





A KSHATRIYA GROUP COMPANY

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## Chairman's Message



On behalf of the Board of Directors, I wish to thank all our shareholders and stakeholders for the faith they have placed in me and the Board, during this time of change, and look forward to your continued support as we take V Capital PLC on a new journey of growth.

A handwritten signature in black ink, appearing to read 'Manju Haththotuwa', written over a circular scribble.

**Manju Haththotuwa**  
Chairman

24<sup>th</sup> July 2007

On behalf of the Board of Directors of your company, I am pleased to place before you the Annual Report and the Statement of accounts for the year ending March 31<sup>st</sup> 2007.

The concluding year saw the economy growing by 7.4 % which is the highest growth of GDP the country has experienced since, 1978. This healthy expansion is owing to the growth experienced by all industry sectors within the economy. The performance of the economy is a brilliant achievement, considering the many adversities the economy experienced during the past year, most notably the volatility in the global oil prices and renewed acts of terrorism in the island. The favorable growth is a welcome sign to the business community whose activities were considerably weighed down due to soaring interest rates and to consumers who are heavily burdened by the prevalent high inflation.

The year in review, is one in which V Capital PLC opened a new chapter in its corporate history. Commencing, December 2006, V Capital PLC invested in a controlling stake in First Capital Limited, which is a well established company in the treasury and financial services industry. The investment in First Capital Limited is in line with V capital PLC's new role as a part of the Kshatriya group of companies. Kshatriya is a recently formed conglomerate which is pursuing a rapid growth strategy, and within a short span of one year, made investments in Property Development, Food and Beverages, Retailing, Apparel and Export Manufacturing. Within the group structure, V Capital PLC forms the Financial Services arm of the Kshatriya. Backed by the Kshatriya group, V Capital PLC will endeavor to rapidly grow and strengthen the group's financial services businesses in the years to come.

# Managing Director's Review



## Overview

The year under review was one of immense change for the Company. The year witnessed strategic decisions being actioned in order to formulate a business model for the Company to bear fruit in the years to come. V Capital PLC completed its first year as part of the Kshatriya Group, which saw the Company revamping itself towards being a fully fledged investment banking / financial services group. This was achieved with the Company acquiring a 30% stake of First Capital Limited in December 2006 and progressively increasing the stake to 70.66% as of June 2007. The acquisition of First Capital Limited group of companies makes V Capital PLC, the holding company of a leading financial services group, with a well established and highly reputed brand name with operations in treasury, asset management, corporate finance, capital markets, money broking and stock broking

## Operating Environment

The Sri Lankan economy performed well to record a growth rate of 7.4% in GDP. The performance is credible given the macro environmental factors which continue to plague the economy. These include the escalation of violence in the North and East, increasing government defence expenditure, increase in world oil prices as well as high inflation and interest rates.

The financial services sector witnessed significant activity with the growth of the industry by 10.5% during 2006. This was reflected by the increase of total assets by 18% to Rs. 3,706 Billion, which is 1.3 times GDP. This growth in assets was mainly fuelled by the expansion of credit by state banks and the domestic private licensed commercial banks.

We also witnessed the volatility of the money market interest rates during the period under review, which is a reflection of the volatility in the overall market liquidity. As per the Central Bank Annual Report the weighted average call money rates fluctuated between 9.89% and 16.01% during 2006. This volatility was also reflected in the Average Weighted Prime Lending Rate and Average Weighted three months Treasury bill rates which increased from

11.96% to 17.57% and 10.1% and 14.62% respectively during the financial year.

## Operations

The present stake of 70.66% of First Capital Limited was acquired for a consideration of Rs. 197 Million mainly funded by short term debt. The cost of finance associated with this acquisition negatively affected the performance of V Capital PLC. The Company recorded a loss of Rs. 2.8 Million as against a profit of Rs. 3.8 Million recorded in the previous financial year.

The consolidation of First Capital Limited from March 2007, enabled the Group to record an increase in revenue to Rs. 110 Million and contributed to the Group achieving a net profit of Rs. 14.2 Million for the financial year.

The Company has taken the initiative to recapitalize by the recently announced rights issue of five ordinary shares for every four held which is expected to raise Rs. 187.5 Million which would substantially go towards the repayment of debt and raise working capital

With the proceeds from the Rights Issue and the expected strong performance of First Capital Limited, shareholders of the V Capital PLC can expect a substantial return on investment in years to come.

## The Year ahead

It is envisaged that the Company will consolidate its position as a diversified financial services provider and be the principle holding company for the financial services sector within the Kshatriya Group. The management also intends to streamline and develop the existing operations of the Company to match with the already established business activities of First Capital Limited in treasury, asset management, corporate finance, capital markets, money broking and stock broking. These plans would no doubt increase the profitability, stature and financial viability of the Company. In light of the proposed strategy a resolution has been proposed to enact a name change of the Company from V Capital PLC to First Capital Holdings PLC. Through the combined synergies the company intends transforming its subsidiaries into profitable business concerns with sound commercial presence. The long term focus will be on improving and growing the current areas of business and exploring new possibilities in the Financial Services sector.

In conclusion, I would like to thank the management and the staff of the V Capital Group, our shareholders and all other stakeholders for their support during the past year. I look forward to your support in the year ahead which promises to be an eventful one.

**Harsha N. de Silva**  
Managing Director

24<sup>th</sup> July 2007

# New Acquisitions



## First Capital Limited

### Legal Form

A Public Limited Liability Company incorporated in Sri Lanka under Companies Act No. 17 of 1982 on 05<sup>th</sup> April 1993.

### Registered Office

No.34, Sir Mohamed Macan Marker Mawatha,  
Colombo – 00300, Sri Lanka

### Company Registration No.

N (PVS) 10851 / PBS

### Board of Directors

Hemaka Amarasuriya - Group Chairman

Harsha N. De Silva - Managing Director

Dinesh Schaffter

Sumith Guruge

T.N. Renard

Hiran Asoka Pieris (Alternate to T.N.Renard)

Sujeewa Rajapakse

Ajith Gunawardena

Samantha Rajapaksa

Weeriah Ravilajan (Alternate to Ajith Gunawardena)

Sujampathi Rathnayake (Alternate to Harsha N. De Silva)

Thushara Jayasekara (Alternate to Samantha Rajapaksa)

Ayanthi Karunaratne (Alternate to Dinesh Schaffter)

### Secretaries

Managers & Secretaries (Pvt) Limited

No. 201, De Saram Place,

Colombo – 00300

### Auditors

KPMG Ford, Rhodes, Thornton & Co.

Chartered Accountants

No.32A, Sir Mohamed Macan Marker Mawatha,

Colombo – 00300

**Holding** - 70.66%

### Principal Activity

The Principal Activity of the Company is Investment & Management of the Group of Companies.

### Capital Structure

As at	31/03/2007	31/12/2006
Issued Share Capital (Rs.000's)	<b>150,000</b>	150,000

### Sub Subsidiaries & Associates

First Capital Limited has 04 Subsidiaries and 02 Associate Companies as listed below:-

Name of the Company	Holding
1. First Capital Treasuries Ltd	94 %
2. First Capital Money Brokers Ltd	100 %
3. First Capital Markets Ltd	100 %
4. First Capital Asset Management Ltd	99 %
5. First Capital Equities Ltd	40 %
6. Ceyspence, Ceycapital & Ceyaki Ltd	20 %

### Name of the Company & Principal Activity

#### 1. First Capital Treasuries Ltd

Holds a primary dealer licence issued by CBSL to function as a Central Bank credited primary dealer for Treasury bills.

#### 2. First Capital Money Brokers Ltd

Inter Bank Money Broker

#### 3. First Capital Markets Ltd

Holds a market intermediary licence issued by Securities and Exchange Commission of Sri Lanka to function as a Margin provider.

#### 4. First Capital Asset Management Ltd

Holds a market intermediary licence issued by Securities and Exchange Commission of Sri Lanka to function as an Investment Manage.

#### 5. First Capital Equities Ltd

Holds a Stock dealer licence issued by Securities and Exchange Commission of Sri Lanka to function as Stock dealer.

#### 6. Ceyspence, Ceycapital & Ceyaki Ltd

Owning & Operation of Ships

All the Companies have their Registered Office at No.34, Sir Mohamed Macan Markar Mawatha, Colombo - 00300 and the Auditors are KPMG Ford, Rhodes, Thornton & Co. Chartered Accountants.

# Report of the Directors

The Directors of V Capital PLC have pleasure in presenting their Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> March 2007.

## Principal Activities

The Principal business activities of the Company which remains unchanged, is principally making investments in business, financial instruments and public Equity.

## Revenue

The Company achieved revenue of Rs.5.4mn during the year as against Rs. 7.6 mn. in the previous year.

## Results

The results for the twelve months ended 31<sup>st</sup> March 2007, is set out on page 7.

Share Capital	No. of Shares	Rs.
Authorised Share Capital	30,000,000	300,000,000/-
Issued Share Capital	15,000,000	150,000,000/-

## Directorate

Changes in the Directorate of the Company during the year under review and up to the date of this report is as follows:

Mr. B.M.S.K. Haththotuwa	(Appointed w.e.f. 30/10/2006)
Mr. H. N. De Silva	(Appointed w.e.f. 10/04/2006)
Mr. H. P. A. Gunawardana	(Appointed w.e.f. 10/04/2006)
Mr. S. A. B. Rajapaksa	(Appointed w.e.f. 22/02/2007)

In terms of Article No.99 of the Articles of Association, the Director Mr. S. A.B. Rajapaksa who was appointed during the year retires and being eligible offers himself for re-election with the unanimous consent of the Directors.

In terms of Article 92 of the Articles of Association the Director Mr. H. P. A. Gunawardana shall retires by rotation and being eligible, offers himself for re-election under the said Article with the unanimous support of the Directors.

## Directors' Interests in Contracts

The Directors' interests in contracts with the Company both direct and indirect are set out in Note 28 to the accounts.

## Directors' Shareholdings

No Directors hold shares of the Company as at 31<sup>st</sup> March 2007.

## Shareholders

As at 31<sup>st</sup> March 2007, there were 5,085 registered shareholders and distribution is indicated on Page 27. The twenty largest shareholders as at 31<sup>st</sup> March 2007 are listed on page 28 of the Annual Report.

The percentage of shares held by the public as at 31<sup>st</sup> March, 2007 was 24.64 %.

## Value of Share

The market value of V Capital Limited ordinary shares as at 31<sup>st</sup> March 2007 was Rs. 17.50.

## Statutory Payments

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 in time.

## Post Balance Sheet Events

Significant post balance sheet events have been disclosed in Note 30 to the accounts on page 26.

## Re-appointment of Auditors

M/s KPMG Ford, Rhodes, Thornton & Co., Chartered Accountants have indicated their willingness to continue in office. Therefore a resolution proposing their re-appointment and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

## By Order of the Board

(Sgd)

**Ms. R. M. C. L. K. Liyanaarachchi**  
Secretary

Colombo,

24<sup>th</sup> July 2007,

# Report of the Auditors



**KPMG Ford, Rhodes, Thornton & Co.**  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P.O. Box 186,  
Colombo 00300,  
Sri Lanka.

Tel : +94 -11 242 6426  
Fax : +94 -11 244 5872  
+94 -11 244 6058  
+94 -11 254 1249  
Internet : www.lk.kpmg.com

## TO THE MEMBERS OF V CAPITAL LIMITED

We have audited the Balance Sheet of V Capital Limited as at 31 March 2007, the Consolidated Balance Sheet of the Company and its subsidiary as at that date and the related Statements of Income, Changes in Equity and Cash Flows for the year then ended, together with the Accounting Policies and Notes thereto.

### Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing and presenting these Financial Statements in accordance with the Sri Lanka Accounting Standards. Our responsibility is to express an opinion on these Financial Statements, based on our audit.

### Basis of Opinion

We conducted our audit in accordance with the Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said Financial Statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said Financial Statements, assessing the accounting principles used and significant estimates made by the Directors, evaluating the overall presentation of the Financial Statements, and determining whether the said Financial Statements are prepared and presented in accordance with the Sri Lanka Accounting Standards. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

### Opinion

#### Company

In our opinion, so far as appears from our examination, the Company maintained proper books of account for the year ended 31 March 2007, and to the best of our information and according to explanations given to us, the said Balance Sheet and the related Statements of Income, Changes in Equity, Cash Flows and the Accounting Policies and Notes thereto, which are in agreement with the said books and have been prepared and

presented in accordance with the Sri Lanka Accounting Standards, provide the information required by the Companies Act, No.17 of 1982 and give a true and fair view of the Company's state of affairs as at 31 March 2007 and of its Loss and cash flows for the year then ended.

### Group

In our opinion, the Consolidated Balance Sheet and the related Statements of Income, Changes in Equity, Cash Flows and the Accounting Policies and Notes thereto have been properly prepared and presented in accordance with the Companies Act, No.17 of 1982 and the Sri Lanka Accounting Standards and give a true and fair view of the state of affairs as at 31 March 2007 and of its Profit and cash flows for the year then ended of the Company and its subsidiary dealt with thereby, so far as concerns the members of the Company.

### Directors' Interests in Contracts with the Company

According to the information made available to us, the Directors of the Company were not directly or indirectly interested in contracts with the Company during the year ended at 31 March 2007, except as stated in Note 28 to these Financial Statements.

**Chartered Accountants**

Colombo,

24 July 2007

KPMG Ford, Rhodes, Thornton & Co.,  
a Sri Lankan partnership, is the Sri Lankan member  
firm of KPMG International, a Swiss cooperative

R.N. Asirwatham FCA  
S. Sirikananathan FCA  
Ms. M. P. Perera FCA  
C.P. Jayatilake FCA  
W.W.J.C. Perera FCA

A.N. Fernando FCA  
M.R. Mihular FCA  
P.Y.S. Perera FCA  
T.J.S. Rajakarier FCA  
Ms. S. Joseph ACA

## Statement of Income

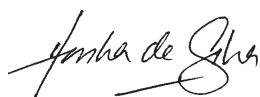
For the year ended 31 <sup>st</sup> March	Note	Group	Company	
		2006/07 Rs.	2006/07 Rs.	2005/06 Rs.
<b>Revenue</b>	1	<b>110,412,448</b>	<b>5,385,935</b>	7,606,068
Direct Expenses	2	<b>(88,008,491)</b>	-	-
		<b>22,403,958</b>	<b>5,385,935</b>	7,606,068
Other Income	3	<b>16,173,385</b>	-	-
Administration Expenses		<b>(8,445,679)</b>	<b>(2,202,968)</b>	(2,834,002)
Other Expenses		<b>(785,840)</b>	<b>(419,188)</b>	(330,707)
Finance Costs		<b>(6,062,314)</b>	<b>(5,174,453)</b>	-
Share of Associate Companies Profit/(Loss)		<b>(1,116,756)</b>	-	-
Profit / (Loss) before Taxation	4	<b>22,166,754</b>	<b>(2,410,674)</b>	4,441,359
Taxation	5	<b>(7,997,462)</b>	<b>(356,602)</b>	(620,369)
<b>Profit/ (Loss) for the Year</b>		<b>14,169,292</b>	<b>(2,767,276)</b>	3,820,990
Attributable to :				
Equity Holders of the Parent		<b>10,262,771</b>	-	-
Minority Interest		<b>3,906,521</b>	-	-
		<b>14,169,292</b>	-	-
<b>Earnings (Loss) Per Share</b>	6	<b>0.94</b>	<b>(0.18)</b>	0.25

The Accounting Policies and Notes annexed form an integral part of these Financial Statements.

# Balance Sheet

As at 31 <sup>st</sup> March	Note	Group	Company	
		2007 Rs.	2007 Rs.	2006 Rs.
<b>Assets</b>				
<b>Non Current Assets</b>				
Property, Plant and Equipment	7	4,949,804	73,333	-
Investments in Subsidiaries	8	-	136,786,788	-
Investments in Associates	9	64,902,422	-	-
Investments in Venture Capital	10	30,100,000	30,100,000	30,100,000
Deferred Tax Assets	11	207,764,041	-	-
Intangible Assets	12	5,160,124	-	-
		<u>312,876,392</u>	<u>166,960,121</u>	<u>30,100,000</u>
<b>Current Assets</b>				
Trade and Other Receivables	13	489,116,971	1,411,812	1,974,629
Short Term Investments	14	6,559,421,735	2,095,950	23,888,950
Amounts due from Related Companies	15	212,594,521	3,000,000	15,500,000
Tax Receivables	16	9,159,485	5,684,144	5,684,144
Cash at Banks and in Hand		1,701,415	28,100	85,236
		<u>7,271,994,127</u>	<u>12,220,006</u>	<u>47,132,959</u>
<b>Total Assets</b>		<u>7,584,870,519</u>	<u>179,180,127</u>	<u>77,232,959</u>
<b>Equity and Liabilities</b>				
<b>Equity Atributable to Equity Holders of Parent</b>				
Share Capital	17	150,000,000	150,000,000	150,000,000
Reserves	18	50,848,819	49,979,913	49,979,913
Retained Earnings		(175,262,284)	(129,928,746)	(127,161,470)
		<u>25,586,534</u>	<u>70,051,167</u>	<u>72,818,443</u>
Minority Interest		153,945,049	-	-
<b>Total Equity</b>		<u>179,531,583</u>	<u>70,051,167</u>	<u>72,818,443</u>
<b>Non Current Liabilities</b>				
Long Term Borrowing	19	1,401,376,168	-	-
Deferred Tax Obligation	20	271,051	-	-
Retirement Benefit Obligations	21	6,773,394	-	-
		<u>1,408,420,613</u>	<u>-</u>	<u>-</u>
<b>Current Liabilities</b>				
Accounts Payable and Accrued Expenses	22	119,974,279	99,830,437	712,908
Amounts due to Related Companies	23	6,128,652	6,128,652	-
Tax Payables	24	128,987,570	206,152	737,889
Other Liabilities	25	5,714,824,637	2,963,719	2,963,719
Bank Overdraft		27,003,185	-	-
		<u>5,996,918,323</u>	<u>109,128,960</u>	<u>4,414,516</u>
<b>Total Equity and Liabilities</b>		<u>7,584,870,519</u>	<u>179,180,127</u>	<u>77,232,959</u>

The Directors are responsible for the preparation and presentation of these Financial Statements  
The Accounting Policies and Notes annexed form an integral part of these Financial Statements  
For and on behalf of the Board



**Harsha N. De Silva**  
Managing Director



**Samantha Rajapakse**  
Finance Director

24<sup>th</sup> July 2007

# Cash Flow Statement

As at 31 <sup>st</sup> March	Group	Company	
	2007	2007	2006
	Rs.	Rs.	Rs.
<b>Cash Flows from Operating Activities</b>			
Profit before Taxation	22,166,754	(2,410,674)	4,441,359
<b>Adjustments for;</b>			
Depreciation	228,389	6,667	-
Amortisation of Computer software	130,889	-	-
Reversal of Negative Goodwill of Associate Companies	(10,640,372)	-	-
Share of Associate Companies Profit	1,116,756	-	-
Provision for Retiring Gratuity	78,096	-	-
Transfer of Gratuity	(110,803)	-	-
Interest Income	(850,010)	(5,366,292)	(7,804,068)
Loss on Disposal of Investments	-	-	330,707
<b>Operating Profit before Working Capital Changes</b>	<b>12,119,699</b>	<b>(7,770,299)</b>	<b>(3,032,002)</b>
Decrease in Short Term Investments	2,479,425,783	27,159,292	23,584,411
Decrease/(Increase) in Debtors and Advances	(213,111,288)	562,817	5,421,353
(Increase)/Decrease in Related Party Receivables	(197,094,521)	12,500,000	-
Decrease/( Increase) in Accounts and Other Payables	(1,821,804,113)	99,117,529	(40,392)
Increase in Related Party Payables	6,128,652	6,128,652	-
<b>Cash generated from Operations</b>	<b>265,664,212</b>	<b>137,697,991</b>	<b>25,933,370</b>
Payments for Retiring Gratuity	-	-	-
Income Tax paid	(3,687,856)	(888,339)	-
<b>Net cash generated from Operating Activities</b>	<b>261,976,356</b>	<b>136,809,652</b>	<b>25,933,370</b>
<b>Cash flow from Investing Activities</b>			
Purchase of Property, Plant and Equipment	(141,113)	(80,000)	-
Investment in Venture Capital	-	-	(30,100,000)
Upliftment of Fixed Deposits	-	-	198,000
Investments in Subsidiaries	(142,071,333)	(136,786,788)	-
<b>Net cash used in Investing Activities</b>	<b>(142,212,446)</b>	<b>(136,866,788)</b>	<b>(29,902,000)</b>
<b>Cash flows from Financing Activities</b>			
Proceeds from Long Term Borrowings	(145,150,916)	-	-
	(145,150,916)	-	-
<b>Net Decrease in Cash and Cash Equivalents during the Year</b>	<b>(25,387,006)</b>	<b>(57,136)</b>	<b>(3,968,630)</b>
Cash and Cash Equivalents at the beginning of the Year	85,236	85,236	4,053,866
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>(25,301,770)</b>	<b>28,100</b>	<b>85,236</b>
<b>Analysis of Cash and Cash Equivalents at the end of the Year</b>			
Cash at Bank	1,701,415	28,100	85,236
Bank Overdraft	(27,003,185)	-	-
	(25,301,770)	28,100	85,236

The Accounting Policies and Notes annexed form an integral part of these Financial Statements

# Statement of Changes In Equity

For the Year ended 31<sup>st</sup> March 2007

## Group

	Share Capital Rs.	Share Premium Rs.	Risk Reserves Rs.	Accumulated Profits Rs.	Total Rs.	Minority Interest Rs.	Total Equity Rs.
<b>Balance as at 1<sup>st</sup> April 2006</b>	-	-	-	-	-	-	-
Equity of Parent Company on Acquisition	150,000,000	49,979,913	-	(127,161,469)	72,818,444	-	72,818,444
Adjustment due to Acquisition	-	-	-	-	-	146,525,437	146,525,437
Adjustment for Minority Investment in Associate	-	-	-	-	-	(53,981,589)	(53,981,589)
Net Profit for the year	-	-	-	10,262,771	10,262,771	3,906,521	14,169,292
Transfer to the risk Reserve	-	-	868,906	(868,906)	-	-	-
Adjustment for debit balance in Minority	-	-	-	(57,494,681)	(57,494,681)	57,494,681	-
<b>Balance as at 31<sup>st</sup> March 2007</b>	<b>150,000,000</b>	<b>49,979,913</b>	<b>868,906</b>	<b>(175,262,284)</b>	<b>25,586,534</b>	<b>153,945,049</b>	<b>179,531,583</b>

## Company

	Share Capital Rs.	Share Premium Rs.	Accumulated Loss Rs.	Total Rs.
Balance as at 31.03.2005	150,000,000	49,979,913	(130,982,460)	68,997,45
Profit for the Year	-	-	3,820,990	3,820,990
Dividends Paid	-	-	-	-
Balance as at 31.03.2006	150,000,000	49,979,913	(127,161,470)	72,818,443
Profit for the Year	-	-	(2,767,276)	(2,767,276)
Dividends Paid	-	-	-	-
<b>Balance as at 31.03.2007</b>	<b>150,000,000</b>	<b>49,979,913</b>	<b>(129,928,746)</b>	<b>70,051,167</b>

The Accounting Policies and Notes annexed form an integral part of these Financial Statements.

# Notes to the Financial Statements

## Accounting Policies

### 1 General

V Capital Ltd. Is a limited liability company incorporated and domiciled in Sri Lanka. The Registered office of the company is located at No. 165, Kynsey Road, Colombo 00800 and the principal place of business is situated at the above address.

In the Report of directors and in the financial statements, "the company" refers to V Capital Ltd, as the holding company and "the group" refers to the consolidated results of V Capital Ltd and its subsidiary companies of First Capita Ltd, First Capital Treasuries Ltd, First Capital Markets Ltd, First Capital Asset Management Ltd, First Capital Money Brokers Ltd and its associate companies, First Capital Equities (Pvt) Ltd.

#### 1.1 Basis of Preparation

The Financial Statements of the Company, comprising the Balance Sheet, Statements of Income, Changes in Equity, Cash Flow and Accounting Policies and Notes are prepared in accordance with Sri Lanka Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka.

The Financial Statements have been prepared based on the historical cost convention. No adjustments have been made for inflationary factors affecting these accounts. Where appropriate the specific policies adopted are explained in the notes that follow.

#### 1.2 Basis of Consolidation

The Group financial statements comprise a consolidation of the financial statements of the Company and its subsidiaries in accordance with Sri Lanka Accounting Standard No. 26 on Consolidated financial Statements and Accounting for Investments in Subsidiaries.

##### 1.2.1 Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The Consolidated Financial Statements are prepared to a common financial year ending March 31. Subsidiaries year end is December 31

and for the Consolidation purposes a special purpose audit has been done for the period upto 31<sup>st</sup> March 2007.

A listing of Group's Subsidiaries is set out in Note 8 to the Financial Statements.

The interest of the outside shareholders of the Group is disclosed separately under the heading "Minority Interest"

##### 1.2.2 Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains & losses of associates on an equity accounted basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases.

##### 1.2.3 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets acquired. Acquired goodwill is recognized in the Consolidated Balance Sheet and stated at its fair value.

##### 1.2.4 Transactions Eliminated on Consolidation

Inter-company transactions and balances and any unrealized gains arising from such inter-company transactions and balances have been eliminated in preparing the Consolidated Financial Statements.

##### 1.3 Foreign Currency Translation

Transactions in foreign currencies are translated to Sri Lanka Rupees at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to Sri Lanka Rupees at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translations are recognized in the income statement.

##### 1.4 Comparative Figures

Certain prior year figures and phrases have been rearranged wherever necessary to conform to current year's presentation.

# Notes to the Financial Statements

## 1.5 Taxation

Income Tax is computed in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006, and subsequent amendments thereto.

## 1.6 Deferred Taxation

Deferred Taxation is provided on the balance sheet liability method. The balance of the Deferred Taxation account represents income tax applicable on the temporary differences arising on assets and liabilities.

## 1.7 Events after the Balance Sheet date

All material events occurring after the Balance Sheet date have been considered and where necessary, adjustments have been made in the accounts.

## 2 Assets And Their Bases Of Valuation

### 2.1. Property & Equipment

Property & Equipment are stated on the Balance Sheet at cost less accumulated depreciation. Leased assets are capitalised at their cash cost, and depreciated over the lease period.

#### Depreciation

Depreciation is calculated on the cost or valuation of Property & Equipment in order to write off such amounts over the estimated useful lives of such assets.

The Company changed its basis of Depreciation with effect from 1<sup>st</sup> January 2006, where the Company now provides Depreciation on monthly basis.

The Group provides for depreciation on a straight-line basis from the year following that of purchase using the following rates:

Category	Rate
Fixtures & Fittings	33 1/3 %
Furniture	33 1/3 %
Office Equipment	33 1/3 %
Motor Vehicles	33 1/3 %

### 2.2 Investments/ Dealing Securities

Investments are classified in the Balance Sheet as either Dealing Securities or Investment Securities. Dealing Securities are the equivalent of Current Investments as

defined in Sri Lanka Accounting Standard No. 22 – Accounting for Investments, and are accounted for the lower of cost and market value as at the Balance Sheet date on an aggregate portfolio basis. Dealing Securities currently comprise Treasury Bills, Bonds and Equities.

Investment Securities are the equivalent of Long Term Investment as defined in Sri Lanka Accounting Standard No. 22 and are accounted for at cost, net of provisions for any permanent diminution in value on an individual basis. Investment Securities currently comprise Treasury Bonds and Equities.

Investments in Subsidiaries are accounted at cost and treated as long-term investments in the Company's separate financial statements.

### 2.3 Government Securities Resale Agreements

These are lending collateralized by the purchase of Treasury bills and Treasury bonds from the counter party to whom lending is made. The sale by the counter party is subject to a commitment by the company to sell back the underlying Debt securities to the borrower at a pre-determined price. The lendings are stated cost plus interest as at the Balance Sheet date.

### 2.4 Other Assets

All other assets are valued net of specific provisions, where necessary, so as to reduce the carrying value of such assets to their estimated realisable values.

### 2.5 Intangible Asset

All software licensed for use by the Company, not constituting an integral part of related hardware are included in the Balance Sheet under the category intangible assets and carried at cost less accumulated amortization and any impairment losses.

The initial acquisition cost comprises license fee paid at the inception; import duties such other cost applicable, cost of customizing the software to meet the specific requirements of the Company and other directly attributable expenditure in preparing the asset for its intended use. The cost is amortized using the straight-line method at a rate of 33 1/3 % per annum commencing from the date the application software is available for use. The amortization cost is recognized as an expense.

## Notes to the Financial Statements

### 2.6 Deferred Tax Asset

The company recognizes deferred tax asset for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future tax profit will be available against which the unused tax losses and unused tax credits can be utilized.

## 3 Liabilities And Provisions

### 3.1 Provisions for Liabilities

A provision is recognized in the Balance Sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligations.

### 3.2 Government Securities Repurchase Agreements

These are borrowings collateralized by sale of Treasury bills and Treasury bonds held by the Company to the counter party from whom the Company borrowed, subject to a commitment to repurchase them at a pre-determined price.

### 3.3 Provisions For Retirement Gratuity

Full provision has been made on account of Retirement Gratuities from the first year of service of the employees in conformity with the Sri Lanka Accounting Standard 16 – Retirement Benefit Cost.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability to employees arises only on completion of five years continued service. This is not funded externally.

### 3.4 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes to the Financial Statements.

## 4 Income Statement

### 4.1 Revenue Recognition

#### Capital Gains/(Losses)

Capital Gains/(Losses) are accounted on the date of sale by deducting the carrying value of the securities from the sales proceeds.

### Interest Income Resale Agreements & Dealing Securities

Interest income is accounted for on an accrual basis.

### Brokerage Income

Brokerage Income is recognised on the completion of the respective deal.

### Dividend Income

Dividend Income is recognised on a cash received basis.

### Profit On Sale Of Other Investments

Profits earned on the Sale of Other Investments have been accounted for in the Profit and Loss Account on the basis of realised net profits.

### 4.2 Borrowing Costs

Borrowing costs are recognised on an accrual basis.

### 4.3 Profits After Tax

The Company's profit after tax is stated after:

- (a) Providing for all known bad & doubtful debts, liabilities and depreciation of Property & Equipment.
- (b) Charging all expenses incurred in the daily operations of the business, and in maintaining the property & equipment in a state of efficiency.

## 5. Cash Flow Statement

The Cash Flow Statement has been prepared using the "Indirect Method" of preparing Cash Flows. Cash and cash equivalents comprises cash in hand and Cash at bank balances

## Notes to the Financial Statements For the Year Ended 31st March 2007

1	Revenue	Group	Company	
		2006/07 Rs.	2006/07 Rs.	2005/06 Rs.
	Interest Income	850,010	5,366,292	7,606,068
	Money Brokering	1,173,883	-	-
	Margin Trading	3,254,401	-	-
	Capital Gain (Losses) on Securities	704,400	-	-
	IRS Income	2,580,010	-	-
	Fee and Commission Income	1,391,548	-	-
	Profit on Sale of Shares and Securities	448,138	-	-
	Dividends	19,643	19,643	-
	Interest Income on Resale Agreements and Dealing Securities	99,990,416	-	-
		<u>110,412,448</u>	<u>5,385,935</u>	<u>7,606,068</u>
2	<b>Direct Expenses</b>			
	Interest Expense on Repurchase Agreement	63,534,458	-	-
	Interest Expense on Commercial Papers and Promisary Notes	21,732,247	-	-
	Brokerage Cost	2,053,248	-	-
	Other Related Expenses	688,538	-	-
		<u>88,008,491</u>	<u>-</u>	<u>-</u>
3	<b>Other Income</b>			
	Profit on Sale of Property, Plant and Equipment	60,000	-	-
	Provision for/ (Reversal of) fall in value of Dealing Securities	3,559	-	-
	Fee Income on Portfolio handling	1,279,516	-	-
	Others	4,189,938	-	-
		<u>5,533,013</u>	<u>-</u>	<u>-</u>
4.	<b>Profit before Taxation</b>			
	Profit before Taxation is stated after charging all expenses including the following:			
	Directors' Emoluments	185,000	-	-
	Auditor's Remuneration	32,542	125,000	125,000
	Staff cost	2,368,235	-	-
	Depreciation	221,722	6,667	-
	Amortization of Intangible Assets	221,722	-	-
	Employer's Contribution to EPF	271,115	-	-
	Employer's Contribution to ETF	54,623	-	-
	Provision for Retirement Gratuity	61,396	-	-
	Provision for/(Reversal of) fall in value of Dealing Securities	6,258,240	-	-
	Management Fees	-	-	1,200,000

## Notes to the Financial Statements

### For the Year Ended 31<sup>st</sup> March 2007

#### 5 Taxation

The Company is liable to taxation at the rate of 20% and its Subsidiaries are liable to taxation at the rate of 32.5% on its taxable profit, except for Companies with taxable income of less than LKR 5mn, who enjoy a 15% tax rate.

5.1 Income Tax Expense	Group	Company	
	2006/07	2006/07	2005/06
	Rs.	Rs.	Rs.
Current Tax Expense	5,992,520	356,602	620,369
Deferred Tax Expense	2,004,942	-	-
	<u>7,997,462</u>	<u>356,602</u>	<u>620,369</u>
5.2 Current Tax Expense			
V Capital Limited	356,602	356,602	620,369
Subsidiaries	5,585,026	-	-
Share of Associate Company's Taxation	50,892	-	-
	<u>5,992,520</u>	<u>356,602</u>	<u>620,369</u>

#### 5.3

- (a) V Capital Limited is a Venture Capital Company Gazetted under section 22DDD, of the Inland Revenue Act. In terms of the said Gazette, the profit of the Company that relate to the business of Venture Capital are exempt for a period of ten years. The exemption commenced from the year of assessment 1993/94 being the year the Company commenced business.

The Department of Inland Revenue has taken the view that interest income earned on uncommitted funds of the Company whilst comprising a part of business income is separate from that arising from the provision of Venture Capital and hence not covered by this exemption. This position has been contested by the Company under appeal to the Board of Review.

- (b) In computing the tax liability, for the year of assessment 1994/95 the Company has taken full credit for tax savings arising from investment relief amounting to Rs 2,194,016 /- granted under section 31.9 (b) of the Inland Revenue Act No 28 of 1979 in respect of investment in Lanka Glass Manufacturing Company Limited.

Further, the Company has made a declaration under the provision of the Inland Revenue (Special Provision) Act, No. 10 of 2003 and in accordance with the said act all outstanding assessments would be deemed to be invalid.

#### 6 Earnings Per Share

Earnings per ordinary share has been calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	Group	Company	
	2006/07	2006/07	2005/06
Net Profit after taxation (Rs)	14,169,292	(2,767,276)	3,820,990
Weighted average number of ordinary shares in issue	15,000,000	15,000,000	15,000,000
Earnings per Ordinary Share (Rs)	<u>0.94</u>	<u>(0.18)</u>	<u>0.25</u>

## Notes to the Financial Statements

### For the Year Ended 31<sup>st</sup> March 2007

AS AT 31 MARCH 2007

#### 7. Property, Plant and Equipment - Group

	Office Equipments	Lease Office Equipments	Furniture Fittings Rs.	Fixtures and Vehicle Rs.	Motor Rs.	Total 31.03.2007 Rs.
<b>Rs. Rs.</b>						
<b>Cost/ Valuation</b>						
Balance on Acquisition						
as at 1 March 2007	20,491,258	11,000	4,204,282	6,355,574	8,486,375	39,548,489
Additions	141,113	-	-	-	-	141,113
Disposals	-	-	-	-	-	-
<b>As at 31 March 2007</b>	<b>20,632,371</b>	<b>11,000</b>	<b>4,204,282</b>	<b>6,355,574</b>	<b>8,486,375</b>	<b>39,689,602</b>
<b>Accumulated Depreciation</b>						
Balance on Acquisition						
as at 1 March 2007	18,617,145	11,000	4,133,080	5,416,809	6,333,375	34,511,409
Charge for the year	96,249	-	3,327	30,813	98,000	228,389
Disposals	-	-	-	-	-	-
<b>As at 31 March 2007</b>	<b>18,713,394</b>	<b>11,000</b>	<b>4,136,407</b>	<b>5,447,622</b>	<b>6,431,375</b>	<b>34,739,798</b>
<b>Net Book Value</b>						
as at 31 March 2007	<b>1,918,977</b>		<b>67,875</b>	<b>907,952</b>	<b>2,055,000</b>	<b>4,949,804</b>
As at 31 March 2006	1,874,113	-	71,202	938,765	2,153,000	5,037,080

#### 7.1. Property, Plant and Equipment - Company

	Office Equipments Rs.	Lease Office Equipments Rs.	Furniture, Fittings Rs.	Fixtures and Fittings Rs.	Motor Vehicle Rs.	Total 31.03.2007 Rs.
<b>Cost/ Valuation</b>						
As at 1 April 2006	-	-	-	-	-	-
Additions	80,000	-	-	-	-	80,000
Disposals	-	-	-	-	-	-
<b>As at 31 March 2007</b>	<b>80,000</b>					<b>80,000</b>
<b>Accumulated Depreciation</b>						
As at 1 April 2006	-	-	-	-	-	-
Charge for the year	6,667	-	-	-	-	6,667
Disposals	-	-	-	-	-	-
<b>As at 31 March 2007</b>	<b>6,667</b>					<b>6,667</b>
<b>Net Book Value</b>						
<b>As at 31 March 2007</b>	<b>73,333</b>					<b>73,333</b>
As at 31 March 2006	-	-	-	-	-	-

7.2 Balance in acquisition consist of Property, Plant & Equipment of the group resulting from the acquisition of First Capital group.

## Notes to the Financial Statements

### For the Year Ended 31<sup>st</sup> March 2007

8. Investments in Subsidiaries	Group	Company	Group	Company	
	Holding	Holding	31.03.2007	31.03.2007	31.03.2006
	31.03.2007	31.03.2007	Rs	Rs	Rs
<b>8.1 Quoted Investments</b>					
First Capital Ltd.	51%	51%	-	136,786,788	-
(7,599,266 O.S. of Rs. 18/- each)				<u>136,786,788</u>	<u>-</u>

9. Investment in Associates	Group	Company	Group	Company	
	Holding	Holding	31.03.2007	31.03.2007	31.03.2006
	31.03.2007	31.03.2007	Rs	Rs	Rs
First Capital Equities Ltd - Equities	20.26%	40.00%	10,839,198	-	-
Ceypense (Pvt) Ltd. - Ceypense	10.13%	20.00%	21,895,137	-	-
Ceycapital Shipping (Pvt) Ltd - Ceycapital	20.00%	20.00%	13,153,153	-	-
Ceyaki Shipping (Pvt) Ltd. - CSPL - Ceyaki	9.96%	19.67%	19,014,934	-	-
			<u>64,902,422</u>	<u>-</u>	<u>-</u>

	Equities	Ceypense	Ceycapital	Ceyaki
	31.03.2007	31.03.2007	31.03.2007	31.03.2007
	Rs	Rs	Rs	Rs
9.1 Investment at cost	10,132,355	11,599,159	14,362,613	19,335,572
Share of Profit/(Loss) of Associate Company after Tax	(220,677)	583,127	(1,209,460)	(320,638)
Surplus on Acquisition	927,521	9,712,851	-	-
Equity Value of Investment as at 31 March 2007	<u>10,839,198</u>	<u>21,895,137</u>	<u>13,153,153</u>	<u>19,014,934</u>

10. Venture Capital Investments	Group	Company	
	31.03.2007	31.03.2007	31.03.2006
	Rs	Rs	Rs
Jayasevana Housing (Pvt) Ltd.	30,000,000	30,000,000	30,000,000
MFB Cards (Pvt) Ltd.	100,000	100,000	100,000
	<u>30,100,000</u>	<u>30,100,000</u>	<u>30,100,000</u>

The above Venture Capital investment have not been Consolidated and carried at cost since said Company's are not in operation and no Financial Statements are available for Consolidation. As per the Directors valuation a provision is not required for the carrying value of the investment as the Market value of the assets of the Companies are higher than the cost.

11. Deferred Tax Asset	Group	Company	
	31.03.2007	31.03.2007	31.03.2006
	Rs	Rs	Rs
Balance at the beginning of the Year	168,244,479	-	-
Recognized/(Reversal) during the Year	39,519,562	-	-
<b>Balance at the end of the Year</b>	<u>207,764,041</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements  
For the Year Ended 31<sup>st</sup> March 2007

12	Intangible Assets	Group	Company	
		31.03.2007 Rs	31.03.2007 Rs	31.03.2006 Rs
	<b>Gross value</b>			
	Balance as at 1 April	13,351,111	-	-
	Additions during the Year	3,245,959	-	-
	As at 31 March	<u>16,597,070</u>	<u>-</u>	<u>-</u>
	<b>Amortization</b>			
	Balance as at 1 April	11,306,057	-	-
	Amortization during the Year	130,889	-	-
	Balance as at 31 March	<u>11,436,946</u>	<u>-</u>	<u>-</u>
	Balance as at 31 March - Net	<u>5,160,124</u>	<u>-</u>	<u>-</u>
	<b>12.1 Softwares</b>			
	<b>Gross Value</b>			
	Balance as at 1 April	13,351,111	-	-
	Additions during the Year	-	-	-
	As at 31 March	<u>13,351,111</u>	<u>-</u>	<u>-</u>
	<b>Amortization</b>			
	Balance as at 1 April	11,306,057	-	-
	Amortization during the Year	130,889	-	-
	Balance as at 31 March	<u>11,436,946</u>	<u>-</u>	<u>-</u>
	<b>Balance as at 31 March - Net</b>	<u>1,914,165</u>	<u>-</u>	<u>-</u>
	<b>12.2 Goodwill</b>			
	<b>Gross Value</b>			
	Balance as at 1 April	-	-	-
	Additions during the Year	3,245,959	-	-
	As at 31 March	<u>3,245,959</u>	<u>-</u>	<u>-</u>
	<b>12.3</b>	As per the explanation given by the management, the Company has computed goodwill on the acquisition of First Capital Group of Companies during the year by taking the First Capital group of Companies as one cash generating unit even though the First Capital Ltd has got five subsidiary Companies. The reason for this is that the management of V Capital Ltd has considered the net worth of the First Capital Group rather than the individual subsidiaries. Therefore the investment made in First Capital Group amounting to Rs.136,786,788 was matched with the net assets of First Capital Group, thereby ending up with an immaterial amount of goodwill which is fully written off in the Financial Statements considering the materiality of the amount and the goodwill being impaired in full.		
13	<b>Trade and Other Receivables</b>			
	Trade Receivables (13.1)	215,889,780	-	-
	Other Receivables (13.2)	273,227,191	1,411,812	1,974,629
		<u>489,116,971</u>	<u>1,411,812</u>	<u>1,974,629</u>
	<b>13.1 Trade Receivables</b>			
	Trade Debtors	1,230,298	-	-
	Margin Trading Debtors	214,659,482	-	-
		<u>215,889,780</u>	<u>-</u>	<u>-</u>
	Less: Provision for Doubtful Debts	-	-	-
		<u>215,889,780</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements  
For the Year Ended 31<sup>st</sup> March 2007

<b>13.2 Other Receivables</b>	<b>Group</b> 31.03.2007 Rs	<b>Company</b> 31.03.2007 Rs	31.03.2006 Rs
Receivable from Portfolio Management Account	189,778	-	-
Interest Receivable	1,307,734	1,307,734	1,974,629
WHT Receivable	104,078	104,078	-
VAT Receivable	3,394,000	-	-
Loans (13.2.1)	11,971,866	-	-
Other Receivables	256,259,735	-	-
	<u>273,227,191</u>	<u>1,411,812</u>	<u>1,974,629</u>
<b>13.2.1 Loans</b>			
Koolair Ventures Power (Pvt) Ltd.	28,000,000	-	-
Less: Provision for Doubtful Debts	<u>(28,000,000)</u>	<u>-</u>	<u>-</u>
	-	-	-
Staff Loans	11,971,866	-	-
	<u>11,971,866</u>	<u>-</u>	<u>-</u>
<b>14 Short Term Investments</b>			
Quoted Investments (14.1)	5,260,642	888,950	20,888,950
Unquoted Investments (14.2)	1,000,000	1,000,000	1,000,000
Investments under Repurchase Agreements (14.3)	4,583,263,059	-	-
Dealing Securities (14.4)	1,969,898,034	207,000	2,000,000
	<u>6,559,421,735</u>	<u>2,095,950</u>	<u>23,888,950</u>
<b>14.1 Quoted Investments</b>			
Sierra Cables Ltd. - 206500 Nos @ Rs.2.30	474,950	474,950	474,950
Hotel Developers (Lanka) Ltd.	-	-	-
Merchant Bank of Sri Lanka Ltd.	-	-	-
Equity Properties Ltd.	-	-	-
HDFC - 2,300 Nos @ Rs. 180/=	436,000	414,000	414,000
Nations Trust Bank Limited	-	-	-
ACL Cables Ltd.	1,632,737	-	-
Central Finance Co. Ltd.	387,951	-	-
Ceylinco Ceylan & Dev .Ltd.	136,930	-	-
Ceylon Investments Co. Ltd.	88,479	-	-
Commercial Leasing Co. Ltd.	137,329	-	-
Eagle Insurance Co. Ltd.	688,422	-	-
HNB Assurace Ltd.	-	-	-
Lanka IOC Ltd.	84,436	-	-
Sampath Bank Ltd.	9,232	-	-
Ceylinco Treasuries Ltd.	-	-	20,000,000
Seylan Bank Ltd. (Non -Voting)	1,189,976	-	-
	<u>5,266,442</u>	<u>888,950</u>	<u>20,888,950</u>
Less: Provision for fall in value of Shares	<u>(5,800)</u>	<u>-</u>	<u>-</u>
	<u>5,260,642</u>	<u>888,950</u>	<u>20,888,950</u>
<b>14.2 Unquoted Investments</b>			
Bartleet Transcapital (Pvt) Ltd. (50,000 Nos @ Rs. 20/= )	1,000,000	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

# Notes to the Financial Statements

For the Year Ended 31<sup>st</sup> March 2007

	Group 31.03.2007	Company 31.03.2007      31.03.2006	
	Rs	Rs	Rs
<b>14.3 Investments under Repurchase Agreements</b>			
Treasury Bills	108,747,000	-	-
Treasury Bonds	4,372,550,306	-	-
Commercial Papers	-	-	-
Corporate Loans	101,965,753	-	-
	<u>4,583,263,059</u>	<u>-</u>	<u>-</u>
<b>14.4 Dealing Securities</b>			
Treasury Bills	473,166,000	-	-
Treasury Bonds	427,677,960	-	-
Fixed Deposits and Other Investments	1,075,312,314	5,207,000	7,000,000
	<u>1,976,156,274</u>	<u>5,207,000</u>	<u>7,000,000</u>
Less: Provision for fall in value	(6,258,240)	(5,000,000)	(5,000,000)
	<u>1,969,898,034</u>	<u>207,000</u>	<u>2,000,000</u>
<b>15 Amounts due from Related Companies</b>			
First Capital Equities (Pvt) Ltd.	209,594,521	-	-
Jayasevana Housing (Pvt) Ltd.	3,000,000	3,000,000	3,000,000
Place Path Holding (Pvt) Ltd.	-	-	7,500,000
Consult Lanka Ltd.	-	-	5,000,000
	<u>212,594,521</u>	<u>3,000,000</u>	<u>15,500,000</u>
<b>16. Tax Receivables</b>			
Balance as at 01 April	7,663,544	5,684,144	-
Provision for the year	(1,019,841)	-	-
WHT, ACT & ESC Recoverable	2,504,127	-	5,684,144
Payment Made During the Year	11,655	-	-
Balance as at 31 March	<u>9,159,485</u>	<u>5,684,144</u>	<u>5,684,144</u>
<b>17 Share Capital</b>			
<b>Authorised</b>			
15,000,000 Ordinary Shares of Rs 100/- each	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
<b>Issued and Fully Paid</b>			
15,000,000 Ordinary Shares of Rs 10/- each	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>
<b>18 Reserves</b>			
Share Premium	49,979,913	49,979,913	49,979,913
Risk Reserves	868,906	-	-
	<u>50,848,819</u>	<u>49,979,913</u>	<u>49,979,913</u>
<b>19 Long Term Borrowings</b>			
Debentures	14,000	-	-
Commercial Papers and Promisary Notes	1,401,362,168	-	-
	<u>1,401,376,168</u>	<u>-</u>	<u>-</u>

## Notes to the Financial Statements

For the Year Ended 31<sup>st</sup> March 2007

20	Retirement Benefit Obligations	Group	Company	
		31.03.2007	31.03.2007	31.03.2006
		Rs	Rs	Rs
	As at beginning of the year	6,806,101	-	-
	Provision made during the year	78,096	-	-
	Net Gratuity transferred from/ (to) Group Companies	(110,803)	-	-
	Paid during the year	-	-	-
	As at the end of the year	<u>6,773,394</u>	<u>-</u>	<u>-</u>
<b>21</b>	<b>Deffered Taxation</b>			
	As at beginning of the year	269,547	-	-
	Charged to the Profit and Loss Account	1,504	-	-
	As at the end of the year	<u>271,051</u>	<u>-</u>	<u>-</u>
<p>The Company should create a deferred tax asset by capitalising the brought forward tax losses if there is an assurance beyond reasonable doubt that future taxable income will be available sufficient to allow the benefit of the loss to be realised. However, the Company has not recognised the deferred tax asset arising from the brought forward tax losses amounting to Rs. 127,682,142 due to the reason that the Company is not in a position to ascertain as to whether the Company will be making profits within the near future taking in to consideration the current activity levels of the Company.</p>				
<b>22</b>	<b>Accounts Payables &amp; Accrued Expenses</b>			
	Short Term Loans from Related Companies	99,116,225	99,116,225	-
	Creditors and Accrued Expenses	19,194,217	-	712,908
	Other Payables	1,663,836	714,212	-
		<u>119,974,278</u>	<u>99,830,437</u>	<u>712,908</u>
<b>23</b>	<b>Amounts Due To Related Companies</b>			
	Kshatriya Holdings Ltd.	6,128,652	6,128,652	-
		<u>6,128,652</u>	<u>6,128,652</u>	<u>-</u>
<b>24</b>	<b>Tax Payables</b>			
	Balance as at 01 April	128,955,217	737,889	113,287
	Provision for the Year	3,042,602	356,602	620,369
	WHT & ESC Payable	(2,121,910)	-	4,233
	Payment Made During the Year	(888,339)	(888,339)	-
	Balance as at 31 March	<u>128,987,570</u>	<u>206,152</u>	<u>737,889</u>
<b>25</b>	<b>Other Liabilities</b>			
	Provision for Statutory Liabilities	1,833,223	1,833,223	1,833,223
	Provision for Other Liabilities	1,130,496	1,130,496	1,130,496
	Payable under Repurchase Agreements	5,711,860,918	-	-
		<u>5,714,824,637</u>	<u>2,963,719</u>	<u>2,963,719</u>

## Notes to the Financial Statements

### For the Year Ended 31<sup>st</sup> March 2007

#### 26 Comparative Figures

To facilitate comparison relevant balances pertaining to the previous year have been reclassified to conform to current year classification and presentation.

#### 27 Contingent Liabilities

- (a) The Department of Inland Revenue has raised assessments relating to turnover tax amounting to Rs. 5,549,196 /-, together with a 50% penalty of Rs 2,774,627 /-, amounting to a total liability of Rs 8,323,823 /-. The Company has made an appeal against the balance tax assessed on the grounds that such tax has been levied on income outside the scope of chargeability to Turnover Tax. No provision has been made in the accounts in relation to the above.

The assessments raised by the Department of Inland Revenue, in relation to Income Tax for the years of assessments 1994/95 through to 1999/00, claim taxation and surcharges amounting to Rs 30,360,497 /-, on interest income. Based on these assessments, the balance cumulative tax payable after deducting taxes paid is Rs17,507,391/-, which includes a 50% penalty of Rs.5,835,797/- Providing for the amounts assessed would have resulted in an additional taxation charges expensed in respect of the years ended 31 March 1995 to 31 March 2000 referred to as the balance cumulative tax payable at the paragraph above, with a corresponding increase in the amount of Income Tax Payable. However, the Company's submission in its appeal to the Board of Review is that interest income an integral part of the business of providing venture capital and not a separate business as contended by the Department of Inland Revenue. In its appeal submission the Company has claimed that as there is no liability for taxation, that the payments made to date be refunded. Pending the Company's appeal to the Board of Review, the taxation provisions made to date are considered to be sufficient.

According to the decision of the Board of Review dated 2nd July 2007, the Company is liable for income tax and surcharge amounting to Rs. 23,366,970 for the above referred case. However, the Company has referred the case to the Court of Appeal and the case is under hearing.

- (c) The Company has pledged the fixed deposits as guarantee to Hatton National Bank Ltd amounting to Rs. 5 Mn against the credit facilities given by the bank to SECO International Marketing Ltd. The Company has made a provision for the full amount as against the guarantee given since the said Company is not in operation.

Notes to the Financial Statements  
For the Year Ended 31<sup>st</sup> March 2007

28 Related Party Transaction

Company	Name of Director / Officer	Position	Details of Financial Dealings
<b>Kshatriya Holdings Limited</b>	Mr. B.M.S.K. Haththotuwa Mr. H.N. De Silva Mr. Samantha Rajapakse Mr. Ajith Gunawardena	Chairman Managing Director Director Director	Loan taken for First Capital Acquisition is Rs. 97,703,309 and Interest on Loan from 01.01.07 to 31.03.07 Rs. 5,111,537. Interest on Loan from 01.01.07 to 31.03.07 amounting Rs. 5,111,537 Rs. 651,800 advance received for Working Capital requirement and settled Rs. 359,800 during the Year. Payment of Stamp duty on First Capital Share Transfers Rs. 725,115.
<b>Kelsey Homes (Pvt) Limited</b>	Mr. H.D.S. Amarasuriya Mr. H.N. De Silva Mr. Ajith Gunawardena Mr. W. Ravilojanan	Chairman Managing Director Director Director	Loan taken for the Acquisition of First Capital Shares Rs. 1,350,000 and Interest on Loan is Rs. 62,916.
<b>First Capital Money Brokers Limited</b>	Mr. Hemaka Amarasuriya Mr. Maninda Wickramasinghe  Mr. H.A. Pieris Mr. Samantha Rajapakse Mr. H.N. De Silva Mr. Ajith Gunawardena Mr. W. Ravilojanan Mr. Sujampathi Ratnayake Mr. Thushara Jayasekara	Chairman Managing Director / CEO Director Director Director Director Alternate Director Alternate Director Alternate Director	A fully owned subsidiary of First Capital Limited. The Company provided brokering services amounting is Nil.  The outstanding balance under Repo was LKR 5,177,151.55 as at 31 <sup>st</sup> March 2007.  First Capital Limited provided Finance & Planning and HRD & Administration services to First Capital Money Brokers Limited.  FCMBL has charged interest on company's Repo Borrowings amounting to Rs. 47,444,33 for the month ended 31 <sup>st</sup> March 2007.
<b>First Capital Treasuries Limited</b>	Mr. H.D.S. Amarasuriya Mr. M. D. Wickramasinghe Mr. S. C. G. Guruge Mr. Sujeewa Rajapakse Mr. H.N. De Silva Mr. Samantha Rajapakse Mr. Ajith Gunawardena Mr. Dinesh Schaffter Mr. H.A.Pieris Mr. W. Ravilojanan Ms. Ayanthi Karunaratne Mr. Sujampathi Ratnayake Mr. Thushara Jayasekara	Chairman Director Director Director Director Director Director Director Director Alternate Director Alternate Director Alternate Director Alternate Director	A subsidiary of First Capital Limited with whom the following transactions took place in the normal course of business: purchase of Treasury Bill/ Bonds and Repo/ Reverse Repo of funds with the Company.  The Repurchase Agreement balance as at 31 <sup>st</sup> March 2007 was LKR 102,369,908.55.  And the Resale Agreement balance as at 31 <sup>st</sup> March 2007 was Nil.  First Capital Limited also provided HRD & Administration services to First Capital Treasuries Limited whilst First Capital Treasuries Limited provided Finance & Planning, Information Technology, and Back Office Operations services to First Capital Limited.  The Company has received interest on Debenture Investment with FCTL Ltd amounting to Rs. 453,880,00 for the month ended 31 <sup>st</sup> March 2007.  FCTL has charged interest on company's Repo Borrowings amounting to Rs. 1,313,914 for the month ended 31 <sup>st</sup> March 2007.

Notes to the Financial Statements  
For the Year Ended 31<sup>st</sup> March 2007

Company	Name of Director / Officer	Position	Details of Financial Dealings
	Mr. H.D.S. Amarasuriya Mr. Maninda Wickramasinghe Mr. K. A. H. Kuruppu Mr. H.A. Pieris Mr. H.N. De Silva Mr. Samantha Rajapakse Mr. Ajith Gunawardena Mr. W. Ravilojanan Mr. Sujampathi Ratnayake Mr. Thushara Jayasekara	Chairman Director Director Director Director Director Director Alternate Director Alternate Director Alternate Director	The Balance under Reverse Repo of FCMB as at 31 <sup>st</sup> March 2007 was LKR 1,011,778/- & the Balance under Repo as at 31 <sup>st</sup> March 2007 was LKR 325,428/-  FCTL provided Finance & Planning and HRD & Administration services.  The Company has charged interest on Reverse Repo with FCTL amounting to Rs. 9,914.35 where as FCTL has charged interest on company's Repo Borrowings amounting to Rs. 622.10 for the Month ended 31 <sup>st</sup> March 2007.
	Mr. H.D.S. Amarasuriya Mr. Maninda Wickramasinghe Mr. S.C.G Guruge Mr. Sujeewa Rajapakse Mr. H.A. Pieris Mr. K. A. H. Kuruppu Mr. H.N. De Silva Mr. Samantha Rajapakse Mr. Ajith Gunawardena Mr. W. Ravilojanan Mr. Sujampathi Ratnayake Mr. Thushara Jayasekara	Chairman Director Director Director Director Director Director Director Director Alternate Director Alternate Director Alternate Director	Purchase of Treasury Bills/Bonds and Repo/ Reverse Repo funds with the FCAML. First FCTL also provided Finance & Planning, Information Technology and BackOffice Operations services.  The Balance under Reverse Repo as at 31 <sup>st</sup> March 2007 was LKR 524,192,000.79. Balance under Repo as at 31 <sup>st</sup> March 2007 was LKR 1,614,164,327.15  The Company has received interest on Reverse Repo with FCTL amounting to Rs.5,276,932.17, where as FCTL has charged interest on company's Repo Borrowings amounting to Rs.19,496,625.82 for the Month ended 31 <sup>st</sup> March 2007.
	Mr. H.D.S. Amarasuriya Mr. Maninda Wickramasinghe Mr. H.A. Pieris Mr. K. A. H. Kuruppu Mr. H.N. De Silva Mr. Samantha Rajapakse Mr. Ajith Gunawardena Mr. W. Ravilojanan Mr. Sujampathi Ratnayake Mr. Thushara Jayasekara	Chairman Director Director Director Director Director Director Alternate Director Alternate Director Alternate Director	Purchase of Treasury Bills/Bonds and Repo/ Reverse Repo funds with the FCML. Balance under Repo as at 31 <sup>st</sup> March 2007 was LKR 136,192,945.21.  The Balance under Reverse Repo as at 31 <sup>st</sup> March 2007 was LKR 677,675.89.  FCTL also provided Finance & Planning, Information Technology and Back Office Operations services.  FCML has received interest on Reverse Repo with FCTL amounting to Rs.272,103.75, where as FCTL has charged interest on company's Repo Borrowings amounting to Rs.1,353,665.20 for the Month ended 31 <sup>st</sup> March 2007.
<b>First Capital Asset Management Limited</b> (FCAML)	Mr. H.D.S. Amarasuriya Mr. M.D. Wickremasinghe Mr. S.C.G. Guruge Mr. Sujeewa Rajapakse Mr. H.N. De Silva Mr. Samantha Rajapakse Mr. Ajith Gunawardena Mr. H.A. Pieris Mr. W. Ravilojanan Mr. S.Ratnayake Mr. Thushara Jayasekara	Chairman Managing Director /CEO Director Director Director Director Director Director Alternate Director Alternate Director Alternate Director	A subsidiary of First Capital Limited, with whom the Repo / Reverse Repo of funds took place in the normal course of business.  The Repurchase Agreement balance as at 31 <sup>st</sup> March 2007 was Nil. and the Resale Agreement balance as at 31 <sup>st</sup> March 2007 was Nil. First Capital Limited also provided Finance & Planning and HRD & Administration services to First Capital Markets Limited.

Notes to the Financial Statements  
For the Year Ended 31<sup>st</sup> March 2007

Company	Name of Director / Officer	Position	Details of Financial Dealings
	Mr. H.D.S. Amarasuriya Mr. M. D. Wickramasinghe Mr. K.A.H. Kuruppu Mr. H.A. Peiris Mr. H.N. De Silva Mr. Samantha Rajapakse Mr. Ajith Gunawardena Mr. W. Ravilojanan Mr. Sujampathi Ratnayake Mr. Thushara Jayasekara	Chairman Managing Director / CEO Director Director Director Director Director Alternate Director Alternate Director Alternate Director	FCMBL provides Government Securities Broking services. There was nil balance as at 31 <sup>st</sup> March 2007.
<b>First Capital Markets Limited (FCML)</b>	Mr. Hemaka Amarasuriya Mr. Maninda Wickramasinghe Mr. H. A. Peiris Mr. H.N. De Silva Mr. Samantha Rajapakse Mr. Ajith Gunawardena Mr. W. Ravilojanan Mr. S.Ratnayake Mr. Thushara Jayasekara	Chairman Managing Director / CEO Director Director Director Director Alternate Director Alternate Director Alternate Director	A fully owned subsidiary of First Capital Limited, with whom the issue of Promissory Notes and purchase of Treasury Bill/ Bonds and Repo / Reverse Repo of funds took place in the normal course of business. The balance under Short term borrowing at 31 <sup>st</sup> March 2007 was LKR 94,440,824.10. First Capital Limited also provided Finance & Planning and HRD & Administration services to FCML. FCML has charged interest on company's Repo Borrowings amounting to Rs.1,051,137.38 for the month ended 31 <sup>st</sup> March 2007.
	Mr. H.D.S. Amarasuriya Mr. M.D. Wickremasinghe Mr. K.A.H. Kuruppu Mr. H.A. Pieris Mr. H.N. De Silva Mr. Samantha Rajapakse Mr. Ajith Gunawardena Mr. W. Ravilojanan Mr. S.Ratnayake Mr. Thushara Jayasekara	Chairman Managing Director / CEO Director Director Director Director Director Alternate Director Alternate Director Alternate Director	Balance under Repo as at 31 <sup>st</sup> March 2007 of FCAML was LKR Nil. The Balance under Reverse Repo as at 31 <sup>st</sup> March 2007 was LKR 268,931,675.86. The company has charged Portfolio handling fee amounting LKR 4,899,955.09 from FCM during the period 01 <sup>st</sup> January 2007 to 31 <sup>st</sup> March 2007. The Company has received interest on Reverse Repo with FCML amounting to Rs.2,325,309.44, where as FCML has charged interest on company's Repo Borrowings amounting to Rs.1,845,710.27 for the Month ended 31 <sup>st</sup> March 2007.
	Mr. H.D.S. Amarasuriya Mr. M.D. Wickremasinghe Mr. K.A.H. Kuruppu Mr. H.A. Pieris Mr. H.N. De Silva Mr. Samantha Rajapakse Mr. Ajith Gunawardena Mr. W. Ravilojanan Mr. S.Ratnayake Mr. Thushara Jayasekara	Chairman Managing Director / CEO Director Director Director Director Alternate Director Alternate Director Alternate Director	FCMBL Repoed funds. There was nil balance as at 31 <sup>st</sup> March 2007

Notes to the Financial Statements  
For the Year Ended 31<sup>st</sup> March 2007

Company	Name of Director / Officer	Position	Details of Financial Dealings
<b>First Capital Equities (Pvt) Limited (FCEL)</b>	Mr. Hemaka Amarasuriya Mr. Maninda Wickramasinghe	Chairman Managing Director / CEO	Associate company of First Capital Limited. The company provides Finance & Planning and HRD & Administration services to FCEL. The outstanding balance as at 31 <sup>st</sup> March 2007 was LKR. 1,136,591.00
	Mr. Hemaka Amarasuriya Mr. Maninda Wickramasinghe	Chairman Director	FCMBL Repoed funds. There was nil balance as at 31 <sup>st</sup> March 2007.
	Mr. Hemaka Amarasuriya Mr. Maninda Wickramasinghe	Chairman Director	FCAML avails of stock broking services. The Investment Balance as at 31 <sup>st</sup> March 2007 was LKR 4,355,491.38 in Quated equities. The Reverse Repo Balance as at 31 <sup>st</sup> March 2007 was LKR 209,594,520.55  The Company has charged interest on Reverse Repo with First Capital Equities (Pvt) Ltd amounting to Rs.1,779,452.06.
	Mr. Hemaka Amarasuriya Mr. Maninda Wickramasinghe	Chairman Director	Repo/ Reverse Repo funds with the Company. Repo & Reverse Repo balances were Nil as at 31 <sup>st</sup> March 2007.
<b>Kshatriya Holdings Ltd.</b>	Mr. Harsha N. De Silva Mr. Samantha Rajapaksa Mr. Ajith Gunawardana	Group Managing Director Group Finance Director Director	FCML has invested on Commercial Paper amounting LKR 26,170,203.68 as at 31 <sup>st</sup> March 2007
<b>Kelsey Developments Ltd</b>	Mr. Harsha N. De Silva Mr. Ajith Gunawardana Mr. Ravilajan Weeriah	Managing Director Director Director	FCML has invested on Commercial Paper amounting LKR 63,766,435.31 as at 31 <sup>st</sup> March 2007.
<b>Kotmale Holdings Ltd</b>	Mr. Harsha N. De Silva Mr. Samantha Rajapaksa Mr. Ajith Gunawardana	Managing Director Group Finance Director Director	FCML. has invested on Commercial Paper amounting LKR 41,894,297.33 as at 31 <sup>st</sup> March 2007.
<b>Nextventures Ltd</b>	Mr. Harsha N. De Silva Mr. Ajith Gunawardana	Managing Director Director	The Balance under Short term lending of FCML as at 31 <sup>st</sup> March 2007 was LKR 168,146,840.73.
<b>Commercial Leasing Co. Ltd</b>	Mr. H.D.S. Amarasuriya Mr. H.A. Pieris	Chairman Alternate Director	FCML has invested on Commercial Paper amounting LKR 50,703,590.00 as at 31 <sup>st</sup> March 2007.
<b>Janashakthi Ltd</b>	Mr. Harsha N. De Silva	Director	FCML has invested on Commercial Paper amounting LKR 102,200,325.30 as at 31 <sup>st</sup> March 2007.

**29 Capital Commitments**

There were no material capital commitments as at the Balance Sheet date which require disclosure in the Financial Statements

**30 Events Occurring after the Balance Sheet Date**

There were no material events after the Balance Sheet date, which require adjustments to or disclosure in the Financial Statements.

**31 Legal Form and Domicile of the Company**

The Company is a public company with limited liability incorporated in Sri Lanka under the provisions of Companies Act No.17 of 1982 and domiciled in Sri Lanka.

**32 Principal Activity and Nature of Operations**

The principal activity of the Company is to hold investments in subsidiaries and associate companies.

# Share Information

## 1. Stock Exchange Listing

The issued ordinary shares of V Capital PLC are listed with the Colombo Stock Exchange.

## 2. Distribution of Shareholding

No. of Shares held	31 <sup>st</sup> March 2007				31 <sup>st</sup> March 2006			
	Shareholders		Holding		Shareholders		Holding	
	Number	%	Number	%	Number	%	Number	%
1 - 1,000	4,696	92.35	834,491	5.56	5,345	89.43	1,021,031	6.81
1,001 - 5,000	311	6.12	731,257	4.88	464	7.76	1,182,125	7.88
5,001 - 10,000	46	0.90	344,300	2.29	87	1.46	698,200	4.65
10,001 - 50,000	24	0.47	499,350	3.33	59	0.98	1,341,251	8.95
50,001 - 100,000	4	0.08	299,901	2.00	9	0.15	750,100	5.00
100,001 - 500,000	1	0.02	294,500	1.96	10	0.17	1,569,493	10.46
500,001 - 1,000,000	1	0.02	692,200	4.61	1	0.02	807,500	5.38
over 1,000,000	2	0.04	11,304,001	75.37	2	0.03	7,630,300	50.87
<b>Total</b>	<b>5,085</b>	<b>100.00</b>	<b>15,000,000</b>	<b>100.00</b>	<b>5,977</b>	<b>100.00</b>	<b>15,000,000</b>	<b>100.00</b>

## 3. Analysis of Shareholders

Categories of Shareholders	as at 31 <sup>st</sup> March 2007			
	Shareholders		Holdings	
	Number	%	Number	%
Individuals	5,024	98.8	2,451,904	16.35
Institutions	61	1.2	12,548,096	83.65
<b>Total</b>	<b>5,085</b>	<b>100.00</b>	<b>15,000,000</b>	<b>100.00</b>
Resident	5,066	99.63	14,917,250	99.45
Non Resident	19	0.37	82,750	0.55
<b>Total</b>	<b>5,085</b>	<b>100.00</b>	<b>15,000,000</b>	<b>100.00</b>
P V I C Management Company Limited	1	0.02	7,650,000	51.00
First Capital Markets Limited/ Nextventures Limited	1	0.02	3,654,001	24.36
Public	5,083	99.96	3,695,895	24.64
<b>Total</b>	<b>5,085</b>	<b>100.00</b>	<b>15,000,000</b>	<b>100.00</b>

## 4. Share Prices for the year

	2007 Rs.	Date
Highest during the year	<b>24.00</b>	31.01.07
Lowest during the year	<b>5.00</b>	30.05.06
Closing Value	<b>17.50</b>	30.03.07

## Share Information

### 5 Top Twenty Shareholders

	As at 31 <sup>st</sup> March 2007	
	No. of Shares	Holdings %
P V I C Management Company Limited	7,650,000	51.00
First Capital Markets Limited/ Nextventures Limited	3,654,001	24.36
Distilleries Company of Sri Lanka Limited	692,200	4.61
Lanka Milk Foods (CWE) Limited	294,500	1.96
Mr. K. Kularatnam	98,800	0.66
Janashakthi Limited	88,401	0.66
Mr. R. S. Tissanayagam	60,900	0.41
Mr. U. V. Abeydeera	51,800	0.35
Mr. U. C. Bandaranayake	40,000	0.27
The Unit Trust Management Company (Private) Limited	36,300	0.24
DFCC Vardhana Bank Limited/ Mr. G. V. R. De Silva	33,100	0.22
Mr. S. A. S. Al Hokoani	31,200	0.21
Mr. G. A. E. De Soyza Gunatilleke	30,600	0.20
Mrs. H. Y. H. Perera	30,300	0.20
Mrs. B. S. C. Perera	22,400	0.15
Mr. E. J. D. Divitotawela	21,000	0.14
Mr. T. G. Perera	20,450	0.14
Mrs. N. Mohandas	20,000	0.13
Mr. A. T. Nugawela	20,000	0.13
Mrs. F. A. A. Mack	20,000	0.13
Total No of Shares	15,000,000	100.00

## Corporate Information

<b>Name of Company</b>	:	V Capital Public Limited Company
<b>Legal Form</b>	:	Public Limited Liability Company listed on the Colombo Stock Exchange.
<b>Accounting Year</b>	:	31 <sup>st</sup> March
<b>Date of Incorporation</b>	:	23 <sup>rd</sup> March 1992
<b>Registered Office</b>	:	No. 165, Kynsey Road, Colombo 00800, Sri Lanka.
<b>Company Registration Number</b>	:	PQ 44
<b>Holding Company</b>	:	PVIC Management Company Limited No. 165, Kynsey Road, Colombo 00800, Sri Lanka.
<b>Board of Directors</b>	:	Mr. B. M. S. K. Haththotuwa - Chairman Mr. H. N. De Silva - Managing Director Mr. H. P. A. Gunawardana - Director Mr. S. A. B. Rajapaksa - Finance Director
<b>Secretary</b>	:	Ms. R. M. C. L. K. Liyanaarachchi
<b>Registrars</b>	:	SSP Corporate Service (Pvt) Limited 101, Inner Flower Road, Colombo 00300.
<b>Auditors</b>	:	KPMG Ford Rhodes Thornton and Co. Chartered Accountants 32 A, Sir Mohamed Macan Marker Mawatha, P. O. Box 186, Colombo 00300.
<b>Bankers</b> (In alphabetical Order)	:	Hatton National Bank Limited Nation Trust Bank Limited

# Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the **15<sup>th</sup> Annual General Meeting of V Capital PLC** will be held on **17<sup>th</sup> August, 2007** at **The Ceylon Chamber of Commerce, Ground Floor Auditorium, No. 50, Nawam Mawatha, Colombo 00200** at **10.30 a.m.** for the following purposes:

1. To receive and adopt the Report of the Board of Directors and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2007 together with the Report of the Auditors thereon.
2. To re-elect Mr. S. A. B. Rajapaksa who retires in terms of Article 99 of the Articles of Association as a Director of the Company.
3. To re-elect Mr. H. P. A. Gunawardana, who retires in terms of Article 93 of the Articles of Association as a Director of the Company.
4. To re-appoint Messrs KPMG Ford Rhodes Thornton & Company, as Auditors of the Company for the ensuing year and authorise the Board of Directors to determine their remuneration.

## By Order of the Board

(Sgd)

**Ms. R. M. C. L. K. Liyanaarachchi**

Secretary

Colombo,

24<sup>th</sup> July 2007,

### Note:

Any member of the Company unable to attend the meeting may appoint another person (whether a member or not) as a proxy to attend and vote for him/her. A proxy form is attached herewith for your use. The completed form of proxy should be deposited with the Secretary of the Company not later than 48 hours before the holding of the meeting.

# V Capital PLC

## Form of Proxy

I/We, .....  
of .....  
being a member/s of the above named Company, hereby appoint

- |    |  |              |
|----|--|--------------|
| 1. | Mr. Bharatha Manju Sri Kumar Haththotuwa of Colombo      | whom failing |
| 2. | Mr. Harsha Nilantha De Silva of Colombo,                 | whom failing |
| 3. | Mr. Hetti Pathirannehelage Ajith Gunawardana of Colombo, | whom failing |
| 4. | Mr. Samantha Aruna Bandara Rajapaksa of Colombo,         | whom failing |

Mr/Mrs/Miss .....  
(holder of N.I.C.No .....) of .....

as my/our Proxy to represent me/us and vote on my/our behalf at the 15<sup>th</sup> Annual General Meeting of the Company to be held on 17<sup>th</sup> August 2007 at The Ceylon Chamber of Commerce, Ground Floor Auditorium, No. 50, Nawam Mawatha, Colombo 00200 at 10.30 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof to vote.

Please indicate your preference by placing a 'X' against the Resolution No.

	FOR	AGAINST
1. To receive and adopt the Report of the Board of Directors and the Audited Accounts of the Company for the year ended 31 <sup>st</sup> March 2007 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. S.A.B. Rajapaksa, who retires in terms of Article 99 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. H. P. A. Gunawardana who retires in terms of Article 93 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Messrs KPMG Ford, Rhodes, Thornton & Company, as Auditors of the Company for the ensuing year and authorise the Board of Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of .....2007

.....  
Signature

.....  
Shareholder's N.I.C./P.P./Co.Reg.No.

## Instruction as to Completion

1. Please perfect the Form of Proxy overleaf, after filling in legibly your full name and address, by signing in the space provided and filling the date of signature and your National Identity Card Number.
2. The completed Form of Proxy should be deposited at the Office of the **Company Secretary, No.165, Kynsey Road, Colombo 00800**, 48 hours before the time appointed for the holding of the meeting.
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.