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 Fourth 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 2023.

COMPANY REVIEW

REVENUE

The revenue of the Company for the period from 1st January 2023 to 31st December 2023 was Rs. 49.42 million, compared with Rs. 26.67 million during the last year.

A profit of Rs. 23.22 million was recorded from operations for the year ended 31st December 2023, compared with the loss of Rs. 10.15 million during the year ended 31st December 2022.

The Post-Tax profit was Rs. 16.62 million in 2023, compared with the loss of Rs. 6.70 million in the last year. Main contributors to the Company's turnaround to a net profit in 2023 from a net loss in 2022 were, the current year (2023) recording a gain on sale of Treasury Bonds of Rs 19.12 million compared to Rs 3.82 million last year and the fair value gain from quoted share portfolio of Rs 5.25 million in 2023 against a fair value loss of Rs 7.97 million in 2022.

REVENUE COMPOSITION

Interest Income

The Interest Income from Treasury Bonds, loans, money market instruments and other short term investments was Rs. 26.08 million in 2023 compared with Rs. 20.65 million recorded in 2022. The increase was mainly due to the higher interest income earned from Treasury Bonds and loans.

Dividend Income

The dividends received for the year ended 31st December 2023 was Rs. 0.26 million, a reduction from Rs. 0.70 million in 2022.

Other Income

Gain on Sale of Treasury Bonds

The Company made a gain of Rs. 19.12 million in 2023 by trading in Treasury Bonds compared to a gain of Rs. 3.82 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. 3.12 million in the year ended 31st December 2023 compared to Rs. 1.45 million in the past year.

SHARE OF PROFIT FROM ASSOCIATE

The share of profit from Grains 'N' Green Ltd, an associate of the Company was Rs 1.90 million in 2023 compared to Rs 8.12 million in 2022.

BASIC EARNINGS PER SHARE

Basic Earnings per Share for the year ended 31st December 2023 was Rs. 0.93 compared to a negative Rs. 0.37 for the last year, as per the reasons explained under post tax losses.

NET ASSET VALUE

Total Assets of the Company reduced to Rs. 228.08 million from Rs. 232.26 million during the last year. The drop in value was mainly due to the reduction in company's trading portfolio of quoted shares to Rs 6.75 million by the end of 2023 from Rs 13.95 million as at 31 December 2022.

Total Equity Attributable to Shareholders of the Company was Rs. 219.75 million as at 31st December 2023 compared to Rs. 203.31 million a year before. The increase in equity attributable to Shareholders is due to the profit for the period.

The Net Asset Value per share was Rs. 12.25 as at 31st December 2023, compared to Rs. 11.33 as at 31st December 2022.

CHAIRMAN'S REVIEW (CONTINUED)

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. 5.88 million compared to Rs. 5.81 million at the end of the last year.

Investments in Quoted Shares

Company's trading portfolio of quoted shares as at 31st December 2023 consists of 19 Listed Securities at the Colombo Stock Exchange. During the year 2023, the Company realised a gain of Rs 3.12 million from the sale of shares and the fair value gain from the trading portfolio during the year amounted to Rs 5.25 million.

The Movements in Short Term Investments

Short Term Investments recorded under Cash and Cash Equivalents are the investments made in Money Market instruments. Short Term Investments stood at Rs 6.08 million as at 31st December 2023, compared with Rs 9.17 million at the end of 2022.

SRI LANKA'S ECONOMY IN 2023

During 2023, global economies showcased resilience among several challenges including ongoing recovery from Covid-19 pandemic, negative impact from Russia's invasion of Ukraine and cost of living crisis. Global inflation started to decline in 2023 and economic growth in US and several emerging countries exceeded expectations in the second half of 2023. However, economic recovery was facing challenges due to continued attacks in key trade routes and supply disruptions from events such as Gaza and Israel conflicts and ongoing Ukraine warfare. While global growth rate of 2023 was estimated to be 3.1%, Sri Lanka is estimated to have a negative growth of 2.3% for the year. The negative growth in the Sri Lankan economy was a result of the setback in industry activities largely driven by the contraction in construction and manufacturing sector. However, Sri Lanka recorded the first quarterly positive growth in the third quarter of 2023 after having consecutive negative quarterly growth rates since the first quarter of 2022. Sri Lanka recorded a GDP of USD 84.36 billion which represents 0.08% of the global economy.

The unprecedented inflation level in 2022, reduced in 2023 as a result of the Central Bank easing its monetary policy stance in June 2023. National Consumer Price Index (NCPI) and Colombo Consumer Price Index (CCPI) recorded a YoY growth of 4.2% and 4% respectively in December 2023.

Alongside the inflation, the interest rates of the country reduced. Standing Deposit Facility Rate and Standing Lending Facility Rate which were at 14.5% and 15.5% respectively at the beginning of 2023, were reduced to 9% and 10% by the end of 2023. The statutory reserve ratio was reduced to 2% in 2023 from 4% in 2022.

Earnings from merchandise exports in 2023 declined by 9.1% from the previous year, to USD 11.9 billion, the main contributor being the reduction in industrial exports led by garments. The import expenditure in 2023 amounted to USD 16.8 billion, recording a year-on-year decline of 8.1%, as a result of restrictions on non-urgent imports, lower activities of the economy and lower spending capacity of the public due to tight monetary conditions. Accordingly, the cumulative deficit in the trade account in 2023 narrowed to the lowest since 2010 to USD 4.9 billion from USD 5.2 billion in 2022.

Gross official reserves improved to US dollars 4.4 billion by 31st December 2023 from USD 1.9 billion at the end of previous year. The increase of the gross official reserves was mainly due to substantial net purchases of forex from the domestic forex market by the Central Bank and the receipts from the International Monetary Fund, the World Bank and the Asian Development Bank.

IMF staff and the Sri Lankan authorities have reached staff-level agreement on economic policies to conclude the second review of the 4-year Extended Fund Facility (EFF)-supported program. Once the review is approved and completed by the IMF, Sri Lanka will have access to USD 337 million in financing. Sri Lanka had met all the quantitative performance criteria and indicative targets for 2023 except for the indicative target on social spending.

CHAIRMAN'S REVIEW (CONTINUED)

FUTURE OUTLOOK

The Asian Development Bank forecasts Sri Lanka's economy to record moderate growth of 1.9% in 2024 and 2.5% in 2025 following two consecutive years of contractions as Sri Lanka had been showcasing signs of recovery since mid-2023 with decelerated inflation, improved foreign reserves and appreciation of exchange rates. There also has been a recovery in the tourist arrivals and remittance inflows to Sri Lanka.

As per World Bank, growth prospects depend on progress with debt restructuring and the continued implementation of structural reforms. The primarily revenue-based fiscal adjustment is expected to further reduce disposable income, weaken demand and stifle growth in the short-term. As modest recovery will be insufficient to reverse welfare losses experienced during the crisis, poverty is estimated to remain above 22% until 2026.

According to World Bank projections, the current account is forecasted to remain in surplus, with slowed down import growth and gradual recovery in tourism and remittances. Although the primary deficit is expected to decline further, the overall fiscal balance is projected to remain high in 2024 due to the large interest expense. Debt restructuring and continued fiscal consolidation are projected to reduce the overall fiscal balance in the medium term.

CONCLUSION

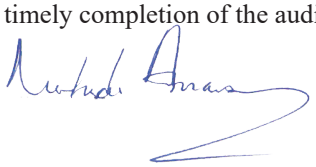
I am grateful to the shareholders of the Company who have placed their confidence in our ability to direct the affairs of the Company.

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

01st November 2024
Colombo

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2023

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 2023.

This report provides the information as required by the Companies Act No. 07 of 2007 and was approved by the Board of Directors on 01st November 2024.

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 2023 Rs.000's**	**31st Dec 2022 Rs.000's**
Pre Tax Profit / (Loss) for the period	16,616	(6,695)
Taxation **(Refer Note 9)**	0	0
Net Profit / (Loss) for the period	16,616	(6,695)
Total other comprehensive income	(447)	(6,330)
Equity instruments at FVOCI - fair value transferred to retained earnings	90	0
Retained Profit / (Loss) for the period	16,259	(13,025)
Retained Profit brought forward	4,959	17,549
Interim Dividend	-	-
Dividend Writeback	226	435
Payment of Unclaimed Dividend	(49)	-
Retained Profit carried forward	21,394	4,959

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2023 (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 27.

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

FINANCIAL STATEMENTS

Statement of Profit or Loss and other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flows Statement and Notes to the Financial Statements appear from pages 13 to 38 in the Annual Report.

PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are shown in Note 11 on page 29.

STATED CAPITAL

The stated capital as at 31st December 2023 was Rs.198,352,905/-

SHAREHOLDING

There were 82 registered shareholders holding Ordinary Shares of the Company as at 31st December 2023. Details of the distribution are given below:

MAJOR SHAREHOLDERS AS AT 31ST DECEMBER 2023

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	85.63
Others (72 Shareholders)	2,578,272	14.37
	17,938,262	100.00

AUDITORS' REPORT

Auditors' Report appears on pages 11 & 12.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2023 (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 38.

DIRECTORS

The following were the Directors of the Company during the year ended 31st December 2023:

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 2023.

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.

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

a) Re-election of Mr. M.J.C. Amarasuriya

Mr. M.J.C. Amarasuriya reached 83 years of age on 19th December 2023 and will be required, in terms of Section 210 of the Companies Act No. 07 of 2007, to vacate the Office of Director at the Annual General Meeting to be held on 12th December 2024 and Section 211 of the Companies Act No. 07 of 2007, provides that if the appointment was approved by a resolution passed by the Company at a general meeting declaring that the aforesaid age limit shall not apply to the relevant director, Section 210 of the Companies Act No. 07 of 2007 shall not prevent his reappointment.

Accordingly, the following resolution has been recommended by the Board of Directors for consideration and adoption by the shareholders, if thought fit, at the next Annual General Meeting:-

> **THAT** the age limit of 70 years stipulated in Section 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr. M.J.C. Amarasuriya, who, as the date of this Resolution is 83 years of age (having reached the age of 70 years on 19th December 2010) and accordingly, that Mr. M.J.C. Amarasuriya be and is hereby re-elected as a Director of Equity Investments Lanka Limited, in terms of Section 211 of the Companies Act No.07 of 2007.

b) Re-election of Deshamanya S.E. Captain

Deshamanya S.E. Captain reached 90 years of age on 05th September 2023 and will be required, in terms of Section 210 of the Companies Act No. 07 of 2007, to vacate the Office of Director at the Annual General Meeting to be held on 12th December 2024 and Section 211 of the Companies Act No. 07 of 2007 provides that if the appointment was approved by a resolution passed by the Company at a general meeting declaring that the aforesaid age limit shall not apply to the relevant director, Section 210 of the Companies Act No. 07 of 2007 shall not prevent his reappointment.

Accordingly, the following resolution has been recommended by the Board of Directors for consideration and adoption by the shareholders, if thought fit, at the next Annual General Meeting:-

> **THAT** the age limit of 70 years stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Deshamanya S.E. Captain, who, as at the date of this Resolution is, 90 years of age (having reached the age of 70 years on 05th September 2003) and accordingly, that Deshamanya S.E. Captain be and is hereby re-elected as a Director of Equity Investments Lanka Limited, in terms of Section 211 of the Companies Act No. 07 of 2007.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2023 (CONTINUED)

c) Re-election of Mr. J.B. Abu Baker

In terms of Articles 83 & 84 of the Articles of Association of the Company, one-third of the Directors, or if their number is not a multiple of three, the number nearest to (but not greater than) one-third shall retire from office by rotation at every Annual General Meeting. Mr. J.B. Abu Baker, retires from the Office of Director, in terms of the stated Articles at the Annual General Meeting to be held on 12th December 2024 and offers himself for re-election, as recommended by the Board of Directors thereat by the Company's shareholders.

Accordingly, the following resolution has been recommended by the Board of Directors for consideration and adoption, if thought fit, by the shareholders at the next Annual General Meeting:-

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

d) Re-election of Mr. W.I. Arambage

In terms of Articles 83 & 84 of the Articles of Association of the Company, one-third of the Directors, or if their number is not a multiple of three, the number nearest to (but not greater than) one-third shall retire from office by rotation at every Annual General Meeting. Mr. W.I. Arambage, retires from the Office of Director, in terms of the stated Articles at the Annual General Meeting to be held on 12th December 2024 and offers himself for re-election, as recommended by the Board of Directors thereat by the Company's shareholders.

Accordingly, the following resolution has been recommended by the Board of Directors for consideration and adoption, if thought fit, by the shareholders at the next Annual General Meeting:-

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

REMUNERATION AND OTHER BENEFITS OF DIRECTORS

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

ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of Financial Statements are given on pages 17 to 25.

AUDIT FEES AND PAYMENTS FOR OTHER SERVICES

The Auditors, KPMG were paid Rs. 562,971/- for the year ended 31st December 2023 as Audit Fees by the Company. In addition, they were paid Rs. 443,738/- 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 38.

GOING CONCERN

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

RE-APPOINTMENT OF AUDITORS

The retiring Auditors, KPMG, Chartered Accountants, have expressed their willingness to continue in office and the following resolution to re-appoint them as the Auditors of the Company from the conclusion of the 33rd Annual General Meeting scheduled for 12th December 2024, until the conclusion of following Annual General Meeting of the Company and authorising the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting,

Accordingly, the following resolutions have been recommended for shareholders' consideration and adoption, if thought fit, at the next Annual General Meeting:-

THAT KPMG, Chartered Accountants be re-appointed Auditors of the Company, from the conclusion of the Annual General Meeting scheduled to be held on 12th December 2024, until the conclusion of the next Annual General Meeting of the Company.

THAT the Board of Directors be authorized to determine the remuneration of KPMG, Chartered Accountants, Auditors re-appointed to the Company, from the conclusion of the current Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2023 (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, 2023, 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 2023 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

01st November 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
+94 - 11 244 6058
Internet www.kpmg.com/lk

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Equity Investments Lanka Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Equity Investments Lanka Limited which comprise the statement of financial position as at December 31, 2023, statement of profit or loss and other comprehensive income, statement of changes in equity for the year then ended, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out in pages 13 to 38.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for professional Accountants 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 does not include the other information.

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

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

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

the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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
01 November 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Values are in Rupees

FOR THE YEAR ENDED 31ST DECEMBER	Note	2023 Rs.	2022 Rs.
Revenue	**5**	**49,423,145**	**26,668,654**
Gain / (Loss) on fair value through profit or loss - Equity Instruments	**13**	5,245,542	(7,968,572)
Impairment allowance on Investment in Associate		-	(531,565)
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**	(17,398,475)	(16,048,288)
Administrative Expenses		(14,047,083)	(10,975,385)
Profit / (Loss) from Operations	**7**	**23,223,129**	**(10,147,504)**
Finance Expenses	**8**	(8,509,863)	(4,662,799)
Share of Profit from Associate	**12.6**	1,902,538	8,115,042
Profit / (Loss) Before Taxation		**16,615,804**	**(6,695,261)**
Income Tax Expense	**9**	-	-
Profit / (Loss) After Taxation		**16,615,804**	**(6,695,261)**
Other Comprehensive Income : Net of Tax			
Items that will not be re-classified to Profit / Loss			
Equity instruments at FVOCI - Gain / (Loss) on sale		384,584	-
Equity instruments at FVOCI - Net change in fair value - Gain / (Loss)	**12.1**	610,000	(6,330,000)
Equity instruments at FVOCI - fair value transferred to retained earnings	**12.1**	(89,584)	-
Loss on dilution		(1,351,672)	-
Other comprehensive income for the year, net of Tax		**(446,672)**	**(6,330,000)**
Total Comprehensive Income / (Loss) For The Year		**16,169,132**	**(13,025,261)**
Basic Gain / (Loss) per Share	**10**	**0.93**	**(0.37)**

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	2023 Rs.	2022 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	**11**	209,013	244,872
Investment securities designated at FVOCI - Equity Investments	**12.1**	5,880,000	5,805,000
Investment securities designated at FVOCI - Debt Investments	**12.2**	-	-
Investment securities designated at FVTPL - Debt Investments	**12.3**	156,535,698	156,778,353
Loans and Advances measured at Amortised Cost- Debt Investments	**12.4**	17,939,157	10,606,226
Investment in Associate-Connect Community Global (Pvt) Ltd.	**12.5**	933,479	933,479
Investment in Associate-Grains 'N' Green Ltd.	**12.6**	23,128,903	23,115,037
Deferred Tax	**14**	-	-
Total Non-Current Assets		204,626,250	197,482,967
Current Assets			
Investment securities Mandatorily at FVTPL - Equity Investments	**13**	6,749,260	13,948,775
Receivable from Commissioner General of Inland Revenue	**15**	-	-
Other Receivables	**16**	9,732,270	7,117,442
Cash and Cash Equivalents	**17**	6,969,213	13,706,075
Total Current Assets		23,450,743	34,772,292
TOTAL ASSETS		**228,076,993**	**232,255,259**
EQUITY & LIABILITIES			
EQUITY			
Stated Capital	**18**	198,352,905	198,352,905
FVOCI Reserves		(3,564,898)	(3,118,226)
Retained Earnings		24,958,704	8,076,991
Total Equity		219,746,711	203,311,670
LIABILITIES			
Non-Current Liabilities			
Employee Benefit Obligations	**19**	3,222,500	2,740,000
Total Non-Current Liabilities		3,222,500	2,740,000
Current Liabilities			
Funding for Treasury Bonds		-	19,738,036
Income Tax Payable	**20**	-	-
Unclaimed Dividend Payable		2,900,097	3,275,017
Accrued Expenses		2,207,685	3,190,536
Total Current Liabilities		5,107,782	26,203,589
Total Liabilities		8,330,282	28,943,589
TOTAL EQUITY AND LIABILITIES		**228,076,993**	**232,255,259**

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**

01st November 2024
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 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 / (Loss) 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 / (loss) 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**
Balance as at 1st January 2023	198,352,905	8,076,991	(3,118,226)	203,311,670
Loss After Tax	-	16,615,804	-	16,615,804
Other Comprehensive Income for the year				
Equity instruments at FVOCI - Gain on sale	-	-	384,584	384,584
Equity instruments at FVOCI - Net change in fair value	-	-	610,000	610,000
Equity instruments at FVOCI - fair value transferred to retained earnings	-	89,584	(89,584)	-
Loss on dilution	-	-	(1,351,672)	(1,351,672)
Total comprehensive income for the year	-	16,705,388	(446,672)	16,258,716
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Payment of Unclaimed Dividend	-	(49,425)	-	(49,425)
Dividend Writeback	-	225,750	-	225,750
Balance as at 31st December 2023	**198,352,905**	**24,958,704**	**(3,564,898)**	**219,746,711**

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	2023 Rs.	2022 Rs.
Cash Flow from Operating Activities		
Profit / (Loss) before Taxation	16,615,804	(6,695,261)
Adjustments for:		
Interest Income (Note 05)	(26,079,848)	(20,646,777)
Finance Expenses (Note 08)	8,509,863	4,662,799
Depreciation (Note 11)	78,349	73,590
Provision for Employee Benefits (Note 19)	482,500	697,750
Profit on Disposal of Property, Plant & Equipment	-	-
Gain / (Loss) on sale of Quoted Shares	(3,119,081)	(1,454,862)
Share of profit from Investment in Associate	(1,902,538)	(7,583,476)
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	(19,117,400)	(3,818,300)
(Gain) / Loss on fair value through profit or loss financial assets	(5,245,542)	7,968,572
	(29,777,893)	(25,503,616)
Changes in		
Other Receivables	(682,148)	290,520
Other Payables	(982,850)	88,290
Cash generated from / (used in) Operating Activities	(31,442,891)	(25,124,806)
Employee Benefits Paid (Note 19)	-	-
Tax Paid	-	-
Interest Paid	(8,509,863)	(4,662,799)
Net cash from / (used in) Operating Activities	**(39,952,754)**	**(29,787,605)**
Cash Flow from Investing activities		
Acquisition of Property, Plant & Equipment (Note 11)	(42,490)	-
Dividend received from Investment in Associate	537,000	-
Interest received	20,984,053	20,752,098
Proceeds from Disposal of Property, Plant & Equipment	-	-
Granting a Loan	(10,000,000)	(10,000,004)
Recovery of the Loan	2,667,068	3,838,384
Investment in Ordinary Shares of Grains 'N' Green Ltd.	-	(9,999,996)
Investment in Treasury Bonds	(461,670,050)	(205,095,697)
Proceeds from disposal of Treasury Bonds	486,125,900	209,133,150
Liquidation proceeds from SIS	-	1,224,938
Purchase of Shares	-	(5,422,272)
Proceeds from disposal of Quoted Shares (Net) - portfolio	919,584	-
Proceeds from disposal of Quoted Shares (Net)	13,631,458	5,796,813
Net cash from / (used in) Investing activities	**53,152,523**	**10,227,414**
Cash Flow from Financing activities		
Repayment of Borrowing	(19,738,036)	(104,423,232)
Dividend paid	(198,595)	(271,166)
Net cash used in Financing activities	**(19,936,631)**	**(104,694,398)**
Net Increase / (Decrease) in Cash and Cash equivalents	(6,736,862)	(124,254,589)
Cash and Cash equivalents as at 1st January	13,706,075	137,960,664
Cash and Cash equivalents as at 31st December (Note 17)	**6,969,213**	**13,706,075**

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 01st November 2024.

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. Material 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

(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 an 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.

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)

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.

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

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

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

3.2.3 Subsequent costs

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

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

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

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

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

3.3 Liabilities and provisions

(i) Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

3.5 Employee benefits

(i) Defined contribution plans

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

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

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

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

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

3.6 Revenue

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

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

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

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

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

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

3.8 Finance expense
Finance costs comprise bank charges.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

3.10 Earnings per Share

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

3.11 Cash Flows Statement

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

3.12 Events occurring after the reporting date

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

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

3.13 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 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 and interpretations are not expected to have a material impact on the Company's financial statements

The following amended standards are not expected to have a significant impact on the Company's Financial Statements;

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12). The amendment applies to annual reporting periods beginning on or after 1 January 2023.

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to LKAS 1). The amendment applies to annual reporting periods beginning on or after 1 January 2024.

The amendments apply for annual reporting periods beginning on or after 1 January 2025 with earlier application is permitted. This is yet to be adopted by CA Sri Lanka.

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:

	2023	2022
	Rs.	Rs.
Total liabilities	8,330,282	28,943,589
Less: cash and cash equivalents	6,969,213	13,706,075
Net debt	1,361,069	15,237,514
Total equity	219,746,711	203,311,670

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

FOR THE YEAR ENDED 31ST DECEMBER		2023 Rs.	2022 Rs.
5.	**Revenue**		
	Dividend Income	256,815	698,715
	Interest on Fixed Deposits and Short Term Investments	16,514	458,310
	Interest on Money Market Account	1,407,459	3,344,503
	Interest on Treasury Bonds	20,595,795	15,664,798
	Interest on the Loan	4,060,081	1,179,167
		26,336,664	21,345,493
	Other Income		
	Gain on Sale of Quoted Shares	3,119,081	1,454,862
	Gain/(Loss) on Sale of Treasury Bonds	19,117,400	3,818,300
	Gain on Sale of Fixed Assets	-	-
	Management Fees	500,000	-
	Facilitation Fee	350,000	50,000
		23,086,481	5,323,162
	Total Revenue	**49,423,145**	**26,668,654**
6.	**Personnel Cost**		
	Salaries	12,871,500	12,597,500
	Staff Bonus	1,170,000	-
	Staff Welfare	943,750	863,413
	Contribution to EPF & ETF	1,930,725	1,889,625
	Provision for Employee Benefit Obligations	482,500	697,750
		17,398,475	**16,048,288**
	Average number of employees	5	5
7.	**Profit from Operations is stated after charging**		
	Depreciation	78,349	73,590
	Legal & Professional Expenses	342,669	160,000
8.	**Finance Expenses**		
	Bank Charges	118,400	89,900
	Interest expense on Repo Borrowings	8,391,463	4,572,899
		8,509,863	**4,662,799**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

FOR THE YEAR ENDED 31ST DECEMBER	2023 Rs.	2022 Rs.
9. Income Tax Expenses		
Current Tax Expense		
Current Year	-	-
Self assessment tax paid	-	-
(Over)/ Under Provision	-	-
	-	-
Deferred Tax Expense		
Origination and reversal of temporary difference	-	-
	-	**-**
Reconciliation between Accounting Profit and Taxable Income		
Profit / (Loss) Before Tax	**16,615,804**	**(6,695,261)**
Expenses not deductible	11,176,898	10,483,486
Allowable Expenses	(72,710)	(192,581)
Exempt Income	(13,643,057)	(1,747,336)
Income from Other sources	(22,019,767)	(19,083,660)
Loss/(Gain) on sale of Treasury Bonds	-	(3,818,300)
Taxable Income/(Loss) from business (a)	**(7,942,832)**	**(21,053,653)**
Income from other sources	22,019,767	19,083,660
Allowable expense on income from other sources	(8,391,463)	(4,572,899)
Losses utilised	(13,628,304)	(14,510,762)
Taxable Income from other sources (b)	**0**	**(0)**
Total Taxable income/(loss) (a+b)	(7,942,832)	(21,053,653)
Income tax expense	-	-
Tax Loss B/F from Previous Year	97,367,028	90,824,137
Difference of tax loss claimed as per final tax return	1,371,685	-
Loss incurred during the year	7,942,832	21,053,653
Loss utilised during the year	(13,628,304)	(14,510,762)
Tax Loss C/F	**93,053,241**	**97,367,028**

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.

	2023	2022
Net Profit / (Loss) attributable to Ordinary Shareholders		
Net Profit / (Loss) for the year (Rs.)	16,615,804	(6,695,261)
Weighted Average Number of Ordinary Shares		
No. of Ordinary Shares in issue	17,938,262	17,938,262
Basic Loss per Share (Rs.)	**0.93**	**(0.37)**

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 2023	641,001	406,691	1,150,078	-	2,197,770
Additions	29,990	-	12,500	-	42,490
Disposals/Written Off	-	-	-	-	-
Balance as at 31st December 2023	670,991	406,691	1,162,578	-	2,240,260
Depreciation					
Balance as at 1st January 2023	472,463	332,691	1,147,744	-	1,952,898
Depreciation for the year	50,016	24,569	3,764	-	78,349
Disposals/Written Off	-	-	-	-	0
Balance as at 31st December 2023	522,479	357,260	1,151,508	-	2,031,247
Carrying Amounts as at					
31st December 2023	**148,512**	**49,431**	**11,070**	**-**	**209,013**
31st December 2022	**168,538**	**74,000**	**2,334**	**-**	**244,872**

Property, plant & equipment includes fully depreciated assets, the cost of which as at 31st December 2023 amounted to Rs. 1,720,618/- (2022 - Rs. 1,637,043/-)

12. Investments

	2023 Rs.	2022 Rs.
Investment securities designated at FVOCI - Equity Investments (12.1)	5,880,000	5,805,000
Investment securities designated at FVOCI - Debt Investments (12.2)	-	-
Investment securities designated at FVTPL - Debt Investments (12.3)	156,535,698	156,778,353
Loans and Advances measured at Amortsed Cost- Debt Investments (12.4)	17,939,157	10,606,226
	180,354,855	**173,189,578**

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 @ 2023	Cost as at 31/12/2023	FV @ 2022	Cost as at 31/12/2022	Equity instruments at FVOCI - Net change in fair value - Gain / (Loss)	Gain / (Loss)
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Access Engineering PLC	100,000	2,030,000	2,500,000	1,605,000	3,750,000	960,000	89,584
LVL Energy Fund PLC	700,000	3,850,000	5,398,226	4,200,000	5,398,226	(350,000)	-
Standard Industrial Solutions (Pvt) Ltd.	250,000	-	2,500,000	-	2,500,000	-	-
Grains 'N' Green Ltd.	1,278,416	-	-	-	-	-	-
		5,880,000	**10,398,226**	**5,805,000**	**11,648,226**	**610,000**	**89,584**

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

12.2 Investment securities designated at FVOCI - Debt Investments

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

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

12.3 Investment securities designated at FVTPL - Debt Investments

				2023		2022	
ISIN	Maturity Date	Interest rate	Face Value	Carrying Value (Rs.)	Fair Value (Rs.)	Carrying Value (Rs.)	Fair Value (Rs.)
LKB01530E152	5/15/2030	11%	100,000,000	105,518,962	105,518,962	105,970,485	105,970,485
LKB01628G019	7/1/2028	9%	50,000,000	51,016,736	51,016,736	50,807,868	50,807,868
				156,535,698	**156,535,698**	**156,778,353**	**156,778,353**

12.4 Loans and Advances measured at Amortised Cost- Debt Investments

	Carrying Value (Rs.) 2023	Carrying Value (Rs.) 2022
Grains 'N' Green Ltd	17,939,157	10,606,226
Global Medical Supplies	1,830,000	1,830,000
(-) Provision	(1,830,000)	(1,830,000)
	17,939,157	**10,606,226**

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.

Additional investments in Grains 'N' Green Ltd. were made in March 2023 (Rs. 5,000,000/-) and November 2023 (Rs. 5,000,000/-) by way of loans. Furthermore the company's shareholding dropped to 25.08% due to additional investments in ordinary shares by third parties.

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)
Total no. of shares issued	146,667
No. of Investment shares	36,667
Percentage ownership by Equity Investment	**25%**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

AS AT 31ST DECEMBER

12.6 Investment in Associate - Grains 'N' Green Ltd

Carrying value of investment in associate	2023	2022
Opening balance	23,115,037	-
Cost of Investment	-	14,999,996
Share of profits	1,902,538	8,115,041
Loss on Dilution	(1,351,672)	-
Carrying value for the year eneded 31st Dec 2023	23,128,903	23,115,037

	Unaudited 31 December 2023	Audited 31 March 2023
	Rs.	Rs.
Non current assets	38,410,149	36,952,149
Current assets	103,416,203	74,653,007
Total assets	**141,826,352**	**111,605,157**
Non current liabilities	17,939,157	15,000,004
Current liabilities	32,352,044	11,222,300
Total liabilities	**50,291,201**	**26,222,304**
Net assets	91,535,151	85,382,853
Profit/(Loss) after taxation	8,342,420	4,569,331
Total no. shares of issued	5,096,893	4,760,483
No. of Investment shares	1,278,416	1,278,416
Percentage ownership by Equity Investment	**25.08%**	**26.85%**

13. Investment securities Mandatorily at FVTPL - Equity Investments

Company	No. of Shares as at 31/12/2022	No. of Shares as at 31/12/2023	Consideration received from disposals Rs.	Fair Value as at 31/12/2023 Rs.	Fair Value as at 31/12/2022 Rs.	Total Gain / (Loss) recognised through profit or loss Rs.
Access Engineering PLC	16,000	16,000	-	324,800	171,200	153,600
Aitken Spence Hotel Holdings	500	-	28,181	-	25,400	2,781
Amana Bank PLC	97,241	101,373	-	233,158	281,999	(48,841)
Asian Hotels & Properties PLC	32,000	-	1,636,919	-	1,196,800	440,119
Balangoda Plantations PLC	2,400	2,400	-	121,920	196,800	(74,880)
Browns Investments PLC	100,000	100,000	-	470,000	700,000	(230,000)
Central Finance Company PLC	15,000	-	1,563,738	-	937,500	626,238
Chemanex PLC	2,500	2,500	-	171,500	180,000	(8,500)
Commercial Bank of Ceylon PLC	14,532	-	1,331,843	-	729,506	602,337
DFCC Bank PLC	37,394	-	3,020,932	-	1,196,608	1,824,324
Ex-Pack Corrugated Cartons PLC	15,000	15,000	-	186,000	196,500	(10,500)
Expolanka Holdings PLC	5,200	5,200	-	744,900	947,700	(202,800)
Hatton National Bank PLC	4,173	-	733,413	-	329,250	404,163
Hayleys PLC	2,000	2,000	-	142,800	136,000	6,800
Hela Apparel Holdings PLC	7,000	7,000	-	35,000	59,500	(24,500)
Hikkaduwa Beach Resort PLC	12,000	12,000	-	62,400	60,000	2,400
Hsenid Business Solutions PLC	10,000	10,000	-	115,000	170,000	(55,000)
John Keells Hotels PLC	14,400	-	284,649	-	237,600	47,049
Lankem Developments PLC	5,500	5,500	-	99,000	173,250	(74,250)
LOLC General Insurance PLC	9,000	9,000	-	68,400	72,900	(4,500)
Melstacorp PLC	5,500	-	341,827	-	254,100	87,727
National Development Bank PLC	43,105	22,000	1,806,751	1,427,800	1,379,360	1,855,191
Nations Trust Bank PLC	11,686	-	944,078	-	539,893	404,185
People's Leasing & Finance PLC	32,842	12,500	226,348	133,750	164,210	195,888
R I L Property PLC	15,000	15,000	-	76,500	85,500	(9,000)
Sampath Bank PLC	50,000	2,725	3,034,570	192,113	1,710,000	1,516,683
Sanasa Development Bank PLC	12,500	12,500	-	393,750	267,500	126,250
Sarvodaya Development Finance PLC	4,000	-	49,677	-	43,200	6,477
Seylan Bank PLC	47,674	39,874	561,213	1,750,469	1,506,498	805,183
			15,564,139	**6,749,260**	**13,948,775**	**8,364,624**

Gain from sale of equity investments (Sales proceeds - Cost)	3,119,081
Fair value gain	5,245,542
	8,364,623

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

AS AT 31ST DECEMBER

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 31.12.2023 amounted to Rs. 27,915,972 (2022 - Rs. 29,210,108).

15. Receivable from Commissioner General of Inland Revenue

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

	2023 Rs.	2022 Rs.
16. Other Receivables		
Withholding Tax Receivable	6,204,164	6,198,082
Refundable Deposits	545,500	645,500
Other Receivables	228,263	205,524
Interest Receivable on the Loan	-	68,336
Dividend Receivable from Grains 'N' Green	271,663	-
Facilitation Fee Receivable from Grains 'N' Green	350,000	-
Professional Fee Receivable from Tradis Holdings	200,000	-
Softlogic Stockbrokers	1,699,996	-
First Capital Equities	232,684	-
	9,732,270	**7,117,442**
17. Cash and Cash Equivalents		
Short Term Investments **(Note 17.1)**	6,075,377	9,170,079
Cash at Bank and in Hand	893,836	4,535,996
Cash and Cash Equivalents for the Cash Flows Statement	**6,969,213**	**13,706,075**
17.1 Short Term Investments		
First Capital Money Market Fund	6,075,377	-
First Capital Gilt Edged Fund	-	9,170,079
	6,075,377	9,170,079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

AS AT 31ST DECEMBER

		2023 Rs.	2022 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	2,740,000	2,042,250
Provision for the year	482,500	697,750
Payments during the year	-	-
Balance at end of the year	**3,222,500**	**2,740,000**

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 2023 Rs.	2022 Rs.
Investment securities designated at FVOCI - Debt Investments	12.2	-	-
Investment securities designated at FVTPL - Debt Investments	12.3	156,535,698	156,778,353
Loans and Advances measured at Amortised Cost- Debt Investments	12.4	17,939,157	10,606,226
Other receivables	16	9,732,270	7,117,443
Cash and cash equivalents	17	6,969,213	13,706,075
		191,176,338	188,208,096

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 2023.

Cash and cash equivalents
The Company held cash and cash equivalents of Rs. 6,969,213/- as at 31st December 2023 (2022:Rs. 13,706,075/-), 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 2023		Contractual cash flows		
	Carrying amount (Rs)	Less than 6 months	6 to 12 months	12 months or more
Unclaimed dividend payable	2,900,097	2,900,097	-	-
Softlogic Stockbrokers	-	-	-	-
WHT payable	-	-	-	-
Funding for Treasury Bonds - Repo	-	-	-	-

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	-	-

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

2023	**Carrying Amount**	**Trading Portfolios**	**Non Trading Portfolios**
	Rs.	**Rs.**	**Rs.**
Investment securities Mandatorily at FVTPL - Equity Investments	6,749,260	6,749,260	-
Investment securities designated at FVOCI - Equity Investments	5,880,000	5,880,000	-
	12,629,260	12,629,260	-

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	-

Market Risk Sensitivity

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

2023	**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	337,463	(337,463)
Investment securities designated at FVOCI - Equity Investments	294,000	(294,000)

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)

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.

2023	Note	Fair value hierarchy	Equity securities - FVTPL	Amortized cost	Equity Securities - FVOCI	Total
			Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	17	N/A	-	893,836	-	893,836
Short term investments	17.1	N/A	-	6,075,377	-	6,075,377
Debt investments	12.3	N/A	-	156,535,698	-	156,535,698
Loans and Advances measured at Amortised Cost - Debt Investments	12.4	N/A	-	17,939,157	-	17,939,157
Quoted equity securities	12.1/13	Level 1	6,749,260	-	5,880,000	12,629,260
			6,749,260	181,444,068	5,880,000	194,073,328
Unclaimed Dividend Payable		N/A	-	2,900,097	-	2,900,097
Softlogic Stockbrokers		N/A	-	-	-	-
WHT Payable		N/A	-	-	-	-
Funding for Treasury Bonds - Repo		N/A	-	-	-	-
			-	2,900,097	-	2,900,097

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
			13,948,775	181,090,654	5,805,000	200,844,429
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

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

2023

	Rs.
Balance as at 1st January 2023	14,999,996
Additions	-
(Disposals)	-
Gain / (loss) included in Other Comprehensive Income	-
Impairment	-
Net change in fair value	-
Balance as at 31st December 2023	14,999,996

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

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:

	2023 Rs.	2022 Rs.
Short term employee benefits	9,000,000	9,000,000
Post employment benefits paid and payable	375,000	375,000

The Directors emoluments for the year ended 31st December 2023 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 2023 except for Mr. Vignarajah who holds 62,500 shares of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Values are in Rupees

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

22.2 Other Related Party Transactions

Commercial Bank of Ceylon PLC

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

Company	Relationship	Nature of Transaction	Amount paid	Amount received 2023	Balance	Amount paid	Amount received 2022	Balance
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Commercial Bank of Ceylon PLC	Significant Shareholder	Money Market Deposit	-	-	625,060	-	-	1,293,895
		Current Account	-	-	200,000	-	-	199,750
		Dividend Account	-	-	221,310	-	-	3,005,206
		Ordinary Shares held in Commercial Bank - Voting (no. of shares 14,532)	-	-	-	-	-	729,506
			-	121,638	-	-	113,987	-
Connect Community Global (Pvt) Ltd.	Associate (Common directorship - Mr. A H M Riyaz)	Write off	-	-	933,479	-	(531,566)	933,479
Grains N Green Ltd.	Associate (Common directorship - Mr. M J C Amarasuriya & Mr. A H M Riyaz)	Equity Investment	-	-	14,999,996	9,999,996	-	14,999,996
		Debt Investment	10,000,000	(2,667,068)	17,939,157	10,000,004	(3,838,384)	10,606,225

23. Events occurring after the reporting date

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

24. Contingent Liabilities & Commitments

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

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

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 2023

Values are in Rupees

Sector	Name of Business Entity	Investment Value Rs.	% of Investment by Sector
Capital Goods	Access Engineering PLC	2,030,000	
		2,030,000	4
Utilities	LVL Energy Fund PLC	3,850,000	
		3,850,000	8
Food & Staples Retailing	Grains 'N' Green Ltd.	41,068,060	
		41,068,060	86
Logistics	Connect Community Global (Pvt) Ltd.	933,479	
		933,479	2
	Total	47,881,539	100

PORTFOLIO SUMMARY

AS AT 31ST DECEMBER 2023

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	2,030,000	0.01%	Operating Profitably
LVL Energy Fund PLC	Providing Venture Capital Funds to the Power & Energy Sector	Nov-12	Ordinary Shares	3,850,000	0.12%	Operating Profitably
Grains 'N' Green Ltd.	Selling non-genetically modified rice & related products	Feb-20	Loan	17,939,157		
		Aug-20	Ordinary Shares	23,128,903	25.08%	
				41,068,060		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

	2023 Rs.	2022 Rs.	2021 Rs.	2020 Rs.	2019 Rs.
Revenue	**49,423,145**	**26,668,654**	**27,528,515**	**32,632,353**	**22,672,344**
Gain / (Loss) on fair value through profit or loss - Equity Instruments	5,245,542	(7,968,572)	(182,644)	159,063	(297,658)
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)	-	-
Impairment allowance on Investment in Global Medical Supplies	-	(1,830,000)	-	-	-
Reversal of Impairment allowance on Standard Industrial Solutions	-	537,651	-	-	-
Personnel Cost	(17,398,475)	(16,048,288)	(15,919,965)	(14,964,498)	(13,857,755)
Provision for receivable from CGIR	-	-	(1,179,235)	-	-
Administrative Expenses	(14,047,083)	(10,975,385)	(7,852,647)	(7,733,469)	(7,298,551)
Profit / (Loss) from Operations	**23,223,129**	**(10,147,504)**	**(23,060,338)**	**6,348,692**	**1,218,380**
Finance Expenses	(8,509,863)	(4,662,799)	(12,793,541)	(8,335,101)	(2,598,731)
Share of Profit from Associate	1,902,538	8,115,042	-	-	-
Profit / (Loss) Before Taxation	**16,615,804**	**(6,695,261)**	**(35,853,879)**	**(1,986,409)**	**(1,380,351)**
Income Tax Expense	-	-	(3,413,377)	(3,106,441)	(100,598)
Profit / (Loss) After Taxation	**16,615,804**	**(6,695,261)**	**(39,267,255)**	**(5,092,850)**	**(1,480,949)**
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	209,013	244,872	318,461	355,948	500,685
Investments	204,417,237	197,238,095	181,872,156	313,807,223	139,694,630
Deferred Tax	-	-	-	3,413,377	6,519,818
Total Non-Current Assets	204,626,250	197,482,967	182,190,617	317,576,548	146,715,133
Current Assets					
Investment securities Mandatorily at FVTPL - Equity Investments	6,749,260	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
Other Receivables	9,732,270	7,117,442	9,559,767	9,928,141	7,820,780
Receivable from First Capital Treasuries	-	-	-	-	36,885,195
Cash and Cash Equivalents	6,969,213	13,706,075	137,960,666	122,843,869	32,427,280
Total Current Assets	23,450,743	34,772,292	166,310,977	161,270,844	97,190,478
TOTAL ASSETS	**228,076,993**	**232,255,259**	**348,501,594**	**478,847,391**	**243,905,611**
EQUITY & LIABILITIES					
EQUITY					
Stated Capital	198,352,905	198,352,905	198,352,905	198,352,905	198,352,905
FVOCI Reserves	(3,564,898)	(3,118,226)	3,211,774	9,855,414	(5,134,004)
Retained Earnings	24,958,704	8,076,991	14,336,763	56,763,020	45,249,595
Total Equity	219,746,711	203,311,670	215,901,442	264,971,339	238,468,496
LIABILITIES					
Non-Current Liabilities					
Employee Benefit Obligations	3,222,500	2,740,000	2,042,250	1,596,500	1,470,500
Total Non-Current Liabilities	3,222,500	2,740,000	2,042,250	1,596,500	1,470,500
Current Liabilities					
Funding for Treasury Bonds	-	19,738,036	124,161,268	208,448,667	-
Income Tax Payable	-	-	-	-	-
Unclaimed Dividend Payable	2,900,097	3,275,017	3,981,672	974,474	1,057,306
Softlogic Stockbrokers	-	-	-	-	1,644,219
Employee Benefits Payable	-	-	-	600,000	-
Accrued Expenses	2,207,685	3,190,536	2,414,961	2,256,411	1,257,155
WHT Payable	-	-	-	-	7,935
Total Current Liabilities	5,107,782	26,203,589	130,557,902	212,279,552	3,966,615
Total Liabilities	8,330,282	28,943,589	132,600,152	213,876,052	5,437,115
TOTAL EQUITY AND LIABILITIES	**228,076,993**	**232,255,259**	**348,501,594**	**478,847,391**	**243,905,611**

NOTES