EQUILL was created with the challenge to demonstrate the viability and profitability of equity capital investment through the introduction of the venture capital concept in Sri Lanka.

EQUILL would continue to be a model venture capital company, a leader in the industry and an efficient and effective facilitator in creating wealth through venture capital financing by promoting and assisting private sector enterprises, encouraging and developing entrepreneurial talent, establishing quality relationships, innovative deal structuring and maximizing the return on investment to its shareholders while contributing towards employment creation and economic development of Sri Lanka.

CORPORATE INFORMATION

Name of the Company
Equity Investments Lanka Limited

Legal Form
An unquoted Public Company with limited liability incorporated in Sri Lanka on 8th August 1990 and re-registered under the Companies Act No. 07 of 2007 on 25th June 2008.

Company Registration Number
PB 375

Principal Activities
Providing venture capital funds to qualifying unlisted companies

Accounting year end
31st December

Directors
Mr. M.J.C. Amarasuriya (Chairman)
Deshamanya S.E. Captain
Mr. J.D. Peiris
Mr. J.B. Abu Baker
Mr. W.I. Arambage
Mr. K.C. Vignarajah
Mr. M.H. Wijewardene

Secretary
Mrs. R.R. Dunuwille

Registered Office
Level 2/1,
No. 108A, Maya Avenue,
Colombo 06.

Business Office
Level 2/1,
No. 108A, Maya Avenue,
Colombo 06.

Telephone	2507605, 2507606, 5373745, 5373746
Telefax	2507606
E-mail	equill@sltnet.lk

Bankers
Commercial Bank of Ceylon PLC
Hatton National Bank PLC

Auditors
KPMG
Chartered Accountants,
No.32A, Sir Mohamed Macan Markar Mawatha,
Colombo 03.

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I welcome all our valued shareholders to the Thirty Second Annual General Meeting of Equity Investments Lanka Limited (EQUILL) and take pleasure in presenting to you the Annual Report and Audited Accounts for the year ended 31st December 2021.

COMPANY REVIEW

REVENUE

The revenue of the Company for the period from 1st January 2021 to 31st December 2021 was Rs. 27.53 million, compared with Rs. 32.63 million during the last year.

A loss of Rs 23.06 million was recorded from operations for the year ended 31st December 2021, compared with the profit of Rs. 6.35 million during the year ended 31st December 2020.

The Post-Tax loss was Rs. 39.27 million, compared with the loss of Rs. 5.09 million in the last year. This was mainly due to the unrealized loss from the fair value adjustment of treasury bonds of Rs 21.42 million.

REVENUE COMPOSITION

Dividend Income

The dividends received for the year ended 31st December 2021 was Rs. 2.18 million a reduction from Rs. 5.56 million in 2020. The dividends were mainly from LVL Energy Fund PLC and Sampath Bank PLC.

Interest Income

The Interest Income from investments made in Money Market Instruments, Short Term Loans and Treasury Bonds was Rs. 27.44 million in 2021 compared with Rs. 17.72 million recorded in 2020. The increase was mainly due to the interest income earned through investments in Treasury Bonds.

Other Income

Gain on Sale of Quoted Shares

The Company engaged actively in trading of Listed Equities in the Colombo Stock Exchange and was able to realize Capital gains of Rs. 4.85 million compared with Rs 4.15 million earned during last year.

Management Fees

Management Fees were received by providing Accounting Services. This amounted to Rs. 0.09 million during 2021.

BASIC EARNINGS PER SHARE

Basic Earnings per Share for the year ended 31st December 2021 is a negative Rs. 2.19 compared to a negative Rs. 0.28 for the last year, as per the reasons explained under post tax losses.

NET ASSET VALUE

Total Assets of the Company reduced to Rs. 348.50 million from Rs. 478.85 million during the last year. The drop in value was due to the reduction in equity portfolio value from the sale of shares and the reduction in government bond portfolio value from the sale of bonds and unrealized losses from fair value adjustments.

Total Equity Attributable to Shareholders of the Company was Rs. 215.90 million as at 31st December 2021 compared to Rs. 264.97 million a year before. The reduction in equity attributable to Shareholders is due to the loss for the period and the payment of dividends.

The Net Asset Value per share was Rs.12.03 as at 31st December 2021, compared to Rs. 14.77 as at 31st December 2020.

CHAIRMAN'S REVIEW (CONTINUED)

INVESTMENTS

The Movements in Portfolio Companies

Company Values its Investments at Fair Value. The year-end Investment Portfolio at Fair Value was Rs. 17.14 million compared to Rs. 65.30 million for the last year. The reduction was mainly due to the sale of venture investments in LVL Energy PLC and Access Engineering PLC.

Investments in Quoted Shares

Company's trading portfolio of quoted shares consists of 22 Listed Securities at the Colombo Stock Exchange. The cost of the portfolio as at 31st December 2021 was Rs. 19.11 million compared to Rs 27.46 million at the end of the previous year. The fair value for portfolio was Rs. 18.79 million as at 31st December 2021 compared to Rs 27.32 million as at 31st December 2020. The reduction in values was mainly due to sale of shares.

The Movements in Short Term Investments

Short Term Investments are the investments made in Money Market instruments. Short Term Investments stood at Rs. 127.37 million as at 31st December 2021, compared with Rs. 119.59 million in 2020.

SRI LANKA'S ECONOMY IN 2021

The Sri Lankan economy, as well as other global economies, faced significant challenges in 2021, due to COVID-19 variants continuing to evolve, countries imposing restrictions and Russia invading Ukraine. Global growth rate in 2021 was 5.5% whilst Sri Lanka's Gross Domestic Product (GDP) in 2021 was recorded at USD 88.93 billion which was a 4% increase from 2020. GDP of Sri Lanka represents 0.04% of the global economy.

Sri Lanka faced inflationary pressure impacted by both demand and supply. National Consumer Price Index recorded a double-digit YoY growth (11%) in November 2021 for the first time and it further went up to 14% in December 2021.

Alongside the inflation, the interest rates of the country increased. Standing Deposit Facility Rate and Standing Lending Facility Rate which were at 4.5% and 5.5% respectively at the beginning of 2021, were increased to 5% and 6% in August 2021. The statutory reserve ratio was increased from 2% to 4% in August 2021.

Exports recorded a commendable performance in 2021 and imports during the year also increased. This resulted in a widened trade deficit and weakening of the Sri Lankan rupee. The rupee depreciated by 8.2% against the US Dollar during 2021. In order to contain the situation, Central Bank of Sri Lanka introduced import restrictions and a rate band of Rs 200 to Rs 203 as the LKR/USD exchange rate.

Gross official foreign reserves of the country decreased from USD 5.7 billion at the beginning of 2021 to USD 3 billion by the end of the year. Against these developments, Fitch ratings downgraded the sovereign rating of the country from 'CCC' to 'C' with the justification of a probable risk of default in 2022.

However, the banking sector in Sri Lanka performed well, despite major economic challenges. The gross loans and deposits of the industry grew by 15% and 13% respectively in 2021. Assets of the sector went up by 15% and the net non-performing loan ratio came down to 1.7% from 2.4% during the year.

FUTURE OUTLOOK

Asian Development Bank forecasts Sri Lankan economy to contract further in 2023 and to recover in 2024 due to the economic crisis the country is currently facing. Sri Lankan economy deteriorated by 7.8% in 2022 and it is forecasted the economy would contract by 3% in 2023 with the challenges faced with debt restructuring and concerns on balance of payments.

The International Monetary Fund (IMF) Board has approved SDR 2.286 billion (USD 3 billion) for Sri Lanka to support its economic policies and reforms. This is 48-month extended arrangement under the Extended Fund Facility (EFF). The objectives of the facility include restoring macroeconomic stability and debt sustainability, safeguarding financial stability and stepping up structural reforms to promote Sri Lanka's growth potential. Immediate disbursement of the approved funding is SDR 254 million (USD 333 million).

CHAIRMAN'S REVIEW (CONTINUED)

Measures such as reversal of tax cuts and approval of IMF Extended Fund Facility arrangement are expected to stabilize Sri Lankan economy. However, higher extent of the recovery is expected to depend on timely progression of debt relief and efficient implementation of reform procedures including enhancing domestic resource mobilization, improving the performance of state-owned enterprises to reduce their fiscal burden, strengthening public financial management and encouraging private sector activities through harmonizing trade and investment policies.

Consumption and investment are expected to weaken in 2023 due to tight fiscal policies, high interest rates and uncertain economic conditions. However, improved remittances will provide some breathing space for household spending while net exports are also expected to be positive with import restrictions.

Government is taking steps to prioritize social protection spending, over less urgent public investments. There were delays in the disbursement of social welfare payments and public sector salaries and pensions, following which further expenditure reductions were announced.

Export growth is expected to remain weak in 2023 due to weakened global growth, high inflation eroding Sri Lankan competitiveness and skilled workers emigrating, leaving labour shortages. Service sector is expected to recover gradually with the improvement of consumer confidence and tourism. With the removal of restrictions on chemical fertilizer imports, the agriculture sector of the country is expected to recover.

CONCLUSION

I am grateful to the shareholders of the Company who have placed their confidence in our ability to direct the affairs of the Company.

I extend my deep appreciation to my other fellow Directors on the Board of EQUILL for their support towards the development of the Company.

I wish to thank the management and staff for their efforts and commitment in implementing operations during a difficult year.

I also thank our investee companies for their contribution made towards our development.

Finally, I wish to thank our Auditors and Tax Advisors, KPMG for their co-operation and assistance in ensuring the timely completion of the audit.



M. J. C. Amarasuriya
Chairman

11th April 2023
Colombo

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2021

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON AFFAIRS OF THE COMPANY AND STATEMENT OF COMPLIANCE OF THE CONTENTS AS REQUIRED BY SECTION 168 OF THE COMPANIES ACT NO. 07 OF 2007

The Directors have pleasure in presenting to the members their Report, together with the audited Financial Statements of Equity Investments Lanka Limited, for the year ended 31st December 2021.

This report provides the information as required by the Companies Act No. 07 of 2007 and was approved by the Board of Directors on 22nd February 2023.

PRINCIPAL ACTIVITIES

The principal activity of Equity Investments Lanka Limited continued to be project financing in the form of equity, quasi equity and other corporate debt instruments of new and existing ventures in Sri Lanka, which engaged in projects with a high growth potential. The Company also engaged in monitoring the performance and adding value to those companies in which venture capital investments have been made.

REVIEW OF THE TWELVE MONTH PERIOD

The Chairman's Statement on pages 3 to 5 describes in detail the Company's affairs and important events during the said twelve month period. This report forms an integral part of the Annual Report of the Board of Directors.

OPERATING RESULTS	**31st Dec 2021 Rs.000's**	**31st Dec 2020 Rs.000's**
Pre Tax Loss for the period	(35,854)	(1,986)
Taxation **(Refer Note 10)**	(3,413)	(3,106)
Net Loss for the period	(39,267)	(5,093)
Total other comprehensive income	(6,644)	14,989
Equity instruments at FVOCI - fair value transferred to retained earnings	14,629	16,533
Retained Profit / (Loss) for the period	(31,281)	26,429
Retained Profit brought forward	66,618	40,116
Interim Dividend - 2021	(17,938)	-
Dividend Writeback	150	73
Retained Profit carried forward	17,549	66,618

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2021 (CONTINUED)

TAXATION

The rate of Corporate Income Tax applicable to the Company is 24%. The taxable income is net of claimed qualifying relief available under the Inland Revenue Act No. 24 of 2017. Details are disclosed in Note 09 on page 28.

It is the Company's policy to provide for deferred taxation on all known timing differences on the liability method. Details are disclosed in Note 14 on page 32.

FINANCIAL STATEMENTS

Statement of Profit or Loss and other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flows Statement and Notes to the Financial Statements appear from pages 13 to 39 in the Annual Report.

PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are shown in Note 11 on page 30.

STATED CAPITAL

The stated capital as at 31st December 2021 was Rs.198,352,905/-

SHAREHOLDING

There were 82 registered shareholders holding Ordinary Shares of the Company as at 31st December 2021. Details of the distribution are given below:

MAJOR SHAREHOLDERS AS AT 31ST DECEMBER 2021

Name of Shareholder	No. of Shares	%
Gulf East Finance Ltd.	4,333,500	24.16
Commercial Bank of Ceylon PLC	4,110,938	22.92
AHB International Berhad	2,260,052	12.60
Singer (Sri Lanka) PLC	1,665,000	9.28
Paints & General Industries Ltd.	925,000	5.16
Best Real Invest Co. Services (Pvt) Ltd.	900,500	5.02
Capital Alliance Holdings Ltd.	615,000	3.43
	14,809,990	
Others (75 Shareholders)	3,128,272	17.43
	17,938,262	100.00

AUDITORS' REPORT

Auditors' Report appears on pages 11 & 12.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2021 (CONTINUED)

PARTICULARS OF THE INTEREST REGISTER

The particulars of the Interest Register are disclosed in Note 22.2 under "Other Related Party Transactions" on page 39.

DIRECTORS

The following were the Directors of the Company during the year ended 31st December 2021:

Mr. M.J.C. Amarasuriya (Chairman)
Deshamanya S.E. Captain
Mr. J.D. Peiris
Mr. J.B. Abu Baker
Mr. W.I. Arambage
Mr. K.C. Vignarajah
Mr. M.H. Wijewardene

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards and the Companies Act No. 07 of 2007.

DIRECTORS' INTERESTS IN ORDINARY SHARES

There were 62,500 Ordinary Shares registered in the name of Mr. K.C. Vignarajah as at 31st December 2021.

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts or proposed contracts with the Company, both direct and indirect, are disclosed in Note 22.2 to the Financial Statements classified under "Other Related Party Transactions". Directors have no direct or indirect interest in any other contracts or proposed contracts with the Company.

RECOMMENDATIONS TO RE-ELECT THE FOLLOWING DIRECTORS WHO ARE RETIRING BY ROTATION OR OTHERWISE:

1. Mr. M.J.C. Amarasuriya

Mr. M.J.C. Amarasuriya reached 82 years of age on 19th December 2022 and will be required, in terms of Section 210 of the Companies Act No. 07 of 2007, to vacate the Office of Director at the Annual General Meeting to be held on 30th June 2023. Section 211 of the Companies Act No. 07 of 2007 provides that if the appointment was approved by a resolution passed by the Company at a general meeting declaring that the aforesaid age limit shall not apply to the relevant director, Section 210 of the Companies Act No. 07 of 2007 shall not prevent his reappointment.

In terms of Articles 83 & 84 of the Articles of Association of the Company, one-third of the Directors, or if their number is not a multiple of three, the number nearest to (but not greater than) one-third shall retire from office by rotation at every Annual General Meeting. Accordingly, Mr. M.J.C. Amarasuriya retires in terms of the said Articles and offers himself for re-election, as recommended by the Board of Directors.

Accordingly, the following resolutions have been recommended by the Board of Directors for shareholders' consideration and adoption, if thought fit:

> **THAT** the age limit of 70 years stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to Mr. M.J.C. Amarasuriya, who, as at the date of this Resolution is 82 years of age (having reached the age of 70 years on 19th December 2010) and accordingly, that Mr. M. J. C. Amarasuriya be and is hereby re-elected as a Director of Equity Investments Lanka Limited, in terms of Section 211 of the Companies Act No. 7 of 2007.
>
> **THAT** the re-election of Mr. M.J.C. Amarasuriya (who retires from office by rotation, in terms of Articles 83 & 84 of the Articles of Association of the Company and offers himself for re-election, as recommended by the Board of Directors) as a Director of the Company be and is hereby approved.

2. Deshamanya S.E. Captain

Deshamanya S.E. Captain reached 89 years of age on 5th September 2022 and will be required, in terms of Section 210 of the Companies Act No. 07 of 2007, to vacate the Office of Director at the Annual General Meeting to be held on 30th June 2023. Section 211 of the Companies Act No. 07 of 2007 provides that if the appointment was approved by a resolution passed by the Company at a general meeting declaring that the aforesaid age limit shall not apply to the relevant director, Section 210 of the Companies Act No. 07 of 2007 shall not prevent his reappointment.

Accordingly, the following resolution has been recommended by the Board of Directors for shareholders' consideration and adoption, if thought fit:

> **THAT** the age limit of 70 years stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to Deshamanya S.E. Captain, who, as at the date of this Resolution is 89 years of age (having reached the age of 70 years on 5th September 2003) and accordingly, that Deshamanya S. E. Captain be and is hereby re-elected as a Director of Equity Investments Lanka Limited, in terms of Section 211 of the Companies Act No. 7 of 2007.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2021 (CONTINUED)

3. Mr. K.C. Vignarajah

Mr. K.C. Vignarajah reached 82 years of age on 2nd October 2022 and will be required, in terms of Section 210 of the Companies Act No. 07 of 2007, to vacate the Office of Director at the Annual General Meeting to be held on 30th June 2023. Section 211 of the Companies Act No. 07 of 2007 provides that if the appointment was approved by a resolution passed by the Company at a general meeting declaring that the aforesaid age limit shall not apply to the relevant director, Section 210 of the Companies Act No. 07 of 2007 shall not prevent his reappointment.

Accordingly, the following resolution has been recommended by the Board of Directors for shareholders' consideration and adoption, if thought fit:

> **THAT** the age limit of 70 years stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to Mr. K.C. Vignarajah, who, as at the date of this Resolution is 82 years of age (having reached the age of 70 years on 2nd October 2010) and accordingly, that Mr. K.C. Vignarajah be and is hereby re-elected as a Director of Equity Investments Lanka Limited, in terms of Section 211 of the Companies Act No. 7 of 2007.

4. Mr. M.H. Wijewardene

In terms of Articles 83 & 84 of the Articles of Association of the Company, one-third of the Directors, or if their number is not a multiple of three, the number nearest to (but not greater than) one-third shall retire from office by rotation at every Annual General Meeting. Accordingly, Mr. M.H. Wijewardene retires in terms of the said Articles and offers himself for re-election, as recommended by the Board of Directors.

Accordingly, the following resolution has been recommended by the Board of Directors for shareholders' consideration and adoption, if thought fit:

> **THAT** the re-election of Mr. M.H. Wijewardene (who retires from office by rotation, in terms of Articles 83 & 84 of the Articles of Association of the Company and offers himself for re-election, as recommended by the Board of Directors) as a Director of the Company be and is hereby approved.

REMUNERATION AND OTHER BENEFITS OF DIRECTORS

During the year no payment has been made to the Directors on account of the above.

ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of Financial Statements are given on pages 17 to 26.

AUDIT FEES AND PAYMENTS FOR OTHER SERVICES

The Auditors, KPMG were paid Rs.440,712/- for the year ended 31st December 2021 as Audit Fees by the Company. In addition, they were paid Rs.407,321/- for Tax Advisory Services during this period.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due to the Government have been paid up to date.

EVENTS AFTER THE REPORTING DATE

No such events have taken place which require adjustment or disclosure in the Financial Statements, except as disclosed in Note 24 on page 39.

GOING CONCERN

The Board of Directors is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared based on the "going concern" concept.

RE-APPOINTMENT OF AUDITORS

The retiring Auditors, KPMG have expressed their willingness to continue in office and the following Resolutions to re-appoint them as Auditors and authorising the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting:-

> **THAT** KPMG, Chartered Accountants be re-appointed External Auditors of the Company, from the conclusion of the Annual General Meeting scheduled to be held on 30th June 2023, until the conclusion of the next Annual General Meeting of the Company.
>
> **THAT** the Board of Directors be authorised to determine the remuneration of KPMG, Chartered Accountants, Auditors re-appointed to the Company, from the conclusion of the current Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2021 (CONTINUED)

AUDITORS' INTEREST

The Auditors have been independent and have no interest in the Company.

ADOPTION OF THE ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021, WITH THE REPORT OF THE AUDITORS THEREON

The following resolution has been recommended by the Board of Directors for shareholders' consideration and adoption, if thought fit:

> **THAT** the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended 31st December, 2021 with the Report of the Auditors, submitted to the meeting be approved and adopted.

By Order of the Board

Director

Director

R.R. Dunuwille
Company Secretary

22nd February 2023
Colombo

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EQUITY INVESTMENTS LANKA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Equity Investments Lanka Limited, ("the Company"), which comprise the statement of financial position as at December 31 2021, statement of profit or loss and other comprehensive income and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31 2021, and of its financial performance for the year then ended in accordance with Sri Lanka Accounting Standards except for compliance with LKAS 7 on cashflows.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. These financial statements do not comprise other information.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

C.P. Jayatilake FCA, Ms. S. Joseph FCA, S.T.D.L. Perera FCA, Ms. B.K.D.T.N. Rodrigo FCA, Ms. C.T.K.N. Perera ACA, T.J.S. Rajakarier FCA, Ms. S.M.B. Jayasekara FCA, G.A.U. Karunaratne FCA, R.H. Rajan FCA, A.M.R.P. Alahakoon ACA, W.J.C. Perera FCA, W.K.D.C Abeyrathne FCA, R.M.D.B. Rajapakse FCA, M.N.M. Shameel FCA, Ms. P.M.K.Sumanasekara FCA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyard FCMA (UK), FTII

KPMG

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: http://slaasc.com/auditing/auditorsresponsibility.php. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

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

KPMG

Chartered Accountants
Colombo, Sri Lanka

11 April 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Values are in Rupees

FOR THE YEAR ENDED 31ST DECEMBER	Note	2021 Rs.	2020 Rs.
Revenue	**5**	**27,528,515**	**32,632,353**
Gain / (Loss) on fair value through profit or loss - Equity Instruments	**13**	(182,644)	159,063
Gain / (Loss) on fair value through profit or loss treasury bonds		(21,419,359)	(3,744,757)
Impairment allowance on Investment in Associate		(4,035,005)	-
Personnel Cost	**6**	(15,919,965)	(14,964,498)
Provision for receivable from CGIR		(1,179,235)	-
Administrative Expenses		(7,852,647)	(7,733,469)
Profit / (Loss) from Operations	**7**	**(23,060,338)**	**6,348,691**
Finance Expenses	**8**	(12,793,541)	(8,335,101)
Profit / (Loss) Before Taxation		**(35,853,880)**	**(1,986,409)**
Income Tax Expense	**9**	(3,413,377)	(3,106,441)
Profit / (Loss) After Taxation		**(39,267,256)**	**(5,092,850)**
Other Comprehensive Income : Net of Tax			
Items that will not be re-classified to Profit / Loss			
Equity instruments at FVOCI - Gain / (Loss) on sale		6,680,851	19,272,220
Equity instruments at FVOCI - Net change in fair value - Gain / (Loss)	**12.1**	1,305,000	12,250,000
Equity instruments at FVOCI - fair value transferred to retained earnings	**12.1**	(14,629,491)	(16,532,802)
Other comprehensive income for the year, net of Tax		**(6,643,640)**	**14,989,418**
Total Comprehensive Income / (Loss) For The Year		**(45,910,896)**	**9,896,568**
Basic (Loss) per Share	**10**	**(2.19)**	**(0.28)**

The notes to the Financial Statements are an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

Values are in Rupees

AS AT 31ST DECEMBER	Note	2021 Rs.	2020 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	**11**	318,461	355,948
Investment securities designated at FVOCI - Equity Investments	**12.1**	17,135,000	65,300,000
Investment securities designated at FVOCI - Debt Investments	**12.2**	-	-
Investment securities designated at FVTPL - Debt Investments	**12.3**	156,997,506	238,154,375
Loans and Advances measured at Amortised Cost- Debt Investments	**12.4**	6,274,605	10,352,848
Investment in Associate	**12.5**	1,465,045	-
Deferred Tax	**14**	-	3,413,377
Total Non-Current Assets		182,190,617	317,576,548
Current Assets			
Investment securities Mandatorily at FVTPL - Equity Investments	**13**	18,790,546	27,319,599
Receivable from Commissioner General of Inland Revenue	**15**	-	1,179,235
Other Receivables	**16**	9,559,766	9,928,140
Receivable from First Capital Treasuries		-	-
Cash and Cash Equivalents	**17**	137,960,666	122,843,869
Total Current Assets		166,310,976	161,270,843
TOTAL ASSETS		**348,501,594**	**478,847,391**
EQUITY & LIABILITIES			
EQUITY			
Stated Capital	**18**	198,352,905	198,352,905
FVOCI Reserves		3,211,774	9,855,414
Retained Earnings		14,336,762	56,763,020
Total Equity		215,901,441	264,971,339
LIABILITIES			
Non-Current Liabilities			
Employee Benefit Obligations	**19**	2,042,250	1,596,500
Total Non-Current Liabilities		2,042,250	1,596,500
Current Liabilities			
Funding for Treasury Bonds		124,161,268	208,448,667
Income Tax Payable	**20**	-	-
Unclaimed Dividend Payable		3,981,672	974,474
Employee Benefits Payable		-	600,000
Accrued Expenses		2,414,961	2,256,411
Total Current Liabilities		130,557,902	212,279,552
Total Liabilities		132,600,152	213,876,052
TOTAL EQUITY AND LIABILITIES		**348,501,594**	**478,847,391**

The notes to the Financial Statements are an integral part of these Financial Statements.

I certify that the Financial Statements have been prepared in compliance with the requirments of Companies Act No. 07 of 2007.

A.H.M. Riyaz
Chief Executive Officer/CFO

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

Director **Director**

11th April 2023
Colombo

STATEMENT OF CHANGES IN EQUITY

Values are in Rupees

	Stated Capital Rs.	Retained Earnings Rs.	FVOCI Reserve Rs.	Total Rs.
Balance as at 1st January 2020	198,352,905	45,249,595	(5,134,004)	238,468,496
Loss After Tax	-	(5,092,850)	-	(5,092,850)
Other Comprehensive Income for the year				
Equity instruments at FVOCI - Gain / (Loss) on sale	-	-	19,272,220	19,272,220
Equity instruments at FVOCI - Net change in fair value	-	-	12,250,000	12,250,000
Equity instruments at FVOCI - fair value transferred to retained earnings	-	16,532,802	(16,532,802)	-
Total comprehensive income / (loss) for the year	-	11,439,953	14,989,418	26,429,370
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Dividend Writeback	-	73,474	-	73,474
Balance as at 31st December 2020	**198,352,905**	**56,763,020**	**9,855,414**	**264,971,339**
Balance as at 1st January 2021	198,352,905	56,763,020	9,855,414	264,971,339
Loss After Tax	-	(39,267,256)	-	(39,267,256)
Other Comprehensive Income for the year				
Equity instruments at FVOCI - Gain on sale	-	-	6,680,851	6,680,851.00
Equity instruments at FVOCI - Net change in fair value	-	-	1,305,000	1,305,000
Equity instruments at FVOCI - fair value transferred to retained earnings	-	14,629,491	(14,629,491)	0
Total comprehensive income for the year	-	(24,637,765)	(6,643,640)	(31,281,405)
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Interim Dividend - 2021	-	(17,938,262)	-	(17,938,262)
Dividend Writeback	-	149,770	-	149,770
Balance as at 31st December 2021	**198,352,905**	**14,336,762**	**3,211,774**	**215,901,441**

The notes to the Financial Statements are an integral part of these Financial Statements.

STATEMENT OF CASH FLOW

Values are in Rupees

FOR THE YEAR ENDED 31ST DECEMBER	2021 Rs.	2020 Rs.
Cash Flow from Operating Activities		
Profit / (Loss) before Taxation	(35,853,880)	(1,986,409)
Adjustments for:		
Interest Income (Note 05)	(27,437,495)	(11,564,003)
Finance Expenses (Note 08)	12,793,541	8,335,101
Depreciation (Note 11)	83,434	317,345
Provision for Employee Benefits (Note 19)	445,750	726,000
Profit on Disposal of Property, Plant & Equipment	(2,000)	-
Gain on sale of financial assets	(4,851,373)	(4,153,913)
Provision for Receivable from CGIR	1,179,235	-
Impairment allowance on Investment in Associate	4,035,005	-
Gain on sale of Treasury Bonds	7,034,894	(5,022,484)
(Gain) / Loss on fair value through profit or loss Treasury Bonds	21,419,359	3,744,757
(Gain) / Loss on fair value through profit or loss financial assets	182,644	(159,063)
	(20,970,887)	(9,762,671)
Changes in		
Other Receivables	202	34,777,836
Other Payables	158,550	(135,730)
Cash generated from / (used in) Operating Activities	(20,812,135)	24,879,435
Employee Benefits Paid (Note 19)	(600,000)	-
Tax Paid	-	-
Interest Paid	(12,793,541)	(3,287,852)
Net cash from / (used in) Operating Activities	**(34,205,676)**	**21,591,583**
Cash Flow from Investing activities		
Acquisition of Property, Plant & Equipment (Note 11)	(45,945)	(172,608)
Interest received	29,591,311	10,655,198
Proceeds from Disposal of Property, Plant & Equipment	2,000	-
Granting a Loan	-	(10,000,000)
Recovery of the Loan	4,078,242	1,947,152
Investment in Treasury Bonds	(54,041,800)	(1,217,794,066)
Proceeds from disposal of Treasury Bonds	104,661,800	1,190,321,836
Investment in Associate	(5,500,050)	-
Purchase of Shares	(24,575,737)	(43,734,658)
Proceeds from disposal of Quoted Shares (Net)	94,221,344	137,602,151
Net cash from / (used in) Investing activities	**148,391,166**	**68,825,006**
Cash Flow from Financing activities		
Repayment of Borrowing	(84,287,399)	-
Dividend paid	(14,781,294)	-
Net cash used in Financing activities	**(99,068,693)**	**-**
Net Increase / (Decrease) in Cash and Cash equivalents	15,116,797	90,416,589
Cash and Cash equivalents as at 1st January	122,843,869	32,427,280
Cash and Cash equivalents as at 31st December (Note 17)	**137,960,666**	**122,843,869**

The notes to the Financial Statements are an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Equity Investments Lanka Ltd., (the "Company") is a Company incorporated and domiciled in Sri Lanka. Company was incorporated on 8th August 1990. The registered office and the principal place of business is situated at Level 2/1, No.108A, Maya Avenue, Colombo 06.

The principal activity of the Company is project financing in the form of Equity, Quasi Equity and other corporate debt instruments of new and existing ventures in Sri Lanka.

2. Basis of Preparation

2.1 Statement of Compliance

The Financial Statements of the Company which comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes thereto have been prepared in accordance with these Sri Lanka Accounting Standards (LKASs and SLFRSs) laid down by the Institute of Chartered Accountants of Sri Lanka, and comply with the requirements of Companies Act No. 07 of 2007.

The Company owns 20% ownership in Standard Industrial Solutions (Pvt) Ltd. as at the year end. However, the Company did not apply the equity method to its investment in this associate due to the following reasons.

(a) The Company's debt or equity instruments are not traded in a public market and did not file, nor is it in the process of filing, its Financial Statements with a securities commission, for the purpose of issuing any class of instruments in a public market.

(b) The Company may be liquidated and therefore a full provision has been made against the ordinary shares of the entity.

2.2 Approval of Financial Statements by Directors

The Company's Financial Statements were authorized for issue by the Board of Directors on 11th April 2023.

2.3 Basis of measurement

The financial statements have been prepared on a historical cost basis and accounting policies are applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for financial statements assets carried at fair value.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Financial instruments

(i) Interets in equity-accounted investees

The Company's interest in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the company's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

(ii) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(iii) Classification and subsequent measurement

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

* it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
* its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets classified under amortised cost includes trade and other receivable and cash and cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio levels because this best reflects the way the business is managed and information is provided to management. The information considered includes:

* the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

* how the performance of the portfolio is evaluated and reported to the Company's management;

* the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

* how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

* When Equity Investments Lanka Limited purchases a financial asset and simultaneously enters into an agreement to resale the asset (or a similar asset) at a fixed price on a future date (Reverse Repo), the arrangement is accounted for as a financial asset in the Statement of Financial Position reflecting the transaction's economic substance as a loan granted by the company.

Subsequent to initial recognition, these securities issued are measured at their amortized cost using the EIR method with the corresponding interest receivable being recognized as interest income in profit or loss.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(b)Subsequent measurement and gains and losses

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

(iv) Fair value measurement

SLFRS 13 defines fair value as the price that would be received to sell and asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date.

A fair value measurement requires an entity to determine all the following;

1. the particular asset or liability that is the subject of the measurement
2. for a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use).
3. the principal (or most advantageous) market for the asset or liability.
4. the valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorized.

Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumption and other risks affecting the specific instrument.

* Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
* Level 2 - Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (i.e. derived from prices); and
* Level 3 - Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

(v) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(vi) Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(vii) Impairment
For trade receivables, the Company applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:–
– Significant financial difficulty of the borrower or issuer;
– The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
– It is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

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

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

Write-offs
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(viii) Impairment of Non-financial assets
The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

3.2.1 Basis of recognition
Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Company and cost of the asset can be reliably measured.

3.2.2 Measurement
An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate Items (major components) of property, plant and equipment.

3.2.3 Subsequent costs
The subsequent cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be reliably measured. The costs of day-to-day servicing of property, plant and equipment are charged to the Statement of profit or loss as incurred. Costs incurred in using or redeploying items are not included under carrying amount of an item.

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

3.2.5 Depreciation
The Company provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight line basis over the periods appropriate to the estimated useful lives based on the pattern in which the asset's future economic benefits are expected to be consumed by the Company. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Category	Years of depreciation
Office Equipment	6.67 years
Furniture & Fittings	6.67 years
Computers & Peripherals	3 years

3.3 Liabilities and provisions

(i) Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3.4 Stated capital (ordinary share capital)
Ordinary shares are classified as equity.

3.5 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company contributes 12% and 3% of gross emoluments of employees as provident fund (EPF), and trust fund (ETF) contribution respectively.

(ii) Defined benefit plan
Gratuity is provided for all employees of the Company at the rate of half of the basic salary for the last month of the financial year, for each year of completed service. An acturial method is not used as the balance is insignificant.

The provision is not externally funded, nor has it been actuarially valued.

(iii) Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.6 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

The following specific criteria are used for the purpose of recognition of revenue.

(i) Interest
Interest income is recognized using the effective interest rate method.

(ii) Dividends
Dividend income is recognized in profit or loss on the date that the right to receive payment is established.

Disaggregation of revenue
SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company's contracts with customers are similar in nature and therefore, the Company believes objective of this requirement will be met by using two types of categories – Service lines and timing of revenue recognition.

3.7 Expenses
Expenses are recognized in profit or loss as they are incurred, in the period to which they relate.

3.8 Finance expense
Finance costs comprise bank charges.

3.9 Tax expense
Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(i) Current tax
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

3.10 Earnings per Share
The Company presents basic Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.11 Cash Flows Statement

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

3.12 Events occurring after the reporting date
Events after the reporting period date are those events, favourable and unfavourable, that occur between the reporting date and the date the Financial Statements are authorised for issue.

All material events up to the reporting date have been considered and where appropriate, adjustments or disclosures have been made in respective notes to the Financial Statements.

3.13 Standards issued but not yet effective
A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements

i) Onerous contracts – Cost of Fulfilling a Contract (Amendments to LKAS 37)-The amendments apply for annual reporting periods beginning on or after 1 January 2022.

ii) Other Standards

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

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16). The amendment applies to annual reporting periods beginning on or after 1 January 2022.

- Reference to Conceptual Framework (Amendments to SLFRS 3). The amendment applies to annual reporting periods beginning on or after 1 January 2022.

- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1). The amendment applies to annual reporting periods beginning on or after 1 January 2023.

- Annual Improvements to SLFRS Standards 2018–2020. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Financial Risk Management

4.1 Introduction and overview

The Company has exposure to the following risks from financial instruments:
- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

4.2 Risk Management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

4.3 Credit risk

(i) Trade & other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each client. However, management also considers the demographics of the Company's client base, including the default risk of the industry and country in which clients transact, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances.

(ii) Investments

Company limits its exposure to credit risk by investing mainly in Companies which has a potential for listing in the Colombo Stock Exchange. Additional funds are invested in liquid securities such as Repos and Fixed Deposits with commercial banks.

4.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Some of the Company's investments are in unlisted Companies whose shares may not be readily marketable. Therefore, Company prefers to invest in Companies which have a potential for listing in the Colombo Stock Exchange.

4.4.1 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

4.5 Market risk

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

4.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Operational risk of the Company is affected by long term maturity period in venture capital business and non availability of collateral or security taken in venture capital funding. Therefore, Company analyses the investment proposals in depth before investing.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

4.7 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the year. Company wishes to raise additional capital to invest in more diversified investments to mitigate the future operational risk.

The company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	2021	2020
	Rs.	Rs.
Total liabilities	132,600,152	213,876,052
Less: cash and cash equivalents	137,960,666	122,843,869
Net debt	(5,360,514)	91,032,183
Total equity	215,901,441	264,971,339

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

FOR THE YEAR ENDED 31ST DECEMBER	2021 Rs.	2020 Rs.
5. Revenue		
Dividend Income	2,182,542	5,557,672
Interest on Fixed Deposits and Short Term Investments	145,531	11,164
Interest on Money Market Account	8,166,594	6,143,116
Interest on Treasury Bonds	17,917,340	9,806,262
Interest on the Loan	1,208,033	1,757,742
	29,620,037	23,275,956
Other Income		
Gain on Sale of Quoted Shares	4,851,373	4,153,913
Gain/(Loss) on Sale of Treasury Bonds	(7,034,894)	5,022,484
Gain on Sale of Fixed Assets	2,000	-
Management Fees	90,000	180,000
	(2,091,521)	9,356,397
Total Revenue	**27,528,515**	**32,632,353**
6. Personnel Cost		
Salaries	11,980,000	11,024,583
Staff Bonus	947,500	902,500
Staff Welfare	749,715	657,727
Contribution to EPF & ETF	1,797,000	1,653,688
Provision for Employee Benefit Obligations	445,750	726,000
	15,919,965	**14,964,498**
Average number of employees	6	6
7. Profit from Operations is stated after charging		
Depreciation	83,434	317,345
Legal & Professional Expenses	150,000	245,000
8. Finance Expenses		
Bank Charges	31,775	39,730
Interest expense on Repo Borrowings	12,761,766	8,295,371
	12,793,541	**8,335,101**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

FOR THE YEAR ENDED 31ST DECEMBER	2021 Rs.	2020 Rs.
9. Income Tax Expenses		
Current Tax Expense		
Current Year	-	-
Self assessment tax paid	-	-
(Over)/ Under Provision	-	-
	-	-
Deferred Tax Expense		
Origination and reversal of temporary difference	(1,725,594)	3,106,441
	(1,725,594)	**3,106,441**
Reconciliation between Accounting Profit and Taxable Income		
Profit / (Loss) Before Tax	**(35,853,880)**	**(1,986,409)**
Expenses not deductible	49,524,709	10,293,383
Allowable Expenses	(192,581)	(370,732)
Exempt Income	(6,208,355)	(8,425,829)
Income from Other sources	(26,229,462)	(15,960,542)
Loss/(Gain) on sale of Treasury Bonds	907,200	3,836,561
Taxable Income/(Loss) from business (a)	**(18,052,369)**	**(12,613,568)**
Income from other sources	26,229,462	15,960,542
Allowable expense on income from other sources	(12,761,766)	(8,295,371)
Losses utilised	(13,467,697)	(7,665,171)
Taxable Income from other sources (b)	**-**	**-**
Total Taxable income/(loss) (a+b)	(18,052,369)	(12,613,568)
Income tax expense	-	-
Tax Loss B/F from Previous Year	86,239,737	81,286,539
Difference of tax loss claimed as per final tax return	(272)	4,801
Loss incurred during the year	18,052,369	12,613,568
Loss utilised during the year	(13,467,697)	(7,665,171)
Tax Loss C/F	**90,824,137**	**86,239,737**

Deferred tax on part of the above losses has not been recognised since 31.12.2016 due to the uncertainty of the income stream being affected by the investment climate. Unrecognised Deferred tax asset on tax losses as at 31.12.2021 amounted to Rs. 10,898,896/-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

FOR THE YEAR ENDED 31ST DECEMBER

10. Basic Loss per Share

The calculation of Loss per Share is based on the net profit / (loss) attributable to Ordinary Shareholders divided by the weighted average number of Ordinary Shares outstanding during the period as per the requirements of the Sri Lanka Accounting Standards (LKAS 33) - Earnings per Share.

	2021	2020
Net Profit / (Loss) attributable to Ordinary Shareholders		
Net Profit / (Loss) for the year (Rs.)	(39,267,256)	(5,092,850)
Weighted Average Number of Ordinary Shares		
No. of Ordinary Shares in issue	17,938,262	17,938,262
Basic Loss per Share (Rs.)	**(2.19)**	**(0.28)**

Diluted Loss per Share is same as above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

AS AT 31ST DECEMBER

11. Property, Plant and Equipment

Cost	Office Equipment Rs.	Furniture & Fittings Rs.	Computers Rs.	Motor Vehicles Rs.	Total Rs.
Balance as at 1st January 2021	752,508	463,885	1,171,278	-	2,387,672
Additions	23,490	18,455	4,000	-	45,945
Disposals/Written Off	(134,997)	(75,650)	(25,200)	-	(235,847)
Balance as at 31st December 2021	641,001	406,691	1,150,078	-	2,197,770
Depreciation					
Balance as at 1st January 2021	511,761	359,434	1,160,527	-	2,031,722
Depreciation for the year	48,012	24,339	11,083	-	83,434
Disposals/Written Off	(134,997)	(75,650)	(25,200)	-	(235,847)
Balance as at 31st December 2021	424,776	308,121	1,146,411	-	1,879,309
Carrying Amounts as at					
31st December 2021	**216,225**	**98,569**	**3,668**	**-**	**318,461**
31st December 2020	**240,747**	**104,452**	**10,751**	**-**	**355,950**

Property, plant & equipment includes fully depreciated assets, the cost of which as at 31st December 2021 amounted to Rs. 1,632,743/- (2020 - Rs. 1,868,590/-)

12. Investments

	2021 Rs.	2020 Rs.
Investment securities designated at FVOCI - Equity Investments (12.1)	17,135,000	65,300,000
Investment securities designated at FVOCI - Debt Investments (12.2)	-	-
Investment securities designated at FVTPL - Debt Investments (12.3)	156,997,506	238,154,375
Loans and Advances measured at Amortsed Cost- Debt Investments (12.4)	6,274,605	10,352,848
	180,407,111	**313,807,223**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

AS AT 31ST DECEMBER

12. Investments (Continued)

12.1 Investment securities designated at FVOCI - Equity Investments

Business Entity	No. of Shares	FV @ 2021	Cost as at 31/12/2021	FV @ 2020	Cost as at 31/12/2020	Equity instruments at FVOCI - Net change in fair value - Gain / (Loss)	Gain / (Loss)
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Access Engineering PLC	150,000	4,785,000	3,750,000	24,600,000	25,000,000	1,095,000	6,605,329
LVL Energy Fund PLC	700,000	7,350,000	5,398,226	35,700,000	26,991,131	210,000	7,977,617
Standard Industrial Solutions (Pvt) Ltd.	250,000	-	2,500,000	-	2,500,000	-	-
Grains 'N' Green Ltd.	445,083	5,000,000	5,000,000	5,000,000	5,000,000	-	-
		17,135,000	**16,648,226**	**65,300,000**	**59,491,131**	**1,305,000**	**14,582,946**

The Equity securities in Standard Industrial Solutions are fully impaired as recovery is not expected.

12.2 Investment securities designated at FVOCI - Debt Investments

Corporate debt securities - at FVOCI		-	17,500,000	-	17,500,000	-	-

The Investments in Corporate Debt Securities (i.e. Standard Industrial Solutions) was fully impaired in 2018.

12.3 Investment securities designated at FVTPL - Debt Investments

ISIN	Maturity Date	Interest rate	Face Value	2021 Carrying Value (Rs.)	2021 Fair Value (Rs.)	2020 Carrying Value (Rs.)	2020 Fair Value (Rs.)
LKB01530E152	15/05/2030	11%	100,000,000	106,379,654	106,379,654	126,192,514	123,201,373
LKB01628G019	01/07/2028	9%	50,000,000	50,617,852	50,617,852	115,706,664	114,953,002
				156,997,506	**156,997,506**	**241,899,178**	**238,154,375**

12.4 Loans and Advances measured at Amortised Cost- Debt Investments

	Carrying Value (Rs.) 2021	Carrying Value (Rs.) 2020
Grains 'N' Green Ltd	4,444,605	8,484,848
Global Medical Supplies	1,830,000	1,868,000
	6,274,605	**10,352,848**

Grains 'N' Green Ltd. investment was made on 20th August 2020. The directors are of the view that there is no significant loss in fair value as of the reporting date.

	Grains N Green Ltd Audited 31 March 2021	Grains N Green Ltd Audited 31 March 2020
	Rs.	Rs.
Non current assets	12,845,714	6,041,611
Current assets	48,113,180	33,350,708
Total assets	**60,958,894**	**39,392,319**
Non current liabilities	-	-
Current liabilities	14,633,849	10,054,564
Total liabilities	**14,633,849**	**10,054,564**
Net assets	46,325,045	29,337,755
Profit/(Loss) before tax	2,310,802	3,986,929
Total shares of issued	3,927,150	
No. of Investment shares	445,083	
Percentage ownership by Equity Investment	**11.33%**	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

AS AT 31ST DECEMBER

12.5 Summary of Financial Information on Connect Community Global (Pvt) Ltd

	Connect Community Global (Pvt) Ltd
	Audited 31 March 2021
	Rs.
Non current assets	1,219,120
Current assets	6,277,869
Total assets	**7,496,989**
Non current liabilities	-
Current liabilities	1,636,810
Total liabilities	**1,636,810**
Net assets	5,860,179
Profit/(Loss) before tax	(1,239,871)
Total shares of issued	146,667
No. of Investment shares	36,667
Percentage ownership by Equity Investment	**25%**
25% of the net asset value	**1,465,045**

13. Investment securities Mandatorily at FVTPL - Equity Investments

Company	No. of Shares	Cost as at 31/12/2020 Rs.	Additions / (Disposals) Rs.	Cost as at 31/12/2021 Rs.	Fair Value as at 31/12/2021 Rs.	Fair Value as at 31/12/2020 Rs.	Gain / (Loss) recognised through profit or loss Rs.
Aitken Spence PLC	998	160,952	(80,420)	80,532	82,235	231,200	(68,545)
Aitken Spence Hotel Holdings	1,000	731,788	(695,384)	36,403	42,300	969,000	(231,316)
Asian Hotels & Properties PLC	46,000	1,907,418	(71,344)	1,836,075	2,028,600	2,145,000	(45,056)
Browns Investments PLC	30,000	-	363,449	363,449	489,000	-	125,551
Central Finance Company PLC	17,844	809,233	789,920	1,599,153	1,659,492	830,000	39,572
Chemanex PLC	385	-	29,471	29,471	29,761	-	290
Commercial Bank of Ceylon PLC	13,000	387,290	696,010	1,083,300	1,030,900	404,500	(69,610)
DFCC Bank PLC	35,582	1,604,471	591,684	2,196,155	2,134,920	1,632,500	(89,264)
Hatton National Bank PLC	2,500	2,233,775	(1,888,956)	344,819	337,500	2,530,000	(303,544)
John Keells Hotels PLC	67,000	-	896,125	896,125	984,900	-	88,775
Lanka IOC PLC	3,000	486,151	(419,857)	66,293	219,600	492,800	146,657
Lanka Walltiles PLC	-	82,543	(82,543)	-	-	145,900	(63,357)
Melstacorp PLC	3,000	156,774	(19,350)	137,424	168,300	260,000	(72,350)
National Development Bank PLC	40,500	2,914,019	400,846	3,314,865	2,790,450	2,733,500	(343,896)
Nations Trust Bank PLC	11,000	612,605	60,672	673,277	605,000	600,000	(55,672)
People's Leasing & Finance PLC	28,999	310,831	9,835	320,667	310,289	329,319	(28,865)
Renuka Agri Foods PLC	80,000	-	373,240	373,240	440,000	-	66,760
R I L Property PLC	3,000	-	42,167	42,167	42,900	-	733
Sampath Bank PLC	50,000	13,692,337	(11,219,828)	2,472,509	2,605,000	12,515,880	1,308,948
Sanasa Development Bank PLC	12,500	-	642,941	642,941	537,500	-	(105,441)
Sarvodaya Development Finance PLC	4,000	-	88,000	88,000	77,600	-	(10,400)
Seylan Bank PLC	44,565	911,860	1,443,745	2,355,605	1,960,860	920,000	(402,885)
Sri Lanka Telecom PLC	5,501	229,025	(69,709)	159,315	213,439	268,000	15,148
Vallibel One PLC	-	227,123	(227,123)	0	-	312,000	(84,877)
		27,458,196	**(8,346,410)**	**19,111,786**	**18,790,546**	**27,319,599**	**(182,644)**

14. Deferred Taxation

The Company has not recognised deferred tax assets as it is not probable that future taxable profit will be adequate to utilise the available deferred tax assets in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

AS AT 31ST DECEMBER

15. Receivable from Commissioner General of Inland Revenue

Income Tax paid on interest income during the period of Tax exemption granted under Section 22DDD of the Inland Revenue Act No.28 (expired on 31st March 2000) has not been charged to the Income Statement. However, the following settlements have taken place since then.

During the year 2004 the Company received a refund of Rs.9.8 million out of Rs.15.3 million, under Inland Revenue Act No. 28 of 1979 for the years of assessment 1993/1994 to 1999/2000, excluding 1996/1997 and 1997/1998. Rs.3,872,311/- was written off as per the conclusion received by CGIR on the above, during 2009. Due to irrecoverability Rs.359,552/- was written off during 2012. The remaining balance of Rs.1,179,235/- relates to 1996/1997 and 1997/1998 taxes under appeal.

The Company provided for the remaining balance of Rs. 1,179,235/- during the year.

	2021 Rs.	2020 Rs.
16. Other Receivables		
Withholding Tax Receivable	6,518,790	6,518,790
Refundable Deposits	604,100	604,100
Other Receivables	216,737	216,940
Interest Receivable on the Loan	173,657	244,854
John Keells Stock Brokers	1,658,674	2,036,928
Softlogic Stockbrokers	387,807	306,528
	9,559,766	**9,928,140**
17. Cash and Cash Equivalents		
Short Term Investments **(Note 17.1)**	127,366,439	119,591,782
Cash at Bank and in Hand	10,594,226	3,252,087
Cash and Cash Equivalents for the Cash Flows Statement	**137,960,666**	**122,843,869**
17.1 Short Term Investments		
First Capital Money Market Fund	49,661,502	62,041,820
CAL Investment Grade Fund	49,696,210	57,549,962
NDB Wealth Management	28,008,727	-
	127,366,439	119,591,782

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

AS AT 31ST DECEMBER

		2021 Rs.	2020 Rs.
18.	**Stated Capital**		
	17,938,262 Ordinary Shares	**198,352,905**	**198,352,905**

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meeting of shareholders or one vote per share in case of a poll.

19.	**Employee Benefit Obligations**		
	Balance at beginning of the year	1,596,500	1,470,500
	Provision for the year	445,750	726,000
	Payments during the year	-	-
	Payable to former employee	-	(600,000)
	Balance at end of the year	**2,042,250**	**1,596,500**
20.	**Income Tax**		
	Balance at beginning of the year	-	-
	Provision for the year	-	-
	Set off against WHT	-	-
	Balance at end of the year	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

21. Financial Instruments

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows. Credit risk principally arise from the Company's receivables from customers and debt securities.

	Note	Carrying amount 2021 Rs.	2020 Rs.
Investment securities designated at FVOCI - Debt Investments	12.2	-	-
Investment securities designated at FVTPL - Debt Investments	12.3	156,997,506	241,899,178
Loans and Advances measured at Amortised Cost- Debt Investments	12.4	6,274,605	10,352,848
Other receivables	16	9,559,766	9,928,140
Cash and cash equivalents	17	137,960,666	122,843,869
Receivable from Commissioner General of Inland Revenue		-	1,179,235
Receivable from First Capital Treasuries		-	-
		310,792,542	386,203,270

All of the Company's receivables comprise of local receivables and arise from it's venture capital business.
The Company's trade receivables were neither past due or credit impaired as at 31st December 2021.

Cash and cash equivalents

The Company held cash and cash equivalents of Rs. 137,960,666/- as at 31st December 2021 (2020:Rs. 122,843,869/-), which presents its maximum credit exposure on these assets.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The following are the contractual maturities of financial liabilities at the reporting date. The following amounts are gross and undiscounted.

Non-Derivative financial liabilities 2021		Contractual cash flows		
	Carrying amount (Rs)	Less than 6 months	6 to 12 months	12 months or more
Unclaimed dividend payable	3,981,672	3,981,672	-	-
Softlogic Stockbrokers	-	-	-	-
WHT payable	-	-	-	-
Funding for Treasury Bonds - Repo	124,161,268	124,161,268	-	-

Non-Derivative financial liabilities 2020		Contractual cash flows		
	Carrying amount (Rs)	Less than 6 months	6 to 12 months	12 months or more
Unclaimed dividend payable	974,474	974,474	-	-
Softlogic Stockbrokers	-	-	-	-
WHT payable	-	-	-	-
Funding for Treasury Bonds - Repo	208,448,667	208,448,667	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Exposure to market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to change in obligator/issuer's credit standing) will affect the Company's income or the values of its holdings of financial instruments .The objective of market risk management is to manage and control market risk management and control market risk exposures within acceptable parameters, while optimising the return on risk.

Assets subject to market risk

2021	**Carrying Amount**	**Trading Portfolios**	**Non Trading Portfolios**
	Rs.	**Rs.**	**Rs.**
Investment securities Mandatorily at FVTPL - Equity Investments	18,790,546	18,790,546	-
Investment securities designated at FVOCI - Equity Investments	17,135,000	17,135,000	-
	35,925,546	35,925,546	-

2020	**Carrying Amount**	**Trading Portfolios**	**Non Trading Portfolios**
	Rs.	**Rs.**	**Rs.**
Investment securities Mandatorily at FVTPL - Equity Investments	27,319,599	27,319,599	-
Investment securities designated at FVOCI - Equity Investments	65,300,000	65,300,000	-
	92,619,599	92,619,599	-

Market Risk
Sensitivity

The following table demonstrate the sensitivity of the Company's equity portfolio.

2021	**5% increase in market price**	**5% decrease in market price**
	P&L Impact (Rs)	**P&L Impact (Rs)**
Investment securities Mandatorily at FVTPL - Equity Investments	939,527	(939,527)
Investment securities designated at FVOCI - Equity Investments	856,750	(856,750)

2020	**5% increase in market price**	**5% decrease in market price**
	P&L Impact (Rs)	**P&L Impact (Rs)**
Investment securities Mandatorily at FVTPL - Equity Investments	1,365,980	(1,365,980)
Investment securities designated at FVOCI - Equity Investments	3,265,000	(3,265,000)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

21. Financial Instruments (Continued)

21.1 Accounting classifications and fair values

Fair values vs carrying amounts

The fair values of financial assets and liabilities, together with carrying amounts shown in the Statement of Financial Position, are as follows.

2021	Note	Fair value hierarchy	Equity securities - FVTPL	Amortized cost	Equity Securities - FVOCI	Total
			Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	17	N/A	-	10,594,226	-	10,594,226
Short term investments	17.1	N/A	-	127,366,439	-	127,366,439
Debt investments	12.3	N/A	156,997,506	-	-	156,997,506
Loans and Advances measured at Amortised Cost - Debt Investments	12.4	N/A	-	6,274,605	-	6,274,605
Quoted equity securities	12.1/13	Level 1	18,790,546	-	17,135,000	35,925,546
			175,788,052	144,235,271	17,135,000	337,158,322
Unclaimed Dividend Payable		N/A	-	3,981,672	-	3,981,672
Softlogic Stockbrokers		N/A	-	-	-	-
WHT Payable		N/A	-	-	-	-
Funding for Treasury Bonds - Repo		N/A	-	124,161,268	-	124,161,268
			-	128,142,940	-	128,142,940

2020	Note	Fair value hierarchy	Equity securities - FVTPL	Amortized cost	Equity Securities - FVOCI	Total
			Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	17	N/A	-	3,252,087	-	3,252,087
Short term investments	17.1	N/A	-	119,591,782	-	119,591,782
Debt investments	12.3	N/A	238,154,375	-	-	238,154,375
Loans and Advances measured at Amortised Cost - Debt Investments	12.4	N/A	-	10,352,848	-	10,352,848
Quoted equity securities	12.1/13	Level 1	27,319,599	-	65,300,000	92,619,599
			265,473,974	133,196,717	65,300,000	463,970,691
Unclaimed Dividend Payable		N/A	-	974,474	-	974,474
Softlogic Stockbrokers		N/A	-	-	-	-
WHT Payable		N/A	-	-	-	-
Funding for Treasury Bonds - Repo		N/A	-	208,448,667	-	208,448,667
			-	209,423,141	-	209,423,141

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

21. Financial Instruments (Continued)

21.2.2 Movement of the financial assets, classified as "Level 3" in the fair value hierarchy

2021

	Rs.
Balance as at 1st January 2021	5,000,000
Additions	-
(Disposals)	-
Gain / (loss) included in Other Comprehensive Income	-
Impairment	-
Net change in fair value	-
Balance as at 31st December 2021	5,000,000

2020

	Rs.
Balance as at 1st January 2020	-
Additions	5,000,000
(Disposals)	-
Gain / (loss) included in Other Comprehensive Income	-
Impairment	-
Net change in fair value	-
Balance as at 31st December 2020	5,000,000

22. Key Management Personnel/ Related Party Transactions

22.1 Transactions with key management personnel

* Equity Investments Lanka Ltd. considers its Board of Directors as listed out below and the Chief Executive Officer Mr. A.H.M. Riyaz as the key management personnel of the Company:

* Mr. M.J.C. Amarasuriya, Deshamanya S.E. Captain, Mr. J.D. Peiris, Mr. J.B. Abu Baker, Mr. W.I. Arambage, Mr. K.C. Vignarajah and Mr. M.H. Wijewardene are Directors of the Company.

* Compensation paid to/on behalf of key management personnel of the company was as follows:

	2021 Rs.	2020 Rs.
Short term employee benefits	9,750,000	11,944,000
Post employment benefits paid and payable	375,000	1,125,000

The Directors emoluments for the year ended 31st December 2021 is Nil.

No retirement benefits were paid to the Directors of Equity Investments Lanka Ltd. during the financial year, under review.

The Directors of the Company and their immediate family members did not have substantial shareholdings in the company as at 31st December 2021 except for Mr. Vignarajah who holds 62,500 shares of the Company.

The Company did not have any material transactions with its key management personnel and/or their close family members during the year except for the investment in Standard Industrial Solutions (Pvt) Ltd. being considered impaired in which Company Mr. Arambage is a Shareholder-Director.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

22. Key Management Personnel/ Related Party Transactions (Continued)

22.2 Other Related Party Transactions

Commercial Bank of Ceylon PLC

Equity Investments Lanka Ltd. is an Associate Company of Commercial Bank of Ceylon PLC.
Commercial Bank of Ceylon PLC holds 22.92% of the Company's Issued Share Capital.

Company	Relationship	Nature of Transaction	Amount paid/ received	Balance	Amount paid/ received	Balance
			2021		2020	
			Rs.	Rs.	Rs.	Rs.
Commercial Bank of Ceylon PLC	Parent	Money Market Deposit	-	6,527,758	-	1,358,011
		Current Account	-	199,750	-	199,750
		Dividend Account	-	119,404	-	121,404
		Ordinary Shares held in Commercial Bank - Voting (no. of shares 13,000)	-	1,030,900	-	404,500

23. Impact of COVID 19

Impact on Financial Assets due to COVID - 19 mainly affects listed equities. There can be volatilities on the listed equities. However, it is tolerable. There is no necessity to make any impairment provisions on other assets due to COVID - 19. Dues from customers will be recovered in the short term. Demand for Company services should improve due to the pandemic situation. The Company is aiming to increase its investment income in future periods in order to boost its profits. Other than the areas given above there is no other impact from COVID - 19 which affects the company, based on the information that is currently available.

24. Events occurring after the reporting date

The directors of Connect Community Global (Pvt) Ltd. which is an associate company of Equity Investments Lanka Ltd, have decided to voluntarily windup the company due to the fuel crisis in the country. All the directors have agreed to a cash distribution ratio, where Equity Investments Lanka Ltd will receive 79% of such distribution. This has been approved via Board resolution on 22nd February 2023. However the cash distribution has not been taken place to date.

There are no material events occurring after the reporting date that require adjustments to, or disclosure in the Financial Statements other than the above.

25. Contingent Liabilities & Commitments

There were no Contingent Liabilities and Commitments which require adjustments to, or disclosure in the Financial Statements.

26. Going Concern

No events or conditions have been identified that may cast significant doubt on the Company's liability to continue as a going concern, whether they arise during the period or after the end of the reporting period. Financial Statements of the Company have been prepared by the Board of Directors based on the assumption that the Company will continue as a going concern.

27. Comparative Information

The comparative information is re-classified wherever necessary to conform with the current year’s presentation in order to provide a better presentation.

28. Directors' Responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of these Financial Statements.

INVESTMENT PORTFOLIO

AS AT 31ST DECEMBER 2021

Values are in Rupees

Sector	Name of Business Entity	Investment Value Rs.	% of Investment by Sector	
Capital Goods	Access Engineering PLC	4,785,000		
		4,785,000	20	
Utilities	LVL Energy Fund PLC	7,350,000		
		7,350,000	30	
Manufacturing	Standard Industrial Solutions (Pvt) Ltd.	-		
		-	0	*
Health	Global Medical Supplies	1,830,000		
		1,830,000	8	
Food & Staples Retailing	Grains 'N' Green Ltd.	9,444,605		
		9,444,605	40	
	Total	23,409,605	100	

* This was fully impaired during the year 2018.

PORTFOLIO SUMMARY

AS AT 31ST DECEMBER 2021

Name of Business Entity	Nature of Business	Initial Investment Date	Type of Investment	Investment Value Rs.	Present Holding	State of Investment	
Access Engineering PLC	Construction	Jun-11	Ordinary Shares	4,785,000	0.02%	Operating Profitably	
LVL Energy Fund PLC	Providing Venture Capital Funds to the Power & Energy Sector	Nov-12	Ordinary Shares	7,350,000	0.12%	Operating Profitably	
Standard Industrial Solutions (Pvt) Ltd.	Manufacturing of Wood Pellets	Dec-14	Cumulative, Redeemable Preference Shares	-		In the process of Liquidation	*
			Ordinary Non Voting Shares	-			
				-			
Global Medical Supplies	Importing & Distributing of Medical Devices	Feb-18	Loan	1,830,000		Operating Profitably	
Grains 'N' Green Ltd.	Selling non-genetically modified rice & related products	Feb-20	Loan	4,444,605			
		Aug-20	Ordinary Shares	5,000,000	11.33%		
				9,444,605		Operating Profitably	

* This was fully impaired during the year 2018.

FINANCIAL HIGHLIGHTS

Values are in Rupees

	2021 Rs.	2020 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
Revenue	**27,528,515**	**32,632,353**	**22,672,344**	**21,533,256**	**21,049,572**
Gain / (Loss) on fair value through profit or loss - Equity Instruments	(182,644)	159,063	(297,658)	(610,538)	(281,329)
Gain / (Loss) on fair value through profit or loss treasury bonds	(21,419,359)	(3,744,757)	-	-	-
Impairment allowance on available-for-sale financial assets	(4,035,005)	-	-	(10,000,000)	(7,560,000)
Personnel Cost	(15,919,965)	(14,964,498)	(13,857,755)	(13,677,258)	(15,166,486)
Provision for receivable from CGIR	(1,179,235)	-	-	-	-
Administrative Expenses	(7,852,647)	(7,733,469)	(7,298,551)	(7,386,449)	(4,130,101)
Profit / (Loss) from Operations	**(23,060,338)**	**6,348,692**	**1,218,380**	**(10,140,989)**	**(6,088,344)**
Finance Expenses	(12,793,541)	(8,335,101)	(2,598,731)	(27,364)	(22,158)
Profit / (Loss) Before Taxation	**(35,853,880)**	**(1,986,409)**	**(1,380,351)**	**(10,168,353)**	**(6,110,502)**
Income Tax Expense	(3,413,377)	(3,106,441)	(100,598)	(1,073,110)	(605,128)
Profit / (Loss) After Taxation	**(39,267,256)**	**(5,092,850)**	**(1,480,949)**	**(11,241,463)**	**(6,715,630)**
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	318,461	355,948	500,685	661,548	179,280
Investments	181,872,156	313,807,223	139,694,630	144,072,392	194,327,149
Deferred Tax	-	3,413,377	6,519,818	6,541,948	7,248,047
Total Non-Current Assets	182,190,617	317,576,548	146,715,133	151,275,888	201,754,476
Current Assets					
Investment securities Mandatorily at FVTPL - Equity Investments	18,790,546	27,319,599	18,877,987	-	4,898,228
Receivable from Commissioner General of Inland Revenue	-	1,179,235	1,179,236	1,179,236	1,179,236
Other Receivables	9,559,766	9,928,141	7,820,780	7,298,475	6,169,045
Receivable from First Capital Treasuries	-	-	36,885,195	-	-
Cash and Cash Equivalents	137,960,666	122,843,869	32,427,280	88,359,970	85,655,352
Total Current Assets	166,310,977	161,270,844	97,190,478	96,837,681	97,901,861
TOTAL ASSETS	**348,501,594**	**478,847,391**	**243,905,611**	**248,113,569**	**299,656,337**
EQUITY & LIABILITIES					
EQUITY					
Stated Capital	198,352,905	198,352,905	198,352,905	198,352,905	198,352,905
FVOCI Reserves	3,211,774	9,855,414	(5,134,004)	(1,024,876)	35,209,848
Retained Earnings	14,336,762	56,763,020	45,249,595	46,235,958	55,974,210
Total Equity	215,901,441	264,971,339	238,468,496	243,563,987	289,536,963
LIABILITIES					
Non-Current Liabilities					
Employee Benefit Obligations	2,042,250	1,596,500	1,470,500	1,810,000	1,447,500
Total Non-Current Liabilities	2,042,250	1,596,500	1,470,500	1,810,000	1,447,500
Current Liabilities					
Funding for Treasury Bonds	124,161,268	208,448,667	-	-	-
Income Tax Payable	-	-	-	-	-
Unclaimed Dividend Payable	3,981,672	974,474	1,057,306	1,551,091	1,551,091
Softlogic Stockbrokers	-	-	1,644,219	-	-
Employee Benefits Payable	-	600,000	-	-	6,325,000
Accrued Expenses	2,414,961	2,256,411	1,257,155	1,180,556	795,783
WHT Payable	-	-	7,935	7,935	-
Total Current Liabilities	130,557,902	212,279,552	3,966,615	2,739,582	8,671,874
Total Liabilities	132,600,152	213,876,052	5,437,115	4,549,582	10,119,374
TOTAL EQUITY AND LIABILITIES	**348,501,594**	**478,847,391**	**243,905,611**	**248,113,569**	**299,656,337**

NOTICE OF MEETING
EQUITY INVESTMENTS LANKA LTD.

NOTICE is hereby given that the Thirty Second Annual General Meeting (AGM) of Equity Investments Lanka Limited will be held at Lanka Aluminium Industries PLC Board Room (1st Floor, Lakshman's Building, No.321, Galle Road, Colombo 03) on Friday, 30th June 2023 at 2.45 p.m. (as a virtual meeting using a digital platform) for the purpose of considering and if thought fit passing the following Resolutions:-

1 To receive, consider and adopt the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended December 31, 2021, with the Report of the Auditors thereon. (Please refer to the related resolution on page 10)

2 To re-elect the following Directors who are retiring by rotation or otherwise:
   a) Mr. M.J.C. Amarasuriya (Please refer to the related resolutions on page 08)
   b) Deshamanya S.E. Captain (Please refer to the related resolution on page 08)
   c) Mr. K.C. Vignarajah (Please refer to the related resolution on page 09)
   d) Mr. M.H. Wijewardene (Please refer to the related resolution on page 09)

3 a) To re-appoint KPMG, as recommended by the Board of Directors, as External Auditors to the Company from the conclusion of the Annual General Meeting scheduled to be held on 30th June 2023, until the conclusion of the next Annual General Meeting of the Company. (Please refer to the related resolution on page 09)

   b) To authorise the Board of Directors to determine the remuneration of the Auditors from the conclusion of the current Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company. (Please refer to the related resolution on page 09)

By Order of the Board,
Equity Investments Lanka Ltd.



R.R. Dunuwille
Company Secretary

03rd April 2023
Colombo

Notes:

1. A shareholder entitled to attend, speak and vote at the AGM is entitled to appoint a Proxy (proxyholder) to attend, speak and vote instead of him/her/it physically or by electronic means, as morefully explained in the attached Circular to Shareholders-Annual General Meeting of Equity Investments Lanka Ltd.-30/06/2023.

2. A Proxy need not be a Shareholder/Member of the Company.

3. A Form of Proxy accompanies this notice.

FORM OF PROXY

EQUITY INVESTMENTS LANKA LIMITED

I/We ..... (NIC No/Nos…..... /
Company Reg No.....) of .....
……..being a shareholder/s of Equity Investments Lanka Limited hereby appoint
Mr/Mrs/Miss……..……..……..……(NIC No.……..……)
of…….……..……..……
whom failing:

Mr. M.J.C. Amarasuriya	of Apartment No. 4 – 1, Layards Tower, Havelock City 324, Havelock Road, Colombo 06 or	failing him
Deshamanya S.E. Captain	of No: 8, Clifford Place, Colombo - 03 or	failing him
Mr. J.D. Peiris	of No: 114, Lake Drive, Colombo - 08 or	failing him
Mr. J.B. Abu Baker	of No: 8-3, Jalan Batai, Bukit Damansara, 50490 Wilayah Persekutuan, Kuala Lumpur or	failing him
Mr. W.I. Arambage	of No: 201/2/1, Dharmapala Mawatha, Colombo - 07 or	failing him
Mr. K.C. Vignarajah	of No: 30/1B1, Longdon Place, Malalasekera Mawatha, Colombo - 07 or	failing him
Mr. M.H. Wijewardene	of No: 35/22, St. Rita's Road, Mount Lavinia	

as my/our Proxy to represent me/us and to speak at the meeting and to vote on a show of hands and/or on a poll on my/our behalf as indicated below at the Thirty Second Annual General Meeting of the Company to be held on Friday, 30th June 2023 (as a virtual meeting using a digital platform) and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting. I/We, the undersigned, hereby direct my/our Proxy and authorise such Proxy to vote on my/our behalf on the resolutions to be passed in relation to the matters given below: (Please indicate with an 'X' in the relevant box, how your Proxy should vote.)

		For	Against
1	To receive, consider and adopt the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended December 31, 2021 with the Report of the Auditors thereon.	☐	☐
2	To re-elect Directors who are retiring by rotation or otherwise:		
	a) Mr. M.J.C. Amarasuriya	☐	☐
	b) Deshamanya S.E. Captain	☐	☐
	c) Mr. K.C. Vignarajah	☐	☐
	d) Mr. M.H. Wijewardene	☐	☐
3	a) To re-appoint KPMG as recommended by the Board of Directors, as Auditors to the Company from the conclusion of the Annual General Meeting scheduled to be held on 30th June 2023, until the conclusion of the next Annual General Meeting of the Company.	☐	☐
	b) To authorise the Board of Directors to determine the remuneration of the Auditors from the conclusion of the current Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company.	☐	☐

Signed on this …… day of ……..Two Thousand and Twenty Three.

…...……..
Signature/s of the Shareholder/s

Notes:

(i) Instructions as to completion of this Form of Proxy are given overleaf.

(ii) As regards voting on the Resolutions indicated in the Form of Proxy, if no indication is given or there is in the view of the Proxy (Proxyholder) doubt (by reason of the way in which the instructions in the Form of Proxy have been stated by the Shareholder) as to the way in which the Proxy should vote, the Proxy in his/her discretion may vote as he/she thinks fit.
A Proxy need not be a Shareholder of the Company.

(iii) Every alteration or addition to the Form of Proxy must be duly authenticated by full signature of the Shareholder signing the Form of Proxy. Such signature should be as far as possible be placed in close proximity to the alteration or addition intended to be authenticated.

Instructions as to completion of Form of Proxy

1. Kindly complete the Form of Proxy by filling in legibly your full name & address and that of the Proxy. Please sign in the space provided and fill in the date of signature.
2. The instrument appointing a Proxy shall in the case of an individual be signed by the appointor or by his Attorney and in the case of a Company/Corporation the Form of Proxy must be executed under its Common Seal, which should be affixed and attested in the manner precribed by its Articles of Association or other constitutional documents.
3. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney (POA) should also accompany the completed Form of Proxy for registration, if such POA has not already been registered with the Company.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, No.108A, Level 2/1, Maya Avenue, Colombo 06, not less than 48 hours before the time fixed for the holding of the Meeting or emailed to equill@sltnet.lk

ARTICLES 56 TO 59 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY, DEALING WITH VOTING ARE QUOTED BELOW, FOR INFORMATION OF SHAREHOLDERS.

56. Method of Voting

At any General Meeting a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by-

(i) The Chairman of the meeting; or

(ii) Not less than five persons present in person or by attorney or representative or by proxy and entitled to vote; or

(iii) A Member or Members present in person or by attorney or representative or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting.

A demand for a poll may be withdrawn. Unless a poll be demanded (and the demand be not withdrawn) a declaration by the Chairman of the Meeting that a resolution has been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

57. How poll to be taken

If a poll is duly demanded (and the demand be not withdrawn), it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Chairman may (and if so requested shall) appoint scrutineers and may adjourn the Meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

58. Chairman's casting vote

In the case of an equality of votes, whether on a show of hands or poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

59. Time for taking a poll

A poll demanded on the election of a Chairman of the Meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.

ARTICLE 67 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY IS ALSO QUOTED BELOW FOR INFORMATION OF THE SHAREHOLDERS:

67. Execution of Proxies

An instrument appointing a proxy shall be in writing and -

(a) In the case of an individual shall be signed by the appointor or by his attorney; or in the case of a corporation shall be either under the common seal or signed by its attorney or by an officer authorised to do so on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any such attorney or officer.

(b) A proxy need not be a Member of the Company.