



KPMG
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1st August 2025

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

Dear Sir / Madam,

Accountant's Report for Inclusion in the Prospectus of First Capital Holdings PLC

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

We have examined the Financial Statements of the First Capital Holdings PLC ("the Company") for the years ended 31 March 2021 to 31 March 2025, and report as follows.

1. Incorporation

First Capital Holdings PLC ("the Company") is a public limited liability company incorporated on 19th August 1982 and domiciled in Sri Lanka. The debentures of the Company have a primary listing on the Colombo Stock Exchange. The registered office of the Company is situated at No. 2, Deal Place, Colombo 3.

2. Financial Information

2.1 Five Years Summary of Audited Financial Statements

A summary of Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows of First Capital Holdings PLC for the years ended 31 March 2021 to 31 March 2025, based on the audited financial statements of the Company are set out in Annexure 1.

Summaries presented for Operating Results, Assets, Liabilities and Shareholders' funds for financial years ended 31 March 2021 to 31 March 2025 are based on the financial statements prepared in accordance with SLFRSs and LKASs.

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



Accountant's Report for Inclusion in the Prospectus of First Capital Holdings PLC (Continued)

2. Financial Information (Continued)

2.2 Audit Reports

We have audited the Financial Statements of the Company for the years ended 31 March 2021 to 31 March 2025. Unmodified audit opinions have been issued for the said financial years on 11 August 2021, 15 August 2022, 16 August 2023, 4 June 2024 and 5 June 2025 respectively.

2.3 Accounting Policies

The Financial Statements of the Company for the years ended 31 March 2021 to 31 March 2025 comply with Sri Lanka Accounting Standards. The accounting policies of the Company are stated in detail in the audited Financial Statements of First Capital Holdings PLC for the year ended 31 March 2025.

The adoption of revised / new accounting standards and a summary of related amendments to the accounting policies of the Company for the financial years ended 31 March 2021 to 31 March 2025 are set out in Annexure 2.

2.4 Dividends

The Company has paid the following dividends for the years ended 31 March 2021 to 31 March 2025.

Year	Dividend Per Share (Rs.)	Dividend Paid (Rs.)
2021	1.25	506.25 Mn
2022	-	-
2023	2.25	911.25 Mn
2024	17.25	6,986.25 Mn
2025	7.50	3,037.50 Mn

2.5 Events after Reporting Date

There have been no material events subsequent to the reporting date that require disclosures/ adjustments to these financial statements.



Accountant's Report for Inclusion in the Prospectus of First Capital Holdings PLC (Continued)

3. Restriction on Use

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

Yours faithfully,

A handwritten signature in blue ink that reads 'Kpmg'.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

FIRST CAPITAL HOLDINGS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March,

	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000
Income	1,586,044	2,077,271	3,741,216	961,516	856,176
Direct income	1,586,047	2,077,268	3,741,216	961,369	856,176
Direct expenses	(1,220,898)	(1,887,035)	(2,928,094)	(783,153)	(677,163)
Net trading income	365,149	190,233	813,122	178,216	179,013
Other income / (expense)	(3)	3	-	147	-
Gain on fair valuation of financial assets recognised through profit or loss - measured at fair value	1,706,437	428,202	(181,697)	(40,849)	-
Net trading income before operating expenses	2,071,583	618,438	631,425	137,514	179,013
Operating expenses					
Personnel expenses	(453,777)	(387,553)	(73,046)	(38,181)	(38,782)
Premises, equipment and establishment expenses	(41,060)	(16,461)	(14,788)	(11,351)	(8,885)
Other operating expenses	(78,942)	(66,347)	(132,754)	(43,391)	(29,397)
Reversal for impairment of financial assets at amortised cost	14,223	43,796	(51,850)	(2,834)	23,154
	(559,556)	(426,565)	(272,438)	(95,757)	(53,910)
Operating profit	1,512,027	191,873	358,987	41,757	125,103
Share of profit from equity accounted investee (net of tax)	3,159,264	8,832,996	2,120,081	(556,389)	1,900,366
Profit before tax	4,671,291	9,024,869	2,479,068	(514,632)	2,025,469
Income tax (expense)/ reversal	20,233	(54,356)	(127,324)	(16,628)	(35,037)
Profit for the year	4,691,524	8,970,513	2,351,744	(531,260)	1,990,432
Other comprehensive income					
<i>Items that are or may be reclassified to Profit or Loss</i>					
Actuarial loss on retirement benefit obligations	(5,537)	(3,983)	-	-	-
Loss on financial assets fair value through other comprehensive income	-	-	-	-	-
Revaluation of motor vehicle	35,000	-	-	-	-
Tax effect on other comprehensive income	1,661	1,195	-	-	-
Share of other comprehensive loss from equity accounted investees (net of tax)	(11,457)	(46,389)	71,656	11,868	(151,776)
Other comprehensive income/ (loss)	19,667	(49,177)	71,656	11,868	(151,776)
Total comprehensive income for the year	4,711,191	8,921,336	2,423,400	(519,392)	1,838,656
Basic earnings per share (Rs.)	11.58	22.15	5.81	(1.31)	19.66

Annexure 1 (Continued)

Five year summary of Financial Statements (Continued)

FIRST CAPITAL HOLDINGS PLC

STATEMENT OF FINANCIAL POSITION

<i>As at 31 March,</i>	2025	2024	2023	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets					
Cash at banks and in hand	693,270	76,453	18,321	39,417	42,187
Financial assets recognised through profit or loss-measured at fair value	7,395,142	4,199,601	1,735,025	3,220,443	611,801
Financial Assets - fair value through other comprehensive income	7,500	5,000	-	-	-
Financial assets at amortised cost	4,229,645	6,658,126	9,397,239	8,784,857	9,032,886
Amounts due from related companies	24,365	49,896	20,309	8,473	30,372
Trade and other receivables	214,056	2,045,044	923,598	10,161	4,203
Non - current assets held for sale	-	-	-	-	-
Taxes receivable	34,950	46,029	-	56,811	74,388
Investment in subsidiary	9,294,289	6,998,827	4,412,989	3,482,855	4,027,376
Deferred tax asset	86,435	9,216	16,848	986	37
Property, plant and equipment and right of use assets	64,641	27,151	19,770	17,437	14,860
Intangible assets	12,061	4,228	2,960	5,281	7,630
Total assets	22,056,354	20,119,571	16,547,059	15,626,721	13,845,740
Liabilities					
Bank overdrafts	86,764	1,280,713	192,627	1,245,696	1,316
Short term borrowings	8,509,733	5,646,043	7,215,752	8,250,158	6,660,363
Amounts due to related companies	10,203	13,579	945	2,096	57
Trade and other payables	1,394,987	2,410,319	77,999	47,543	553,338
Taxes payable	-	-	34,905	-	-
Long term borrowings	1,201,241	1,602,001	902,217	-	50,204
Retirement benefit obligations	33,390	19,365	-	-	-
Borrowings on debentures	2,027,346	2,028,553	2,027,452	2,030,553	2,010,395
Total liabilities	13,263,664	13,000,573	10,451,897	11,576,046	9,275,673
Equity					
Stated capital	227,500	227,500	227,500	227,500	227,500
Risk reserve	2,764,757	2,492,889	1,497,150	1,239,478	1,308,818
Retained earnings	5,802,842	4,436,368	4,586,330	2,881,654	3,326,168
Fair valuation reserve	(37,409)	(37,759)	(215,818)	(297,957)	(292,419)
Revaluation reserve	35,000	-	-	-	-
Equity attributable to the equity holders of the parent	8,792,690	7,118,998	6,095,162	4,050,675	4,570,067
Non - controlling interests	-	-	-	-	-
Total Equity	8,792,690	7,118,998	6,095,162	4,050,675	4,570,067
Total Equity and liabilities	22,056,354	20,119,571	16,547,059	15,626,721	13,845,740
Net assets per share (Rs.)	21.71	17.58	15.05	10.00	45.14

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

FIRST CAPITAL HOLDINGS PLC
STATEMENT OF CHANGES IN EQUITY

For the years ended 31 March 2021 to 2025

	Stated Capital	Risk Reserve	Retained Earnings	Fair Valuation Reserve	Revaluation Reserve	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April 2020 (Audited)	227,500	1,135,297	2,529,183	(148,069)	-	3,743,911
Total comprehensive income for the year						
Profit for the year	-	-	1,990,432	-	-	1,990,432
Other comprehensive expense for the year	-	-	(7,426)	(144,350)	-	(151,776)
Total comprehensive income/(expense)	-	-	1,983,006	(144,350)	-	1,838,656
Transactions with equity holders						
Distribution to equity holders						
Dividend paid - 2nd Interim 2019/20	-	-	(506,250)	-	-	(506,250)
Dividend declared - 1st Interim for 2020/21	-	-	(506,250)	-	-	(506,250)
Total distribution to equity holders	-	-	(1,012,500)	-	-	(1,012,500)
Transfers to risk reserve	-	173,521	(173,521)	-	-	-
Balance as at 31 March 2021 (Audited)	227,500	1,308,818	3,326,168	(292,419)	-	4,570,067
Balance as at 1 April 2021 (Audited)	227,500	1,308,818	3,326,168	(292,419)	-	4,570,067
Total comprehensive income for the year						
Loss for the year	-	-	(531,260)	-	-	(531,260)
Other comprehensive income/(loss) for the year	-	-	17,506	(5,638)	-	11,868
Total comprehensive loss	-	-	(513,754)	(5,638)	-	(519,392)
Transactions with equity holders						
Distribution to equity holders	-	-	-	-	-	-
Adjustment due to change in share ownership	-	(69,340)	69,240	100	-	-
Total Transactions with equity holders	-	(69,340)	69,240	100	-	-
Transfers to risk reserve	-	-	-	-	-	-
Balance as at 31 March 2022 (Audited)	227,500	1,239,478	2,881,654	(297,957)	-	4,050,675
Balance as at 1 April 2022 (Audited)	227,500	1,239,478	2,881,654	(297,957)	-	4,050,675
Impact of surcharge tax liability	-	-	(378,913)	-	-	(378,913)
Adjusted balance as at 1 April 2022	227,500	1,239,478	2,502,741	(297,957)	-	3,671,762
Total comprehensive income for the year						
Profit for the year	-	-	2,351,744	-	-	2,351,744
Other comprehensive income/ (loss) for the year	-	-	(10,482)	82,138	-	71,656
Total comprehensive income for the year	-	-	2,341,262	82,138	-	2,423,400
Transactions with equity holders						
Distribution to equity holders						
Total distribution to equity holders	-	(1,326)	1,325	1	-	-
Total transactions with equity holders	-	(1,326)	1,325	1	-	-
Transfers to risk reserve	-	258,998	(258,998)	-	-	-
Balance as at 31 March 2023 (Audited)	227,500	1,497,150	4,586,330	(215,818)	-	6,095,162



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

FIRST CAPITAL HOLDINGS PLC
STATEMENT OF CHANGES IN EQUITY

For the years ended 31 March,

	Stated Capital	Risk Reserve	Retained Earnings	Fair Valuation Reserve	Revaluation Reserve	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April 2023 (Audited)	227,500	1,497,150	4,586,330	(215,818)	-	6,095,162
Total comprehensive income for the year						
Profit for the year	-	-	8,970,513	-	-	8,970,513
Other comprehensive loss for the year	-	-	(12,995)	(36,182)	-	(49,177)
Total comprehensive income for the year	-	-	8,957,518	(36,182)	-	8,921,336
Transactions with equity holders						
Distribution to equity holders						
Dividend paid (Interim - 2022/23)	-	-	(911,250)	-	-	(911,250)
Dividend paid (1st Interim - 2023/24)	-	-	(4,961,250)	-	-	(4,961,250)
Dividend declared (2nd Interim - 2023/24)	-	-	(2,025,000)	-	-	(2,025,000)
Adjustment due to disposal (via amalgamation)	-	-	(214,030)	214,030	-	-
Loss on sale of FVTOCI Investments*	-	-	(211)	211	-	-
Total distribution to equity holders	-	-	(8,111,741)	214,241	-	(7,897,500)
Transfers to risk reserve	-	995,739	(995,739)	-	-	-
Balance as at 31 March 2024 (Audited)	227,500	2,492,889	4,436,368	(37,759)	-	7,118,998
Balance as at 1 April 2024 (Audited)	227,500	2,492,889	4,436,368	(37,759)	-	7,118,998
Total comprehensive income for the year						
Profit for the year	-	-	4,691,524	-	-	4,691,524
Other comprehensive loss for the year	-	-	(2,962)	(12,370)	35,000	19,668
Total comprehensive income/ (loss)	-	-	4,688,562	(12,370)	35,000	4,711,192
Transactions with equity holders						
Distribution to equity holders						
Dividend paid (Interim - 2024/25)	-	-	(3,037,500)	-	-	(3,037,500)
Loss on sale of FVTOCI Investments*	-	-	(12,720)	12,720	-	-
Total distribution to equity holders	-	-	(3,050,220)	12,720	-	(3,037,500)
Transfers to risk reserve	-	271,868	(271,868)	-	-	-
Balance as at 31 March 2025 (Audited)	227,500	2,764,757	5,802,842	(37,409)	35,000	8,792,690

FIRST CAPITAL HOLDINGS PLC
STATEMENT OF CASH FLOWS
For the year ended 31 March,

	2025	2024	2023	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash flows from operating activities					
Interest receipts and gains realised	1,581,931	2,066,610	3,733,111	957,997	854,158
Interest payments and other direct cost	(1,207,274)	(1,869,403)	(2,917,673)	(760,133)	(667,246)
Other receipts	-	3	-	114	-
Cash payments to employees and suppliers	(548,928)	(125,206)	(208,435)	(81,808)	(56,234)
Operating profit/(loss) before changes in operating assets and liabilities	(174,271)	72,004	607,003	116,170	130,678
(Increase)/ Decrease in financial assets - fair value through profit or loss	(1,489,104)	(2,036,375)	1,303,721	(2,649,491)	(611,801)
(Increase)/ Decrease in financial assets - at amortised cost	2,446,820	2,793,567	(656,126)	248,567	(2,239,547)
(Increase)/ Decrease in trade and other receivables	1,830,988	(1,121,446)	(2,007)	(8,881)	(2,785)
(Increase)/ Decrease in amounts due from related companies	25,531	(99,418)	(11,836)	21,274	(20,440)
Increase/ (Decrease) in trade and other payables	1,007,486	19,981	30,455	1,080	(23,350)
Increase/ (Decrease) in amounts due to related companies	(3,376)	12,634	(1,151)	2,039	57
Increase/ (Decrease) in short term borrowings	2,848,099	(1,586,454)	(1,045,712)	1,586,730	832,788
Cash generated from/ (used in) operations	6,492,173	(1,945,507)	224,347	(682,512)	(1,934,400)
Tax (paid)/ refund	(44,246)	(80,433)	(80,210)	-	227
Gratuity paid	(1,653)	-	-	-	-
Net cash flows generated from/(used in) operating activities	6,446,274	(2,025,940)	144,137	(682,512)	(1,934,173)
Cash flows from investing activities					
Purchase of property, plant, equipment and intangible assets	(22,230)	(26,658)	(12,164)	(8,745)	(8,010)
Proceeds on sale of property, plant, equipment	63	-	-	357	-
Investment in financial assets - fair value through other comprehensive income	(2,500)	(5,000)	-	-	-
Dividend receipts	852,345	6,200,769	-	-	1,012,284
Net cash flows generated from/ (used) in investing activities	827,678	6,169,111	(12,164)	(8,388)	1,004,274
Cash flows from financing activities					
Dividend paid (2022/23)	-	(911,250)	-	(506,250)	(506,250)
Dividend paid (2023/24)	(2,025,000)	(4,961,250)	-	-	-
Dividend paid (Interim - 2024/25)	(3,037,500)	-	-	-	-
Lease payment	(686)	(625)	-	-	-
Proceeds from long term borrowings	-	1,000,000	1,000,000	-	2,000,000
Repayment of long term borrowings	(400,000)	(300,000)	(100,000)	(50,000)	(100,000)
Net cash flows used in financing activities	(5,463,186)	(5,173,125)	900,000	(556,250)	1,393,750
Net increase / (decrease) in cash and cash equivalents for the year	1,810,766	(1,029,954)	1,031,973	(1,247,150)	463,851
Cash and cash equivalents at the beginning of the year	(1,204,260)	(174,306)	(1,206,279)	40,871	(422,980)
Cash and cash equivalents at the end of the year	606,506	(1,204,260)	(174,306)	(1,206,279)	40,871



Annexure 2

The adoption of revised / new accounting standards and a summary of related amendments to the accounting policies of the Company for the financial years ended 31 March 2021 to 31 March 2025

Financial Year Ended	Adoption of revised Accounting Standards and related changes in Accounting Policies
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31 March 2024	Material Accounting Policy Information
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The Company also adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and IFRS Practice Statement 2) from 1 April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.