (listed debts)	750	750
Total capital funds	4,529	5,263

The Company is required to maintain statutory minimum core capital and risk weighted capital adequacy positions as prescribed by the CBSL periodically.

Minimum core capital requirement for primary dealer companies as per the CBSL Direction No. 01 of 2021 is as follows;

Effective Date	Minimum of Core Capital Requirement
1 January 2022 (prevailing requirement)	Rs. 2.0Bn
1 January 2023	Rs. 2.5Bn

The Company's compliance status in relation to minimum core capital and risk weighted capital adequacy ratio is as follows;

Compliance requirement	Status as at 31 March 2022	Status as at 31 March 2021
Minimum core capital of Rs. 2.0Bn - w.e.f. 01 January 2022 (prior to 1 January 2022 - Rs. 1Bn)	Rs. 3.8Bn	Rs. 4.5Bn
Risk weighted capital adequacy ratio of 10%	84.87%	33.22%

41 FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks via financial instruments.

- Market Risk
- Liquidity Risk
- Credit Risk
- Operational Risk

NOTES TO THE FINANCIAL STATEMENTS

41 FINANCIAL RISK MANAGEMENT (CONTD.)

41.1 Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has established an Enterprise Risk Management Committee (ERMC) which is tasked with reviewing wide-ranging risk categories that includes market, liquidity, credit and operational risk. Functionally, ERMC identifies, measures, monitors and controls risk while keeping the Board of Directors informed.

The Company's risk management policies are established to identify and analyse the risk confronted by the Company, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and products and services offered.

41.2 Market Risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risk includes the following elements:

- The operational authority for managing market risk is vested with the Investment Committee (IC).
- Interest rate risk is managed within the approved limits by the Investment Committee.

The Company has adequate level of financial and other resources to face the uncertainties via economic turmoil and therefore the impact on the business operations is expected to be minimal. The prevailing economic conditions do not have a significant impact on the liquidity, valuation of assets and solvency of the Company.

Interest rate risk

	2021/22 Rs.'000	2020/21 Rs.'000
Fixed rate instruments		
Financial assets		
Derivative financial instruments	5,190	2,315
Financial assets recognised through profit or loss - measured at fair value	24,509,930	23,085,413
Financial assets at amortised cost	3,109,800	2,158,045
	27,624,920	25,245,773
Financial liabilities		
Derivative financial instruments	2,622	824
Securities sold under repurchase agreements	23,397,838	19,330,472
Borrowings on debentures	760,577	759,255
	24,161,037	20,090,551

Fair value sensitivity analysis for fixed rate instruments

A reasonably possible 5% change in interest rates at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant except the interest rate.

	Profit or loss		Equity, net of tax	
	5% Decrease Rs.'000	5% Increase Rs.'000	5% Decrease Rs.'000	5% Increase Rs.'000
Fixed rate instruments				
Financial assets				
Derivative financial instruments	14,847	(18,244)	13,065	(16,055)
Financial assets recognised through profit or loss - measured at fair value	341,820	(317,824)	300,802	(279,685)
	356,667	(336,068)	313,867	(295,740)
Financial liabilities				
Derivative financial instruments	(25,174)	24,620	(22,153)	21,666
Borrowings on debentures	5,748	(5,666)	5,058	(4,986)
	(19,426)	18,954	(17,095)	16,680

41.3 Liquidity Risk

Liquidity risk is the risk that the Company will not have adequate financial resources to meet Company's obligations as when they fall due. This risk arises from mismatches in the timing of cash flows.

Management of liquidity risk includes the following elements:

- Taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturity Analysis of Financial Assets and Financial Liabilities

	Carrying Amount Rs. '000	Total Rs. '000	On demand Rs. '000	Upto 3 Months Rs. '000	3 Months to 1 Year Rs. '000	1-3 Years Rs. '000	3-5 Years Rs. '000	Over 5 Years Rs. '000
Assets								
Cash at banks and in hand	348,585	348,585	348,585	-	-	-	-	-
Derivative financial instruments	5,190	5,190	5,190	-	-	-	-	-
Financial assets recognised through profit or loss - measured at fair value	24,509,930	24,509,930	-	24,509,930	-	-	-	-
Financial assets - at amortised cost	3,109,800	3,929,623	125,702	616,421	275,000	2,912,500	-	-
Receivable from related companies	2,060	2,060	2,060	-	-	-	-	-
Total	27,975,565	28,795,388	481,537	25,126,351	275,000	2,912,500	-	-
As at 31 March 2021	25,392,552	25,400,450	149,094	25,251,356	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

41 FINANCIAL RISK MANAGEMENT (CONTD.)

41.3 Liquidity Risk (Contd.)

Maturity Analysis of Financial Assets and Financial Liabilities (Contd.)

As at 31 March 2022	Carrying Amount Rs. '000	Total Rs. '000	On demand Rs. '000	Upto 3 Months Rs. '000	3 Months to 1 Year Rs. '000	1-3 Years Rs. '000	3-5 Years Rs. '000	Over 5 Years Rs. '000
Liabilities								
Derivative financial instruments	2,622	2,622	2,622	-	-	-	-	-
Securities sold under repurchase agreements	23,397,838	23,503,319	15,472,978	6,259,229	1,763,253	-	-	7,859
Payable to related companies	6,528	6,528	6,528	-	-	-	-	-
Borrowing on Debentures	760,577	1,037,137	-	-	95,625	941,512	-	-
Total	24,167,565	24,549,606	15,482,128	6,259,229	1,858,878	941,512	-	7,859
As at 31 March 2021	20,109,066	20,596,429	3,167,549	13,290,521	3,086,383	198,230	845,887	7,859

41.4 Credit Risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's investment in reverse repo agreements and forward transactions.

Management of credit risk includes the following components:

- Formulating credit policies in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities.
- Limiting concentration of exposures to counterparties.
- Reviewing compliance through regular audits by internal audit.

41.4.1 Credit risk exposure - Cash at bank and in hand

Credit risk exposure of cash at bank and cash in hand is depicted in the below table using carrying values as at the Statement of Financial Position date.

31 March	Rating	Rating Agency	2022 Rs. '000	2021 Rs. '000
Bank of Ceylon	AA-	Fitch	7,016	4,190
Commercial Bank of Ceylon PLC	AA-	Fitch	44	47
Hatton National Bank PLC	AA-	Fitch	44	44
National Development Bank PLC	A+	Fitch	33	33
People's Bank	AA-	Fitch	433	1,217
Seylan Bank PLC	A	Fitch	340,740	140,594
Total Exposure to credit Risk			348,310	146,125
Central Bank of Sri Lanka			200	414
Cash in hand			75	75
Cash and Cash Equivalents			348,585	146,614

Credit Quality by Class of Financial Assets

As at 31 March 2022	12 Month expected credit losses	Life time expected credit losses not credit impaired	Life time expected credit losses credit impaired	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets				
Derivative financial instruments	5,190	-	-	5,190
Financial assets recognised through profit or loss - measured at fair value	24,509,930	-	-	24,509,930
Financial assets - at amortised cost	3,109,800	-	-	3,109,800
Staff Loan	949	-	-	949
Receivable from related companies	2,060	-	-	2,060
Total	27,627,929	-	-	27,627,929

As at 31 March 2021

Assets				
Derivative financial instruments	2,315	-	-	2,315
Financial assets recognised through profit or loss - measured at fair value	23,085,413	-	-	23,085,413
Financial assets - at amortised cost	2,158,045	-	-	2,158,045
Staff Loan	1,085	-	-	1,085
Receivable from related companies	165	-	-	165
Total	25,247,023	-	-	25,247,023

Analysis of Concentration Risk

The following table shows the risk concentration by sector for the components of Statement of Financial Position.

As at 31 March 2022	Cash at Banks	Derivative Financial Instruments	Financial assets recognised through profit or loss - measured at fair value	Financial assets - at Amortised cost	Financial assets - fair value through other comprehensive income	Receivable from Related Companies
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000

Sector wise breakdown

Government	7,649	3,290	24,509,930	2,368,982	-	-
Corporate	340,861	1,900	-	618,688	-	2,060
Others	-	-	-	122,130	-	-
Total	348,510	5,190	24,509,930	3,109,800	-	2,060

As at 31 March 2021

Sector wise breakdown						
Government	5,821	2,315	23,085,413	-	-	-
Corporate	140,718	-	-	1,205,779	-	165
Others	-	-	-	952,266	-	-
Total	146,539	2,315	23,085,413	2,158,045	-	165

NOTES TO THE FINANCIAL STATEMENTS

41 FINANCIAL RISK MANAGEMENT (CONTD.)

41.5 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the business reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the department. This responsibility is supported by the development of overall Company's standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of the transaction.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Development of business contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Company's internal controls and procedures is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are discussed with the management of the Company with summaries submitted to the Audit Committee.

42 FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level- 1

Financial Instruments that are measured in whole or in part by reference to published quotes in an active market. A Financial Instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level- 2

Financial instruments that are measured at fair value on regular basis. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined using relevant information generated by the market transactions involving comparable securities.

Level- 3

Financial Instruments that are not supported by observable market prices information.

The following tables compare the fair values of the financial instruments with their carrying values.

42.1 Fair Value Versus the Carrying Amount

	2022		2021	
	Carrying Amount Rs.000	Fair Value Rs.000	Carrying Amount Rs.000	Fair Value Rs.000
As at 31 March 2022				
Financial Assets measured at Fair Value				
Derivative financial instruments	5,190	5,190	2,315	2,315
Financial assets recognised through profit or loss - measured at fair value	24,509,930	24,509,930	23,085,413	23,085,413
	24,515,120	24,515,120	23,087,728	23,087,728
Financial Assets not measured at Fair Value				
Cash at banks and in hand	348,585	348,585	146,614	146,614
Financial assets - at amortised cost	3,109,800	3,111,608	2,158,045	2,158,045
Receivable from related companies	2,060	2,060	165	165
	3,460,445	3,462,253	2,304,824	2,304,824
Total Financial Assets	27,975,565	27,977,373	25,392,552	25,392,552

	2022		2021	
	Carrying Amount Rs.000	Fair Value Rs.000	Carrying Amount Rs.000	Fair Value Rs.000
Financial Liabilities measured at Fair Value				
Derivative financial instruments	2,622	2,622	824	824
	2,622	2,622	824	824
Financial Liabilities not measured at Fair Value				
Securities sold under repurchase agreements	23,397,838	23,377,150	19,330,472	19,334,019
Payable to related companies	6,528	6,528	18,515	18,515
Borrowing on debentures	760,577	678,438	759,255	827,503
	24,164,943	24,062,116	20,108,242	20,180,037
Total Financial Liabilities	24,167,565	24,064,738	20,109,066	20,180,861

NOTES TO THE FINANCIAL STATEMENTS

42 FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT (CONTD.)

42.2 Financial Instruments- Fair Value

The following tables show an analysis of financial instruments at fair value and by level of fair value hierarchy.

As at 31 March 2022	Total Carrying Value Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Fair Value Rs. '000
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Financial Assets measured at Fair Value

Derivative Financial Instruments

Forward purchase contracts	3,290	3,290	-	-	3,290
Forward sale contracts	1,900	1,900	-	-	1,900
	5,190	5,190	-	-	5,190

Financial assets recognised through profit or loss - measured at fair value

Investment in government securities	24,509,930	24,509,930	-	-	24,509,930
	24,509,930	24,509,930	-	-	24,509,930
Financial assets recognised through other comprehensive income	-	-	-	-	-
	24,515,120	24,515,120	-	-	24,515,120

Financial Assets not measured at Fair Value

Cash at banks and in hand	348,585	-	-	348,585	348,585
Financial assets - at amortised cost	3,109,800	2,370,790	-	740,818	3,111,608
Receivable from related companies	2,060	-	-	2,060	2,060
	3,460,445	2,370,790	-	1,091,463	3,462,253
Total Financial Assets	27,975,565	26,885,910	-	1,091,463	27,977,373

As at 31 March 2022	Total Carrying Value Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Fair Value Rs. '000
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Financial Liabilities measured at Fair Value

Derivative Financial Instruments

Forward sale contracts	2,622	2,622	-	-	2,622
	2,622	2,622	-	-	2,622

Financial Liabilities not measured at Fair Value

Securities sold under repurchase Agreements	23,397,838	-	-	23,377,150	23,377,150
Payable to related companies	6,528	-	-	6,528	6,528
Borrowing on listed debentures	760,577	-	678,438	-	678,438
	24,164,943	-	678,438	23,383,678	24,062,116
Total Financial Liabilities	24,167,565	2,622	678,438	23,383,678	24,064,738

As at 31 March 2021	Total Carrying Value Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Fair Value Rs. '000
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Financial Assets measured at Fair Value

Derivative Financial Instruments

Forward purchase contracts	2,315	2,315	-	-	2,315
Forward sale contracts	-	-	-	-	-
	2,315	2,315	-	-	2,315

Financial assets recognised through profit or loss

- measured at fair value

Investment in government securities	23,085,413	23,085,413	-	-	23,085,413
	23,085,413	23,085,413	-	-	23,085,413
Financial assets - fair value through other comprehensive income	-	-	-	-	-
	23,087,728	23,087,728	-	-	23,087,728

Financial Assets not measured at Fair Value

Cash at banks and in hand	146,614	-	-	146,614	146,614
Financial assets - at amortised cost	2,158,045	-	-	2,158,045	2,158,045
Receivable from related companies	165	-	-	165	165
	2,304,824	-	-	2,304,824	2,304,824
Total Financial Assets	25,392,552	23,087,728	-	2,304,824	25,392,552

As at 31 March 2021	Total Carrying Value Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Fair Value Rs. '000
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Financial Liabilities measured at Fair Value

Derivative Financial Instruments

Forward purchase contracts	-	-	-	-	-
Forward sale contracts	824	824	-	-	824
	824	824	-	-	824

Financial Liabilities not measured at Fair Value

Securities sold under repurchase agreements	19,330,472	-	-	19,334,019	19,334,019
Payable to related companies	18,515	-	-	18,515	18,515
Borrowing on listed debentures	759,255	-	827,503	-	827,503
	20,108,242	-	827,503	19,352,534	20,180,037
Total Financial Liabilities	20,109,066	824	827,503	19,352,534	20,180,861



SUPPLEMENTARY INFORMATION



INVESTORS' INFORMATION

INFORMATION ON ORDINARY SHARES

1. STOCK EXCHANGE LISTING

Ordinary shares of First Capital Treasuries PLC were listed on the Colombo Stock Exchange on 23 December 2021.

2. DISTRIBUTION OF SHAREHOLDING

No. of Shares held	31 March 2022				31 March 2021			
	Shareholders		Holding		Shareholders		Holding	
	Number	%	Number	%	Number	%	Number	%
1-1,000	374	45.50	171,365	0.11	1	33.33	10	-
1,001 - 10,000	349	42.46	1,066,187	0.70	-	-	-	-
10,001 - 100,000	83	10.10	2,694,469	1.75	-	-	-	-
100,001 - 1,000,000	13	1.58	3,293,709	2.14	-	-	-	-
Over 1,000,000	3	0.36	146,674,270	95.30	2	66.67	153,899,990	100.00
Total	822	100.00	153,900,000	100.00	3	100.00	153,900,000	100.00

3. ANALYSIS OF SHAREHOLDERS

Category of Shareholders	31 March 2022				31 March 2021			
	Shareholders		Holding		Shareholders		Holding	
	Number	%	Number	%	Number	%	Number	%
Individuals	743	90.39	3,294,932	2.14	1	33.33	10	-
Institutions	79	9.61	150,605,068	97.86	2	66.67	153,899,990	100.00
Total	822	100.00	153,900,000	100.00	3	100.00	153,900,000	100.00
Resident	821	99.88	153,885,000	99.99	3	100.00	153,900,000	100.00
Non-Resident	1	0.12	15,000	0.01	-	-	-	-
Total	822	100.00	153,900,000	100.00	3	100.00	153,900,000	100.00

4. PUBLIC HOLDING

	31-03-2022	31-03-2021
Number of shares held by the public	16,241,000	-
Percentage held by the public	10.55%	-
Float adjusted market capitalisation	454,620,600	-

Number of public shareholders as at 31 March 2022 is 819.

The Company is complied with the Minimum Public Holding requirement under option 2 of the Section 7.14.1 (b) of the Listing Rules of the Colombo Stock Exchange.

INVESTORS' INFORMATION

5 SHARE PRICE MOVEMENT FOR THE YEAR

	2021/22 Rs.	2020/21 Rs.
Highest	65.10	-
Lowest	25.00	-
Year-end	28.00	-

6. INFORMATION ON SHARE TRADING AND MARKET CAPITALISATION

	2021/22	2020/21
Number of transactions	7,834	-
Number of shares traded	15,166,594	-
Value of shares traded (Rs.)	713,063,867	-
Market capitalisation (Rs.)	4,309,200,000	-

TOP TWENTY SHAREHOLDERS

	No. of Shares as at 31 March 2022	Holding (%)	No. of Shares as at 31 March 2021	Holding (%)
1 First Capital Limited	137,654,990	89.44	145,349,990	94.44
2 Employees Trust Fund Board	7,177,277	4.66	8,550,000	5.56
3 Phantom Investments (Private) Limited	1,842,003	1.20	-	-
4 Merchant Bank of Sri Lanka & Finance PLC/ S.A.A. Hasitha	737,316	0.48	-	-
5 Hatton National Bank PLC - Astrue Alpha Fund	400,000	0.26	-	-
6 J.B. Cocoshell (Pvt) Ltd	384,639	0.25	-	-
7 Commercial Bank of Ceylon PLC/ Andaradeniya Estate (Pvt) Ltd	306,992	0.20	-	-
8 Little Smile Organic (Pvt) Ltd	290,500	0.19	-	-
9 Mr. K. Mathivanan	285,000	0.19	-	-
10 Peoples Merchant Finance PLC/ R.A. Niranjana	190,157	0.12	-	-
11 Amaliya Private Limited	136,701	0.09	-	-
12 Mr. N.R.P Karunaratne	120,000	0.08	-	-
13 Thread Capital (Private) Limited	115,000	0.07	-	-
14 M Investments Lanka (Pvt) Ltd	110,000	0.07	-	-
15 Merchant Bank of Sri Lanka & Finance PLC/ M. Batuwantudawa	110,000	0.07	-	-
16 Mr. K. L. A. C. N. Anuradha	107,404	0.07	-	-
17 Mr. E. P. G. Dimuthu	100,000	0.06	-	-
18 Miss. J. M. M. N. Galgamuwa	100,000	0.06	-	-
19 Merchant Bank of Sri Lanka & Finance PLC/ A. Nissanka	100,000	0.06	-	-
20 Cocoshell Activated Carbon Company (Pvt) Ltd	95,000	0.06	-	-
Total	150,362,979	97.68	153,899,990	100.00

INFORMATION ON LISTED DEBENTURES

1 INFORMATION OF LISTED DEBENTURES

Allotment Date	Frequency on Interest Payment	No. of Debentures issued and allotted	Face Value Rs.000	Rate of Interest	Tenure	Date of Maturity
30-Jan-2020	Semi-annually	7,500,000	750,000	12.75% (AER - 13.16%)	5 Years	30-Jan-2025

2 OBJECTIVES OF THE ISSUE

The Company has achieved the following objectives as stipulated in the prospectus issued to raise Rs. 750Mn via the Debenture Issue made in January 2020.

Objective as per prospectus	Amount allocated as per Prospectus in Rs.	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount Utilised in Rs. (B)	% of Utilisation against allocation (B / A)
1. To finance the redemption of Listed Debentures matured on 6 February 2020	500Mn	500Mn	66.67%	500Mn	100%
2. To invest in government securities	250Mn	250Mn	33.33%	250Mn	100%

3 MARKET VALUE AS AT 31 MARCH 2022

Debentures with 5-year maturity have not been traded during the year ended 31 March 2022. Hence, par value is recognised as its market value. Hence, yield to maturity on trade done is also not applicable.

5 year fixed rate (12.75% p.a. payable semi-annually)	2021/22 Rs.	2020/21 Rs.
Highest price	N/A	110.02
Lowest price	N/A	107.76
Last traded price	N/A	110.02

Debenture Interest Yield (last traded)	2021/22	2020/21
5 year fixed rate (12.75 % p.a. payable semi-annually)	N/A	9.75%

Yield of Comparable Government Securities	As at 31-03-2022	As at 31-03-2021
Treasury bond (maturity 15 March 2025)	14.91%	6.83%

4 DEBT RATIOS

	As at 31-03-2022	As at 31-03-2021
Debt/ equity ratio (times)	6.24	4.45
Quick asset ratio (times)	1.19	1.31
Interest cover (times)	0.15	2.84

5 CREDIT RATINGS

ICRA Lanka Limited reaffirmed the credit rating of A for the Company and the rating of long term debt of Rs. 750Mn Listed, Rated, Subordinated, Unsecured, Redeemable Debenture (2020/25) of A-.

TEN YEAR SUMMARY

Year ended 31 March	2022	2021	2020
	Rs. '000	Rs. '000	Rs. '000
Trading Results			
Gross income	622,824	4,294,461	3,708,401
Profit/ (loss) before tax	(889,699)	2,397,342	1,751,660
Tax (charge)/ reversal	237,254	(560,061)	(544,083)
Profit/ (loss) after tax	(652,445)	1,837,281	1,207,577
Other comprehensive income/ (loss)	7,782	(2,246)	(1,244)
Total comprehensive income/ (loss)	(644,663)	1,835,035	1,206,333
As at 31 March	2022	2021	2020
	Rs. '000	Rs. '000	Rs. '000
Financial Position			
Assets			
Cash at banks and in hand	348,585	146,614	8,361
Derivative financial instruments	5,190	2,315	2,734
Financial assets recognised through profit or loss - measured at fair value	24,509,930	23,085,413	36,212,069
Financial assets -fair value through other comprehensive income	-	-	-
Financial assets - at amortised cost	3,109,800	2,158,045	793,503
Deferred tax asset	94,318	4,731	262,493
Property, plant and equipment and right of use assets	7,782	9,849	7,195
Other assets	340,978	317,490	96,246
Total assets	28,416,583	25,724,457	37,382,601
Liabilities			
Bank overdrafts	-	-	-
Derivative financial instruments	2,622	824	3,118
Securities sold under re-purchase agreements	23,397,838	19,330,472	32,182,773
Short term borrowings	-	-	-
Tax payables	-	740,959	439,878
Retirement benefit obligations	11,561	19,843	14,331
Borrowings on listed debentures	760,577	759,255	758,342
Other liabilities	370,425	354,881	246,756
Total liabilities	24,543,023	21,206,234	33,645,198
Equity			
Stated capital	256,500	256,500	256,500
Risk reserve	1,386,793	1,386,793	1,203,065
Retained earnings	2,232,267	2,876,930	2,279,838
Fair valuation reserve	(2,000)	(2,000)	(2,000)
Total equity	3,873,560	4,518,223	3,737,403
Total equity and liabilities	28,416,583	25,724,457	37,382,601
Other Financial Information			
Earnings/ (loss) per share* - Rs.	(1.06)	2.98	1.96
Dividend per share*- Rs.	-	0.84	1.29
Dividend payout (%)	-	28.19	65.63
Leverage (times)	6.24	4.45	8.81
Net assets per share - Rs.	25.17	29.36	24.28

* Effect of the sub- division of shares has been adjusted retrospectively.

Financial Instruments as at 31 March 2022, 31 March 2021, 31 March 2020 and 31 March 2019 have been presented in accordance with SLFRS 9 and Financial Instruments as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012 have been presented in accordance with LKAS 39.

2019	2018	2017	2016	2015	2014	2013
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Based on LKAS/ SLFRS						
2,671,869	2,510,251	2,536,109	847,442	1,937,351	1,420,891	1,269,664
137,428	823,406	343,765	11,213	729,705	517,944	553,811
(41,621)	847,465	-	-	-	-	-
95,807	1,670,871	343,765	11,213	729,705	517,944	553,811
(2,204)	(438)	4,410	(697)	2,414	(3,168)	-
93,603	1,670,433	348,175	10,516	732,119	514,776	553,811
2019	2018	2017	2016	2015	2014	2013
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
2,144	3,077	13,731	1,382	2,120	3,960	1,791
3,454	47,868	24,075	40,861	40,609	6,878	1,991
29,533,427	23,376,073	15,384,251	9,206,856	8,637,938	11,531,581	6,699,329
-	1,000	1,000	1,000	1,000	1,000	1,000
1,863,996	968,887	6,369,562	5,903,738	7,323,882	911,215	5,244,196
806,482	847,635	-	-	-	-	-
1,255	1,393	2,581	5,697	18,991	31,692	24,017
112,189	256,751	144,336	151,658	70,979	65,683	82,660
32,322,947	25,502,684	21,939,536	15,311,192	16,095,519	12,552,009	12,054,984
6,660	2,759	-	1,532	-	2,694	-
2,878	21,659	2,240	20,835	31,359	1,008	837
27,482,737	21,691,825	19,677,003	13,271,621	14,011,649	11,156,646	10,616,151
991,384	-	-	-	-	-	-
-	-	-	37,358	33,929	26,425	53,684
11,446	10,974	8,600	12,327	9,368	9,911	5,194
511,111	510,689	510,304	509,953	505,143	-	-
91,848	133,498	80,472	20,165	77,186	29,569	29,486
29,098,064	22,371,404	20,278,619	13,873,791	14,668,634	11,226,253	10,705,352
256,500	256,500	256,500	256,500	256,500	256,500	256,500
1,082,307	1,072,726	905,639	871,262	870,141	687,715	589,006
1,887,076	1,802,054	498,778	309,639	300,244	381,541	504,126
(1,000)	-	-	-	-	-	-
3,224,883	3,131,280	1,660,917	1,437,401	1,426,885	1,325,756	1,349,632
32,322,947	25,502,684	21,939,536	15,311,192	16,095,519	12,552,009	12,054,984
0.16	2.71	0.56	0.02	1.19	0.84	0.90
-	0.33	0.20	-	1.03	0.88	0.26
-	11.97	36.26	-	86.47	104.00	28.48
8.99	7.09	12.15	9.59	10.17	8.42	7.87
20.95	20.35	10.79	9.34	9.27	8.61	8.77

GLOSSARY OF FINANCIAL AND BUSINESS TERMS

- **Accounting Policies** : The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting financial statements.
- **Accrual Basis** : Recognising the effects of transactions and other events when they occur without waiting for receipt or payment of cash or cash equivalent.
- **Additional Issue** : The issuance of new shares for sale to public by a company that has already held its Initial Public Offering (IPO).
- **Amortisation** : The systematic allocation of the depreciable amount of an intangible asset over its useful life.
- **Amortised Cost** : Amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction for impairment or uncollectability.
- **Asset** : A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.
- **Capital Adequacy Ratio (CAR)** : A measure of a Primary Dealer's capital and is a prudential requirement reflecting the dealer's level of stability. Two categories of capital are measured by the CAR namely Tier 1 and Tier 2.
 - Tier 1 capital in view of local Primary Dealers consists of shareholders' equity, retained earnings or other surpluses and preference shares types as selectively set out by the Central Bank of Sri Lanka.
- Tier 2 capital includes revaluation reserves, subordinated term debt, perpetual subordinated debt and cumulative preference shares as selectively set out by the Central Bank of Sri Lanka.
- **Capital Employed** : The sum of shareholders' equity and debt liabilities simplified as Total Assets less Current Liabilities denoting the total amount of capital used in the acquisition of profits.
- **Capital Reserves** : The profits of a company which (for various reasons) are not regarded as distributable to shareholders as dividends. These include gains on the revaluation of capital assets.
- **Cash Equivalents** : Short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- **Contingent Liabilities** : Conditions or situations at the reporting date, the financial affects of which are to be determined by future events which may or may not occur.
- **Corporate Governance** : Process by which corporate entities are governed to promote stakeholder interest. Shareholders exert collective pressure on management to ensure equitable decision making on matters that may affect the value of their holdings and base their response on statutory requirements or on so called "Best Practice".
- **Credit Rating** : An evaluation of a corporate's ability to repay its obligations or likelihood of not defaulting, carried out by an independent rating agency.
- **Credit Risk** : The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- **Deferred Tax** : Sum set aside in the financial statements that may become payable/ receivable in a financial year other than the current financial year. It arises because of temporary differences between tax rules and accounting conventions.
- **De-recognition** : Removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.
- **Derivatives** : A derivative is a financial instrument or other contract, the value of which changes in response to some underlying variable (eg. an interest rate), that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable, and that will be settled at a future date.
- **Dividend Cover** : Profit after tax divided by gross dividends. This measures the number of times the dividend is covered by distributable profits.
- **Depreciation** : The systematic allocation of the depreciable amount of an asset over its useful life.
- **Dividend Payout** : It is the percentage of earnings paid to shareholders in dividends.
- **Dividend Yield** : Dividend earned per share as a percentage of its market value.
- **Earnings per Share** : Profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue.
- **Effective Interest Method** : A method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

- **Events occurring after the Reporting Period** : Significant events that occur between the reporting date and the date on which financial statements are authorised for issue.
- **Expected Credit Losses** : Expected credit losses are a probability – weighted estimate of credit losses over the expected life of the financial instrument.
- **12 Month Expected Credit Losses** : The portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.
- **Lifetime Expected Credit Losses** : The expected credit losses that result from all possible default events over the expected life of a financial instrument.
- **Fair Value** : The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- **Financial assets recognised through profit or loss -measured at fair value** : These financial assets are held within a business model with the objective to sell financial assets.
- **Financial assets at amortised cost** : These financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. These assets are tested for impairment.
- **Financial assets - fair value through other comprehensive income** : These financial assets are held within a business model with the objective to both hold financial assets in order to collect contractual cash flows and sell financial assets.
- **Financial Asset or Financial Liability at Fair Value through Profit or Loss** : Financial asset or financial liability that is held for trading or upon initial recognition designated by the entity as 'at fair value through profit or loss'.
- **Financial Instrument** : Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- **Forward Rate Agreement** : An agreement between two parties who wish to protect themselves against a future movement in interest rates.
- **Gross Dividends** : The portion of profit inclusive of tax withheld distributed to shareholders.
- **Guarantee** : A promise made for a fee by a third party (Guarantor), who is not a party to the contract between two others, that the guarantor will be liable if one of the parties fails to fulfill the contractual obligations.
- **Held to Maturity Investment** : Non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.
- **Impairment** : This occurs when recoverable amount of an asset is less than its carrying amount.
- **Intangible Asset** : An identifiable non-monetary asset without physical substance held for use in the production/ supply of goods/ services or for rental to others or for administrative purposes.
- **Interest Rate Risk** : The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- **Interest Rate SWAP** : An interest rate SWAP is a contract, whereby two parties agree to exchange a set of interest cash flows based on a notional principle on pre-arranged dates. Normally fixed rate is exchanged for a floating rate.
- **Interest Cover** : A ratio showing the number of times interest charges is covered by earnings before interest and tax.
- **IPO or Initial Public Offering** : The first sale of a company's shares to the public, leading to the listing of its shares on the stock market.
- **Key Management Personnel** : Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.
- **Lease** : An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.
- **Liabilities** : Debt or obligations of a business.
- **Liquidity Risk** : The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.
- **Listed** : A company or its financial securities which are admitted for trading on a stock exchange.
- **Loans and Receivables** : Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those intends to sell immediately or in the near term and designated as fair value through profit or loss or available for sale on initial recognition.

GLOSSARY OF FINANCIAL AND BUSINESS TERMS

- **Market Value per Share** : The price at which an ordinary share is transacted in the stock market.
- **Market Capitalisation** : The market value of a company at a given date obtained by multiplying the share price by the number of issued shares.
- **Materiality** : The relative significance of a transaction or an event, the omission or misstatement of which could influence the decisions of users of financial statements.
- **Net Assets per Share** : Net assets (total assets less total liabilities) divided by the number of shares issued.
- **Operational Risk** : This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
- **Outright** : The purchase or sale of a currency or security for delivery on any date other than spot (not being a swap transaction).
- **Overnight** : Deposit or swap transaction for settlement on transaction date to or against the next business day after transaction date.
- **Policy Rates** : The rates that are used by a central bank to implement or signal its monetary policy stance. The Central Bank of Sri Lanka uses the Standing Deposit Facility Rate and Standing Lending Facility Rate as policy rates.
- **Price Earnings Ratio** : Market price of a share divided by earnings per share.
- **Primary Dealer** : A dealer in government securities licensed by the Central Bank of Sri Lanka.
- **Prime Lending Rate (PLR)** : The interest rate a commercial bank will offer to its best customers.
- **Related Parties** : Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
- **Related Party Transactions** : A transfer of resources, services or obligations between related parties, regardless of whether a price is charged or not.
- **Repurchase Agreement** : An agreement (Repo for short) is the simultaneous sale and repurchase of a security on different settlement dates.
- **Return on Equity (ROE)** : Profit after tax less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity.
- **Return on Assets** : Post-tax profit divided by average total assets.
- **Reverse Repurchase Agreement** : An agreement (Reverse Repo for short) is the simultaneous purchase and resale of a security on different settlement dates.
- **Rights Issue** : The issue of new shares with the right given to existing shareholders to purchase them in proportion to their shareholdings. This raises new capital for the company, often including a premium.
- **Shareholders' Funds** : Shareholders funds consist of issued and fully paid ordinary share capital plus capital and revenue reserves.
- **Standing Deposit Facility Rate (SDFR)** : The floor rate of interest for the absorption of overnight excess liquidity from the banking system by the Central Bank of Sri Lanka.
- **Standing Lending Facility Rate (SLFR)** : The interest rate applicable on reverse repurchase transactions of the Central Bank of Sri Lanka with commercial banks on an overnight basis providing the ceiling rate for the injection of overnight liquidity to the banking system by the Central Bank of Sri Lanka.
- **Statutory Reserve Requirement (SRR)** : The proportion of rupee deposit liabilities that commercial banks are required to maintain as a deposit with the Central Bank of Sri Lanka.
- **Substance Over Form** : The consideration that the accounting treatment and the presentation in financial statements of transactions and the events are governed by their financial reality and not merely by its legal form.
- **Term Repo** : A Repo with more than one day's duration. In this report we use it in relation to the Platinum Bond issued by the Company which is a Repo investment with medium to long term horizon. Also see Repurchase Agreement.
- **Transaction Costs** : Incremental costs which are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.
- **Unlisted** : A financial instrument that is not traded on a stock exchange. This also refers to a company that has not been admitted to the stock exchange or acquired 'listed' status.
- **Yield Curve** : The graphical depiction of the relationship between the yield on Treasury securities and the corresponding period.

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of First Capital Treasuries PLC will be held as a virtual meeting on Thursday, 08 September 2022 at 10.00 a.m. to transact the following businesses.

1. To receive the Annual Report and the Audited Financial Statements of the Company for the year ended 31 March 2022 together with the Report of the Auditor's thereon.
2. To re-elect Dr. Nishan de Mel who retires by rotation in terms of Article 90 of the Articles of Association of the Company and offers himself for re-election.
3. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year and authorise the Directors to determine their remuneration.
4. To authorise the Directors to determine and make donations.

By Order of the Board,

(Sgd.)

Janashakthi Corporate Services Limited
Secretaries

At Colombo

15 August 2022

Notes:

1. The Shareholders are requested to register with their first names and last names via the below link before 4.00 pm, on Tuesday, 06 September 2022, to receive the link to join the AGM. The same names should be used to log in to participate in the AGM on Thursday, 08 September 2022.

<https://tinyurl.com/FCAGM2022-Registration>
2. A member entitled to attend and vote at the above Meeting is entitled to appoint a Proxy to attend and vote on behalf of him/her.
3. A Proxy need not be a member of the Company.
4. A Form of Proxy is enclosed for this purpose.
5. The completed Form of Proxy must be forwarded by email to secretaries@jcsil.lk, fax to +94 112372498, WhatsApp to +94 773647178 or directly deposited at the Office of the Company Secretaries.
No registration of proxies will be accommodated after this deadline.
6. Shareholders who are unable to participate at the Meeting through the online meeting platform are encouraged to appoint a director as his/her/its proxy by forwarding the duly completed Proxy Form clearly indicating their vote under each matter set out in the Proxy Form to the Company Secretaries as specified above in order that their vote may be identified and recorded as if he/she/it were present at the Meeting.

NOTES

FORM OF PROXY

I / We
of being a member/s of First Capital Treasuries PLC
hereby appoint Mr / Mrs / Miss
(holder of NIC No) of failing
him/her,

- | | |
|---------------------------|-------------|
| 1. Mr. Nishan Fernando | failing him |
| 2. Mr. Ramesh Schaffter | failing him |
| 3. Ms. Minette Perera | failing her |
| 4. Mr. Chandana de Silva | failing him |
| 5. Dr. Nishan de Mel | failing him |
| 6. Mr. Dinesh Schaffter | failing him |
| 7. Mr. Dilshan Wirasekara | |

as my/our Proxy to represent me / us and vote on my/our behalf at the Annual General Meeting of the Company to be held as a virtual meeting on Thursday, 08 September 2022 at 10.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Please indicate your preference by placing a 'X' in the box of your choice against each Resolution.

	FOR	AGAINST
1. Receive the Report of the Board of Directors and the Audited Financial Statements of the Company for the year ended 31 March 2022 together with the report of the Auditors thereon.		
2. Re-election of Dr. Nishan de Mel who retires by rotation in terms of Article 90 of the Articles of Association of the Company.		
3. Re-appointment of Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year and authorising the Directors to determine their remuneration.		
4. Authorising Directors to determine and make donations.		

Signed on this day of 2022.

Signature/s

.....
Shareholder's N.I.C./P.P./Co. Reg. No.

FORM OF PROXY

INSTRUCTIONS FOR THE COMPLETION OF THE FORM OF PROXY

1. Please perfect the Form of Proxy overleaf, after filling in legibly your full name and address, by signing in the space provided and fill in the date of signature and your National Identity Card Number.
2. The completed form of Proxy must be forwarded to the Company Secretaries by email secretaries@jcs.lk, fax +94 112372498, WhatsApp to +94773647178 or directly deposited at the office of Company Secretaries, Janashakthi Corporate Services Limited, No. 15, Walukarama Road, Colombo 03 not less than 48 hours before the time fixed for the Meeting. No registration of proxies will be accommodated after this deadline.
3. If an Attorney has signed the Form of Proxy, the relative Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
4. If the Shareholder is a company or a corporate body, the Proxy should be executed under its Common Seal in accordance with its Articles of Association or Constitution.
5. If there is any doubt as to how the vote is to be exercised, by reason of the manner in which the Form of Proxy has been completed, no vote will be recorded by the Form of Proxy.

CORPORATE INFORMATION

NAME OF COMPANY

First Capital Treasuries PLC

LEGAL FORM

Public Limited Liability Company listed on the Colombo Stock Exchange (Incorporated in Sri Lanka on 19 August 1982). The ordinary shares of the Company were listed on the Colombo Stock Exchange on 23 December 2021.

COMPANY REGISTRATION NUMBER

PB 127/PQ

REGISTERED OFFICE

No. 2, Deal Place
Colombo 3
Sri Lanka

BOARD OF DIRECTORS

Mr. Nishan Fernando
Mr. Dinesh Schaffter
Mr. Dilshan Wirasekara
Mr. Ramesh Schaffter
Ms. Minette Perera
Mr. Chandana de Silva
Dr. Nishan de Mel

SECRETARIES

Janashakthi Corporate Services Limited
No. 15, Walukarama Road, Colombo 3
Tel: 0112 145030

REGISTRARS

SSP Corporate Services (Private) Limited
No. 101, Inner Flower Road
Colombo 03
Tel: 0112 573894

EXTERNAL AUDITORS

Messrs. KPMG
Chartered Accountants
32 A, Sir Mohamad Macan Marker Mawatha
P.O. Box 186, Colombo 03

PRINCIPAL BANKERS

Seylan Bank PLC
Bank of Ceylon
People's Bank
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
NDB Bank PLC



First Capital

A Janashakthi Group Company