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. M.H. Wijewardene
Mr. K.C. Vignarajah, who passed away on 13th July 2024

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
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 Third 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 2022.

COMPANY REVIEW

REVENUE

The revenue of the Company for the period from 1st January 2022 to 31st December 2022 was Rs. 26.67 million, compared with Rs. 27.53 million during the last year.

A loss of Rs. 10.15 million was recorded from operations for the year ended 31st December 2022, compared with the loss of Rs. 23.06 million during the year ended 31st December 2021.

The Post-Tax loss was Rs. 6.70 million, compared with the loss of Rs. 39.27 million in the last year. Main contributors to the reduction in loss compared to last year were, no unrealized loss from fair value adjustment in treasury bonds compared to an unrealised loss of Rs. 21.42 million last year (2021), a reduction in current year finance cost to Rs. 4.66 million from Rs. 12.79 million last year (2021) and the company recording a share of profit of Rs 8.11 million from associates.

REVENUE COMPOSITION

Interest Income

The Interest Income from investments made in Money Market Instruments, Short Term Loans and Treasury Bonds was Rs. 20.65 million in 2022 compared with Rs. 27.44 million recorded in 2021. The reduction was mainly due to the reduced interest income earned from money market account.

Dividend Income

The dividends received for the year ended 31st December 2022 was Rs. 0.70 million, a reduction from Rs. 2.18 million received in 2021. The dividends were mainly from Sampath Bank PLC.

Other Income

Gain on Sale of Treasury Bonds

The Company made a gain of Rs. 3.82 million in 2022 by trading in Treasury Bonds compared to a loss of Rs. 7.03 million in the previous year.

Gain on Sale of Quoted Shares

The gain from trading in Listed Equities in the Colombo Stock Exchange was Rs. 1.45 million in the year ended 31st December 2022 compared to Rs. 4.85 million in the past year.

BASIC EARNINGS PER SHARE

Basic Earnings per Share for the year ended 31st December 2022 was a negative Rs. 0.37 compared to a negative Rs. 2.19 for the last year, as per the reasons explained under post tax losses.

NET ASSET VALUE

Total Assets of the Company reduced to Rs. 232.26 million from Rs. 348.50 million during the last year. The drop in value was mainly due to the reduction in short term investments from Rs. 127.37 million last year to Rs. 9.17 million as at 31st December 2022.

Total liabilities of the Company too reduced to Rs 28.94 million from Rs. 132.60 million during last year. The reduction is mainly due to the reduction in funding for treasury bonds.

Total Equity Attributable to Shareholders of the Company was Rs. 203.31 million as at 31st December 2022 compared to Rs. 215.90 million a year before. The reduction in equity attributable to Shareholders is due to the loss reported for the period.

CHAIRMAN'S REVIEW (CONTINUED)

The Net Asset Value per share was Rs.11.33 as at 31st December 2022, compared to Rs. 12.04 as at 31st December 2021.

INVESTMENTS

The Movements in Portfolio Companies

Company values its Equity Investments at Fair Value. The year-end Equity Investment Portfolio at Fair Value was Rs. 5.81 million compared to Rs. 17.14 million at the end of the last year. The reduction was mainly due to one of EQUILL's venture investments designated as an equity investment last year being reclassified as an investment in associates this year, as EQUILL's stake in the company increased to more than 20%.

Investments in Quoted Shares

Company's trading portfolio of quoted shares consists of 29 Listed Securities at the Colombo Stock Exchange. The cost of the portfolio as at 31st December 2022 was Rs. 21.91 million compared to Rs 19.11 million at the end of the previous year. The fair value for portfolio was Rs. 13.95 million as at 31st December 2022 compared to Rs 18.79 million as at 31st December 2021. The reduction in fair value was mainly due to the negative market sentiment where All Share Price Index (ASPI) had dropped to 8,489 as at 30th December 2022 from 12,226 as at 31st December 2021.

The Movements in Short Term Investments

Short Term Investments are the investments made in Money Market instruments. Short Term Investments stood at Rs. 9.17 million as at 31st December 2022, compared with Rs. 127.37 million at the end of 2021.

SRI LANKA'S ECONOMY IN 2022

There was slow down in global economic activities due to global inflation and reduction in demand, Russia's war in Ukraine and resurfacing of Covid-19 in China. Sri Lanka too experienced extraordinary instability in its political and socio economic elements. While global growth rate of 2022 was 3.1%, Sri Lanka recorded a negative growth of 7.8% with a GDP of USD 74.40 billion. Sri Lanka represents 0.03% of the global economy.

Sri Lanka faced hyper inflationary pressure caused by combined impact of shortage of foreign exchange and steep depreciation of Sri Lankan Rupee which led to extensive power cuts and shortages of essential food, medication, fuel and gas. National Consumer Price Index (NCPI) and Colombo Consumer Price Index (CCPI) recorded a double-digit YoY growth of 59.2% and 57.2% respectively in December 2022.

Alongside the inflation, the interest rates of the country increased. Standing Deposit Facility Rate and Standing Lending Facility Rate which were at 5% and 6% respectively at the beginning of 2022, were increased to 14.5% and 15.5% by the end of 2022. The statutory reserve ratio was maintained at 4% in 2022.

Exports revenue surpassed USD 13 billion in 2022 recording a 4.9% increase from the previous highest in 2021. Import expenditure for the year 2022 was USD 18.3 billion which was a decline of 11.4% YoY due to restrictions on non-urgent imports and liquidity constraints prevailing in the market at the time. This resulted the lowest trade deficit in 2022 of USD 5.2 billion since 2010 and a decline from USD 8.1 billion in 2021.

Gross official foreign reserves of the country decreased from USD 3.1 billion at the beginning of 2022 to USD 1.90 billion by the end of the year. During 2022, for the first time post-independence, Sri Lanka suspended the repayment of the public debt. Against these developments, Fitch ratings downgraded the sovereign rating of the country from 'C' to 'D' in May 2022 followed by S&P in August 2022.

CHAIRMAN'S REVIEW (CONTINUED)

With the debt suspension, drop in foreign reserves and downgrading of the country's sovereign credit rating in 2022, the government entered an IMF program and proceeded to undertake reforms reinstate macroeconomic stability. Eventually, IMF agreed to a 4-year, USD 3 billion Extended Fund Facility (EFF) in March 2023.

FUTURE OUTLOOK

The official debt restructuring discussions are underway with France, India and Japan operating as co-chairs with China as an observer. Further, Sri Lankan government is implementing a domestic debt optimization (DDO) strategy to bring down the gross financing needs in 2027-2030. In order to restore financial sector stability, DDO does not include financial sector-held securities issued under domestic law.

As per World Bank, Sri Lankan economic growth depends on progress in debt restructuring and successful implementation of growth oriented structural reforms. Inflation is expected to stay in single digit with weak demand as monetization of fiscal deficit fades. However, monetary loosening and exchange rate pressure could sway the inflation in the opposite direction.

Despite lifting of import restrictions, the current account deficit is expected to narrow with the liquidity constraints, recovery of tourism and remittances. In contrast to the primary deficit that is expected to decline in 2023, the overall balance is expected to be high from large interest payments. However, the overall balance is expected to decline in the medium term with the progress in debt restructuring and revenue-based fiscal consolidation.

World Bank predicts Sri Lankan economy to contract by 3.8% in 2023 due to reduced private credit, disruptions in supplies and lack of inputs. Domestic demand in 2023 is expected to be negatively impacted by higher taxes and lower real income while demand for Sri Lanka's key exports expected to suffer from weak global economic conditions. However the contraction will be lower than 7.8% in 2022 due to the base effect and expected financial inflows in the second half of 2023.

CONCLUSION

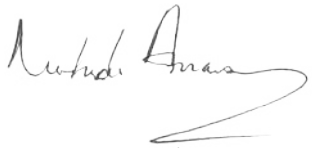
I am grateful to the shareholders of the Company who have placed their confidence in our ability to direct the affairs of the Company.

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

26th September 2023
Colombo

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2022

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 2022.

This report provides the information as required by the Companies Act No. 07 of 2007 and was approved by the Board of Directors on 26th September 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 2022 Rs.000's	31st Dec 2021 Rs.000's
Pre Tax Loss for the period	(6,695)	(35,854)
Taxation **(Refer Note 10)**	0	(3,413)
Net Loss for the period	(6,695)	(39,267)
Total other comprehensive income	(6,330)	(6,644)
Equity instruments at FVOCI - fair value transferred to retained earnings	0	14,629
Retained Profit / (Loss) for the period	(13,025)	(31,281)
Retained Profit brought forward	17,549	66,618
Interim Dividend - 2021	-	(17,938)
Dividend Writeback	435	150
Retained Profit carried forward	4,959	17,549

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2022 (CONTINUED)

TAXATION

The rate of Corporate Income Tax applicable to the Company is 30%. 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 26.

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 30.

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 12 to 37 in the Annual Report.

PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are shown in Note 11 on page 28.

STATED CAPITAL

The stated capital as at 31st December 2022 was Rs.198,352,905/-

SHAREHOLDING

There were 82 registered shareholders holding Ordinary Shares of the Company as at 31st December 2022. Details of the distribution are given below:

MAJOR SHAREHOLDERS AS AT 31ST DECEMBER 2022

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
N.Vaitilingam & Co. Limited	200,000	1.11
Harshini Muttulakshmi Wickramanayake	200,000	1.11
Asha Morarji Udeshi	150,000	0.84
	15,359,990	
Others (72 Shareholders)	2,578,272	14.37
	17,938,262	100.00

AUDITORS' REPORT

Auditors' Report appears on pages 10 & 11.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2022 (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 37.

DIRECTORS

The following were the Directors of the Company during the year ended 31st December 2022:

Mr. M.J.C. Amarasuriya (Chairman)
Deshamanya S.E. Captain
Mr. J.D. Peiris
Mr. J.B. Abu Baker
Mr. W.I. Arambage
Mr. M.H. Wijewardene
Mr. K.C. Vignarajah, who passed away on 13th July 2024

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 2022.

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.

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 16 to 24.

AUDIT FEES AND PAYMENTS FOR OTHER SERVICES

The Auditors, KPMG were paid Rs. 440,712/- for the year ended 31st December 2022 as Audit Fees by the Company. In addition, they were paid Rs. 111,365/- 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 23 on page 37.

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.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2022 (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, 2022, 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 2022 with the Report of the Auditors, submitted to the meeting be approved and adopted.

By Order of the Board

M.J.C. Amarasuriya
Director

S.E. Captain
Director

R.R. Dunuwille
Company Secretary

15th August 2024
Colombo

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
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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 2022, 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 set out in pages 12 to 37 .

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

Basis for Opinion

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

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

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C. P. Jayallake FCA
Ms. S. Joseph FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA
T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
W. W. J. C. Perera FCA
S. T. D. L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FTII

concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

26 September 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Values are in Rupees

FOR THE YEAR ENDED 31ST DECEMBER	Note	2022 Rs.	2021 Rs.
Revenue	**5**	**26,668,654**	**27,528,515**
Gain / (Loss) on fair value through profit or loss - Equity Instruments	**13**	(7,968,572)	(182,644)
Gain / (Loss) on fair value through profit or loss treasury bonds		-	(21,419,359)
Impairment allowance on Investment in Associate	**12.5**	(531,565)	(4,035,005)
Impairment allowance on Investment in Global Medical Supplies	**12.4**	(1,830,000)	-
Reversal of Impairment allowance on Standard Industrial Solutions		537,651	-
Personnel Cost	**6**	(16,048,288)	(15,919,965)
Provision for receivable from CGIR		-	(1,179,235)
Administrative Expenses		(10,975,385)	(7,852,647)
Profit / (Loss) from Operations	**7**	**(10,147,504)**	**(23,060,338)**
Finance Expenses	**8**	(4,662,799)	(12,793,541)
Share of Profit from Associate	**12.6**	8,115,042	-
Profit / (Loss) Before Taxation		**(6,695,261)**	**(35,853,879)**
Income Tax Expense	**9**	-	(3,413,377)
Profit / (Loss) After Taxation		**(6,695,261)**	**(39,267,255)**
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
Equity instruments at FVOCI - Net change in fair value - Gain / (Loss)	**12.1**	(6,330,000)	1,305,000
Equity instruments at FVOCI - fair value transferred to retained earnings	**12.1**	-	(14,629,491)
Other comprehensive income for the year, net of Tax		**(6,330,000)**	**(6,643,640)**
Total Comprehensive Income / (Loss) For The Year		**(13,025,261)**	**(45,910,895)**
Basic Gain / (Loss) per Share	**10**	**(0.37)**	**(2.19)**

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	2022 Rs.	2021 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	11	244,871	318,461
Investment securities designated at FVOCI - Equity Investments	12.1	5,805,000	17,135,000
Investment securities designated at FVOCI - Debt Investments	12.2	-	-
Investment securities designated at FVTPL - Debt Investments	12.3	156,778,353	156,997,506
Loans and Advances measured at Amortised Cost- Debt Investments	12.4	10,606,226	6,274,605
Investment in Associate-Connect Community Global (Pvt) Ltd.	12.5	933,479	1,465,045
Investment in Associate-Grains 'N' Green Ltd.	12.6	23,115,037	-
Deferred Tax	14	-	-
Total Non-Current Assets		197,482,966	182,190,617
Current Assets			
Investment securities Mandatorily at FVTPL - Equity Investments	13	13,948,775	18,790,546
Receivable from Commissioner General of Inland Revenue	15	-	-
Other Receivables	16	7,117,443	9,559,766
Cash and Cash Equivalents	17	13,706,075	137,960,666
Total Current Assets		34,772,293	166,310,977
TOTAL ASSETS		**232,255,259**	**348,501,594**
EQUITY & LIABILITIES			
EQUITY			
Stated Capital	18	198,352,905	198,352,905
FVOCI Reserves		(3,118,226)	3,211,774
Retained Earnings		8,076,991	14,336,763
Total Equity		203,311,670	215,901,442
LIABILITIES			
Non-Current Liabilities			
Employee Benefit Obligations	19	2,740,000	2,042,250
Total Non-Current Liabilities		2,740,000	2,042,250
Current Liabilities			
Funding for Treasury Bonds		19,738,036	124,161,268
Income Tax Payable	20	-	-
Unclaimed Dividend Payable		3,275,017	3,981,672
Accrued Expenses		3,190,536	2,414,961
Total Current Liabilities		26,203,589	130,557,902
Total Liabilities		28,943,589	132,600,152
TOTAL EQUITY AND LIABILITIES		**232,255,259**	**348,501,594**

Figures in brackets indicate deductions.

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**

26th September 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 2021	198,352,905	56,763,020	9,855,414	264,971,339
Loss After Tax	-	(39,267,255)	-	(39,267,255)
Other Comprehensive Income for the year				
Equity instruments at FVOCI - Gain / (Loss) on sale	-	-	6,680,851	6,680,851
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)	-
Total comprehensive income / (loss) for the year	-	(24,637,764)	(6,643,640)	(31,281,404)
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**	**14,336,763**	**3,211,774**	**215,901,442**
Balance as at 1st January 2022	198,352,905	14,336,763	3,211,774	215,901,442
Loss After Tax	-	(6,695,261)	-	(6,695,261)
Other Comprehensive Income for the year				
Equity instruments at FVOCI - Gain on sale	-	-	-	-
Equity instruments at FVOCI - Net change in fair value	-	-	(6,330,000)	(6,330,000)
Equity instruments at FVOCI - fair value transferred to retained earnings	-	-	-	-
Total comprehensive income for the year	-	(6,695,261)	(6,330,000)	(13,025,261)
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Dividend Writeback	-	435,489	-	435,489
Balance as at 31st December 2022	**198,352,905**	**8,076,991**	**(3,118,226)**	**203,311,670**

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	2022 Rs.	2021 Rs.
Cash Flow from Operating Activities		
Profit / (Loss) before Taxation	(6,695,261)	(35,853,879)
Adjustments for:		
Interest Income (Note 05)	(20,646,777)	(27,437,495)
Finance Expenses (Note 08)	4,662,799	12,793,541
Depreciation (Note 11)	73,590	83,434
Provision for Employee Benefits (Note 19)	697,750	445,750
Profit on Disposal of Property, Plant & Equipment	-	(2,000)
Gain / (Loss) on sale of Quoted Shares	(1,454,862)	(4,851,373)
Provision for Receivable from CGIR	-	1,179,235
Impairment allowance on Investment in Associate	(7,583,476)	4,035,005
Impairment allowance on Investment in Global Medical Supplies	1,830,000	-
Reversal of Impairment allowance on Standard Industrial Solutions	(537,651)	-
Gain on sale of Treasury Bonds	(3,818,300)	7,034,894
(Gain) / Loss on fair value through profit or loss Treasury Bonds	-	21,419,359
(Gain) / Loss on fair value through profit or loss financial assets	7,968,572	182,644
	(25,503,616)	(20,970,886)
Changes in		
Other Receivables	290,520	202
Other Payables	88,290	158,550
Cash generated from / (used in) Operating Activities	(25,124,807)	(20,812,134)
Employee Benefits Paid (Note 19)	-	(600,000)
Tax Paid	-	-
Interest Paid	(4,662,799)	(12,793,541)
Net cash from / (used in) Operating Activities	**(29,787,606)**	**(34,205,676)**
Cash Flow from Investing activities		
Acquisition of Property, Plant & Equipment (Note 11)	-	(45,945)
Interest received	20,752,098	29,591,311
Proceeds from Disposal of Property, Plant & Equipment	-	2,000
Granting a Loan	(10,000,004)	-
Recovery of the Loan	3,838,384	4,078,242
Investment in Ordinary Shares of Grains 'N' Green Ltd.	(9,999,996)	-
Investment in Treasury Bonds	(205,095,697)	(54,041,800)
Proceeds from disposal of Treasury Bonds	209,133,150	104,661,800
Investment in Associate	-	(5,500,050)
Liquidation proceeds from SIS	1,224,938	-
Purchase of Shares	(5,422,272)	(24,575,737)
Proceeds from disposal of Quoted Shares	5,796,813	94,221,344
Net cash from / (used in) Investing activities	**10,227,413**	**148,391,166**
Cash Flow from Financing activities		
Repayment of Borrowing	(104,423,232)	(84,287,399)
Dividend paid	(271,166)	(14,781,294)
Net cash used in Financing activities	**(104,694,398)**	**(99,068,693)**
Net Increase / (Decrease) in Cash and Cash equivalents	(124,254,590)	15,116,797
Cash and Cash equivalents as at 1st January	137,960,666	122,843,869
Cash and Cash equivalents as at 31st December (Note 17)	**13,706,075**	**137,960,666**

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.

2.2 Approval of Financial Statements by Directors

The Company's Financial Statements were authorized for issue by the Board of Directors on 26th September 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) Interests 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.

(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 April 2023 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 are not expected to have a significant impact on the Company's Financial Statements;

A). Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transaction that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

B). Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024. Due to these ongoing developments, the Company is unable to determine the impact of these amendments on the financial statements in the period of initial application.

C). Other Standards, the following new and amended standards are not expected to have a significant impact on the Company's Financial Statements:

- Disclosures of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

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:

	2022	2021
	Rs.	Rs.
Total liabilities	28,943,589	132,600,152
Less: cash and cash equivalents	13,706,075	137,960,666
Net debt	15,237,514	(5,360,514)
Total equity	203,311,670	215,901,442

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

FOR THE YEAR ENDED 31ST DECEMBER		2022 Rs.	2021 Rs.
5.	**Revenue**		
	Dividend Income	698,715	2,182,542
	Interest on Fixed Deposits and Short Term Investments	458,310	145,531
	Interest on Money Market Account	3,344,503	8,166,594
	Interest on Treasury Bonds	15,664,798	17,917,338
	Interest on the Loan	1,179,167	1,208,033
		21,345,493	29,620,037
	Other Income		
	Gain on Sale of Quoted Shares	1,454,862	4,851,373
	Gain/(Loss) on Sale of Treasury Bonds	3,818,300	(7,034,894)
	Gain on Sale of Fixed Assets	-	2,000
	Management Fees	-	90,000
	Facilitation Fee	50,000	-
		5,323,162	(2,091,521)
	Total Revenue	**26,668,654**	**27,528,515**
6.	**Personnel Cost**		
	Salaries	12,597,500	11,980,000
	Staff Bonus	-	947,500
	Staff Welfare	863,413	749,715
	Contribution to EPF & ETF	1,889,625	1,797,000
	Provision for Employee Benefit Obligations	697,750	445,750
		16,048,288	**15,919,965**
	Average number of employees	5	6
7.	**Profit from Operations is stated after charging**		
	Depreciation	73,590	83,434
	Legal & Professional Expenses	160,000	150,000
8.	**Finance Expenses**		
	Bank Charges	89,900	31,775
	Interest expense on Repo Borrowings	4,572,899	12,761,766
		4,662,799	**12,793,541**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

FOR THE YEAR ENDED 31ST DECEMBER	2022 Rs.	2021 Rs.
9. Income Tax Expenses		
Current Tax Expense		
Current Year	-	-
Self assessment tax paid	-	-
(Over)/ Under Provision	-	-
	-	-
Deferred Tax Expense (Note 14)		
Origination and reversal of temporary difference	-	(1,725,594)
	-	**(1,725,594)**
Reconciliation between Accounting Profit and Taxable Income		
Profit / (Loss) Before Tax	**(6,695,261)**	**(35,853,880)**
Expenses not deductible	10,483,486	49,524,709
Allowable Expenses	(192,581)	(192,581)
Exempt Income	(1,747,336)	(6,208,355)
Income from Other sources	(19,083,660)	(26,229,462)
Loss/(Gain) on sale of Treasury Bonds	(3,818,300)	907,200
Taxable Income/(Loss) from business (a)	**(21,053,653)**	**(18,052,369)**
Income from other sources	19,083,660	26,229,462
Allowable expense on income from other sources	(4,572,899)	(12,761,766)
Losses utilised	(14,510,762)	(13,467,697)
Taxable Income from other sources (b)	**(0)**	**-**
Total Taxable income/(loss) (a+b)	(21,053,653)	(18,052,369)
Income tax expense	-	-
Tax Loss B/F from Previous Year	90,824,137	86,239,737
Difference of tax loss claimed as per final tax return	-	(272)
Loss incurred during the year	21,053,653	18,052,369
Loss utilised during the year	(14,510,762)	(13,467,697)
Tax Loss C/F	**97,367,028**	**90,824,137**

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.

	2022	2021
Net Profit / (Loss) attributable to Ordinary Shareholders		
Net Profit / (Loss) for the year (Rs.)	(6,695,261)	(39,267,255)
Weighted Average Number of Ordinary Shares		
No. of Ordinary Shares in issue	17,938,262	17,938,262
Basic Loss per Share (Rs.)	**(0.37)**	**(2.19)**

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 2022	641,001	406,691	1,150,078	-	2,197,770
Additions	-	-	-	-	-
Disposals/Written Off	-	-	-	-	-
Balance as at 31st December 2022	641,001	406,691	1,150,078	-	2,197,770
Depreciation					
Balance as at 1st January 2022	424,776	308,121	1,146,411	-	1,879,309
Depreciation for the year	47,687	24,569	1,333	-	73,590
Disposals/Written Off	-	-	-	-	0
Balance as at 31st December 2022	472,463	332,691	1,147,744	-	1,952,899
Carrying Amounts as at					
31st December 2022	**168,538**	**74,001**	**2,334**	**-**	**244,871**
31st December 2021	**216,225**	**98,569**	**3,668**	**-**	**318,461**

Property, plant & equipment includes fully depreciated assets, the cost of which as at 31st December 2022 amounted to Rs. 1,637,043/- (2021 - Rs.1,632,743/-)

12. Investments

	2022 Rs.	2021 Rs.
Investment securities designated at FVOCI - Equity Investments (12.1)	5,805,000	17,135,000
Investment securities designated at FVOCI - Debt Investments (12.2)	-	-
Investment securities designated at FVTPL - Debt Investments (12.3)	156,778,353	156,997,506
Loans and Advances measured at Amortised Cost- Debt Investments (12.4)	10,606,226	6,274,605
	173,189,579	**180,407,111**

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 @ 2022	Cost as at 31/12/2022	FV @ 2021	Cost as at 31/12/2021	Equity instruments at FVOCI - Net change in fair value - Gain / (Loss)	Gain / (Loss)
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Access Engineering PLC	150,000	1,605,000	3,750,000	4,785,000	3,750,000	(3,180,000)	-
LVL Energy Fund PLC	700,000	4,200,000	5,398,226	7,350,000	5,398,226	(3,150,000)	-
Standard Industrial Solutions (Pvt) Ltd.	250,000	-	2,500,000	-	2,500,000	-	-
Grains 'N' Green Ltd.	1,278,416	-	-	5,000,000	5,000,000	-	-
		5,805,000	**11,648,226**	**17,135,000**	**16,648,226**	**(6,330,000)**	**-**

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

Additional shares of 833,333 in Grains 'N' Green Ltd. has increased the shareholding to 26.85% making it an investment in an associate hence It is no longer classified as an Equity Investment.

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	2022 Carrying Value (Rs.)	2022 Fair Value (Rs.)	2021 Carrying Value (Rs.)	2021 Fair Value (Rs.)
LKB01530E152	15/05/2030	11%	100,000,000	105,970,485	105,970,485	106,379,654	106,379,654
LKB01628G019	01/07/2028	9%	50,000,000	50,807,868	50,807,868	50,617,852	50,617,852
				156,778,353	**156,778,353**	**156,997,506**	**156,997,506**

12.4 Loans and Advances measured at Amortised Cost- Debt Investments

	Carrying Value (Rs.) 2022	Carrying Value (Rs.) 2021
Grains 'N' Green Ltd	10,606,226	4,444,605
Global Medical Supplies	1,830,000	1,830,000
(-) Provision	(1,830,000)	-
	10,606,226	**6,274,605**

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.

An additional investment in Grains 'N' Green was made in October 2022 consisting of a granting of a loan of 10,000,004 and additional purchase of shares of 833,333 at Rs. 12/-. Furthermore the additional purchase of shares in Grains 'N' Green Ltd. increased the company's shareholding to 26.85% making it an investment in associate.

The company has fully provided the loan granted to Global Medical supplies amounting to Rs.1,830,000 during the year based on an ECL estimate.

12.5 Investment in Associate - Connect Community Global (Pvt) Ltd

	Connect Community Global (Pvt) Ltd
Cost of investment	5,500,050
Impairment - 2021	(4,035,005)
Impairment - 2022	(531,566)
	933,479
	Audited 31 March 2023
Non current assets	-
Current assets	1,319,793
Total assets	1,319,793
Non current liabilities	-
Current liabilities	133,175
Total liabilities	133,175
Net assets	1,186,618
Profit/(Loss) before tax	(5,618,798)
Percentage ownership by Equity Investment	**25%**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

AS AT 31ST DECEMBER

12.6 Investment in Associate - Grains 'N' Green Ltd

	Grains N Green Ltd
Cost of Investment	14,999,996
Share of profit from Associate - 2022	8,115,042
	23,115,037

	Audited 31st March 2023	Audited 31st March 2022
	Rs.	Rs.
Non current assets	36,952,149	14,680,979
Current assets	74,653,007	66,100,583
Total assets	**111,605,157**	**80,781,562**
Non current liabilities		
Current liabilities	15,000,004	3,333,537
Total liabilities	11,222,300	5,134,500
	26,222,304	**8,468,037**
Net assets		
Profit/(Loss) before tax	85,382,853	72,313,525
	5,528,557	4,056,372
Total no.of shares issued		
No. of Investment shares	4,760,483	3,927,150
Percentage ownership by Equity Investment	1,278,416	445,083
	26.85%	**11.33%**

13. Investment securities Mandatorily at FVTPL - Equity Investments

Company	No. of Shares as at 31/12/2021	No. of Shares as at 31/12/2022	Cost as at 31/12/2021 Rs.	Additions Rs.	Disposals Rs.	Cost as at 31/12/2022 Rs.	Fair Value as at 31/12/2022 Rs.	Fair Value as at 31/12/2021 Rs.	Gain / (Loss) recognised through profit or loss Rs.
Access Engineering PLC	-	16,000	-	391,850	-	391,850	171,200	-	(220,650)
Aitken Spence PLC	998	-	80,532	8,231	88,763	-	-	82,235	(1,703)
Aitken Spence Hotel Holdings PLC	1,000	500	36,403	271,887	290,157	18,133	25,400	42,300	1,371
Amana Bank PLC	-	97,241	-	365,687	-	365,687	281,999	-	(83,688)
Asian Hotels & Properties PLC	46,000	32,000	1,836,075	172,411	795,815	1,212,670	1,196,800	2,028,600	(208,396)
Balangoda Plantations PLC	-	2,400	-	246,127	-	246,127	196,800	-	(49,327)
Browns Investments PLC	30,000	100,000	363,449	940,770	-	1,304,219	700,000	489,000	(729,770)
Central Finance Company PLC	17,844	15,000	1,599,153	-	254,875	1,344,278	937,500	1,659,492	(467,117)
Chemanex PLC	385	2,500	29,471	358,422	170,024	217,868	180,000	29,761	(38,158)
Commercial Bank of Ceylon PLC	13,000	14,532	1,083,300	80,896	-	1,164,196	729,506	1,030,900	(382,290)
DFCC Bank PLC	35,582	37,394	2,196,155	-	-	2,196,155	1,196,608	2,134,920	(938,312)
Ex-Pack Corrugated Cartons PLC	-	15,000	-	279,597	-	279,597	196,500	-	(83,097)
Expolanka Holdings PLC	-	5,200	-	1,428,292	125,289	1,303,003	947,700	-	(355,303)
Hatton National Bank PLC	2,500	4,173	344,819	214,172	-	558,991	329,250	337,500	(222,422)
Hayleys PLC	-	2,000	-	279,597	-	279,597	136,000	-	(143,597)
Hikkaduwa Beach Resort PLC	-	12,000	-	77,357	-	77,357	60,000	-	(17,357)
Hela Apparel Holdings PLC	-	7,000	-	1,500,000	1,395,000	105,000	59,500	-	(45,500)
Hsenid Business Solutions PLC	-	10,000	-	329,196	329,196	-	170,000	-	(159,196)
John Keells Hotels PLC	67,000	14,400	896,125	330,157	1,049,698	176,585	237,600	984,900	(27,759)
Lanka IOC PLC	3,000	-	66,293	-	66,293	-	-	219,600	(153,307)
Lankem Developments PLC	-	5,500	-	174,129	-	174,129	173,250	-	(879)
LOLC General Insurance PLC	-	9,000	-	159,466	-	159,466	72,900	-	(86,566)
Melstacorp PLC	3,000	5,500	137,424	494,659	342,378	289,705	254,100	168,300	(66,481)
National Development Bank PLC	40,500	43,105	3,314,865	-	-	3,314,865	1,379,360	2,790,450	(1,411,090)
Nations Trust Bank PLC	11,000	11,686	673,277	-	-	673,277	539,893	605,000	(65,107)
People's Leasing & Finance PLC	28,999	32,842	320,667	-	-	320,667	164,210	310,289	(146,079)
Renuka Agri Foods PLC	80,000	-	373,240	-	373,240	-	-	440,000	(66,760)
R I L Property PLC	3,000	15,000	42,167	134,747	-	176,914	85,500	42,900	(92,147)
Sampath Bank PLC	50,000	50,000	2,472,509	-	-	2,472,509	1,710,000	2,605,000	(895,000)
Sanasa Development Bank PLC	12,500	12,500	642,941	-	-	642,941	267,500	537,500	(270,000)
Sarvodaya Development Finance PLC	4,000	4,000	88,000	-	-	88,000	43,200	77,600	(34,400)
Seylan Bank PLC	44,565	47,674	2,355,605	-	-	2,355,605	1,506,498	1,960,860	(454,362)
Sri Lanka Telecom PLC	5,501	-	159,315	-	159,315	-	-	213,439	(54,123)
			19,111,785	**8,237,648**	**5,440,044**	**21,909,390**	**13,948,775**	**18,790,546**	**(7,968,572)**

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 due to the uncertainty of the income stream being affected by the investment climate. Unrecognised Deferred tax asset on tax losses as at 31.12.2022 amounted to Rs.29,210,108/- (2021 - Rs.10,898,896/-).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

AS AT 31ST DECEMBER

15. Receivable from Commissioner General of Inland Revenue

There were no outstanding receivables from Commissioner General of Inland Revenue.

	2022 Rs.	2021 Rs.
16. Other Receivables		
Withholding Tax Receivable	6,198,082	6,518,790
Refundable Deposits	645,500	604,100
Other Receivables	205,525	216,737
Interest Receivable on the Loan	68,336	173,657
John Keells Stock Brokers	-	1,658,674
Softlogic Stockbrokers	-	387,807
	7,117,443	**9,559,766**
17. Cash and Cash Equivalents		
Short Term Investments **(Note 17.1)**	9,170,079	127,366,439
Cash at Bank and in Hand	4,535,996	10,594,226
Cash and Cash Equivalents for the Cash Flows Statement	**13,706,075**	**137,960,666**
17.1 Short Term Investments		
First Capital Money Market Fund	-	49,661,502
First Capital Gilt Edged Fund	9,170,079	-
CAL Investment Grade Fund	-	49,696,210
NDB Wealth Management	-	28,008,727
	9,170,079	127,366,439

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

AS AT 31ST DECEMBER

		2022 Rs.	2021 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	2,042,250	1,596,500
Provision for the year	697,750	445,750
Payments during the year	-	-
Payable to former employee	-	-
Balance at end of the year	**2,740,000**	**2,042,250**

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 2022 Rs.	2021 Rs.
Investment securities designated at FVOCI - Debt Investments	12.2	-	-
Investment securities designated at FVTPL - Debt Investments	12.3	156,778,353	156,997,506
Loans and Advances measured at Amortised Cost- Debt Investments	12.4	10,606,226	6,274,605
Other receivables	16	7,117,443	9,559,766
Cash and cash equivalents	17	13,706,075	137,960,666
		188,208,097	310,792,543

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 2022.

Cash and cash equivalents
The Company held cash and cash equivalents of Rs.13,706,073/- as at 31st December 2022 (2021: 137,960,666/-), 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 2022		Contractual cash flows		
	Carrying amount (Rs)	Less than 6 months	6 to 12 months	12 months or more
Unclaimed dividend payable	3,275,017	3,275,017	-	-
Softlogic Stockbrokers	-	-	-	-
WHT payable	-	-	-	-
Funding for Treasury Bonds - Repo	19,738,036	19,738,036	-	-

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	-	-

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

2022	**Carrying Amount**	**Trading Portfolios**	**Non Trading Portfolios**
	Rs.	**Rs.**	**Rs.**
Investment securities Mandatorily at FVTPL - Equity Investments	13,948,775	13,948,775	-
Investment securities designated at FVOCI - Equity Investments	5,805,000	5,805,000	-
	19,753,775	19,753,775	-

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	-

Market Risk
Sensitivity

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

2022	**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	697,439	(697,439)
Investment securities designated at FVOCI - Equity Investments	290,250	(290,250)

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)

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.

2022	Note	Fair value hierarchy	Equity securities - FVTPL	Amortized cost	Equity Securities - FVOCI	Total
			Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	17	N/A	-	4,535,996	-	4,535,996
Short term investments	17.1	N/A	-	9,170,079	-	9,170,079
Debt investments	12.3	N/A	156,778,353	-	-	156,778,353
Loans and Advances measured at Amortised Cost - Debt Investments	12.4	N/A	-	10,606,226	-	10,606,226
Quoted equity securities	12.1/13	Level 1	13,948,775	-	5,805,000	19,753,775
			170,727,128	24,312,300	5,805,000	200,844,428
Unclaimed Dividend Payable		N/A	-	3,275,017	-	3,275,017
Softlogic Stockbrokers		N/A	-	-	-	-
WHT Payable		N/A	-	-	-	-
Funding for Treasury Bonds - Repo		N/A	-	19,738,036	-	19,738,036
			-	23,013,054	-	23,013,054

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
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	337,158,323
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

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

2022

	Rs.
Balance as at 1st January 2022	5,000,000
Additions	9,999,996
(Disposals)	-
Gain / (loss) included in Other Comprehensive Income	-
Impairment	-
Net change in fair value	-
Balance as at 31st December 2022	14,999,996

2021

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

	2022 Rs.	2021 Rs.
Short term employee benefits	9,000,000	9,750,000
Post employment benefits paid and payable	375,000	375,000

The Directors emoluments for the year ended 31st December 2022 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 2022 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. 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 Capita

Company	Relationship	Nature of Transaction	Amount paid	Amount received 2022	Balance	Amount paid	Amount received 2021	Balance
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Commercial Bank of Ceylon PLC	Significant Shareholder	Money Market Deposit	-	-	1,293,895	-	-	6,527,758
		Current Account	-	-	199,750	-	-	199,750
		Dividend Account	-	-	3,005,206	-	-	119,404
		Ordinary Shares held in Commercial Bank - Voting (no. of shares 14,532)	-	-	729,506	-	-	1,030,900
Connect Community Global (Pvt) Ltd.	Associate (Common directorship - Mr. A H M Riyaz)	Write off	-	-531,566	933,479	-	-4,035,005	1,465,045
Grains N Green Ltd.	Associate (Common directorship - Mr. M J C Amarasuriya & Mr. A H M Riyaz)	Equity Investment	9,999,996	-	14,999,996	-	-	5,000,000
		Debt Investment	10,000,004	-3,838,384	10,606,225	-	-4,040,404	4,444,605

23. Events occurring after the reporting date

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

24. Contingent Liabilities & Commitments

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

25. Going Concern

Sri Lankan economyshowed signs of recoveryfrom the impact of COVID-19 pandemic during the year ended 31 December 2022. However, from late March 2022, the Sri Lankan economypresented a negative outlook mainly due to insufficient foreign reserves/liquidity and other geo – political events.Further the situation was aggravated when the credit rating of the country was downgraded to "Restricted Default (RD)" by Fitch Ratings in May 2022. The Management has considered the consequences of the current economic & political uncertainty in the country and based on its strategic plans has determined that it is not expected to have a significant impact on the Company's operations in the foreseeable future. Such events impacted the capital and money markets and continue to add to uncertainities due to a proposed Domestic Debt Optimization (DDO) plan by the government.

Except the above no other events or conditions have been identified that may cast significant doubt on the Company's ability 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.

26. 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.

27. 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 2022

Values are in Rupees

Sector	Name of Business Entity	Investment Value Rs.	% of Investment by Sector
Capital Goods	Access Engineering PLC	1,605,000	
		1,605,000	4
Utilities	LVL Energy Fund PLC	4,200,000	
		4,200,000	10
Food & Staples Retailing	Grains 'N' Green Ltd.	33,721,263	
		33,721,263	83
Logistics	Connect Community Global (Pvt) Ltd.	933,479	2
		933,479	
	Total	40,459,742	100

PORTFOLIO SUMMARY

AS AT 31ST DECEMBER 2022

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	1,605,000	0.02%	Operating Profitably
LVL Energy Fund PLC	Providing Venture Capital Funds to the Power & Energy Sector	Nov-12	Ordinary Shares	4,200,000	0.12%	Operating Profitably
Grains 'N' Green Ltd.	Selling non-genetically modified rice & related products	Feb-20	Loan	10,606,226		
		Aug-20	Ordinary Shares	23,115,037	26.85%	
				33,721,263		Operating Profitably
Connect Community Global (Pvt) Ltd.	Providing last mile delivery services	Mar-21	Ordinary Shares	933,479	25%	In the process of winding up

FINANCIAL HIGHLIGHTS

Values are in Rupees

	2022 Rs.	2021 Rs.	2020 Rs.	2019 Rs.	2018 Rs.
Revenue	**26,668,654**	**27,528,515**	**32,632,353**	**22,672,344**	**21,533,256**
Gain / (Loss) on fair value through profit or loss - Equity Instruments	(7,968,572)	(182,644)	159,063	(297,658)	(610,538)
Gain / (Loss) on fair value through profit or loss treasury bonds	-	(21,419,359)	(3,744,757)	-	-
Impairment allowance on Investment in Associate	(531,565)	(4,035,005)	-	-	(10,000,000)
Impairment allowance on Investment in Global Medical Supplies	(1,830,000)	-	-	-	-
Reversal of Impairment allowance on Standard Industrial Solutions	537,651	-	-	-	-
Personnel Cost	(16,048,288)	(15,919,965)	(14,964,498)	(13,857,755)	(13,677,258)
Provision for receivable from CGIR	-	(1,179,235)	-	-	-
Administrative Expenses	(10,975,385)	(7,852,647)	(7,733,469)	(7,298,551)	(7,386,449)
Profit / (Loss) from Operations	**(10,147,504)**	**(23,060,338)**	**6,348,692**	**1,218,380**	**(10,140,989)**
Finance Expenses	(4,662,799)	(12,793,541)	(8,335,101)	(2,598,731)	(27,364)
Share of Profit from Associate	8,115,042	-	-	-	-
Profit / (Loss) Before Taxation	**(6,695,261)**	**(35,853,879)**	**(1,986,409)**	**(1,380,351)**	**(10,168,353)**
Income Tax Expense	-	(3,413,377)	(3,106,441)	(100,598)	(1,073,110)
Profit / (Loss) After Taxation	**(6,695,261)**	**(39,267,255)**	**(5,092,850)**	**(1,480,949)**	**(11,241,463)**
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	244,871	318,461	355,948	500,685	661,548
Investments	197,238,095	181,872,156	313,807,223	139,694,630	144,072,392
Deferred Tax	-	-	3,413,377	6,519,818	6,541,948
Total Non-Current Assets	197,482,966	182,190,617	317,576,548	146,715,133	151,275,888
Current Assets					
Investment securities Mandatorily at FVTPL - Equity Investments	13,948,775	18,790,546	27,319,599	18,877,987	-
Receivable from Commissioner General of Inland Revenue	-	-	1,179,235	1,179,236	1,179,236
Other Receivables	7,117,443	9,559,767	9,928,141	7,820,780	7,298,475
Receivable from First Capital Treasuries	-	-	-	36,885,195	-
Cash and Cash Equivalents	13,706,075	137,960,666	122,843,869	32,427,280	88,359,970
Total Current Assets	34,772,293	166,310,977	161,270,844	97,190,478	96,837,681
TOTAL ASSETS	**232,255,259**	**348,501,594**	**478,847,391**	**243,905,611**	**248,113,569**
EQUITY & LIABILITIES					
EQUITY					
Stated Capital	198,352,905	198,352,905	198,352,905	198,352,905	198,352,905
FVOCI Reserves	(3,118,226)	3,211,774	9,855,414	(5,134,004)	(1,024,876)
Retained Earnings	8,076,991	14,336,763	56,763,020	45,249,595	46,235,958
Total Equity	203,311,670	215,901,442	264,971,339	238,468,496	243,563,987
LIABILITIES					
Non-Current Liabilities					
Employee Benefit Obligations	2,740,000	2,042,250	1,596,500	1,470,500	1,810,000
Total Non-Current Liabilities	2,740,000	2,042,250	1,596,500	1,470,500	1,810,000
Current Liabilities					
Funding for Treasury Bonds	19,738,036	124,161,268	208,448,667	-	-
Income Tax Payable	-	-	-	-	-
Unclaimed Dividend Payable	3,275,017	3,981,672	974,474	1,057,306	1,551,091
Softlogic Stockbrokers	-	-	-	1,644,219	-
Employee Benefits Payable	-	-	600,000	-	-
Accrued Expenses	3,190,536	2,414,961	2,256,411	1,257,155	1,180,556
WHT Payable	-	-	-	7,935	7,935
Total Current Liabilities	26,203,589	130,557,902	212,279,552	3,966,615	2,739,582
Total Liabilities	28,943,589	132,600,152	213,876,052	5,437,115	4,549,582
TOTAL EQUITY AND LIABILITIES	**232,255,259**	**348,501,594**	**478,847,391**	**243,905,611**	**248,113,569**

NOTES