

CEYLON GUARDIAN INVESTMENT TRUST PLC

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The report can be accessed online at
<http://www.carsoncumberbatch.com>

CEYLON GUARDIAN INVESTMENT TRUST PLC

Ceylon Guardian Investment Trust PLC is the holding company of the investment business of the Carson Cumberbatch Group. As an investment house it is managing portfolios of multiple asset classes for differing groups of investors, maintaining a high quality of investments and wealth creation.

The Guardian Group holds an investment portfolio worth approximately
Rs. 13.67 billion as at the end of March 2020.

This portfolio builds equity stakes in some of Sri Lanka's most promising and successfully run companies that show great potential for value creation.

The environment in which the company operated for the financial year was challenging. We are pleased to set out the review and performance of the business during the year in this report.

FINANCIAL HIGHLIGHTS

In Rupees Thousands

For the year ended / As at 31st March	2020	2019	Change %
Revenue	759,591	518,282	47
Profit/(loss) from operations	(1,375,346)	(2,277,344)	(40)
Share of profit of equity accounted investee net of tax	4,724	6,909	(32)
Profit/ (loss) before taxation	(1,400,265)	(2,285,381)	(39)
Profit/(loss) for the year	(1,445,340)	(2,343,669)	(38)
Profit/(loss) attributable to equity holders of the parent company	(1,244,876)	(1,921,652)	(35)
Other comprehensive income/(expense) for the year	(378,205)	(65,377)	478
Total comprehensive income / (expense) for the year	(1,850,818)	(2,409,046)	(23)
Total comprehensive income / (expense) attributable to equity holders of the parent	(1,557,814)	(1,982,149)	(21)
Net cash generated from / (used in) operating activities	1,372,857	(416,756)	(429)
Net increase / (Decrease) in cash and cash equivalents	2,196,423	(500,415)	(539)
Total equity attributable to equity holders of the parent	11,535,478	13,087,942	(12)
Total equity	13,867,586	15,717,405	(12)
Total assets	15,030,426	16,059,487	(6)
Return on ordinary shareholders funds (%)	(10.79)	(14.68)	(26)
Earnings/(loss) per share (Rs)	(14.02)	(21.65)	(35)
Dividend per share (Rs) *	1.15	0.75	53
Net assets per ordinary / deferred share (Rs)	129.93	147.42	(12)
Guardian actively managed Portfolio **	9,987,076	11,422,792	(13)
Guardian fund value **	13,665,962	15,510,443	(12)
Stock market data			
All Share Price Index (points)	4,572	5,557	(18)
S&P SL 20 Index (points)	1,947	2,739	(29)
Market capitalisation	5,957,883	5,128,094	16
Share price (Rs.)			
Year end	71.80	61.80	16
High	95.90	99.80	(4)
Low	58.00	61.00	(5)

* Based on proposed / interim dividends

** Based on fair value of portfolio after adjusting for cash and cash equivalents and short-term borrowings. Total Fund value include actively managed portfolio and investment in Bukit Darah PLC.

CHAIRPERSON'S **MESSAGE**

On behalf of the Board of Directors, I take pleasure in presenting to you to the Annual Report of Ceylon Guardian Investment Trust PLC for the financial year ended 31 March 2020.

This year was one of the most challenging years experienced by the company with the business environment impacted by the Easter Sunday attacks towards the start of the year and the economic standstill brought about by COVID-19 pandemic at the end of the year. The Colombo Stock Exchange was under significant pressure and the benchmark All Share Price Index declined by 17.73% and S&P SL20 fell by 28.92%. Guardian's discretionary portfolio also experienced a dividend adjusted performance decline of 12.33% for the year. The Ceylon Guardian Group reported a consolidated loss after tax of Rs. 1,473 Mn for the year ended 31st March 2020 as a result of the downward movement in the equity market leading to a loss of Rs. 1,856 Mn from fair value through profit or loss financial assets. The negative financial performance was a representation of the depressed equity markets following effect of COVID-19. The Institute of the Chartered Accountants of Sri Lanka has issued guidelines that provided us the option to value the quoted equity investments based on a valuation, subject to valuation price not exceeding the closing market price as at 31st December 2019. However, due to the subjectivity of such an assessment and uncertainty of the timing of the full recovery, we felt it prudent to value the portfolio based on the latest market prices available as at 31st March 2020. On a positive note, notwithstanding the very challenging environment, Guardian sees strong potential for stock picking and remains true to its long term investment philosophy of fundamental investing.

Economy

Sri Lanka's economy recorded a low growth rate of 2.3% in 2019 and with the extraordinary circumstances surrounding the pandemic, the performance of the economy is expected to be further challenged in 2020. Although we expect the economy to gradual recovery over the medium term the shorter term will be a testing environment. The pandemic has put significant strain on emerging and frontier economies and Sri Lanka will be no exception with its relatively high level of fiscal and budget deficits. This point has already been highlighted by several rating agencies who in turn downgraded Sri Lanka's sovereign rating. The Central Bank of Sri Lanka implemented a number of measures to stimulate the economy, which included policy rate cuts, open market operations, public relief by utilizing the banking system and actions taken to curtail the trade deficit.

Business Environment

The Colombo Stock Exchange (CSE) continues to operate in a difficult environment with pandemic implications and ongoing economic concerns affecting its performance. The CSE experienced a prolonged closure due to imposed curfew and lockdown measures. Despite the decline after the recommencement of trading in May the All Share Price Index has partially recovered at the time of writing this review. The CSE performance is a reflection of the investment climate in Sri Lanka and foreign investors will factor its performance when considering any direct investment into the country.

I thank the staff for their pro-activeness, commitment and spirited efforts managing the company in such a challenging environment, our intermediaries and service providers for their support, and the regulators for their role in developing the capital markets. I would also like to express my appreciation to our clients and investors who continue to place their trust and belief in Guardian; also our shareholders who trust in us to steer the company in this challenging time. I also express my appreciation to fellow board members and the members of the Audit Committee, Remuneration Committee, Nomination Committee and Related Party Transactions Review Committee for their diligence.

(Sgd.)

M. A. R. C. Cooray (Mrs.)

Chairperson

10th August 2020
Colombo

MANAGEMENT DISCUSSION AND ANALYSIS

Guardian group portfolio performance

By 31st March 2020, COVID-19 had gripped the economy and the Colombo Stock Exchange (CSE) was closed due to curfews and lock-down. The ASPI experienced a significant decline before the lock-down and a further sharp decline after recommencement of trading reflecting the severity of the Pandemic. Despite the decline after the recommencement of trading in May the All Share Price Index has partially recovered.

Ceylon Guardian's portfolio comprises of a strategic portfolio and discretionary portfolio which was valued at 13.67 Bn as at 31st March 2020. The strategic portfolio which reflects holdings in Bukit Darah PLC declined to Rs. 3.68 Bn as at 31st March 2020 from Rs. 4.09 Bn a year ago. The discretionary component of the portfolio, which is actively managed, conducts its investments using fundamental analysis to determine share price valuations in

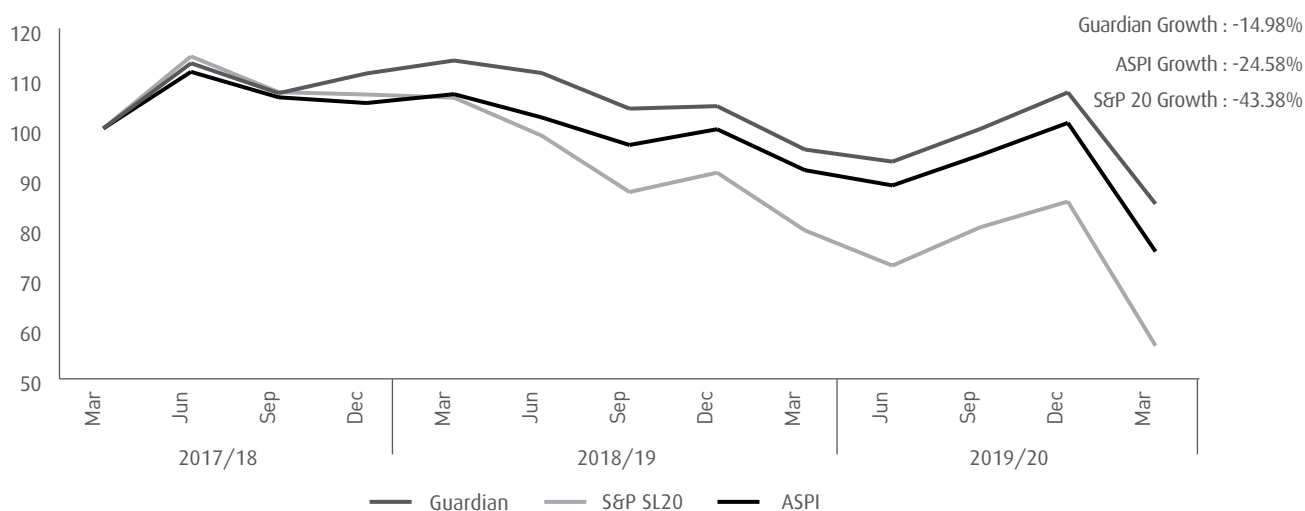
equity markets. The discretionary portfolio also declined to Rs. 9.98 Bn from 11.42 Bn a year ago with the equity market experiencing a sharp drop from the envisaged economic impact of COVID-19. This translates to a decline of 12.33%, after adjusting for dividend payment to shareholders, while the benchmark All Share Price Index experienced a downturn of 17.73% for the financial year. Over a 3-year period, the discretionary portfolio recorded a decline of 14.98% while the All share price index saw a sharper drop of 24.58%. Similarly, the 5-year discretionary portfolio performance also saw a decline of 14.96% but outperformed All Share Price Index by approximately 18.01%. As at 30th June 2020, we have already experienced a partial recovery in the equity market since 31st March 2020 and assuming the portfolio holding in shares had not changed since 31st March 2020, the recovery in portfolio value due to share price upward correction would be Rs. 912 million.

Guardian group portfolio performance

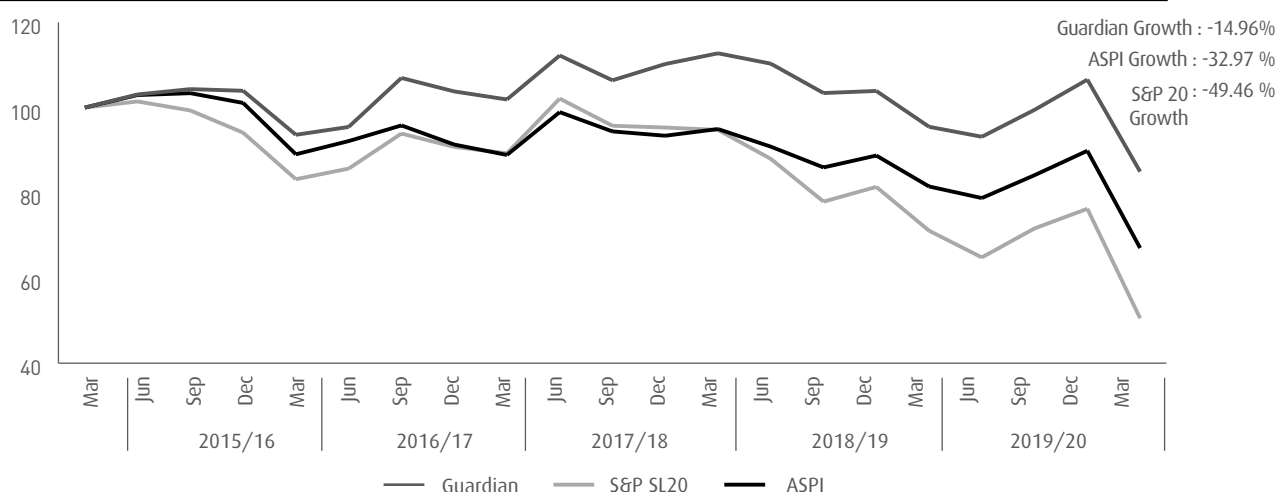
	As at 31/03/2020	31/03/2019	Change %	As at 31-Mar- 2020 (Dividend adjusted)	Dividend adjusted performance
Discretionary portfolio (Rs. '000) *	9,987,076	11,422,792	-12.57%	10,014,902	-12.33%
Total Portfolio (Rs.'000)*	13,665,962	15,510,443	-11.89%	13,693,788	-11.71%
ASPI (Points)	4,572.00	5,557.00	-17.73%		-17.73%
S&P 20 (Points)	1,947.00	2,739.00	-28.92%		-28.92%

*After adding back the total cash outflow from the distribution of dividend by the Group which was Rs.27.8 Mn during the period.

Three year track record - Guardian discretionary portfolio



Five year track record - Guardian discretionary portfolio



The largest single stock exposure for Guardian's portfolio as at 31st March 2020 is Central Finance PLC where we have an exposure of Rs.1.77 Bn. We feel the cautious growth strategy that the company employs is well suited for the current context, which has placed it in an advantageous position compared to its peers with respect to capital adequacy and profitability. The company shows substantial value growth due to its long-term prospects and shows significant potential in the long term. In response to the economic crisis created by the pandemic, policy makers have responded by announcing loan moratoriums, concessionary working capital loans and rescheduling of loans through financial institutions. To support this the Central bank has eased regulations by granting extensions and reductions on capital requirements while also easing liquid asset requirements. We expect the sector to undergo significant pressure but feel Central Finance is in a stronger position to peers due to its strong capitalized position, good lending practices and experienced management. We are cautious on the NBF's sector non-performing assets increasing with the pandemic and continue to monitor such risks.

We continue to have a cautious view on the banking sector, Guardian maintains a 16.7% exposure to the banks as at March 2020. The banks were already experiencing challenges regarding increasing non-performing loans with a slowing economy and the aftermath from the Easter attacks. In a response to COVID-19, the Central Bank of Sri Lanka instructed banks to reduce burden on borrowers by providing moratoriums, reduced loan rates and suspension on foreclosures. These measures can put significant strain on banks in the medium term. Furthermore, easing of regulations to provide such facilities has come in the form of less stringent NPL recognition, lower SRR and capital requirements, which will place the banks' balance sheet

under more risk. We continue to remain concerned on increasing non-performing loans which can result in higher provisioning after relaxed regulations eventually are withdrawn and the need for further capital raising.

Company	Market value of the holding ('000)	Holding as a % of discretionary portfolio
Central Finance Company PLC	1,771,521	17.76%
Cargills (Ceylon) PLC	768,503	7.70%
Hatton National Bank PLC	753,765	7.56%
Hemas Holdings PLC	553,692	5.55%
Sampath Bank PLC	442,872	4.44%
Commercial Bank of Ceylon PLC	438,640	4.40%
Distilleries Company of Sri Lanka PLC	357,213	3.58%
People's Leasing & Finance PLC	338,355	3.39%
Dialog Axiata PLC	329,996	3.31%
Melstacorp PLC	292,680	2.93%
Total	6,047,237	60.62%

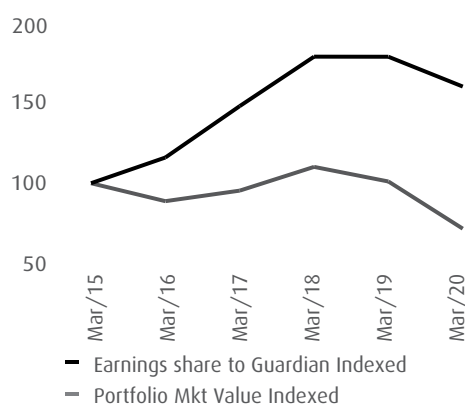
MANAGEMENT DISCUSSION AND ANALYSIS

A significant detractor to the portfolio was Cargills (Ceylon) PLC which experienced a share price decline of 15% for the financial year. The company's business primarily focuses around retail, fast moving consumer goods (FMCG), restaurants and banking (as an associate). The FMCG segment comprises of a good product portfolio encompassing dairy, beverage & culinary and convenience foods. Although, the FMCG business shows significant potential with evolving consumer behavior we find the modern retail segment and banking sectors to be experiencing heavy competitive pressures. Other modern retail players have grown aggressively in recent years and this sector will require significant focus and capex in order to maintain market share.

The portfolio increased exposure to Hemas Holdings as its price weakened through the year. We like the company's core business lines of consumer, healthcare and transportation. The company has a strong personal care portfolio and has established its ability to perform whilst managing domestic competition over the years. We are watchful of its overseas expansion which has experienced significant competitive pressure after its initial success. The pharmaceutical distribution business maintains its market share leadership and performs well but is subject to regulatory risk which has lately been in the form of price controls. However, despite significant selling pressure experienced by the stock we feel the business trades at a significant discount and will increase exposure to the stock based on its long-term potential.

The portfolio also has a holding in Dialog Axiata of Rs. 330 million which is an 83% subsidiary of Axiata group (Malaysia) and is the leading mobile operator in Sri Lanka. The company is expected to benefit from the growing demand for data whilst experiencing declining voice revenue. The company's continuous investment in technology has laid a foundation for it to benefit from the increasing internet and smartphone penetration levels in the country. The constant need to upgrade its technology makes it a very capital intensive business and competition through pricing amongst existing players is something we need to monitor.

Earnings share to Guardian Portfolio Indexed vs Portfolio Mkt Value Indexed



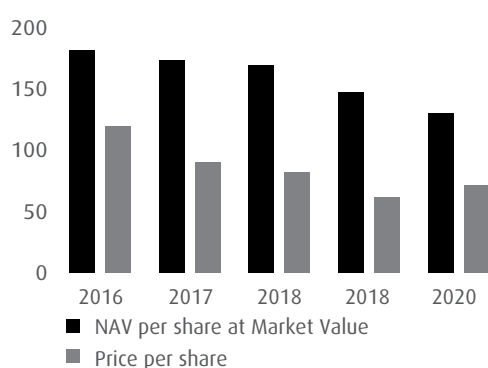
Financial Review and Shareholder Returns

Ceylon Guardian Investment Trust PLC, reported a consolidated loss after tax of Rs. 1,473 Mn for the year ended 31st March 2020 compared to a loss of Rs. 2,344 Mn recorded for the previous year. As mentioned in the chairperson's statement the negative financial performance was driven by the downward movement in the equity market resulting in a loss of Rs. 1,856 Mn from fair value through profit or loss financial assets.

The current year revenue increased by 47% relative to the previous year. The realized capital gains on disposal of stocks in the group portfolio is the key contributor to the group profit. During the period under review, Net gain from disposal of investment in equity and debt securities was Rs. 151 Mn which included a net realized gain of Rs. 44 Mn from disposal of Access Engineering PLC and Rs 31 Mn from disposal of Hayleys Fabric PLC shares compared to a net loss of Rs. 112 Mn in previous financial year.

In the year ended 31st March 2020 the Group's Net Asset Value (NAV) per share declined by 11.9% to Rs. 129.93. However, the market price of Rs. 71.80 for the Group's share indicated a steep discount of 45% compared to the NAV per share.

NAV per share (Market value) vs Share price
(Rs.)



As at 31st March	2020	2019	Change %
ASPI	4,572	5,557	(17.7)
NAV per share (Rs.)	129.93	147.42	(11.9)
Market price per share (Rs.)	71.80	61.80	16.2
Discount of NAV to market price per share	45%	58%	

The Company's share has been trading at a discount in the CSE over the years. As of 31st March 2020, the market price of a share was Rs. 71.80 amounting to an increase of 16.2% compared to the previous year, yet trading at a discount of 45% to the NAV.

Private Equity Business Review

Composition of the Portfolio

Total portfolio of the company as at 31st March 2020 stood at Rs. 698 Mn; of the portfolio 26% has been deployed into investments, whilst the balance is held in short term investments and cash. The largest holding in the portfolio is Hsenid Business Solutions (Pvt) Ltd followed by LVL Energy Fund PLC and Findmyfare (Pvt) Ltd.

Figure 1: Portfolio Composition & Cash Balance

	Rs. Mn	%
Hsenid Business Solutions (Pvt) Ltd	106,472	15%
LVL Energy Fund Limited	43,313	6%
Findmyfare (Pvt) Ltd	33,179	5%
	182,964	26%
Cash and short term investments	514,994	74%
	697,958	

As part of the annual valuation assessment done on the unlisted investments, the valuation at which Findmyfare and Hsenid are held was reviewed. Upon factoring in the current financial years performance, strengthened balance sheet as well as new plans of the management, the valuation review of Hsenid Business Solutions (Pvt) Ltd indicated that the value at which the stake is held should be marked up and hence it was revalued up by Rs. 26.5 Mn. Whilst recognizing the improved performance of the company, we need to be cognizant of the heightened risks the business will face due to the Covid 19 virus led slowdown which will impact growth, profitability and cash flows negatively in the short term.

However with respect to Findmyfare (Pvt) Ltd the review indicated that the value of the holding should be revalued downwards significantly. The airline and travel industry was the sector most impacted by the spread of Covid 19, and as it stands now, it is expected that it would take significant more time for this sector to recover relative to other industries, unless a vaccine is developed. As a result the online travel agency (OTA) businesses across the world have been severely disrupted, and Findmyfare being the largest OTA in Sri Lanka has been similarly affected. Further due to the company making significant investments into building its technology platform and gaining market share its funding position is relatively weak, whilst the environment for new fund raising into early stage companies has weakened and could be expected to be so for some time. These factors required a high level of caution to be exercised in the valuation assessment done, hence given due consideration to all these factors and the current information available on the business and the online travel agency sector, it was deemed appropriate to mark the value

MANAGEMENT DISCUSSION AND ANALYSIS

of the investment down. However given that Findmyfare is a startup and the fact that Covid 19 has disproportionately impacted the travel and online travel agency sector in an unprecedented manner, the valuation assessment made is subject to a high level of uncertainty and could vary substantially upward or downwards over the very short term.

We would like to reiterate that the valuation assessment done on the unlisted investments have been done based on the information available at the time and are subject to a high degree of uncertainty given the disruption caused by Covid 19. Please refer the notes in the financial statement for further details and sensitivities associated with the valuation of the unlisted investments.

Unlisted Positions Held

Hsenid Business Solutions (Pvt) Ltd

Hsenid develops and markets human resource management software, delivering solutions via on-premise and software as a service (SaaS) platforms. The company also offers HR outsourcing services. Whilst being the market leader in Sri Lanka, the company also derives over 40% of its revenue from overseas markets, mainly from the African region, Asia Pacific Region and India. Hsenid counts many of the largest Sri Lankan companies as its client. Similarly Hsenid works with some of the largest and reputed companies in the overseas markets it operates, where due to its superior product and service offering, the company has been able to compete against both local as well as international players. However competition is increasing in the space, with companies like Oracle and SAP showing keenness to grow in the HRIS segment. Further there are many new entrants entering the market offering products with less functionality but at low prices.

countries to reduce contagion and protect lives lead to supply chain disruptions, reduced demand and supply levels ultimately resulting in an economic fallout. Sri Lanka's economic growth was already weak for 2019 with annual growth recorded at 2.3% compared to 3.3% in 2018. Due to the extraordinary circumstance surrounding the pandemic, the exact economic implications are yet to be determined but we expect a period of negative growth perhaps more sensitive than the global economic growth.

The agriculture sector, which displayed slow growth of 0.6% for 2019 is the least likely to be affected by the pandemic subject to weather conditions. The Industry sector saw an improvement to 2.7% growth in 2019 but with the demand and supply disruptions due to Covid-19, we expect a sharp hit to this sector. The already troubled construction sub-sector will also have severe disruptions and delays in larger infrastructure related projects. The largest contributing sector being the Service sector experienced weak growth of 2.3% in 2019 with subdued activity in trade, transportation and financial services. Going forward, the Covid-19 impact on this sector and overall economy will result in a severe short-term performance decline but we expect a gradual recovery over the medium term.

The pandemic has put much significant strain on emerging and frontier economies and has exerted even more pressure on countries with high levels of external debt. Sri Lanka's foreign currency debt repayments over the next 3 years amounts to an estimated USD 17 billion (2021-23) while gross official reserves amounted to USD 7.5 billion as at March 2020. Sri Lanka's rising debt to GDP that was at 87% in 2019, coupled with its widening budget deficit has caused much anxiety amongst global investors and rating agencies. Fitch ratings downgraded Sri Lanka's sovereign rating from 'B' to 'B-' and S&P also lowered Sri Lanka's credit rating to 'B-'.

The Central Bank of Sri Lanka implemented a number of measures to stimulate the economy, which included policy rate cuts, the SDFR and SLFR rates by 75 basis points each (beginning 2020 to 31st March 2020), conducting open market operations, public relief by utilizing the banking system and actions taken to curtail trade deficit. Foreign selling in domestic government debt and CSE, external debt repayments, reduced tourism earnings and worker remittances will pressure the overall balance of payments in the short to medium term. The economic impact and its influence on capital markets will need to be monitored closely as we conduct our investment business.

Findmyfare (Pvt) Ltd

Findmyfare is Sri Lanka's first and largest online travel agent. The company has built up a strong presence in the sale of air tickets, and is looking to further penetrate into the air tickets market whilst also building other allied verticals in the travel market. The company successfully concluded its second fund raise in September 2018. However due to continued investment into the technology platform as well as marketing expenditure incurred to build market share the company is in the process of looking at raising another round of equity funding.

Economy

As a result of the pandemic, the world economic outlook for growth by the IMF for 2020 is projected to contract sharply by -3.0% compared to a 2.9% growth in 2019. Actions taken by

Equity Market Review

The Colombo Stock Exchange experienced one of its most challenging years with the start of the financial year experiencing the impact of the Easter terror attacks and the end of the year exposed to the evolving COVID-19 pandemic. The All Share Price Index closed the financial year with a negative performance of 17.73% while the S&P SL 20 also recorded a loss of 28.90%. The Colombo Stock Exchange closed on March 20th due to curfew and lock-down measures taken by authorities. However, the month of March alone saw a sell off resulting in the ASPI declining by 18.3% and S&P SL 20 also declining by 26.0%. Thereafter we have seen a gradual recovery within the CSE as at the time of writing this review.

During the beginning of the financial year, the Easter terror bombings and its negative economic impacts resulted in dampened earnings across majority of listed companies. Thereafter, a large part of the financial year was about businesses recovering from the attacks. Other factors that contributed to the negative performance of the CSE included the weak economic environment, concerns on debt repayment, slower credit growth in the financial system and political uncertainty in the run up to presidential elections.

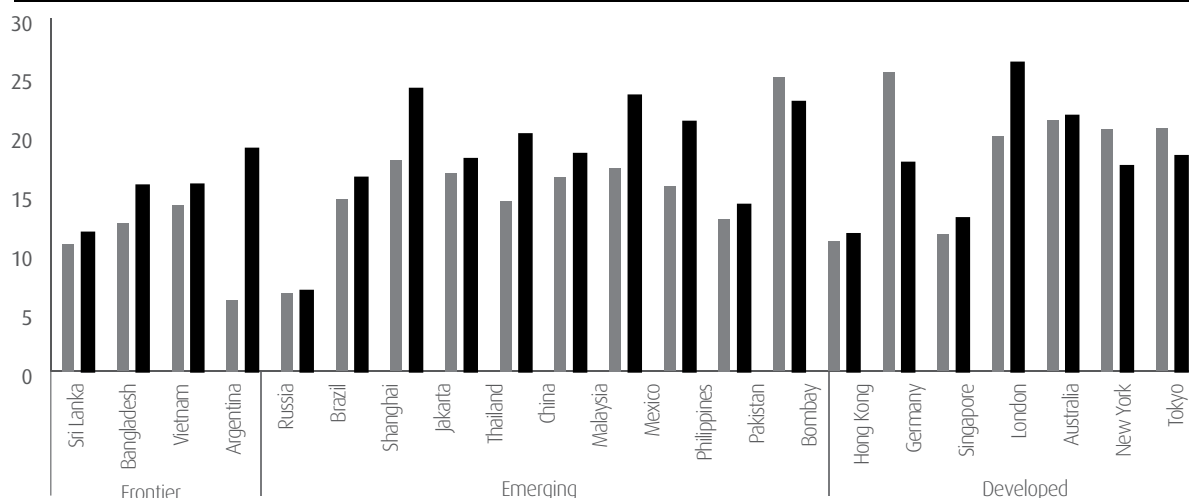
Global markets were very volatile too with trade war tensions influencing global equity indices in the first half of the financial year. The strong rally that resulted in developed markets performing well for calendar year 2019 saw a sharp reversal with the spread of the COVID pandemic. Foreign investors were net sellers in the CSE amounting to outflows of Rs. 11.0 Bn largely due to macroeconomic concerns, political uncertainty running up to elections and de-risking amidst the COVID-19 pandemic. However, foreign markets began to recover in the month of April 2020 with signs of some economies starting to open up.

Sectors that performed poorly for the financial year included Transportation (-49.6%), Insurance (-41.0%) and Banks (-33.7%). The negative implications of the pandemic affected every sector and large negative contributions from sectors to the overall index was witnessed.

Market capitalization as at 31st March 2020 was Rs. 2.13 trillion compared to Rs. 2.61 trillion a year ago. Earnings growth will be severely affected for 2020 with economic implications on the country yet to be determined. The All Share Price Index indicates very attractive valuations with a market PER of 8.4X on historic earnings and shows tremendous value at current price levels looking at the medium to long term.

Peer Market PE (Forward PE)

Ratio



Guardian Fund Management Limited
Investment Manager

Colombo
10th August 2020

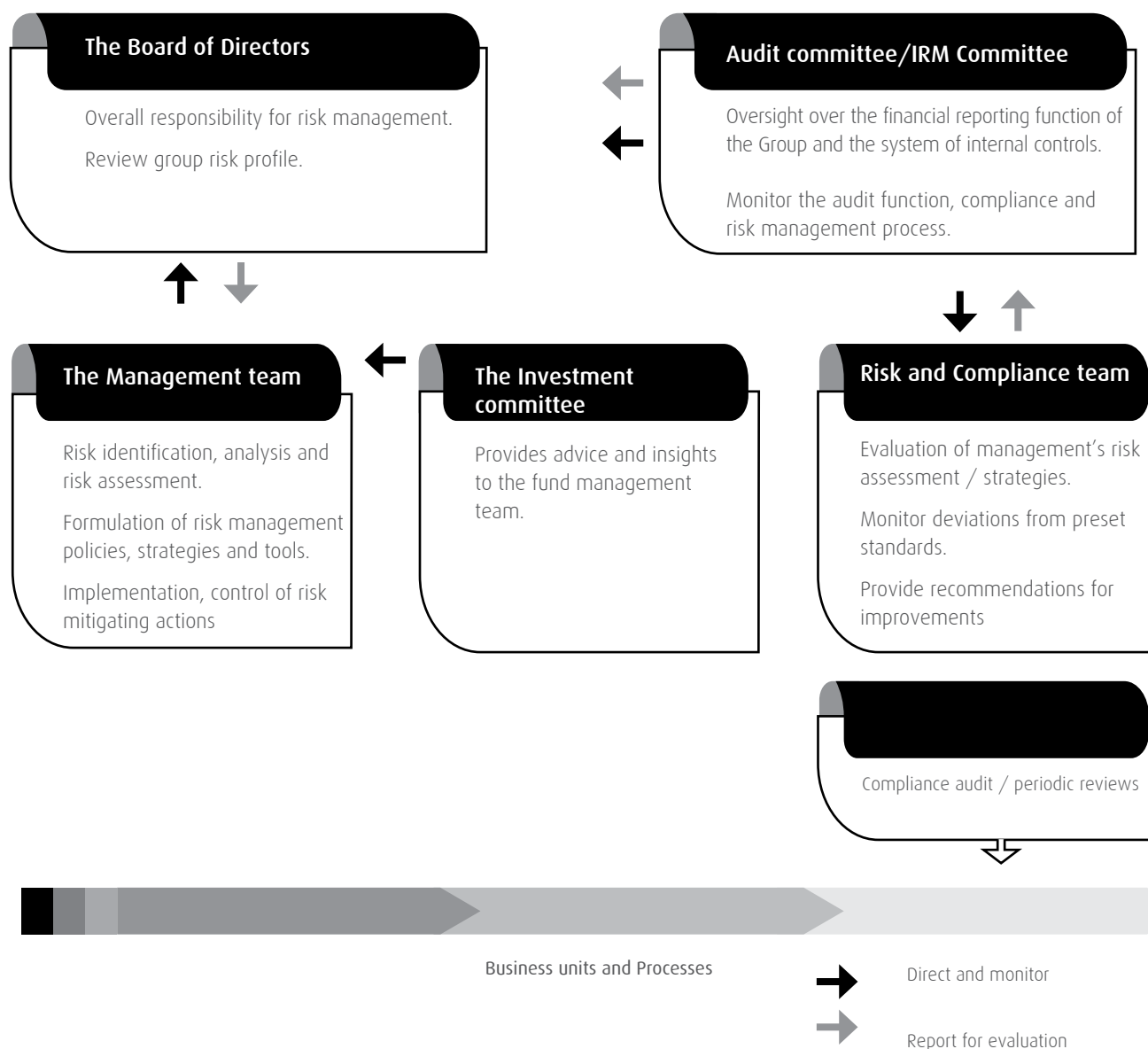
RISK MANAGEMENT

Overview of Risk Management

Risk Management is the process of identification and assessment of risks arising due to factors which are internal and external to the entity, and implementation of identified, mitigating actions to address such risks. Management of risk helps to avoid or minimise unanticipated losses being incurred. It is not a one time or periodic assessment, rather it is a continuous process, which is also an integral part of normal business operations and the management of the entity.

Risk Management Structure at Ceylon Guardian

The Risk Management structure established at Ceylon Guardian Group is applicable across the parent company and all other entities of the Group. The Board of Directors has delegated oversight of risk management to Integrated Risk Management (IRM) Committee which is a subcommittee of the Board. The purpose of the IRM Committee is to assist the Board in its oversight of the Group risk identification, risk assessment and risk management and the continuous monitoring of the adequacy and the effectiveness of the risk management process.



The Ceylon Guardian Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee of the Company has oversight over the financial reporting function of the Company, the system of internal controls as well as the audit, compliance. Group Internal Audit and compliance Department conduct periodic compliance audits / reviews and reports to the IRM Committee as well as Audit Committee, as appropriate. Further, an Investment Committee provides advice and insights to the fund management team to further sharpen and refine their decision making process. This organisation structure determines the objectives and policies of our risk management framework and promotes a culture of risk awareness and balanced risk-taking within the Company.

Risk categories

Ceylon Guardian Group operates the portfolio and asset management sector of the Carson's Group. The group business operations include management of the Ceylon Guardian group portfolio which consist of listed equity, private equity and fixed income securities, management of unit trusts with equity / debt instruments and providing of portfolio management services

to external customers. The Group faces various types of risks, some of which are applicable across all the assets classes under management and some are applicable to specific business operations or an asset category. The key risks are monitored and managed as a continuous process.

Easter Sunday attack had negative impact to operations of the group. This was further worsened by Covid 19. The COVID 19 pandemic has caused disruption to many local and global business and economic activities as it forced to close country borders, lockdown cities and implement social distancing to ensure health and safety of citizens. The Company has been closely monitoring the impact of the pandemic on the operations as at year end and in the immediate future. Further, CSE was closed since 20 th March to 11 th May 2020 in response to the emergency measures taken by the government.

Group took immediate steps to implement actions in the Business Continuity Plan and put in to action the alternate working arrangements with due consideration to health and safety of employees.

We are closely monitoring the economic cost of the pandemic and will be continually assessing the financial impact across all sectors and draft proactive business responses accordingly.

Risk Category	Impact and mitigating strategies
Macro environmental risks Overall macro-economic conditions and political factors affect the risk profile of the Company. The variations of macro-economic variables like Gross Domestic Product (GDP), interest rate, inflation, exchange rates and changes in the political environment and government policies affect the achievement of Company business and financial objectives.	
Country risks The risk associated with operations which are subject to various exchange control regulations, currency fluctuations, transaction costs & taxes and other actions that may be imposed by the government or policy making bodies of the particular foreign country or Sri Lanka.	<ul style="list-style-type: none"> • This is a new risk area for which we are looking to build a framework as the Group intends to explore new markets in the future. • The Sri Lanka Fund, a subsidiary company which is domiciled in Cayman Islands and Guardian fund Management LLC and Guardian Value Fund LLC which are domiciled in Mauritius are subject laws and regulations imposed by regulatory authorities there. Changes in regulatory environment, in the context of these funds are continuously monitored with the assistance of the Fund's, Lawyers who have the necessary expertise
Currency risks The risk associated with any fluctuations of foreign exchanges rates against Sri Lanka Rupee.	<ul style="list-style-type: none"> • The Sri Lanka Fund, Guardian Value Fund LLC and Guardian fund Management LLC of which the reporting currency is US dollars, are exposed to risk of currency impact on translation

RISK MANAGEMENT

Risk Category	Impact and mitigating strategies
<p>Market risk - domestic</p> <p>The exposure to adverse movements in both equity / fixed income securities market, which can result in value loss as well as variations in the anticipated returns from those securities. This is mainly caused by systematic risk factors such as interest rates, currency parity, inflation and availability of credit which affect both capital and money markets, and the value of securities.</p> <p>With the global spread of COVID 19, Central Bank of Sri Lanka initiated some policy changes to revive the economy and encourage banks and financial institutions to reduce interest rates.</p>	<ul style="list-style-type: none"> Market risks are inherent in every security and are thus collectively considered at the portfolio level to take into account the asset allocation decisions of the portfolio. The risks affecting a particular class of security are mitigated by switching to asset classes that are assessed to be less risky in a particular scenario. The sectoral and security exposure is continuously monitored. A sound research base to determine changing economic fundamentals of the country, determine the impact on equity vs fixed income investments and the prompt shifting of funds between asset classes. The sensitivity of stock valuations to changes in economic indicators are continuously monitored. The returns of money market funds the Company has invested in, is sensitive to changes in the financial sector. Hence the behaviour of interest rate determinants are monitored, and anticipated interest rate trends are considered in pursuing investment Strategy.
<p>Market risk - international and external</p> <p>The risk that the domestic market will have an indirect impact from other markets, international trade and capital inflows / outflows, changing economic indicators and policies in the global context. The entry and exit of foreign investors from the local market is also determined by the macro economic trends prevailing in foreign markets and relative valuations of our market vis-a-vis developed and other comparative Asian markets.</p>	<ul style="list-style-type: none"> Commodity risk is somewhat high for the domestic economy, since Sri Lanka is an import dependent for vital commodities. We continuously monitor global developments in capital markets which is vital to assess and mitigate this risk. Building of expertise in foreign markets will take place going forward, as we would look to invest overseas gradually. In mitigating the risk we would tie up or collaborate with foreign entities that have expertise in such markets in order to gain knowledge.
<p>Portfolio Risks</p>	
<p>The risk arising due to investment strategy, factors inherent to investment instruments and composition of the portfolio which affect the return of the portfolio.</p>	
<p>General securities risk</p> <p>Inherent investment risks associated with the particular investment instrument or issuing entity of the security. The price or value of any security may fluctuate, resulting in possible loss not only of returns and profits, but even all or part of the principal sums.</p>	<ul style="list-style-type: none"> General securities risk is applicable, regardless of whether the instrument is equity listed / unlisted or fixed income, but the magnitude of risk will vary with the type of the instrument. Portfolio management and investment selection process which is a bottom up approach, is designed to optimise the risk/return trade off. Risk mitigating methodology is based on the internal research process, and prospective investments are selected from fundamental analysis and contact with corporate management of the issuing company through company visits. A continuous process of monitoring the performance of investee companies is adopted, after the investment is made. In the case of private equity since there are no regulatory disclosure requirements we require the investee company to disclose financial information on a regular basis.

Risk Category	Impact and mitigating strategies
Concentration risk <p>This is the risk that the portfolio is over exposed to a particular sector / sectors or a security / securities resulting in the risk and return of the portfolio being over dependent on the performances / risk profiles of those sectors or securities.</p>	<ul style="list-style-type: none"> Monitoring sector exposure and single company / group exposure of the portfolio as a diversification and a mitigation strategy. Loss limits are set to monitor stocks performing below their cost of acquisition to determine whether temporary capital erosion is a concern. Monitoring by the compliance team takes place as a routine process
Liquidity risk <p>Liquidity is the tradeability of the securities in the market or the ability to realise cash with minimum loss of capital. The risk is that if the investment instruments of the portfolio are less liquid, execution of fund management decisions are affected.</p> <p>The Colombo Stock Exchange (CSE) continues to operate in a difficult environment with pandemic implication and economic concerns affecting its performance.</p>	<ul style="list-style-type: none"> Lower liquidity of securities could affect the fund manager's ability to transact, which in turn, could affect the fund's overall performance. This might be due to poor market sentiment of a security, or low levels of publicly traded quantities. On acquisition of shares, we consider on the factors like size of free float, tradeability of the stock, market turnover, major shareholders etc. As of yearend Guardian group was carrying sufficient funds to invest at opportune time. In case of private equity investment which are unlisted, there is no official market price available for valuing the investment. However, we monitor secondary market trades to track prices. This is not an accurate guide as the volume of trades is a key factor in determining fair price. As we take fairly significant positions in private equity investee companies divestment of our stakes is more difficult, bringing a further element of illiquidity to our investments We agree with the investee company on possible exit mechanisms.
Regulatory and compliance risk <p>Company is operating in an industry under the supervision and monitoring of several regulatory authorities, especially Securities and Exchange Commission of Sri Lanka (SEC) and provisions of other regulatory requirements like the Companies Act, Listing Rules of The Colombo Stock Exchange, Central Bank of Sri Lanka are applicable in this industry.</p> <p>The conduct of operations of the Group should be in compliance with the legal and regulatory provisions and financial requirements applicable under these regulatory benchmarks. Non-compliance or violation of these requirement will cause risk of cancellation / suspension of some licences issued by SEC, facing actions being taken by respective regulatory authorities etc.</p>	<ul style="list-style-type: none"> The management together with the Carsons group legal division pro-actively identify and set up appropriate systems and processes for legal and regulatory compliance in respect of the Company's operations. Periodic training programs for staff to improve the awareness of changes in applicable laws and regulations. Reviews on regular basis by the compliance team and the management certification of compliance with relevant laws and regulations on a periodic basis. Compliance team monitors compliance with all regulatory provisions and internal operational procedures.

Risk Category	Impact and mitigating strategies
Operational Risks <p>This is the risk of losses being incurred resulting from disruptions, disturbance of business operations caused by events due to inadequate or failed internal processes, people and systems within the organisation. The management of operational risk is a continuous process which includes identification, assessment of risk and implementation of measures to address such risk, which specifically covers the following key areas which are significant in the context of investment and asset management operations.</p>	
Systems and process risks <p>The Company's business operations are structured in a way that, those are performed as interconnected / interdependent processes. The divisions of the company, either separately or collectively are responsible for the functions of these process which utilise human / physical resources and information systems</p>	<ul style="list-style-type: none"> • The management of systems and process risk consist of identifying risks and formulating plans promoting best practices, implementing internal controls / systems and monitoring compliance with these internal guidelines. • The processes are continuously monitored to identify the areas of weakness and to implement improvements. • Correct application of recommended practices where back up procedures are followed on a routine basis to ensure data and Information security. Our accounting systems and portfolio management systems are regularly backed up to prevent loss of data. • Business continuity plan which describes how to resume business after a disruption occurs in business process, location and the system. A Disaster Recovery Plan is available at the Carson's Group level which deals with recovering Information Technology infrastructure, facilitating of critical operations to be active in an alternate location etc. After a disastrous interruption. • Systems support and the maintenance agreements the portfolio management software is made available through an annual maintenance agreement with the software vendor which ensures on line support for system issues and queries. • The internal audit function and compliance team of the Carsons Group ensures the safeguarding of Company assets, recommends process improvements in areas where process control failures are noted and compliance with regulatory requirements etc.
Reputation risk <p>This is a critical risk in that as a financial entity any loss / theft or misappropriation of cash / financial assets can cause permanent and long term loss of business</p>	<ul style="list-style-type: none"> • A sound system of internal controls and regular reviews are carried out by the compliance department. • A Code of Ethics signed by all staff and constant education and awareness of the code. • Regular staff communication.

Risk Category	Impact and mitigating strategies
<p>Staff risks</p> <p>A fund management operational unit requires qualified professionals with experience in the fund management industry. Knowledge of the operating mechanism of the market as well as its norms and ethics is of importance.</p>	<ul style="list-style-type: none"> • Having diversity in the team, developing a strong second level, providing training and development opportunities, are standard practices of the industry with which we benchmark ourselves. A performance related incentive scheme for the staff is in place and is being reviewed regularly. The networking ability of key staff to source clients and deals is important in running a successful fund management operation by being shown important deals by market intermediaries. • The staff of GFM are all professionally qualified with a track record of experience in the industry. A strong research team has been developed to complement the fund management operation and raise the standard of the investment decision making process. Staff training and development is identified as an important area of concern, while retention is managed through a comprehensive reward structure and incentive scheme, opportunities for career progression and a culture of being HR oriented. Collectively these steps help us to work towards having an effective succession plan in place.

PROFILES OF **THE DIRECTORS**

ROSE COORAY

Rose Cooray is the Chairperson of Ceylon Investment PLC, Ceylon Guardian Investment PLC, HNB Assurance PLC and HNB General Insurance LTD. She functions as the Chairperson of the Integrated Risk Committee of the Guardian Group of companies and other Board sub-committees in companies where she is a Director.

She is a retired Deputy Governor of the Central Bank of Sri Lanka where she served for over 35 years. She counts over 46 years of experience in working in the financial sector holding a number of positions.

On release from the Central Bank, she had served the Ministry of Finance in the capacity of Director General Fiscal Policy and Economic Affairs Department for nearly 6 years, represented the Government on the Boards of DFCC Bank, Sri Lanka Institute of Information Technology, Sri Lanka Telecom, Ceylon Electricity Board, De La Rue Currency and Security Print (Pvt) Ltd, Export Development Board, National Housing Development Authority and represented the Monetary Board on West Coast Power (Pvt) Ltd.

She has functioned as the Vice Chairperson of the Institute of Bankers of Sri Lanka for 5 years and has served on a number of Committees at national level covering a variety of subjects representing the Ministry of Finance and the Central Bank. She has also presented papers/been the resource person representing the Central Bank and the Ministry of Finance at various international meetings/seminars.

Mrs. Cooray has been involved extensively in policy making and implementing projects and programmes, especially in the area of regional development and microfinance. She has wide experience in negotiating loans with multilateral and other donors, as well as bilateral trade agreements on behalf of the Government. Her articles/papers have been published in professional journals.

CHANDIMA GUNAWARDENA

Chandima Gunawardena serves as a Non-Independent, Non-Executive Director of most of the Carsons Group Companies in Sri Lanka and overseas. He is also a Director of Bukit Darah PLC. Since assuming Non- Executive status in the Group, he serves as an advisor to the Group's Strategic Planning and Management forums in Sri Lanka and serves on Board Committees, including the Audit Committees of the Group in Sri Lanka and overseas covering all operating sectors of the Group.

Mr. Gunawardena has over four decades of experience in varied fields of business and commercial activities and has held senior positions in Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990.

He has served in the Management Committee of The Ceylon Chamber of Commerce for over 10 years and was a Founder Council member of the Sri Lanka Institute of Directors (SLID) and continued to serve in the council for over 10 years.

He is a Fellow of the Chartered Institute of Management Accountants, UK.

MANILAL FERNANDO

Manilal Fernando is a Director of Ceylon Investment PLC, Ceylon Guardian Investment Trust PLC and is currently the Chairman of Shipping Cargo Logistics (Pvt) Ltd., Hyundai Lanka (Pvt) Ltd., Dynamic AV Technologies (Pvt) Ltd, Stallion Holdings (Pvt) Ltd, Ortho Lanka (Pvt)Ltd and Swiss Ceylon Associates (Pvt.)Ltd.

He is also the Managing Director at Melsta Gama Ltd (Cement)

He is a Director of Eco Corp Asia Private Limited, Ariyana Investment (Pvt)Ltd and Hospital Management Melsta Health (Pvt) Ltd and a Management Trustee of Joseph Fraser Memorial.

He has been the Past President of the Football Federation of Sri Lanka from 1979 to 1999, as well as the Vice President of the National Olympic Committee of Sri Lanka from 1990 to 2014.

He is an Attorney-at-Law & Notary Public.

KRISHNA SELVANATHAN

Krishna Selvanathan - Director, Carsons Management Services (Private) Limited, is the CEO of Guardian Fund Management Limited and serves as a Board Member of other investment sector companies within the Ceylon Guardian Group. He also serves as a Director of Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC. He holds a BA Degree in Accounting & Finance and Business Administration from the University of Kent, U.K.

TIMOTHY CHEE MING CHIA

Mr. Timothy C. M. Chia is Chairman of Hup Soon Global Corporation Private Limited and Gracefield Holdings Limited.

He was the President of PAMA Group Inc. (previously known as Prudential Asset Management Asia Limited, the Asian investment and asset management arm of The Prudential Insurance Company of America). He retired from PAMA Group of Companies on 31 December 2004. In 2007, he founded Hup Soon Global Corporation and became its founding Chairman.

Prior to joining PAMA, as one of the original principals in 1986, Mr. Chia was Vice President - Investment of American International Assurance Company Limited (AIA), a major subsidiary of the American International Group, Inc., New York (AIG).

Mr. Chia is currently a Director of Banyan Tree Holdings Ltd, Fraser and Neave Limited, Singapore Power Ltd, The Straits Trading Company Limited, Ceylon Investment PLC, Vertex Venture Holdings Ltd, Malaysia Smelting Corporation Berhad and Thai Beverage Public Company Limited.

Mr. Chia was appointed as a Term Trustee of the Singapore Indian Development Association (SINDA) on 1st July 2017.

He was made Chairman of UBS AG - Asia in October 2009 and retired in September 2011. He stepped down as Senior Advisor to JM Financial Singapore Pte Ltd and EQT Funds Management Limited in 2015. He was the Chairman - Asia of Coutts & Co Ltd, the wealth management arm of the Royal Bank of Scotland Group, from January 2012 to March 2016.

He was a Board member of Singapore Power Ltd joining the Board in September 1998 until his retirement in July 2004. He served as Chairman of one of Singapore Power's major subsidiaries, Power Gas Ltd from 1998 to 2002.

Amongst his past appointments, Mr. Chia was a Director of SP Power Asset Ltd, Power Gas Ltd, SPI (Australia) Assets Pty Ltd, Singapore Post Ltd, FJ Benjamin Holdings Ltd, Frasers Centrepoint Ltd, Macquarie Pacific Star Prime REIT Management Ltd, The Hour Glass Ltd, KorAm Bank Co. (Korea), Meritz Securities Co., Ltd (Korea) and Magnecomp Precision Technology Public Co., Ltd(Thailand).

Mr. Chia was a Trustee of the Singapore Management University from Jan 2004 to Jan 2019 but remains as Chairman of its Committee for Institutional Advancement.

In 2010, The Singapore Venture Capital and Private Equity Association inducted Mr. Chia into the "SVCA Hall of Fame" as its inaugural member by naming him "Pioneer Venture Capitalist & Private Equity Investor since 1986".

In October 2015, Mr. Chia was appointed as Advisory Council Member of the ASEAN Business Club ("ABC") and the co-chair of ABC Singapore.

In January 2016, Mr. Chia was appointed as a Member of the Advisory Board of the Asian Civilisation Museum.

In February 2019, Mr. Chia was appointed as a Member of the Corporate Governance Advisory Committee of the Monetary Authority of Singapore.

He is currently a Fellow of the Singapore Institute of Directors and a member of the World Presidents' Organisation.

In 1996, Mr. Chia was elected a Director of the Singapore Dance Theatre until he stepped down in March 2004 and in September 2004, was conferred the Arts Supporter Award by the National Arts Council.

Mr. Chia graduated with a cum laude in Management from Fairleigh Dickinson University in the United States.

PROFILES OF THE DIRECTORS

WILLIAM KNIGHT

William Knight is the Chairman of Myanmar Investments International Limited, Earth Capital Asia Limited, and a Board/Advisory Board member of various investment businesses investing in Asian economies. Originally, he specialised in financing major capital projects in the Middle East, Far East and North Africa while at Lazard Brothers. He later spent 18 years in various senior positions within the Lloyds Bank group where, amongst his various responsibilities, he established and directed the bank's first merchant banking office outside London based in Hong Kong to cover the Indian sub-continent and East Asia and he directed the Bank's long established Portuguese operations based in Lisbon. On returning to London, he created a number of the early investment funds for Asian, African and emerging European economies.

Since 1991, he has held a wide range of non-executive positions as an independent Director/Adviser primarily for Asia-oriented investment companies. He was Chairman of the JP Morgan Chinese Investment Trust PLC, the Senior Independent Director of Fidelity Asian Values Trust PLC and, as a co-founder of Emerisque Brands, an East/West management buy-in company, he chaired its three Shanghai-located Chinese joint ventures.

Amongst his many firsts in a career dedicated to developing frontier and emerging markets, he originated, created and chaired listed investment funds for Portugal, Thailand and Russia East of the Ural mountains; he also originated funds for Vietnam and Mauritius and served on the Board of the first private equity fund of funds for India and a Korean fund dedicated to investing in Korean initiatives in China. He is a frequent visitor to China and is on the advisory Board of China Resolutions Ltd, a company established to assist Chinese companies listed overseas to meet international standards of good corporate governance.

MANAGEMENT TEAM

KRISHNA SELVANATHAN

(BA. Accounting & finance and Business Administration)

Director / CEO of Guardian Fund Management Limited. He is also a Director of Ceylon Guardian Investment Trust PLC. Refer page 17 for his detailed profile.

THARINDA JAYAWARDENA

[(CFA,ACMA,B.Sc Finance (Hons))]

Director / Head of Research, Guardian Fund Management Ltd. Has over 14 years of experience in investment research. Before joining the Carsons group, he worked as a research analyst at JB Securities (Pvt) Ltd. He is a CFA charter holder and an associate member of the Chartered Institute of Management Accountants. Also holds a BSc Degree from the University of Sri Jayewardenepura specialising in Finance.

SUMITH PERERA

B.Sc (Hons), ACMA)

Head of Portfolio Management, Guardian Fund Management Ltd. Has over 15 years' experience in the field of Asset Management working as a Fund Manager for CAAM Saudi Fransi LLC (Kingdom of Saudi Arabia), Investment Analyst for Eagle NDB Fund Management (Sri Lanka) and as a Financial Analyst for John Keells Stockbrokers. He holds a BSc (Hons) in Economics and Business Finance from Brunel University, UK and is an Associate Member of the Chartered Institute of Management Accountants.

ASANKA JAYASEKERA

(CFA, B.Sc. Finance (Hons), ACMA)

Senior Fund Manager, Guardian Fund Management Limited/ Guardian Acuity Asset Management Ltd. He has over 13 years' experience in asset management and investment research and worked as a research analyst at JB Securities (Pvt) Ltd before joining Ceylon Guardian group. He holds a B.Sc. Finance (Hons) degree from the University of Sri Jayewardenepura, Sri Lanka. He is a chartered financial analyst (CFA) and an associate member of the Chartered Institute of Management Accountants, UK. He was a visiting lecturer at department of finance, University of Sri Jayewardenepura.

DINUPA PEIRIS

Dinupa Peiris (ACMA (UK), LL.B (Col), MBA (PIM-USJ), MSC (UK), Attorney-at-Law)

Head of Marketing, Guardian Fund Management Limited. A multi-disciplinary professional qualified in management accounting, law and business management with over 10 years of experience in corporate finance, marketing & business development, strategy and business analytics having served for two leading hospitals in Sri Lanka namely Lanka Hospitals Corporation PLC and Hemas Hospitals Pvt Ltd holding managerial positions. She holds a LL.B from Faculty of Law, University of Colombo, MBA (Merit) from Postgraduate Institute of Management, University of Sri Jayewardenepura and a MSC (Distinction) in Business Analytics from Robert Gordon University Scotland. She is an Attorney-at-Law and also an Associate Member of the Chartered Institute of Management Accountants (UK).

PRABATH EKANAYAKE

B.BA.(SP), FCA

Finance Manager, Guardian Fund Management Limited, commenced career at KPMG Sri Lanka and then worked at Ernst & Young and Qatar Alpha Beton Ready-mix Company in State of Qatar.

Prior to joining Carsons Group, possesses over 12 years of overseas and local experience in the fields of accounting and auditing. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka and holds a Bachelor's degree specialized in Business Administration from the University of Colombo, Sri Lanka.

Fund Management Team

Crishani Perera

Portfolio Operations Team

Priyan De Mel, Indramali Samarasinghe, Deemantha Kaushika, Shewantha Peiris, Thisaru Kavinda, Udana Weliwitigoda

Finance Team

Omesha Piyumi, Prabhath Dissanayake

Research Team

Harindi Hettigamage, Rasika Nanayakkara, Pasan Illangaratne, Shahan De Silva

Marketing

Danushi Adikari

SUSTAINABILITY

REPORT

CORPORATE CITIZENSHIP TOWARDS SELF-RELIANT YOUTH

1. YOUNG ENTREPRENEUR DEVELOPMENT

A. Business competency development

Ceylon Guardian extends its support to enhance economic lives of the marginalized community by empowering youth to be self-reliant in keeping par with long standing echoes of the company.

Year under review, the projection of development of needed business competencies and personalized intervention in building capabilities to address emerging business issues are the highlights.

Conducting workshops themed group interventions based on identified and prioritized training needs of 140 young entrepreneurs of Matara, Galle, Hambanthota, and Naththandiya with the needed assistance of Regional Chambers of Commerce and Divisional Secretariats were of high demand due to results orientation on those sessions. The workshop are designed to facilitate in developing business mindset, how to screen and evaluate business ideas, develop business plan, business finance, marketing and social media and computing.

B. Intervention as and when needed

Intervention of just- in - time and need to have basis have helped our existing beneficiaries to diversify their businesses and assisted during COVID 19 lockdown. This would continue as a priority intervention since there is a growing need for recovery and restart. The beneficiaries and those who participate in workshops could get in touch with resource personnel to explore solutions to their day to day business hiccups.

These interventions would help to employment security to 600 rural marginalized people and also those in the employment of supply chain.

C. Market expansion facilitation

Creation of WhatsApp groups of entrepreneurs are becoming popular portal to cluster communication and sharing know how and market information.

Capability development program to gain much needed social media skills have helped them to enter into new markets and they find it more valuable in the context of COVID 19 lock down.

2. SOFT SKILLS DEVELOPMENT OF UNDERGRADUATES

Continued support the efforts of Career Guidance Units of Jayewardenepura University in the development competency in their career search and career planning. This program extends to management and science faculties.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of Ceylon Guardian Investment Trust PLC have pleasure in presenting to the shareholders this Report together with the Audited Financial Statements for the year ended 31st March 2020.

The details set out herein provide the pertinent information required by the Companies Act, No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and are guided by recommended best Accounting Practices.

The Annual Report was approved by the Board of Directors on 10th August 2020.

1. GENERAL

Ceylon Guardian Investment Trust PLC (the "Company"), is a public limited liability Company incorporated in Sri Lanka in 1951.

2. THE PRINCIPAL ACTIVITIES OF THE COMPANY AND ITS SUBSIDIARIES

The principal activities of the Company and its subsidiaries are to act as specialised investment vehicles within the investment business to undertake listed equity, private equity and fixed income investments and engage in fund management activities.

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

A list of subsidiaries and jointly controlled entities are provided in notes 21 and 22 to these financial statements.

3. REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairperson's Statement and Management Discussion & Analysis on pages 03 to 09 provide an overall assessment of the business performance of the Company and the Group and its future developments. These reports together with the audited consolidated financial statements reflect the state of affairs of the Company and the Group.

4. FINANCIAL STATEMENTS

The consolidated financial statements which comprise of the Statement of Profit or Loss and other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Notes to the financial statements of the Company and the Group for the year ended 31st March 2020 are set out on pages 40 to 104. These financial statements do comply with the requirements of the Companies Act, No. 07 of 2007.

4.1. Revenue

A detailed analysis of revenue of the Company and the Group is given in note 11 to the Financial Statements.

4.2. Financial results and appropriation

An abridgement of the financial performance of the Company and the Group is presented in the table below:

In Rupees Thousands	Group		Company	
For the year ended 31st March	2020	2019	2020	2019
Retained earnings brought forward from previous year	8,125,097	8,180,587	4,534,706	3,855,368
Impact of adopting SLFRS 9 as at 1 April 2018	-	1,864,769	-	1,574,197
Adjusted balance as at 1 April	8,125,097	10,045,356	4,534,706	5,429,565
Profit /(Loss) for the year	(1,244,876)	(1,921,652)	(671,803)	(830,494)
Other comprehensive income/(expenses) for the year	(418)	(186)	-	-
Effect due to changes in shareholding	867	63,517	-	-
Dividend	-	(66,585)	-	(66,585)
Forfeiture of unclaimed dividends	4,483	3,489	2,736	2,220
Transfers	-	1,158	-	-
Retained earnings carried forward	6,885,153	8,125,097	3,865,639	4,534,706

4.3. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are given on pages 45 to 63.

4.4. Investment

Investments represents, investment in subsidiaries, investment in equity accounted investees, investment in equity and debt securities, Investment in fair value through other comprehensive income securities, and investments in unit trusts.

- Details of investment in subsidiaries are given in note 21.
- Details of investment in equity accounted investees are given in note 22.
- Details of investments in equity and debt securities are given in note 26.
- Details of investment in fair value through other comprehensive income securities are given in Note 23.
- Details of investments in unit trusts are given in note 27.

4.5. Reserves

The movements of reserves are set out in the Statement of Changes in Equity, Note 30 and Note 31 to the financial statements.

5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors, in relation to the Financial Statements are detailed in the following paragraphs, whilst the responsibilities of the Auditors are set out in the Independent Auditors' Report.

According to the Companies Act, No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995, the Directors are required to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the performance for the said period.

The financial statements comprise of inter alia:

- Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year,
- Statement of Profit or Loss and Other Comprehensive Income of the Company, which presents a true and fair view of the Profit and Loss and Other Comprehensive Income of the Company and the Group for the financial year.

In preparing these financial statements, the Directors are required to ensure that:

- appropriate accounting policies have been selected and applied consistently, while material departures, if any, have been disclosed and explained;
- all applicable Accounting Standards have been complied with;
- reasonable and prudent judgments and estimates have been made; and
- provides the information required by and otherwise comply with the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Directors are responsible for ensuring that the Company and the Group maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and the Group in order to ensure that its Financial Statements have been prepared and presented in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and meet with the requirements of the Companies Act No. 07 of 2007.

They are also responsible for taking reasonable measures to safeguard the assets of the Company and the Group and in this regard to give proper consideration to the establishment and effective operation of appropriate systems of internal control with a view to prevent, detect and rectify fraud and other irregularities.

These financial statements have been prepared on a going concern basis since the Directors are of the view that the Company has adequate resources to continue in operation in the foreseeable future from the date of approving these financial statements.

The Directors are also of the view that they have discharged their responsibilities as set out in this statement.

6. OUTSTANDING LITIGATION

There is no litigation currently pending against the Company.

7. INTERESTS REGISTER

The Company maintains an Interests Register conforming to the provisions of the Companies Act No. 07 of 2007.

All Directors have made declarations as provided for in Section 192 (2) of the Companies Act aforesaid.

The relevant details as required by the Companies Act No. 07 of 2007 have been entered in the Interests Register during the year under review.

The Interests Register is available for inspection as required under the Companies Act.

7.1. Remuneration of Directors

Directors' Remuneration for the financial year ended 31st March 2020 is given in note 12 to the financial statements.

7.2. Directors' Interest in Contracts and Shares

Directors' interests in contracts of the Company have been declared at Meetings of the Directors. The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company except for the following;

Name of the Company	Common directors	Nature of transactions	Value of the transactions ('000)
Guardian Fund Management Limited (GFM)	K. Selvanathan	Portfolio management fees paid	39,546
Carsons Management Services (Private) Limited (CMSL)	K. Selvanathan	Support service fees paid	11,105
		Computer fees paid	420
		Secretarial fees paid	444

The Directors had the following interests in the ordinary shares of the Company as shown in the table below.

Directors	No. of shares as at	
	31st March 2020	1st April 2019
Mrs. M.A.R.C. Cooray (Chairperson)	-	-
Mr. D.C.R. Gunawardena	257	257
Mr. V.M. Fernando	-	-
Mr. K. Selvanathan	-	-
Mr. C.W. Knight	-	-
Mr. T.C.M. Chia	-	-

8. DIRECTORS

The names of the Directors who served during the year are given under Corporate Information provided in the inner back cover of the Annual Report.

8.1. Directors to retire by rotation

In terms of Articles 89, 90 and 91 of the Articles of Association of the Company, Mr. D. C. R. Gunawardena retires by rotation and being eligible offers himself for re-election.

8.2. Reappointment of Directors who are over 70 years of age

As per the recommendation of the Nomination Committee of the Company and the Board, it is recommended that Mr. C. W. Knight and Mrs. M. A. R. C. Cooray who are over 70 years of age and Mr. V. M. Fernando and Mr. T. C. M. Chia who attained the age of 70 years during the financial year, be re-appointed as Directors of the Company for a further period of one year from the conclusion of the Annual General Meeting and the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable to the said directors.

9. AUDITORS

Company's Auditors during the year under review were Messrs. KPMG, Chartered Accountants.

A sum of Rs. 507,633/- and Rs. 5,151,924/- was paid to them by the Company and the Group respectively, as audit fees for the year ended 31st March 2020 (2019 - Rs. 483,000/- and Rs. 3,438,815/-). In addition to the above, no further amounts were paid as audit related fees (2019: Rs. 175,000 and Rs. 555,000) and professional fees for non audit services. (2019: Nil and Rs. 284,000) for the Company and Group respectively.

The retiring Auditors have expressed their willingness to continue in office. A resolution to re-appoint them as Auditors of the Company and authorising the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The Audit Committee reviewed the appointment of the Auditors, its effectiveness and its relationship with the Company and its subsidiaries, including the level of audit and non-audit fees paid to the Auditors.

9.1. Auditors' relationship or any interest with the Company

The Directors are satisfied that, based on written representations made by the Independent Auditors to the Board, the Auditors do not have any interest with the Company and its subsidiaries that would impair their independence.

9.2. Independent Auditors' Report

The Independent Auditors' Report on the financial statements is given on pages 36 to 39 of the Annual Report.

10. SIGNIFICANT EVENTS DURING THE YEAR

10.1. Company

There were no significant events during the year.

10.2. Subsidiaries

There were no significant events during the year except for the details given in note 21 to the financial statement.

11. COMPLIANCE WITH RULES OF THE COLOMBO STOCK EXCHANGE

The Board has ensured that the Company has complied with the Rules pertaining to Corporate Governance and Related Party Transactions as per the Listing Rules of the Colombo Stock Exchange (CSE).

11.1. Regulatory Benchmarks

The Company's activities are regulated and are governed by the;

- Companies Act No. 07 of 2007
- Listing Rules of the Colombo Stock Exchange
- Rules of the Securities and Exchange Commission of Sri Lanka (SEC)
- Central Bank of Sri Lanka

Ceylon Guardian Investment Trust PLC owns 50% of the issued capital of Guardian Acuity Asset Management Limited (GAAM) as a Joint Venture. GAAM is registered as an Investment Manager and is a License holder for three Unit Trusts with the SEC.

The category of Investment Manager and License holders of unit trusts are also required to have in place comprehensive KYC procedures to satisfy Anti Money Laundering Regulations when accepting third party funds to manage.

11.2. Board of Directors

The following Directors held office during the period under review and their brief profiles are given on pages 16 to 18 of the Annual Report.

Directors	Executive / Non-Executive / Independent
Mrs. M. A. R. C. Cooray (Chairperson)*	Non-Executive /Independent
Mr. D. C. R. Gunawardena	Non-Executive
Mr. V. M. Fernando **	Non-Executive /Independent
Mr. K. Selvanathan	Executive
Mr. C. W. Knight***	Non-Executive /Independent
Mr. T. C. M. Chia ****	Non-Executive /Independent

Each of the Non-Executive Directors of the Company have submitted a signed declaration on Independence/Non-Independence as per Rule 7.10.2.(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting held on 10th August 2020 in order to enable the Board of Directors to determine the Independence/Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3.(a) of the Listing Rules of the CSE.

* The Board has determined that Mrs. M. A. R. C. Cooray is an Independent Director in spite of being on the Board for more than nine years and being a Director of Ceylon Investment PLC, in which a majority of the other Directors of the Board are also Directors, since she is not directly involved in the management of the Company.

** The Board has also determined that Mr. V. M. Fernando is an Independent Director in spite of being on the Board for more than nine years and being a Director of Ceylon Investment PLC, in which a majority of the other Directors of the Board are also Directors, since he is not directly involved in the management of the Company.

*** The Board has determined that Mr. C. W. Knight is an Independent Director in spite of being on the Board for more than nine years, since he is not directly involved in the management of the Company.

**** The Board has also determined that Mr. T. C. M. Chia is an Independent Director in spite of being a Director of Ceylon Investment PLC, in which a majority of the other Directors of the Board are also Directors, since he is not directly involved in the management of the company.

11.3. Directors' Attendance at Board Meetings

During the financial year the Board of Directors had three Board Meetings and the attendance of the Directors were as follows;

Directors	Meetings Attended (Out of three)
Mrs. M. A. R. C. Cooray	3/3
Mr. D. C. R. Gunawardena	2/3
Mr. V. M. Fernando	3/3
Mr. K. Selvanathan	2/3
Mr. T. C. M. Chia	2/3
Mr. C. W. Knight	2/3

A meeting of the Board of Directors was scheduled for March 2020 and could not be held due to the COVID-19 pandemic situation in the country.

11.4. Board Evaluation

The 'Board Evaluation Form' of the Company focuses on the following areas;

- Core Board Responsibilities
- Board Meetings
- Committee Meetings (any/all sub-committees)
- Relationship with Management
- Individual self-assessment
- Stakeholder and Shareholder communication/relationship
- Suggestions/comments

The comments made by the Directors in the Board Evaluation Form are collated by the Nomination Committee of the Company and the results and proposed actions are reported to the Board of Directors. The suggestions and recommendations made by the Directors are being reviewed and implemented by the Company.

11.5. Audit Committee

As per Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange, the Audit Committee of Carson Cumberbatch PLC (CCPLC), the parent Company, functions as the Audit Committee of the Company and comprises of the following members;

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Audit Committee Members	Executive / Non-Executive / Independent
Mr. V. P. Malalasekera (Chairman)	Non-Executive/Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC
Mr. F. Mohideen	Non-Executive/Independent Director of CCPLC
Mr. A. S. Amaratunga	Non-Executive/Independent Director of CCPLC

The Audit Committee Report is given on pages 32 to 33 of this Annual Report.

11.6. Remuneration Committee

As per Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee of Carson Cumberbatch PLC (CCPLC), the Parent Company, functions as the Remuneration Committee of the Company and comprises of the following members;

Remuneration Committee Members	Executive / Non-Executive / Independent
Mr. T. de Zoysa (Chairman)	Non-Executive/ Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC
Mr. R. Theagarajah	Non-Executive/ Independent Director of CCPLC
Mr. W. M. R. S. Dias	Non-Executive/ Independent Director of CCPLC

Scope and Objective

The primary objective of the Remuneration Committee is to lead to establish a formal and transparent procedure for the development of a remuneration policy and the establishment of a remuneration structure.

A remuneration policy has been formulated based on market and industry factors and individual performance for all group companies.

Functions and Proceedings

The Remuneration Committee recommends to the Board the remuneration to be paid to the Chief Executive Officer, Executive Directors and Non-Executive Directors. Based on the recommendation of the Remuneration Committee, the Board approves remuneration to the respective Directors.

The Chief Executive Officer, Director-in-charge and other members of senior management may be invited to attend meetings to discuss the performance of the Executive Directors and make proposals as necessary. Neither Executive nor Non-Executive Directors are involved in Remuneration Committee meetings when determinations are made in relation to the remuneration of the respective Director. The Committee is authorised by the Board to seek appropriate professional advice internally and externally as and when it is considered necessary.

The Remuneration Committee meets at least twice a year. During the period under review the Committee had one meeting.

Remuneration Committee Members	Meetings Attended (Out of one)
Mr. T. de Zoysa (Chairman)	1/1
Mr. D.C.R. Gunawardena	1/1
Mr. R. Theagarajah	-/1
Mr. W. M. R. S. Dias	1/1

A meeting of the Remuneration committee was scheduled for March 2020 and could not be held due to the COVID - 19 pandemic situation in the country.

Reporting and Responsibilities

The Committee Chairman reports to the Board on its proceedings on all matters within its duties and responsibilities. The Committee makes recommendations to the Board as deemed appropriate on any area within its limit where action or improvements are needed.

Aggregated remuneration paid to the Non-Executive Directors of the Company are disclosed under note 12 on page 64 of the Annual Report. Executive Directors are not compensated for their role on the Board.

11.7. Nomination Committee

The Nomination Committee of the Company comprises of the following members.

Nomination Committee Members	Executive/ Non-Executive/ Independent
Mrs. M. A.R. C. Cooray (Chairperson)	Non-Executive/ Independent Director
Mr. D. C. R. Gunawardena	Non-Executive Director
Mr. V. M. Fernando	Non-Executive/Independent Director

Scope and Objective

The primary objective of the Nomination Committee is to lead the process for Board appointments of new Directors within group Companies and the nominations of members to represent the Company in group Companies/investee Companies.

Functions and Proceedings

The Nomination Committee recommends new appointments to the Board. Based on the recommendation of the Nomination Committee, the Board approves the new appointments of Executive and Non-Executive Directors to the Board.

Any Director of the Board and the Chief Executive Officer/Director-in-Charge and other members of senior management may be invited to attend Meetings of the Nomination Committee. The Committee may also invite appointed external consultants to aid the Committee in discharging its duties.

The Committee is authorised by the Board to seek appropriate professional advice internally and externally as and when considered necessary.

The Nomination Committee meets at least twice a year.

During the period under review, the Committee had one meeting.

Nomination Committee Members	Meetings Attended (Out of one)
Mrs. M. A. R. C. Cooray (Chairperson)	1/1
Mr. D. C. R. Gunawardena	1/1
Mr. V. M. Fernando	-/1

A meeting of the Nomination Committee was scheduled for March 2020 and could not be held due to the COVID - 19 pandemic situation in the country.

11.8 Related Party Transactions Review Committee

As per Rule 9.2.3 of the Listing Rules of the Colombo Stock Exchange, the Related Party Transactions Review Committee of Carson Cumberbatch PLC (CCPLC), the parent Company, functions as the Related Party Transactions Review Committee (RPTRC) of the Company.

Related Party Transactions Review Committee Members	Executive/ Non-Executive / Independent
Mr. V. P. Malalasekera (Chairman)	Non-Executive/ Independent Director of CCPLC
Mr. F. Mohideen	Non-Executive/ Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC
Mr. H. Selvanathan	Executive Director of CCPLC
Mr. M. Selvanathan	Executive Director of CCPLC
Mr. S. K. Shah	Executive Director of CCPLC

The Related Party Transactions Review Committee Report is given on page 34 of this Annual Report.

Declaration

The Directors have made self-declarations for the purpose of identifying parties related to them. The said declarations were noted at the Related Party Transactions Review Committee Meetings.

The Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year.

11.8.1 Related Party Transactions Exceeding 10% of the Equity or 5% of the Total Assets of the Company

The Directors declare in terms of the requirements of the Listing Rules of the Colombo Stock Exchange that the transactions carried out by the Company with its Related Parties during the year ended 31st March 2020, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2020.

The details of the Related Party Transactions are given in Note 37 to the Financial Statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Recurrent Related Party Transactions

Information pertaining to Recurrent Related Party Transactions where the aggregate value of the Recurrent Related Party Transactions that exceeded 10% of the Gross Revenue / Income of the Company, as per the Audited Financial Statements are disclosed below;

Description	Information
Name of the Related Party	Guardian Fund Management Limited
Relationship	Fellow subsidiary
Nature of the Transaction	Management fee income
Aggregate value of Related Party Transactions entered into during the financial year	Rs. 39,545,999.43
Aggregate value of Related Party Transactions as a % of Net Revenue/ Income	20.20%
Terms and Conditions of the Related Party Transactions	Based on the Management fees agreement entered into between the companies

11.9. Integrated Risk Committee

The Integrated Risk Committee consists of the following members;

Integrated Risk Committee Members	Executive/ Non-Executive / Independent
Mrs. M. A. R. C. Cooray (Chairperson)	Non-Executive/Independent Director
Mr. A. P. Weeratunge	Executive Director of CINV

Scope and objectives

The objective of the Integrated Risk Committee is to assist the Boards of the Companies in the Guardian Group, in its oversight of the group risk identification, risk assessment, risk management and continuous monitoring of the adequacy and the effectiveness of the risk management process.

The Integrated Risk Committee would meet at least four times a year.

During the period under review, the Committee had three meetings.

Integrated Risk Committee Members	Meetings Attended (Out of three)
Mrs. M. A. R. C. Cooray (Chairperson)	3/3
Mr. A. P. Weeratunge	3/3

A meeting of the Integrated Risk Committee was scheduled for March 2020 and could not be held due to the COVID - 19 pandemic situation in the country.

Reporting and Responsibilities

- To advise the Boards of Companies in the Guardian group on the Company's overall risk exposure and effectiveness of mitigation measures, taking into account the current and prospective macroeconomic and financial environment
- To review and assess adequacy of risk mitigation practices and procedures of the Company.
- To review the Investment Sector risk matrix to oversee and advice the Board, on the current risk exposures and future risk strategy
- To set standards, assess and monitor the principle risks faced by the Company and the companies of the investment sector
- To monitor operational risks from failed or inadequate processes relating to portfolio operations, client servicing and on-boarding, launching of new products and services, investment research, third party vendor relationships
- To review the group's capability to identify and manage new risk types in conjunction with the Audit Committee
- To report to the Boards of Companies in the Guardian group as applicable on its proceedings after each meeting on all matters within its duties and responsibilities
- To make recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed
- To develop a robust process to update the knowledge of new risks continuously in the industry and understand how such risk is applicable to the company

12. INTERNAL CONTROL AND RISK MANAGEMENT

The ultimate responsibility to establish, monitor and review a company-wide internal control system rests with the Board of Directors. The intensity, depth and the tolerance limits for each component of the internal control system would be based on the weight of the elements of risk imposed on the sustenance of the business by the respective area of operation. Whilst a strong internal control system would mitigate the crystallisation of risk elements to a greater extent, employment of external support structures would also be necessary based on the risk assessments made thereon.

Effective maintenance of internal controls and risk identification and mitigation is handed down to the respective members of senior management within the guidelines of benchmark policies, procedures and authority limits clearly laid down.

Group internal Audit, whose scope of scrutiny is entirely driven by grading of the risk involved, will be monitoring and providing feedback to the Management and the Audit Committee. Regular submission of compliance and internal solvency certificates vouched by the Heads of the respective divisions as a mandatory agenda item keeps the Directors abreast of the position of the Company's resource base and governance requirements.

This allows the Board to have total control of the fulfilment of governance requirements by providing opportunity to take timely preventive action in case of potential deterioration of status quo. A comprehensive description of the risk management strategies of the Company are given on pages 10 to 15 in the Annual Report.

13. HUMAN RESOURCES

The management of the Group's investments is undertaken by Guardian Fund Management Limited (GFM) and management support services are provided by Carsons Management Services (Private) Limited (CMSL).

GFM continued to invest in human capital development and implement effective human resource practices and policies to develop and build an efficient and effective workforce aligned around new business priorities of the Group and to ensure that its employees are developing the skills and knowledge required for the future success of the Group, centered around the core competencies required by an investment house.

The number of persons employed by GFM as at 31st March 2020 was 19 (31st March 2019 -20).

14. EQUITABLE TREATMENT TO SHAREHOLDERS

The Company endeavours at all times to ensure equitable treatment to all shareholders.

15. PROPOSED DIVIDEND FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

Subject to the approval of the Shareholders at the Annual General Meeting, the Board of Directors have recommended a First & Final dividend of Rs. 1.15 per Ordinary share and Deferred share for the year ended 31st March 2020.

The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting.

16. SOLVENCY TEST

Taking into account the said distribution referred to under item 15 above, the Directors were satisfied that the Company would meet the Solvency Test requirement under Section 56 (2) of the Companies Act No.07 of 2007 immediately after the said distribution.

The Company's Auditors, Messrs. KPMG, Chartered Accountants have issued a Certificate of Solvency confirming the same.

17. STATED CAPITAL

Stated Capital of the Company amounted to Rs. 1,128.7 Mn which consists of 82,978,868 Ordinary Shares and 5,801,487 Fully paid Deferred Shares. The movement in Stated Capital of the Company is given in Note 29 to the Financial Statements.

There was no change in the Stated Capital of the Company during the year.

18. CAPITAL EXPENDITURE

The details of capital additions of the Group are as follows.

In Rupees Thousands	Group	
	2020	2019
Property plant & equipment	563	243
Intangible assets	-	-

19. STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief were satisfied that all statutory dues have been paid up to date or have been provided for in the financial statements.

20. GOING CONCERN

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

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

21. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen, which would require adjustments to or disclosures in the financial statements, other than those disclosed in note 40 to the Financial Statements.

22. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The contingent liabilities and commitments made on account of capital expenditure as at 31st March 2020 are given in note 42 to the Financial Statements, if any.

23. EXPENSES ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

“Youth to Nation Foundation”, is a company limited by guarantee of which the main objective is to enhance the entrepreneurial, technical and business management skills of young entrepreneurs that would promote the socio economic development of Sri Lanka

in a sustainable manner. The members of the said Company are Ceylon Guardian Investment Trust PLC and Ceylon Investment PLC.

There were no expenses incurred on corporate social responsibility activities during the year ended 31st March 2020. (2019-Nil).

24. IMPACT OF COVID -19 PANDEMIC

The Business impact of the COVID-19 pandemic to the Group and Company is given in Note 41 to the Financial statements.

25. SHARE INFORMATION

The details relating to earnings, net assets, market value per share and information on share trading are given on pages 103 to 104 and 113 to 114 of the Annual Report.

26. TWENTY MAJOR SHAREHOLDERS WITH COMPARATIVES

The parent company, Carson Cumberbatch PLC holds 67.15% of the total ordinary shares in issue of the Company.

As at 31st March		2020		2019	
Name of shareholders		No. of shares	%	No. of shares	%
1	CARSON CUMBERBATCH PLC A/C NO.2	55,723,635	67.15	55,723,635	67.15
2	EMPLOYEES PROVIDENT FUND	2,969,515	3.58	2,969,515	3.58
3	THURSTON INVESTMENTS LIMITED	2,480,581	2.99	2,480,581	2.99
4	GF CAPITAL GLOBAL LIMITED	1,617,666	1.95	1,617,666	1.95
5	NORTHERN TRUST COMPANY S/A HOSKING GLOBAL FUND PLC	933,588	1.13	914,491	1.10
6	MR L.H.S PEIRIS	879,313	1.06	-	0.00
7	MR. G.J.W. DE SILVA	877,234	1.06	877,234	1.06
8	MRS. M.L. DE SILVA	866,845	1.04	866,845	1.04
9	MISS A. RADHAKRISHNAN	686,026	0.83	686,026	0.83
10	MISS M.P. RADHAKRISHNAN	686,026	0.83	686,026	0.83
11	MR. R. MAHESWARAN	685,016	0.83	685,016	0.83
12	MR. K.C. VIGNARAJAH	628,969	0.76	628,960	0.76
13	MR. H.A. VAN STARREX	559,388	0.67	723,234	0.87
14	EMPLOYEES TRUST FUND BOARD	490,998	0.59	490,998	0.59
15	MR. S. VASUDEVAN	473,296	0.57	436,538	0.53
16	MISS R.H. ABDULHUSSEIN	473,023	0.57	473,023	0.57
17	PEOPLES LEASING & FINANCE PLC/MR.M.A.N.YOOSUFALI	425,900	0.51	408,700	0.49
18	MISS G.N.A. DE SILVA	353,252	0.43	353,252	0.43
19	MR. O.D. LIYANAGE	267,368	0.32	267,368	0.32
20	SINHARAJA HILLS PLANTATION (PRIVATE) LIMITED	254,861	0.31	254,861	0.31

27. ANNUAL REPORT

The information provided herein is in pursuance of the requirements of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors have approved the Financial Statements of the Company together with the Reviews which form part of the Annual Report on 10th August 2020.

The appropriate number of copies of the Annual Report will be submitted to the Colombo Stock Exchange, the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies, within applicable time frames.

28. ADOPTION OF NEW ARTICLES OF ASSOCIATION OF THE COMPANY

With the objective of having a simplified set of Articles of Association drafted in line with the provisions of the Companies Act, No. 07 of 2007 & the Listing Rules of the Colombo Stock Exchange, the Directors have proposed to consider adopting a proposed new set of Articles of Association in substitution and exclusion of the existing Articles of Association of the company.

The requisite Special Resolution to give effect to the above is set out in Notice convening the Annual General Meeting of the Company.

The structure of the proposed new set of Articles of Association is explained in the circular to shareholders dated 10th August 2020, which is enclosed with the Annual Report 2019/20.

29. ANNUAL GENERAL MEETING

The 68th Annual General Meeting of the Company will be held on Monday, the 14th day of September 2020 at 2.30 p.m. at the 8th floor, No. 65C, Dharamapala Mawatha, Colombo 07, Sri Lanka, by means of audio or audio and visual means.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 115 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)
M. A. R. C. Cooray (Mrs)
Chairperson

(Sgd.)
D. C. R. Gunawardena
Director

(Sgd.)
K. D. De Silva (Mrs.)
Director
Carsons Management Services (Private) Limited
Secretaries

Colombo
10th August 2020

AUDIT COMMITTEE REPORT

The Audit Committee of Carson Cumberbatch PLC (CCPLC), the Parent Company functions as the Audit Committee of the Company.

The Audit Committee consists of the following Members:

Audit Committee Members	Executive/Non-Executive/ Independent
Mr.V.P. Malalasekera (Chairman)	Non-Executive, Independent (CCPLC)
Mr.D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr.F. Mohideen	Non-Executive, Independent (CCPLC)
Mr.A.S. Amaratunga	Non-Executive, Independent (CCPLC)

Mr.Vijaya Malalasekera is a Non-Executive, Independent Director of CCPLC and a former Director of Ceylon Tobacco Company PLC.

Mr.Chandima Gunawardena is a Non-Executive Director of CCPLC and in most of its Group Companies. He is a Fellow of the Chartered Institute of Management Accountants, U.K.

Mr.Faiz Mohideen, a Non-Executive, Independent Director of CCPLC was a former Deputy Secretary to the Treasury and a former Director of Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

Mr.Saktha Amaratunga, a Non-Executive, Independent Director of CCPLC, is also a Director of Hemas Holdings PLC, Chairman of Hemas Holdings PLC-Audit Committee and a Commissioner of PT Agro Indomas, Indonesia, a subsidiary of Carson Cumberbatch PLC.

The purpose of the Audit Committee of CCPLC is as follows :

- To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures and the code of conduct.
- To ensure that the internal audit activity is well managed, so that it adds value to the organization by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

The audit aspects of Ceylon Guardian Investment Trust PLC are conducted within the Agenda of CCPLC-Audit Committee.

CCPLC-Audit Committee held six (06) Meetings during the financial year to discuss matters relating to the Company and the attendance of the Members of the Audit Committee were as follows :

Meetings attended (out of six)	
Mr.V.P. Malalasekera (Chairman)	5/6
Mr.D.C.R. Gunawardena	6/6
Mr.F. Mohideen	6/6
Mr.A.S. Amaratunga	6/6

Director-Finance-Carsons Management Services (Private) Limited-Managers, internal auditors and senior management staff members of the Investment Sector also attended the Audit Committee Meetings by invitation.

The Audit Committee met the External Auditors, Messrs. KPMG, twice during the year to discuss the audit scope, including Key Audit Matters and to deliberate the draft Financial Report and Accounts at the completion stage of the audit. The Committee also discussed the draft Financial Report and Accounts, with the External Auditors, without the management being present to foster an unbiased, independent dialogue.

The Audit Committee approved the audit plan for the financial year 2019/2020 and the Group Internal Audit (GIA) carried out audits on the Investment Sector companies based on the plan.

The findings and contents of the Group Internal Audit reports have been discussed with the relevant management staff and subsequently the audit reports were circulated to the Audit Committee and to the senior management.

The objectives of the GIA work was to have an independent review of the system of internal controls as established by the management, its adequacy and integrity vis-à-vis objectives served and to determine the extent of adherence to the controls by staff responsible for the function and to take corrective/preventive action where necessary.

The interim financial statements of Ceylon Guardian Investment Trust PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings, prior to release of same to the Regulatory Authorities and to the shareholders.

Based on the audit reporting requirements, the Audit Committee continued the process to discuss the areas which are identified as Key Audit Matters by Messrs. KPMG for reporting in the audit report at the audit planning and completion stages.

The financial statements of Ceylon Guardian Investment Trust PLC for the year ended 31st March 2020 were reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs. KPMG, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required, by the Managers, Carsons Management Services (Private) Limited that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

The Audit Committee has determined that Messrs. KPMG, Chartered Accountants, Auditors were independent on the basis that they did not carry out any management related functions of the Company.

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2021, subject to the approval of the shareholders of Ceylon Guardian Investment Trust PLC at the Annual General Meeting.

(Sgd.)

V.P. Malalasekera

Chairman – Audit Committee

Carson Cumberbatch PLC

Colombo

10th August 2020

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Parent Company of Ceylon Guardian Investment Trust PLC is Carson Cumberbatch PLC (CCPLC). As provided by the Colombo Stock Exchange Listing Rules, the Related Party Transactions Review Committee (RPTRC) of CCPLC functions as the RPTRC of the Company.

Composition of the Committee

The Members of the RPTRC are as follows :

1. Mr.V. P. Malalasekera (Chairman) - Non-Executive/Independent Director of CCPLC
2. Mr.F. Mohideen - Non-Executive/Independent Director of CCPLC
3. Mr.D. C. R. Gunawardena - Non-Executive Director of CCPLC
4. Mr.H. Selvanathan - Executive Director of CCPLC
5. Mr.M. Selvanathan - Executive Director of CCPLC
6. Mr.S.K. Shah - Executive Director of CCPLC

Meetings of the Related Party Transactions Review Committee

CCPLC-RPTRC held three (03) Meetings during the financial year to discuss matters relating to the Company and where necessary the approval of the Members were also sought via circulation of papers.

The attendance of the Members of the Committee were as follows:

Meetings attended (out of three)	
Mr.V.P. Malalasekera (Chairman)	2/3
Mr.F. Mohideen	3/3
Mr.D.C.R. Gunawardena	3/3
Mr.H. Selvanathan	3/3
Mr.M. Selvanathan	3/3
Mr.S.K. Shah	3/3

A Meeting of the RPTRC was scheduled for March 2020 and could not be held due to the COVID 19 pandemic situation in the country.

Purpose of the Committee

The objective of the RPTRC is to review all Related Party Transactions (RPTs) of the Listed Companies of the Carsons Group, other than those exempted by the 'Related Party Transactions Compliance Code' (RPT Code), prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

Policies and Procedures

- The RPTRC reviews the relevant Related Party Transactions of the Listed Companies of the Carsons Group and where the Committee decides that the approval of the Board of Directors of the respective Companies are necessary to approve a Related Party Transaction, such Board approval is obtained prior to entering into the relevant Related Party Transaction.
- When reviewing a transaction, the RPTRC would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether it is recurrent or non-recurrent in nature.
- Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.
- In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take into account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

The self-declarations from the Directors and Key Management Personnel are obtained for the purpose of identifying parties related to them. Further, the guidelines which senior management must follow in routing Related Party Transactions to the relevant forum, including transaction threshold values and pricing where applicable have been documented even in the case of once approved recurrent transactions which are of operational nature, which as per the RPT Code need not be repeatedly approved, if within the broad thresholds.

The RPTRC in discharging its function endeavours to ensure that :

- there is compliance with the Code;
- shareholder interests are protected; and
- fairness and transparency are maintained.

The Committee has a criteria for designating Carsons Group Key Management Personnel (KMP) and quarterly disclosures are made by KMPs so designated, as relevant.

The Related Party Transactions of the Company for the period 1st April 2019 to 31st March 2020 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

(Sgd.)

V. P. Malalasekera

Chairman – Related Party Transactions Review Committee
Carson Cumberbatch PLC

Colombo
10th August 2020

FINANCIAL CALENDAR

Financial Year end

31st March 2020

68th Annual General Meeting

14th September 2020

ANNOUNCEMENT OF RESULTS

Interim Financial Statements published in terms of the Listing Rules of the Colombo Stock exchange

1st Quarter ended 30th June 2019

13th August 2019

2nd Quarter ended 30th September 2019

14th November 2019

3rd Quarter ended 31st December 2019

14th February 2020

4th Quarter ended 31st March 2020

29th May 2020

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
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TO THE SHAREHOLDERS OF CEYLON GUARDIAN INVESTMENT TRUST PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ceylon Guardian Investment Trust PLC (the "Company") and the consolidated financial statements the Company and its subsidiaries (the "Group") , which comprise the statement of financial position as at March 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 40 to 104.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2020, 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 Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. P.M.K. Sumanasekara FCA



01. Valuation of financial investments classified as Fair Value through Profit or Loss (FVTPL) and Fair Value through Other Comprehensive Income (FVOCI)

Refer Note 3 (d), 23, 26, 27, 38 and 41 (Page 50, 75, 77, 85, 93 and 104) to these financial statements

Risk Description	Our Response
<p>The financial investments of the Group as at 31st March 2020 comprises FVTPL financial assets amounting to Rs. 8,159.8 Mn and FVOCI financial assets amounting to Rs. 3,678.8 Mn which represents 79% of the total assets. As at the reporting date, the Group's FVTPL portfolio is made up of listed equity investments amounting to Rs. 7,478.8 Mn, unlisted equity investments amounting to Rs. 175 Mn and unit trust investments amounting to Rs. 506 Mn.</p> <p>Investment in equity and unit trust investments are measured based on quoted market prices. Unlisted equity instruments require the exercise of judgment and the use of estimates and assumptions as observable market prices or market parameters are not available. For such instruments, the fair value is determined through the use of valuation techniques or models applied by the Group.</p> <p>As a result of the COVID-19 pandemic, volatility in the financial markets has increased. There have been a sharp decline in market yields, greater illiquidity of financial assets due to low trading, all of which have diminished the observability of the market data needed to measure these financial instruments, making their measurement more complex. Notes 26 and 41 to these financial statements describe impact of COVID -19 outbreak on the valuation of financial instruments, judgments and assumptions used by the Company in particular due to the impact of COVID-19 pandemic.</p> <p>Due to the materiality of the FVTPL and FVOCI financial instruments in the context of the financial statements, degree of judgement involved in making assumptions in arriving at valuations and measurement uncertainty created due to COVID-19 outbreak, we considered valuation of FVTPL and FVOCI financial instruments as a Key Audit Matter.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> Documenting and testing the design and implementation and operating effectiveness of the investment valuation process and key controls in place; Checking the CDS confirmation to verify the existence, completeness and accuracy of the number of quoted shares and agreeing the market price as of 20th March 2020 with the CSE prices. Checking the number of units and the unit price as at 31st March 2020 with the external confirmations received from the Unit Trust Management Company to verify the existence, accuracy and completeness. Assessing the appropriateness of the valuation techniques used by the Company in valuing the unquoted equity instruments as at 31st March 2020. Assessing and challenging the key assumptions, inputs and judgments used in the valuation of the unquoted equity instruments by; <ul style="list-style-type: none"> Comparing the assumptions to expectations based on current trends and investee industry knowledge. Challenging the management on key assumptions used to generate forward looking cash flow and revenue estimates and other key assumptions used in the valuation process such discount rates, liquidity adjustments etc. Checking whether the fair value of the financial investments has been measured considering the COVID-19 Pandemic; Guidance notes on the Implications on Financial Reporting issued by the Institute of Chartered Accountants of Sri Lanka (CASL) and whether impacts of the pandemic have been considered in measuring the fair value as at 31st March 2020. Assessing the adequacy of disclosure in the financial statements in relation to the fair valuation of the financial investments as required by the accounting standards and the impact of COVID-19.

INDEPENDENT AUDITORS' REPORT



02. Impairment assessment on investments in subsidiaries and goodwill

Refer Note 3 (a), (g), 19 and 21 (Page 47, 56, 70 and 72) to these financial statements

Risk Description	Our Response
<p>The Company has investments in the subsidiaries amounting to Rs. 2,358 Mn as at 31st March 2020. Such investments are carried at cost and tested for any impairment at each reporting period. Accordingly, the impairment assessment as of 31st March 2020 was performed and an impairment amounting to Rs. 48.4 Mn was recorded which resulted in an impairment of the goodwill recognized on acquisition of the subsidiary in the Group financial statements.</p> <p>This was considered a matter of significance to our audit due to the materiality of the carrying value of the investments in subsidiaries and the goodwill and the subjectivity of the impairment assessment.</p> <p>Assessing the impairment considers various indications and involves estimates and judgements. The identification and quantification require the application of significant judgement by management. In view of the significance of the investments and the subjectivity of the judgements, we consider impairment assessment of subsidiaries and goodwill to be a Key Audit Matter.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none">• Obtaining an understanding of management's impairment assessment process.• Reviewing the impairment assessment conducted by the management and discussed with management regarding the reasonableness of the basis and assumptions used.• Assessing and challenging the key assumptions, inputs and judgments used in the computations of recoverable amount in arriving at required impairment.• Assessing the adequacy of the disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is FCA 3272.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

10th August 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Rupees Thousands

For the year ended 31st March	Note	Group		Company	
		2020	2019	2020	2019
Continuing operations					
Revenue	11	759,591	518,282	195,781	165,882
Impairment on goodwill / investments in subsidiary	192/214	(48,445)	-	(48,445)	-
Net change in fair value of fair value through profit or loss financial assets		(1,855,723)	(2,539,648)	(720,924)	(903,660)
Profit / (loss) on investment activities		(1,144,577)	(2,021,366)	(573,588)	(737,778)
Administrative and other operating expenses		(230,769)	(255,978)	(85,959)	(86,922)
Profit / (loss) from operations	12	(1,375,346)	(2,277,344)	(659,547)	(824,700)
Profit from disposal of investment in subsidiary	21.7	-	-	8,539	-
Net finance income / (expense)	13	(29,643)	(14,946)	(20,460)	(4,168)
Profit / (loss) from operations after net finance income / (expense)		(1,404,989)	(2,292,290)	(671,468)	(828,868)
Share of profit of equity accounted investee, net of tax	14	4,724	6,909	-	-
Profit / (loss) before taxation		(1,400,265)	(2,285,381)	(671,468)	(828,868)
Income tax expense	15	(45,075)	(58,288)	(335)	(1,626)
Profit / (loss) for the year from continuing operations		(1,445,340)	(2,343,669)	(671,803)	(830,494)
Discontinued operations					
Profit/(loss) after tax for the period from discontinued operations	36	(27,273)	-	-	-
Profit / (loss) for the year		(1,472,613)	(2,343,669)	(671,803)	(830,494)
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Actuarial gain / (loss) on employee benefit obligation	32	(581)	(259)	-	-
Related tax on employee benefits	24	163	73	-	-
Net change in fair value of fair value through other comprehensive income financial assets		(408,765)	(124,673)	-	-
Items that are or may be reclassified to profit or loss					
Share of other comprehensive income / (expense) of equity accounted investee, net of tax	14	(10)	30	-	-
Net exchange differences on translation of foreign operations		30,988	59,452	-	-
Other comprehensive income / (expense) for the year		(378,205)	(65,377)	-	-
Total comprehensive income / (expense) for the year		(1,850,818)	(2,409,046)	(671,803)	(830,494)
Profit attributable to:					
Equity holders of the parent		(1,244,876)	(1,921,652)	(671,803)	(830,494)
Non controlling interest		(227,737)	(422,017)	-	-
		(1,472,613)	(2,343,669)	(671,803)	(830,494)
Total comprehensive expense attributable to:					
Equity holders of the parent		(1,557,814)	(1,982,149)	(671,803)	(830,494)
Non controlling interest		(293,004)	(426,897)	-	-
		(1,850,818)	(2,409,046)	(671,803)	(830,494)
Earning / (loss) per share (Rs.)	16	(14.02)	(21.65)	(7.57)	(9.35)
Dividend per share	17	1.15	0.75	1.15	0.75

The notes to the financial statements from pages 45 to 104 form an integral part of these financial statements. Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

In Rupees Thousands

As at 31st March	Note	Group 2020	2019	Company 2020	2019
ASSETS					
Non-current assets					
Property, plant and equipment	18	2,041	2,185	-	-
Intangible assets	19	194,956	247,846	-	-
Right of use assets	20	6,348	-	-	-
Investments in subsidiaries	21	-	-	2,358,462	2,155,687
Investment in equity accounted investees	22	52,839	48,125	35,000	35,000
Investments in fair value through other comprehensive income	23	3,678,886	4,087,651	-	-
Investments in fixed deposits		-	257,485	-	-
Deferred tax asset	24	3,544	2,611	-	-
Total non-current assets		3,938,614	4,645,903	2,393,462	2,190,687
Current assets					
Trade and other receivables	25	18,714	44,019	1,937	18,278
Current tax assets		31,661	30,738	25,641	22,116
Investments in equity and debt securities	26	7,756,757	9,642,658	2,904,179	3,847,122
Investments in unit trusts	27	506,030	188,711	44,937	5,246
Investments in fixed deposits		401,305	1,346,479	-	-
Cash and cash equivalents	28	2,209,512	160,979	413,789	33,860
Total current assets		10,923,979	11,413,584	3,390,483	3,926,622
Asset held for sale	36	167,833	-	54,210	-
Total assets		15,030,426	16,059,487	5,838,155	6,117,309
EQUITY AND LIABILITIES					
Equity					
Stated capital	29	1,128,726	1,128,726	1,128,726	1,128,726
Capital reserves	30	324,741	324,751	208,660	208,660
Revenue reserves	31	10,082,011	11,634,465	3,880,600	4,549,667
Total equity attributable to equity holders of the parent		11,535,478	13,087,942	5,217,986	5,887,053
Non controlling interest		2,332,108	2,629,463	-	-
Total equity		13,867,586	15,717,405	5,217,986	5,887,053
Non-current liabilities					
Employee benefits	32	10,834	7,758	-	-
Total non-current liabilities		10,834	7,758	-	-
Current liabilities					
Trade and other payables	33	81,149	147,748	32,621	62,351
Lease liabilities	34	6,797	-	-	-
Current tax liabilities		4,657	13,056	-	-
Short term borrowings	35	1,054,316	162,430	587,548	162,430
Bank overdraft	28	45	11,090	-	5,475
Total current liabilities		1,146,964	334,324	620,169	230,256
Liabilities directly associated with assets held for sale	36	5,042	-	-	-
Total liabilities		1,162,840	342,082	620,169	230,256
Total equity and liabilities		15,030,426	16,059,487	5,838,155	6,117,309
Net assets per ordinary / deferred share (Rs.)		129.93	147.42	58.77	66.31

The notes to the financial statements from pages 45 to 104 form an integral part of these financial statements.

I certify that these Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.

(Sgd).

V.R. Wijesinghe

Director-Finance

Carsons Management Services (Private) Limited

The board of directors is responsible for the preparation and presentation of these financial statements.

Approved & Signed on behalf of Investment Managers,

(Sgd).

K. Selvanathan

Director

Guardian Fund Management Limited

Colombo

10th August 2020

Approved & Signed on behalf of the Board,

(Sgd).

M. A. R. C. Cooray (Mrs.)

Chairperson

(Sgd).

D.C.R. Gunawardena

Director

STATEMENT OF CHANGES IN EQUITY

In Rupees Thousands

	Stated capital	Capital reserves			Revenue reserves				Attributable to equity holders of parent	Non controlling interest	Total equity
		Investment reserve	Other capital reserve	Jointly controlled entity's capital reserve	Currency translation reserve	Fair value through profit or loss financial assets reserve	General reserve	Available for sale/through OCI financial assets reserve			
Group											
Balance as at 1st April 2018	1,128,726	7,805	316,741	175	76,565	1,158	32,668	5,325,245	8,180,587	3,197,287	18,266,957
Impact of adopting SFRS 9 as at 1 April 2018 (Note 31.4)	-	-	-	-	-	-	-	(1,864,769)	1,864,769	-	-
Adjusted balance as at 1st April 2018	1,128,726	7,805	316,741	175	76,565	1,158	32,668	3,460,476	10,045,356	3,197,287	18,266,957
Loss for the year	-	-	-	-	-	-	-	-	(1,921,652)	(422,017)	(2,343,669)
Other comprehensive income / (expense) for the year	-	-	-	30	43,107	-	-	(103,448)	(186)	(4,880)	(65,377)
Total comprehensive income / (expense) for the year	-	-	-	30	43,107	-	-	(103,448)	(186)	(4,880)	(65,377)
Effect due to change in share holdings	-	-	-	-	-	-	-	-	63,517	(122,983)	(59,466)
Cash dividend	-	-	-	-	-	-	-	-	(66,585)	(18,599)	(85,184)
Forfeiture of unclaimed dividends	-	-	-	-	-	-	-	-	3,489	655	4,144
Transfers (note 30.2)	-	-	-	-	-	(1,158)	-	-	1,158	-	-
Balance as at 31st March 2019	1,128,726	7,805	316,741	205	119,672	-	32,668	3,357,028	8,125,097	2,629,463	15,717,405
Balance as at 1st April 2019	1,128,726	7,805	316,741	205	119,672	-	32,668	3,357,028	8,125,097	2,629,463	15,717,405
Loss for the year	-	-	-	-	-	-	-	-	(1,244,876)	(227,737)	(1,472,613)
Other comprehensive income / (expense) for the year	-	-	-	(10)	26,665	-	-	(339,175)	(418)	(65,267)	(378,205)
Total comprehensive income / (expense) for the year	-	-	-	(10)	26,665	-	-	(339,175)	(1,245,294)	(293,004)	(1,850,818)
Effect due to change in share holdings	-	-	-	-	-	-	-	-	867	(5,254)	(4,387)
Forfeiture of unclaimed dividends	-	-	-	-	-	-	-	-	4,483	903	5,386
Balance as at 31st March 2020	1,128,726	7,805	316,741	195	146,337	-	32,668	3,017,853	6,885,153	2,332,108	13,867,586

The notes from pages 45 to 104 form an integral part of these financial statements.
Figures in brackets indicate deductions.

	Stated capital	Capital reserves		Revenue reserves			Total equity
		Investment reserve	Other capital reserve	Available for sale/ fair value through OCI financial assets reserve	General reserve	Retained earnings	
Company							
Balance as at 1st April 2018	1,128,726	7,805	200,855	1,574,197	14,961	3,855,368	6,781,912
Impact of adopting SLFRS 9 as at 1 April 2018 (Note 31.4)	-	-	-	(1,574,197)	-	1,574,197	-
Adjusted balance as at 1st April 2018	1,128,726	7,805	200,855	-	14,961	5,429,565	6,781,912
Loss for the year	-	-	-	-	-	(830,494)	(830,494)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income / (expense) for the year	-	-	-	-	-	(830,494)	(830,494)
Cash dividend	-	-	-	-	-	(66,585)	(66,585)
Forfeiture of unclaimed dividends	-	-	-	-	-	2,220	2,220
Balance as at 31st March 2019	1,128,726	7,805	200,855	-	14,961	4,534,706	5,887,053
Balance as at 1st April 2019	1,128,726	7,805	200,855	-	14,961	4,534,706	5,887,053
Loss for the year	-	-	-	-	-	(671,803)	(671,803)
Other comprehensive income / (expense) for the year	-	-	-	-	-	-	-
Total comprehensive income / (expense) for the year	-	-	-	-	-	(671,803)	(671,803)
Forfeiture of unclaimed dividends	-	-	-	-	-	2,736	2,736
Balance as at 31st March 2020	1,128,726	7,805	200,855	-	14,961	3,865,639	5,217,986

The notes from pages 45 to 104 form an integral part of these financial statements.
Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

In Rupees Thousands

For the year ended 31st March	Note	Group		Company	
		2020	2019	2020	2019
Cash flows from operating activities					
Profit/(Loss) before taxation		(1,427,538)	(2,285,381)	(671,468)	(828,868)
Adjustments for:					
Share of profit of equity accounted investee, net of tax	14	(4,724)	(6,909)	-	-
Depreciation on property, plant & equipment	18	707	912	-	-
Amortisation of intangible assets	19	4,445	4,446	-	-
Amortisation of right of use assets	20	6,349	-	-	-
Provision for employee benefit	32	2,495	1,957	-	-
Net finance (income) / expense	13	29,643	14,946	20,460	4,168
Impairment on goodwill / investments in subsidiary		48,445	-	48,445	-
Net charge in fair value of fair value through profit or loss financial assets		1,855,723	2,539,648	720,924	903,660
Operating profit before working capital changes		515,545	269,619	118,361	78,960
(Increase) / decrease in trade and other receivables		25,305	(16,256)	16,341	(12,032)
(Increase) / decrease in investments		(287,141)	(210,659)	182,328	(205,292)
(Increase) / decrease in investment in fixed deposits		1,202,659	(431,827)	-	-
Increase / (decrease) in trade and other payables		(28,344)	28,298	(12,765)	10,314
Cash generated from / (used in) operations		1,428,024	(360,825)	304,265	(128,050)
Employee benefit paid	32	-	(1,884)	-	-
Current tax paid		(55,167)	(54,047)	(3,860)	(4,010)
Net cash generated from / (used in) operating activities		1,372,857	(416,756)	300,405	(132,060)
Cash flows from investing activities					
Acquisition of property, plant & equipment	18	(563)	(243)	-	-
Net investments in subsidiaries		-	(59,388)	(305,430)	(59,388)
Finance income		403	166	-	-
Net cash used in investing activities		(160)	(59,465)	(305,430)	(59,388)
Cash flows from financing activities					
Dividend paid		(14,229)	(123,481)	(14,229)	(123,481)
Dividend paid to non controlling interest		(13,598)	(47,953)	-	-
Short term borrowings obtained	35	1,547,061	413,000	935,662	185,400
Short term borrowing repayment during the year	35	(660,522)	(251,600)	(513,092)	(24,000)
Payment of lease liabilities	20	(7,246)	-	-	-
Redemptions of units		(4,387)	(78)	-	-
Finance expense paid		(23,353)	(14,082)	(17,912)	(3,138)
Net cash generated from / (used) in financing activities		823,726	(24,194)	390,429	34,781
Net increase / (decrease) in cash and cash equivalents		2,196,423	(500,415)	385,404	(156,667)
Cash and cash equivalents at the beginning of the year		149,889	590,852	28,385	185,052
Net exchange differences on translation of foreign operations		30,988	59,452	-	-
Cash and cash equivalents at the end of the year	28	2,377,300	149,889	413,789	28,385

The notes from pages 45 to 104 form an integral part of these financial statements.
Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

(a) Domicile and legal form

Ceylon Guardian Investment Trust PLC (the "Company") is a limited liability Company which is incorporated in Sri Lanka. The shares of the Company have a primary listing on the Colombo Stock Exchange.

The registered office and principal place of business of the Company, its subsidiaries, and jointly controlled entities are located at No 61 Janadhipathi Mawatha, Colombo 01.

The consolidated financial statements of the Company as at and for the year ended 31st March 2020 comprise of the financial information of Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in jointly controlled entity.

The Group has seven subsidiaries out of which two subsidiaries are listed on the Colombo Stock Exchange the details of which are set out in the note 21 to the Financial Statements.

(b) Principal Activities and nature of operations

The principal activities of the Company and its subsidiaries are to act as specialised investment vehicles to undertake investments in listed equity securities, private equity securities, investments in unit trusts and fixed income investments as well as to engage in fund management activities.

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

The investment activities of the Group are managed by Guardian Fund Management Limited (the investment manager) and Carsons Management Services (Private) Limited function as Managers and Secretaries of the Group.

(c) Parent entity and Ultimate parent entity

In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Ceylon Guardian Investment Trust PLC and Bukit Darah PLC is the Ultimate Parent and Controlling entity of Ceylon Guardian Investment Trust PLC.

(d) Number of employees

The Group had 19 (2019 – 21) employees at the end of the financial year. The Company had no employees as at the reporting date (2019 - Nil).

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company and the Group comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and cash flows together with the notes to the financial statements.

The consolidated financial statements have been prepared in accordance with Sri Lanka Accounting Standards (LKAS / SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of Companies Act, No. 7 of 2007.

The consolidated financial statements were authorised for issue by the Board of Directors on 10th August 2020.

This is the first set of financial statements in which SLFRS 16 lease has been applied. The related changes to significant accounting policies described in Note 20.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position;

- Non-derivative financial instruments classified as fair value through profit or loss are measured at fair value;
- Fair value through other comprehensive income financial assets;
- Defined benefit obligations are measured at its present value, based on an actuarial valuation.

These financial statements have been prepared on the basis that the Company and the Group would continue as a going concern for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

(c) Going concern basis of accounting

These financial statements have been prepared on the basis that the Group would continue as a going concern for the foreseeable future.

(d) Materiality and aggregation

Each material class of similar items is presented in aggregate in the financial statements. Items of dissimilar nature or function are presented separately unless immaterial.

(e) Functional and Presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the 'functional currency'). The consolidated financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

(f) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with LKAS/SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Assumptions and estimation uncertainties:

i. Assessment of impairment - Key assumptions used in discounted cash flow projections.

The Group assesses at each reporting date whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an asset or Cash Generating unit (CGU) 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 present

value using appropriate discount rates that reflects the current market assessments of the time value of money and risks specific to the asset. The carrying value of goodwill is reviewed at each reporting date and is written down to the extent that it is no longer supported by probable future benefits. Goodwill is allocated to CGU for the purpose of impairment testing.

ii. Deferred taxation - utilization of tax losses

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the level of future taxable profits together with future tax planning strategies.

iii. Defined benefit plans

The assessment of the liability of defined benefit obligations involves a significant element of assumptions; including discount rates, future salary increases, mortality rates and future pension increases and due to the long-term nature of these plans, such estimates are subject to uncertainty.

iv. Current taxation

Current tax liabilities arise to the group in various jurisdictions. These liabilities are provided for in the financial statements applying the relevant tax statutes and regulations which the management believes reflect the actual liability. There can be instances where the stand taken by the group on transactions is contested by Inland Revenue Department. Any additional costs on account of these issues are accounted for as a tax expense at the point the liability is confirmed on any group entity.

v. Measurement of Fair values - Fair value of financial instruments

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the Note 37.5.

(a) Equity securities

The fair values of investments in equity securities are determined with reference to their quoted closing bid price at the measurement date, or if unquoted, determined using a valuation technique. Valuation techniques employed include

market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

(b) Trade and other receivables

The fair values of trade and other receivables, excluding construction work in progress, are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(c) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company has applied SLFRS 16 Leases, and IFRIC 23 interpretation; Uncertainty over Income tax treatment from 1st April 2019. A number of other new standards are also effective from 1st April 2019, but they do not have a material effect on the Group's financial statements.

Except for the above, the following accounting policies have been applied consistently to all periods presented in these Financial Statements of the Group and the Company unless otherwise indicated.

(a) Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries Group and its subsidiaries as at and for the year ended 31st March 2020. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if and only if the investor has all of the following:

Power over the investee

- Exposure, or rights, to variable returns from its involvement with the investee.

NOTES TO THE FINANCIAL STATEMENTS

- The ability to use its power over the investee to affect the amount of the investor's returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Contractual arrangement with the other vote holders of the investee
- Rights arising from other contracts and arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group.

The Group measures goodwill at the acquisition date as: the fair value of the consideration transferred; plus the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a gain on bargain purchase is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either: at fair value; or at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

(iii) Subsidiaries

Subsidiaries are entities controlled by the group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Adjustments required to the accounting policies of subsidiaries have been changed wherever necessary to align them with the policies adopted by the group.

In the Company's financial statements, investments in subsidiaries are carried at cost less impairment if any, in net recoverable value.

During the reporting period, the Group has formed investment in Guardian Value Fund LLC and Guardian Fund Management LLC with effective holding of 82.97% each.

The consolidated financial statements are prepared to a common financial year end of 31st March.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Subsequently that retained interest is accounted for as an equity-accounted investee or as a fair value through other comprehensive income financial asset depending on the level of influence retained.

(v) Investments in associates and jointly controlled entities (equity-accounted investees)

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in jointly controlled entities are accounted for under the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against

the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Financial year end

All companies in the Group have a common financial year which ends on 31st March, except the following.

Company	Nature of relationship	Financial year end
The Sri Lanka Fund	Subsidiary	31st December
Guardian Acuity Asset Management Limited	Jointly controlled entity	31st December

Effects of significant transactions or events that occur between the date of above financial statements and the date of Consolidated financial statements are reviewed and adjusted if any. However, such significant transactions are not available for the above companies for the period under review.

On 2nd December 2019, Board of Directors of Sri Lanka Fund (SLF) has approved the liquidation of the fund. Accordingly, the investment in Sri Lanka Fund has been considered as Asset held for sale as at 31st March 2020. Refer note 35 for the details.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates as at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate as at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss. However, foreign currency differences arising from the retranslation of the following items are recognised in other comprehensive income:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is; and
- qualifying cash flow hedges to the extent that the hedges are effective

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Sri Lanka Rupees at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Sri Lanka Rupees at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is not a fully owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an

associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

(c) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

(d) Financial instruments

(i) Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

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 Group 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 fair value through profit or loss (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.

(ii) Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (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 and is not designated as at FVTPL:

- 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.

Group financial assets classified and measured at amortized cost are limited to its trade and other receivables, related party receivables, short term investments and cash & cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- 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 Group 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 Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Group's unit trust investments are classified as fair value through profit or loss and equity instruments are classified in both fair value through profit or loss and fair value through other comprehensive income.

(iii) Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level 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 Group'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.

NOTES TO THE FINANCIAL STATEMENTS

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 Group'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.

(iv) 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 Group 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 Group 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 Group'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.

(v) Financial assets - 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.

(vi) Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(vii) Derecognition

Financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

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

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

(viii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group 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.

(e) Impairment

(i) Financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

NOTES TO THE FINANCIAL STATEMENTS

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group 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;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recover the amounts due.

(ii) Non- financial assets

At each reporting date, the Group reviews the carrying amounts of its non financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets 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 CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Property, plant and equipment

(i) Recognition and measurement

All items of property, plant equipment are initially recorded at cost.

Subsequent to the initial recognition property, plant & equipment are carried at cost less accumulated depreciation thereon and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;

When the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located are recognised into the cost of acquisition of property plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

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

Class of asset	No of years
Motor vehicles	4-5
Furniture and Fittings	5-10
Computer equipment	3-5
Office equipment	5-10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Disposal

The gains or losses arising on disposal or retirement of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment are recognized net within other income in the Statement of Profit or Loss.

(g) Intangible assets and goodwill

(i) Recognition and measurement

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented within intangible assets for the measurement of goodwill at initial recognition.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

Software

All computer software costs incurred for license for use by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses. These costs are amortised to the Statement of Profit or Loss using the straight-line method over 3 to 10 years.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit or loss as incurred.

(iii) Impairment

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

(h) Asset held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies.

Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(i) Leases

The Group has applied SLFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under LKAS 17 and IFRIC 4. The details of accounting policies under LKAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 April 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the

basis of its relative stand alone prices. However, for the lease of office building the Group has elected not to separate non lease components and account for the lease and non lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group presents right of use assets and lease liabilities as separate line items in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right of use assets and lease liabilities for leases of low value assets and short term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and – the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

NOTES TO THE FINANCIAL STATEMENTS

- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(j) Stated capital

Ordinary shares

Ordinary shares are classified as equity. Costs attributable to the issue of ordinary shares are recognized as an expense.

(k) Employee benefits

(i) 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 recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans

if the Group 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.

(ii) 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 has 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 related services are rendered by employees.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The liability recognised in the Financial Statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. Such actuarial valuations will be carried out once a year. The liability is not externally funded.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

All Actuarial gains or losses are recognized immediately in other comprehensive income.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Contingent liabilities and contingent assets

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The group does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain. In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

(n) Revenue

Performance obligations and revenue recognition policies

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

As per the standard, revenue is measured based on the consideration specified in a contract with a customer. The Group revenue comprises of the portfolio management fee income for the portfolio management service provided to external clients and group recognises revenue when it provides the service at a point in time.

Accordingly, the group recognizes the revenue based on the following criteria.

(o) Interest Income and expense

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

(p) Gain/ (loss) on Sale of Financial Investments measured at Fair Value through Profit or loss

Gain / (loss) on Sale of Financial Investments measured at fair value through profit or loss comprises realised trading gains on disposal of government securities, quoted shares and listed debentures, are presented in direct income as sale of financial investments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

(q) Gain/ (loss) on Redemption of Units

Gain/ (loss) on Redemption of units comprises realised trading gain/ (loss) on disposal of investment in unit trust, is presented in direct income as sale of financial investments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

(r) Gain/ (loss) on Disposal of Financial Investments – Fair Value through Other Comprehensive Income

Gain/ (loss) on Disposal of Financial Investments measured at fair value through other comprehensive income comprises realised capital gain/ (loss) on disposal of investment in equity securities classified as financial assets measured at fair value through other comprehensive income, is presented in other income.

(s) Gain/ (Loss) on Fair Valuation of Financial Investments – Fair Value through Profit or Loss

Gain/(loss) on Fair Valuation of Financial Investments is the unrealised gain/ (loss) on fair valuation (marked to market valuation) of government securities, quoted shares, investment in units and listed debentures. The fair valuation gain/ (loss) is presented in profit or loss in the statement of profit or loss and other comprehensive income.

(t) Dividend Income

Dividend income from financial investments held for trading is recognised in profit or loss on an accrual basis when the Company's right to receive the dividend is established. This is usually on the ex-dividend date for equity securities. Dividends are presented in net trading income or net gain / (loss) from financial investments based on the underlying classification of the equity investment.

(u) Expenditure Recognition

(i) Operating expenses

All expenses incurred in day-to-day operations of the business and in maintaining the property, plant & equipment in a state of efficiency have been charged to revenue in arriving at the profit or loss for the year. Provision has also been made for impaired receivables, all known liabilities and depreciation on property, plant & equipment.

(ii) Finance income and finance costs

Finance costs comprise of interest expense on borrowings, unwinding of the discount on provisions and deferred consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(iii) Fee and commission expenses

Fee and commission expenses are recognized in statement of profit or loss and other comprehensive income when the related services are performed.

(v) Statement of cash flows

The Statement of cash flows has been prepared using the Indirect method of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, "Statement of cash flows".

Cash and cash equivalents as referred to in the statement of cash flows comprise of those items explained in Note 28.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash balances that are subject to insignificant risk of changes in fair value and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

(w) Income tax expense

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognised in statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current taxation

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.

(ii) Deferred taxation

Deferred tax is recognised 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 not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences 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, based on the level of future taxable profit forecasts and tax planning strategies.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group considers the impact of uncertain tax positions and whether additional taxes and interest may be due. This

assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(iv) Economic Service Charge (ESC)

As per the provisions of Economic Service Charge Act No. 13 of 2006 and amendments thereto, is payable on "Liable Turnover" and is deductible from the income tax payments. Any unclaimed ESC can be carried forward and settled against the income tax payable in the three subsequent years.

However, with the enacted new provisions in relation to the ESC, it has been abolished with effect from 1st January 2020.

4. EARNINGS PER SHARE

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

5. RELATED PARTY TRANSACTIONS

A disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies decisions of the other, irrespective of whether a price is charged.

6. EVENTS AFTER THE REPORTING PERIOD

All material and important events which occur after the reporting date have been considered and disclosed in Notes to the financial statements.

7. DIVIDENDS ON ORDINARY SHARES

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Group.

8. PRESENTATION

Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

(i) Offsetting Income and Expenses

Income and expenses are not offset unless required or permitted by accounting standards.

(ii) Offsetting Assets and Liabilities

Assets and liabilities are offset, and the net amount reported in the statement of financial position only where there is;

- a current enforceable legal right to offset the asset and the liability; and an intention to settle the liability simultaneously

9. CHANGES IN ACCOUNTING POLICIES

9.1 SLFRS 16 – Leases

The Group applied SLFRS 16 using the modified retrospective approach, under which the cumulative effect of initial recognition is not recognized in retained earnings as at 1st April 2019 (Option B). Accordingly, the comparative information presented for 2019 are not restated – i.e. it is presented, as previously reported, under LKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SLFRS 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease.

The Group applied SLFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under LKAS 17 and IFRIC 4 were not reassessed for whether there is a lease under SLFRS 16. Therefore, the definition of a lease under SLFRS 16 was applied only to contracts entered or changed on or after 1st April 2019.

B. As a lessee

As a lessee, the Company leases office building from Equity Two PLC. The Company previously classified these leases as operating leases based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under SLFRS 16, the Company recognises right-of-use assets and lease liabilities for the lease of office building – i.e. these leases are on-balance sheet, as a right of use assets and lease liability.

C. Transition

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1st April 2019. Right of Use assets are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments. The Group has tested its Right of Use assets for impairment on the date of transition and has concluded that there is no indication of impairment. The Group used a number of practical expedients when applying SLFRS 16 to leases previously classified as operating leases under LKAS 17. In particular, the Group,

relied on its assessment of whether leases are onerous under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application.
- did not recognise right-of-use assets and liabilities for leases of low-value assets.
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application
- used hindsight when determining the lease term.

D. Impact of Transition

On transition to SLFRS 16, the Group recognised right of use assets and lease liabilities using the incremental borrowing rate of 14.23 % as at 1st April 2019. The impact on transition is summarised below,

Description	Amount (000')
Right of use assets	12,697
Lease liabilities	12,697

9.2 IFRIC 23 Interpretation Uncertainty over Income Tax Treatment

IFRIC 23 applies for annual periods beginning on after 1 January 2019. The interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings. The Group reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. Accordingly, concluded that the Group's existing accounting policy for uncertain tax treatments is consistent the requirements in IFRIC 23 uncertainty Tax Treatments.

10. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following standards which become effective for financial periods beginning after the current financial year. Accordingly, these standards have not been applied in preparing these financial statements. The Group will be adopting these standards when they become effective.

a) Forthcoming effective standards

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

Effective Date – 1st January 2020

- Amendments to References to Conceptual Framework in SLFRS standards
- Definition of a Business (Amendments to SLFRS 3)
- Definition of Material (Amendments to LKAS 1 and LKAS 8)

Effective Date – 1st January 2023

- SLFRS 17 Insurance Contracts

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

11. REVENUE

For the year ended 31st March	Group		Company	
	2020	2019	2020	2019
Dividend income	403,361	433,707	148,730	181,285
Interest income on financial assets carried at amortised cost (note 11.1)	129,719	230,191	3,274	2,819
Management fees	128,341	115,250	-	-
Net gain / (loss) from disposal of investments in equity and debt securities	150,603	(112,305)	33,339	(25,415)
Net gain from disposal of investment in unit trusts	60,534	46,909	10,438	7,193
	872,558	713,752	195,781	165,882
Intra-group transactions	(112,967)	(195,470)	-	-
	759,591	518,282	195,781	165,882

11.1 Interest income on financial assets carried at amortised cost

Placements with banking and financial institutions	116,694	215,895	-	-
Savings deposits	2,644	2,500	813	720
Securities purchased under resale agreements	10,381	11,796	2,461	2,099
	129,719	230,191	3,274	2,819

12. PROFIT/(LOSS) FROM OPERATIONS

Loss from operations is stated after charging all expenses including the following:

For the year ended 31st March	Group		Company	
	2020	2019	2020	2019
Auditors' remuneration & expenses				
- Audit and audit related fees	5,152	3,994	508	658
- Non audit services	-	284	-	-
Directors' fees	23,222	21,372	15,543	14,801
Support service fees*	29,929	34,447	11,105	13,132
Depreciation	707	912	-	-
Amortisation	10,794	4,446	-	-
Professional services (note 12.a)	9,375	12,113	9	-
Personnel cost (note 12.b)	74,801	79,842	-	-

*Support service fees are paid to Carsons Management Services (Private) Limited, a related company, which acts as the Managers and Secretaries of the Group.

For the year ended 31st March		Group		Company	
		2020	2019	2020	2019
12.a	Professional services				
	Legal services	3,838	1,152	-	-
	Valuation services	50	10	-	-
	Other professional services	5,487	10,951	9	-
		9,375	12,113	9	-
12.b	Personnel cost				
	Salaries, wages and other related expenses	65,619	71,888	-	-
	Defined benefit plan cost (note 32.1)	2,495	1,957	-	-
	Defined contribution plan cost	6,687	5,997	-	-
		74,801	79,842	-	-
	The above include				
	Directors' emoluments	12,050	11,550	-	-
		12,050	11,550	-	-

13 NET FINANCE INCOME / (EXPENSE)

For the year ended 31st March		Group		Company	
		2020	2019	2020	2019
	Finance income				
	Interest income	291	74	-	-
	Exchange gain	112	92	-	-
		403	166	-	-
	Finance expense				
	On bank overdraft	117	4,063	66	43
	On short-term borrowings	28,583	11,049	20,394	4,125
	Lease interest	1,346	-	-	-
		30,046	15,112	20,460	4,168
	Net finance expense	(29,643)	(14,946)	(20,460)	(4,168)

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

14 SHARE OF PROFIT OR OTHER COMPREHENSIVE INCOME / EXPENSES OF EQUITY ACCOUNTED INVESTEE, NET OF TAX

	Investor's share of profit net of tax		Investor's share of other comprehensive income/ (expenses) net of tax	
For the year ended 31st March	2020	2019	2020	2019
Guardian Acuity Asset Management Limited	4,724	6,909	(10)	30
	4,724	6,909	(10)	30

15 INCOME TAX EXPENSE

	Group		Company	
For the year ended 31st March	2020	2019	2020	2019
15.1 Current tax expense				
Provision for the year (note 15.3)	51,313	60,443	548	1,682
Over provision for previous year	(5,468)	(129)	(213)	(56)
Current tax expense for the year	45,845	60,314	335	1,626
15.2 Deferred taxation				
Deferred tax asset originated during the year (note 24.1)	(770)	(2,026)	-	-
Deferred tax expense / (gain) for the year	(770)	(2,026)	-	-
Total income tax expense for the year	45,075	58,288	335	1,626

15.3 Reconciliation between accounting profit and taxable profit

	Group		Company	
For the year ended 31st March	2020	2019	2020	2019
Accounting loss before taxation	(1,400,265)	(2,285,381)	(671,468)	(828,868)
Adjustments :				
Exempt (profits) / loss on sale of quoted public shares	(150,603)	112,305	(41,878)	25,415
Dividend income (final withholding payments)	(358,710)	(433,707)	(135,722)	(181,285)
Allowable claims	(13,477)	(6,167)	-	-
Impairment on goodwill / investment in subsidiary	48,445	-	48,445	-
Net change in fair value of fair value through profit or loss financial assets	1,855,723	2,539,648	720,924	903,660
Unit Trust - Interest income unrealised	21,506	2,312	1,014	-
Disallowable expenses	188,067	196,859	82,595	87,086
Transactions adjusted on consolidation	30,641	109,538	-	-
Share of profit of equity accounted investees net of tax	(4,724)	(6,910)	-	-
Utilisation of tax losses (note 15.4)	(14,432)	(12,629)	-	-
Adjusted profit for taxation	202,171	215,868	3,910	6,008
Current tax expense for the year (note 15.5 i (a))				
Tax at 28 %	38,920	60,443	-	1,682
Tax at 24 %	8,517	-	-	-
Taxable dividend at 14 %	3,876	-	548	-
	51,313	60,443	548	1,682

Income tax expense for the Group is based on the taxable profit of individual companies within the Group. At present, the tax laws in Sri Lanka do not provide for Group taxation.

15.4 Movement in tax losses

For the year ended 31st March	Group		Company	
	2020	2019	2020	2019
Tax losses brought forward	7,973	17,681	-	-
Adjustment on finalisation of income tax liability	15,075	2,921	-	-
Utilisation of tax losses during the year	(14,432)	(12,629)	-	-
Tax losses carried forward	8,616	7,973	-	-

15.5 Summary of provision applicable under relevant tax legislation

- (i) Current Tax in Sri Lanka
- (a) The income tax provision for Ceylon Guardian Investment Trust PLC, its subsidiaries and equity accounted investees which are resident in Sri Lanka is calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the notice issued by the Department of Inland Revenue on the instructions of the Ministry of Finance on 12th February 2020 (No. PN/IT/2020-03) on the subject "Implementation of Proposed Changes to the Inland Revenue Act, No. 24 of 2017" and further amended by the notice No. PN/IT/2020-03 (Revised) issued by the Department of Inland Revenue dated on 8th April 2020. As the proposed changes are effective from 01st January 2020, the Department of Inland Revenue has issued a notice No. PN/IT/2020-06 dated 06th May 2020, providing instructions on the subject "Computation of Income Tax Payable and Payments for the Year of Assessment 2019/2020". As per instructions issued, taxable income computed for the full year needs to be apportioned over the two periods by applying the pro rata basis based on the time (i.e. 9 months and 3 months) and the relevant tax rates for two periods should be applied. Group has computed the current tax based on above instructions and remitted the tax payments on the same basis. The Company and the Group have adopted the above on the basis that formal amendments to the Inland Revenue Act No. 24 of 2017 would be made in the near future. In terms of above, the income tax provisions of companies have been calculated on their adjusted profits at the standard rate of 28% up to 31st December 2019 and 24% thereafter.
- (b) Income tax expense for the year includes, taxes arising from the dividend received by resident companies of the Group. Dividend distributions made by resident companies of the Group up to 31st December 2019 from its taxable profits are subject to withholding tax of 14% as per section 84 of the Inland Revenue Act No. 24 of 2017. From 1st January 2020, withholding tax on dividend distributions has been withdrawn and the companies receiving such dividends would be liable for income tax at 14%.
- (c) In terms of item (h) of third schedule of the Inland Revenue Act, No. 24 of 2017, gains made on the realisation of an asset consisting of shares quoted in any official list published by any stock exchange licensed by the Securities and Exchange Commission of Sri Lanka are exempt from income tax.
- (d) Dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company exempt from income tax for the respective recipient.
- (e) As per the directive issued by the Ministry of Finance in accordance to the section 57 & 59 of the Inland Revenue Act, No. 24 of 2017, unit trusts are considered as pass-through vehicles. Accordingly, income derived from a unit trust is identified in the company accounts using the same source and character as identified by the unit trust. As it is a beneficiary, a Company is therefore required to pay 28% tax on interest income derived through Fixed Income Unit Trust.
- (f) Economic Service Charge (ESC) payable at 0.5% on the relevant turnover has been abolished from 01st January 2020. ESC paid during the year could be deducted against current income tax liability and any unclaimed amount could be carried forward for a maximum of two years. Any unclaimed amount within the specified period has been adjusted as an income tax expense together with any adjustments relating to income tax payable or receivable balances in respect of previous years.
- (g) As per the provision of the Inland Revenue Act, No. 24 of 2017 tax losses incurred can be set off against tax profits without any limitations and any unutilised tax losses can be carried forward for 6 subsequent years. However as per the transitional provision of the Inland Revenue Act, brought forward tax losses which incurred prior to 1st April 2018 deemed to be incurred in the year of assessment 2018/19 and can be set off against future tax profit without any limitations and any unutilised tax losses can be carried forward for 6 subsequent years.

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(ii) Overseas Operations

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to those companies. Set out below are the Income tax provisions & rate applicable for such companies in the foreign jurisdictions.

"Guardian Value Fund LLC (the "Company") and Guardian Fund Management LLC are Incorporated under the laws of Mauritius in accordance with the Mauritius Companies Act and has been granted a Global Business Licence by the Financial Services Commission of Republic of Mauritius (the "FSC"). The Companies are liable for income tax in Mauritius on its chargeable income at 15%. (The Companies may claim a tax credit equivalent to the higher of the foreign tax paid or 80% of the Mauritius tax on its foreign-source income. The Companies have no U.S source trade or business income and is therefore not subject to United States federal income tax. Consequently, no United States federal income tax has been reflected in the Financial Statements. Following the Finance Act 2018, all companies categorised as Category 1 Global Business Licence will be now licensed as Global Business Licence. Effective from January 01, 2019, deemed Foreign Tax Credit regime available to GBL companies is abolished. There is an introduction of an 80% exemption regime on the following income:)

- Foreign dividend, subject to amount not allowed as deduction in source country
- Interest income derived by a company other than a bank
- Profit attributable to a permanent establishment of a resident company in foreign country
- Foreign source income derived by a Collective Investment Scheme ("CIS"), Closed-End Funds, CIS Manager, CIS Administrator, Investment Adviser or Asset Manager licensed or approved by the Financial Services Commission ("FSC")
- Income derived by companies engaged in ship and aircraft leasing Gains or profits from the sale of units, securities or debt obligations are exempt from tax in Mauritius.

Companies are not eligible for the credit in respect of the 80% presumed foreign tax for the period ended March 31, 2020. At March 31, 2020, Companies have tax losses and are therefore not liable to income tax. The tax losses are available for set-off against future taxable income of the Company up to year ending March 31, 2025"

16 EARNINGS / (LOSS) PER SHARE

Earnings per share is calculated on the profit attributable to the shareholders of Ceylon Guardian Investment Trust PLC over the weighted average number of ordinary shares outstanding, as required by the Sri Lanka Accounting Standard (LKAS 33) - "Earnings per share".

For the year ended 31st March	Group		Company	
	2020	2019	2020	2019
Amount used as the numerator				
Loss for the year attributable to the shareholders of the parent	(1,244,876)	(1,921,652)	(671,803)	(830,494)
Amount used as denominator				
Weighted average number of ordinary/deferred shares outstanding during the year*	88,780,355	88,780,355	88,780,355	88,780,355
Earnings / (Loss) per share (Rs.)	(14.02)	(21.65)	(7.57)	(9.35)

* One deferred share is considered to be equivalent to one ordinary share in calculating the weighted average number of shares outstanding during the year for the purpose of earnings per share calculation.

17 DIVIDEND PER SHARE

For the year ended 31st March		Company	
		2020	2019
17.1 Dividend paid during the year			
Interim dividend			
Cash dividend - ordinary / deferred shares	-	66,585	
	-	66,585	
17.2 Dividend proposed during the year			
First interim dividend			
-On ordinary shares	-	62,234	
-On deferred shares	-	4,351	
Total proposed dividend	-	66,585	
Dividend per share (Rs.)	-	0.75	
Proposed Final dividend *			
-On ordinary shares	95,426	-	
-On deferred shares	6,671	-	
Total proposed dividend	102,097	-	
Dividend per share (Rs.)	1.15	-	
Total dividend per share (Rs.)	1.15	0.75	

After satisfying the Solvency Test in accordance with section 57 of the Companies Act, No. 7 of 2007, the Directors have recommended the payment of a first and final dividend of Rs. 1.15 per ordinary share for the year ended 31st March 2020 amounting to Rs. 102,097,408.25 which is to be approved at the forthcoming Annual General Meeting. In accordance with Sri Lanka Accounting Standard (LKAS 10) - "Events after the reporting period" this proposed first and final dividend has not been recognised as a liability as at 31st March 2020.

18 PROPERTY, PLANT AND EQUIPMENT - GROUP

	Office equipment	Computer equipment	Furniture and fittings	Total 2020	Total 2019
Cost					
Balance as at the beginning of the year	258	6,305	5,094	11,657	11,414
Additions during the year	-	563	-	563	243
Balance as at the end of the year	258	6,868	5,094	12,220	11,657
Accumulated depreciation					
Balance as at the beginning of the year	225	5,843	3,404	9,472	8,560
Charge for the year	14	373	320	707	912
Balance as at the end of the year	239	6,216	3,724	10,179	9,472
Carrying value as at end of the year	19	652	1,370	2,041	2,185

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18.1 Details of fully depreciated assets in property, plant and equipment are as follows;

As at 31st March	Group	
	2020	2019
Office equipment	186	186
Furniture and fittings	1,894	1,894
Computer equipment	5,612	5,477
	7,692	7,557

18.2 No borrowing costs were capitalized for property, plant and equipment during the year (2019 - Nil).

18.3 Property, plant and equipment were not pledged as security as at the reporting date.

19 INTANGIBLE ASSETS - GROUP

	Goodwill on consolidation	Computer software	Total 2020	Total 2019
Cost				
Balance as at the beginning of the year	231,917	37,577	269,494	269,494
Additions during the year	-	-	-	-
Balance as at the end of the year	231,917	37,577	269,494	269,494
Amortisation				
Balance as at the beginning of the year	-	21,648	21,648	17,202
Impairment for the year (Note 19.2)	48,445	-	48,445	-
Charge for the year	-	4,445	4,445	4,446
Balance as at the end of the year	48,445	26,093	74,538	21,648
Carrying value as at the end of the year	183,472	11,484	194,956	247,846

As at 31st March	2020	2019
19.1 Details of fully amortised intangible assets are as follows;		
Computer software	15,350	15,350
	15,350	15,350

19.2 Impairment assessment on goodwill

Goodwill arising on business combinations - Guardian Capital Partners PLC

Goodwill is allocated to Guardian Capital Partners PLC (GCP), a cash-generating unit (CGU) operating within the Group. When testing for impairment on goodwill of GCP, the recoverable amount of a cash-generating unit is determined on the basis of fair value less cost to sell and value-in-use, whichever is higher.

Accordingly, the fair value less cost to sell is computed taking in to consideration the recent market prices and Adjusted Net Assets Value of GCP.

Accordingly, as per the impairment test as at 31st March 2020, goodwill on acquisition of Guardian Capital Partners PLC was impaired by Rs. 48.4Mn.

20 RIGHT TO USE OF ASSETS - GROUP

As at 31st March	Group	
	2020	2019
Cost		
Balance as at the beginning of the year	-	-
Adjustment on recognition of right of use assets as per SLFRS 16	12,697	-
Additions during the year	-	-
Balance as at the end of year	12,697	-
Accumulated amortization		
Balance as at the beginning of the year	-	-
Amortization for the year	(6,349)	-
Balance as at the end of the year	(6,349)	-
Carrying amount as at the end of the year	6,348	-

The Group has initially adopted SLFRS 16 Leases with effect from 1st April 2019 in preparation of its financial statements.

Accordingly on adoption of SLFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17 - Leases. As per SLFRS 16 these liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of the transition date. Accordingly, the right of use of assets and related lease liability recognized in relation to the lease contract entered into by the subsidiary Company Guardian Fund Management Limited for leasing of office premises to carry out the operations of the said subsidiary Company. The effect of applying this standard is described below.

As at 1st April 2019		Group
Asset		
Right of use of assets		12,697
Total Assets		12,697
Liabilities		
Lease Creditor		12,697
Total Liabilities		12,697

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21 INVESTMENT IN SUBSIDIARIES

As at 31st March	Group		Company					
	2020	2019	2020		2019		2019	
	Effective holdings %		No of shares	Cost	Fair value	No of shares	Cost	Fair value
21.1 Quoted investments								
Ceylon Investment PLC	65.94	65.94	65,577,052	1,356,609	1,908,292	65,577,052	1,356,609	2,393,562
Guardian Capital Partners PLC	83.97	83.97	21,692,800	658,661	405,438	21,692,800	658,661	440,364
				2,015,270	2,313,730		2,015,270	2,833,926
21.2 Unquoted investments								
Rubber Investment Trust Limited	82.98	82.98	3,955,609	316	3,258,895	3,955,609	316	3,591,016
Guardian Fund Management Limited	100.00	100.00	2,848,678	73,321	38,886	2,848,678	73,321	29,436
The Sri Lanka Fund	64.91	71.22	611,153	-	-	1,265,823	112,280	164,031
Guardian Fund Management LLC	82.97	-	35,000	6,361	6,064	-	-	-
Guardian Value Fund LLC	82.97	-	1,965,000	357,139	371,769	-	-	-
				437,137	3,675,614		185,917	3,784,483
				2,452,407	5,989,344		2,201,187	6,618,409
Provision for impairments				(93,945)	-		(45,500)	-
Total investment in subsidiaries				2,358,462	5,989,344		2,155,687	6,618,409

The fair value of quoted investments are based on the volume weighted average prices as at 20th March, published by the Colombo Stock Exchange, whilst fair value of Rubber Investment Trust Limited is based on the net assets value arrived after fair valuation of its investment portfolio as at the reporting date. The fair value of The Sri Lanka Fund is based on unit price published by the Investment Managers, Guardian Fund Management Limited as at the reporting date. The fair value of Guardian fund Management Limited is based on the net asset value.

21.3 Investments in overseas fund structure

During the year the Company and its subsidiaries Ceylon Investment PLC and Rubber Investment Trust Limited invested USD 2Mn, USD 2Mn and USD 0.5Mn respectively to commence its overseas investment initiative. In order to facilitate the venture, a fund structure was set up in Republic of Mauritius. The structure is fully regulated by the Financial Services Commission of Mauritius, the regulatory authority responsible for the regulation, supervision and inspection of all financial services other than banking institutions and global business in Mauritius.

21.4 Impairment of investment in subsidiaries

During the year, the Company has provided an impairment provision of Rs.48.4 Mn for the investment in subsidiary Company Guardian Capital Partners PLC taking into consideration the net assets value of the said company. Accordingly the total impairment provisions on investment in subsidiary Companies as at 31st March 2020 stood at Rs. 93.9Mn (2019 – 45.5Mn) comprise of Rs. 48.5 Mn (2019 – nil) for the Guardian Capital Partners PLC and 45.5 Mn (2019 – Rs. 45.5Mn) for Guardian Fund Management Limited.

21.5 Non-controlling interests

The following subsidiaries have material Non Controlling Interest (NCI).

As at 31st March	Nature of the business	Ownership interest held by NCI - %	
		2020	2019
Ceylon Investment PLC	Investment holding	34.06	34.06
Rubber Investment Trust Limited	Investment holding	17.02	17.02

21.6 Given below are the summarised financial information of the above subsidiary companies

For the year ended	Ceylon Investment PLC		Rubber Investment Trust Limited	
	2020	2019	2020	2019
Revenue	227,437	169,018	259,542	211,491
Loss for the year	(645,345)	(1,186,302)	(258,679)	(422,360)
Total other comprehensive expense for the year	(186,077)	(62,274)	(405,042)	(124,673)
Total comprehensive expense for the year	(831,422)	(1,248,576)	(663,721)	(547,033)
Non current assets	3,630,867	3,584,558	3,773,484	4,242,216
Current assets	3,135,306	3,701,957	2,869,130	2,944,422
Total assets	6,766,173	7,286,515	6,642,614	7,186,638
Current liabilities	(370,535)	(62,106)	(129,944)	(10,247)
Net assets	6,395,638	7,224,409	6,512,670	7,176,391
Net cash generated from / (used in) operating activities	373,797	(41,108)	347,036	351,589
Net cash generated from / (used in) investing activities	(363,500)	24,678	-	-
Net cash generated from / (used in) financing activities	324,020	(87,849)	(125,494)	(49,406)
Net increase / (decrease) in cash and cash equivalents	334,317	(104,279)	221,542	302,183

21.7 Liquidation of Subsidiary Company - The Sri Lanka Fund

The Sri Lanka Fund (SLF) is an open-ended investment fund incorporated under the Companies Law (Revised) of Cayman Islands on 21st October 1993 and registered under the Mutual Funds Law on 26th July 1994. On 19th November 2019, the Company and its subsidiary Ceylon Investment PLC redeemed 654,670 units held by each of SLF and the Company recorded a profit from disposal of investment in subsidiary amounting to Rs. 8.5 Mn. The Company and its subsidiary Ceylon Investment PLC approved the liquidation of SLF and the appointment of Voluntary Liquidator to liquidate SLF, at the Extra Ordinary General Meeting of SLF held on 25th February 2020.

Subsequent to the Balance Sheet date on 03rd June 2020, the Group holding of SLF was withdrawn and the remaining assets and liabilities of SLF were classified as Assets held for sale as disclosed in Note 36 to the Financial Statements as at 31st March 2020

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22 INVESTMENT IN EQUITY ACCOUNTED INVESTEE

22.1 Group

As at 31st March	2020		2019	
	Cost	Carrying value	Cost	Carrying value
Investment in jointly controlled entity (note 22.3)	35,000	52,839	35,000	48,125
	35,000	52,839	35,000	48,125

22.2 Company

As at 31st March	2020		2019	
	No. of shares	Cost	No. of shares	Cost
Investment in jointly controlled entity				
Guardian Acuity Asset Management Limited	3,500,000	35,000	3,500,000	35,000
		35,000		35,000

Guardian Acuity Asset Management Limited, is a Company incorporated in Sri Lanka, to set up and carry out Unit Trust Management activities licensed by Securities and Exchange Commission of Sri Lanka, and governed by a Joint Venture agreement between Acuity Partners (Private) Limited and Ceylon Guardian Investment Trust PLC. Ceylon Guardian Investment Trust PLC and Acuity Partners (Pvt) Limited hold 50% each of the issued share capital in the said Company.

22.3 Movement of investment in jointly controlled entity

For the year ended 31st March	2020	2019
	Carrying value	Carrying value
Percentage of holding	50%	50%
Investment at cost	35,000	35,000
Investors' share of net assets		
As at the beginning of the year	13,125	6,186
Share of profit of equity accounted investee, net of tax	4,724	6,909
Share of other comprehensive income/(expense) net of taxation	(10)	30
As at the end of the year	17,839	13,125
Carrying value of total investment in jointly controlled entity on equity method	52,839	48,125

22.4 Summarised financial information of the jointly controlled entity

For the year ended 31st March /As at 31st March	2020	2019
Revenue	42,131	42,231
Profit for the year	9,449	13,819
Total other comprehensive income / (expense) for the year	(21)	59
Total comprehensive income for the year	9,428	13,878
Applicable to the group (50%)	4,714	6,939
Total non-current assets	1,851	1,524
Total current assets	153,339	105,061
Total assets	155,190	106,585
Total non-current liabilities	(1,770)	(1,287)
Total current liabilities	(47,742)	(9,048)
Net assets	105,678	96,250
Applicable to the group (50%)	52,839	48,125

23 INVESTMENTS IN FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - GROUP

23.1 Summary

As at 31st March	2020 Fair value	2019 Fair value
Investment in Equity Securities- Quoted Shares	3,678,886	4,087,651
Total Investments in Investments in Fair Value Through Other Comprehensive Income	3,678,886	4,087,651

23.2 Movement in Investments in fair value through other comprehensive income

	Fair value as at the beginning of the year	Additions	Disposals/ write off	Transfers	Fair value adjustment	Fair value as at the end of the year
For the year ended 31st March 2020						
Investment in equity securities	4,087,651	-	-	-	(408,765)	3,678,886
	4,087,651	-	-	-	(408,765)	3,678,886
For the year ended 31st March 2019					-	-
Investment in equity securities	13,877,851	-	-	(9,665,527)	(124,673)	4,087,651
Investment in debentures	5	-	(5)	-	-	-
	13,877,856	-	(5)	(9,665,527)	(124,673)	4,087,651

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23.3 Investment in equity securities

	2020		2019	
	No. of shares	Fair value	No. of shares	Fair value
Food & Staples Retailing				
Bukit Darah PLC	20,438,250	3,678,885	20,438,250	4,087,650
Bukit Darah PLC - Preference Shares - 8% participative cumulative	31,875	1	31,875	1
		3,678,886		4,087,651

Valuation of Listed Equity Investments

The fair value of Bukit Darah PLC is based on the last traded volume weighted average price as at 31st March, published by the Colombo Stock Exchange.

24 DEFERRED TAX ASSET - GROUP

As at 31st March	2020	2019
Balance as at the beginning of the year	2,611	512
Recognised for the year (note 24.1)	933	2,099
Balance as at the end of year	3,544	2,611

24.1 Charge / (reversal) for the year

The amounts recognised in the statement of profit or loss are as follows;

Property, plant and equipment	(2,012)	(226)
Employee benefits	698	20
Lease creditor on right of use assets	1,903	-
Tax losses	181	2,232
	770	2,026

The amounts recognised in the statement of other comprehensive income are as follows;

Employee benefits	163	73
	163	73
Charge / (reversal) for the year	933	2,099

24.2 Deferred tax assets

Employee benefits	3,033	2,172
Lease creditor on right of use assets	1,903	-
Tax losses	2,412	2,232
Total deferred tax asset	7,348	4,404

As at 31st March		2020	2019
24.3	Deferred tax liability		
	Property , plant and equipment	3,804	1,793
	Total deferred tax liabilities	3,804	1,793
	Net deferred tax asset	3,544	2,611

24.4 The deferred tax effect on undistributed reserves of the subsidiary companies have not been recognised since the Company has the ability to control the timing of the reversal of those temporary differences.

24.5 Deferred tax has been computed using a tax rate of 28%, which is the enacted rate as at the reporting date, because, the Inland Revenue department notice-No. PN/IT/2020-03 (Revised) has not been enacted as of the reporting date (2019-28%).

25 TRADE AND OTHER RECEIVABLES

As at 31st March	Group		Company	
	2020	2019	2020	2019
Financial				
Trade receivables	8,524	18,864	-	5,209
Dividend receivable	7,388	23,681	1,719	12,924
Other receivable	16	20	-	-
	15,928	42,565	1,719	18,133
Non financial				
Advances and prepaid expenses	2,786	1,454	218	145
	18,714	44,019	1,937	18,278

26 INVESTMENTS IN EQUITY AND DEBT SECURITIES

26.1 Summary

As at 31st March	Note	Group		Note	Company	
		2020	2019		2020	2019
Investment in Equity Securities - Quoted Shares- Fair value through profit or loss (FVTPL)	26.2	7,478,708	9,251,960	26.7	2,868,753	3,813,296
Investment in Equity Securities- Unquoted Shares- Fair value through profit or loss (FVTPL)	26.3	35,436	33,836	26.7	35,426	33,826
Investment in Equity Securities- Private Equity (Unlisted)-Fair value through profit or loss (FVTPL)	26.4	139,650	149,761		-	-
Investment in Debt Securities- Treasury bonds - Fair value through profit or loss (FVTPL)	26.5	-	207,101		-	-
Investment in Debt Securities- Debentures - Amortized cost	26.5	102,963	-		-	-
Total Investments in equity and debt securities-Current assets		7,756,757	9,642,658		2,904,179	3,847,122

Information about the Company's exposure to credit and market risks and fair value measurement are included in Note 38.

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Valuation of Listed Equity Investments

Considering the impact of Covid-19 Pandemic, the Institute of Chartered Accountants of Sri Lanka has issued guidelines recommending the entities to evaluate whether the quoted prices of an asset represent fair value taking in to consideration the decline in volume/ activity in the market.

"As per the said guidelines if a transaction or a quoted price does not represent the fair value and if an adjustment is required, Group has the option to value its quoted equity investment based on a valuation, subject to the said valuation price not exceeding the closing market price of the investment as at 31st December 2019. However, due to subjectivity of such assessment and uncertainty of the timing of the full recovery, the Group and Company has valued its listed equity investment portfolio based on the last market prices available as at 31st March 2020.

The fair value of the Group's unlisted investment portfolio is based on the valuation carried out by the investment managers, Guardian Fund Management Limited.

26.1.1 Movement in Investments in equity and debt securities - Group

	Fair value as at the beginning of the year	Additions	Disposals/ write off	Transfers	Amortised interest	Effect of currency translation	Fair value adjustment	Fair value as at the end of the year
For the year ended 31st March 2020								
Investment in equity securities	9,435,557	1,229,110	(1,134,143)	-	-	-	(1,876,730)	7,653,794
Investment in debentures	-	99,264	-	-	3,699	-	-	102,963
Investment in treasury bonds	207,101	299,201	(500,343)	-	(5,959)	-	-	-
	9,642,658	1,627,575	(1,634,486)	-	(2,260)	-	(1,876,730)	7,756,757

For the year ended 31st March 2019

Investment in equity securities	1,676,993	2,677,664	(2,095,738)	9,665,527	-	48,657	(2,537,546)	9,435,557
Investment in debentures	-	-	(5)	5	-	-	-	-
Investment in treasury bonds	-	350,342	(149,200)	-	5,959	-	-	207,101
	1,676,993	3,028,006	(2,244,943)	9,665,532	5,959	48,657	(2,537,546)	9,642,658

The fair value adjustment represents the net unrealised gains / (losses) on fair value adjustment of investment portfolios including any adjustment on impairment losses.

26.2 Investment in equity securities - quoted shares - Group

As at 31st March	2020		2019	
	No. of shares	Fair value	No. of shares	Fair value
Banks				
Commercial Bank of Ceylon PLC	7,298,503	438,640	6,705,724	661,855
Hatton National Bank PLC	4,074,769	418,874	3,881,272	684,399
Hatton National Bank PLC-Non voting	3,338,896	334,891	3,178,165	467,190
National Development Bank PLC	297,114	19,669	299,546	28,217
Nations Trust Bank PLC	-	-	291,332	25,981
Sampath Bank PLC	3,721,604	442,872	3,532,244	641,130
Seylan Bank PLC	386,965	12,963	433,843	27,245
Union Bank of Colombo PLC	-	-	2,573,954	28,313
		1,667,909		2,564,330
Capital goods				
Access Engineering PLC	-	-	7,399,228	96,190
Aitken Spence PLC	2,494,600	76,584	3,314,818	135,908
Hayleys PLC	-	-	30,000	5,609
Hemas Holdings PLC	9,852,167	553,692	7,232,383	544,634
John Keells Holdings PLC	721,287	83,237	76,584	12,228
		713,513		794,569
Consumer Durables & Apparel				
Hayleys Fabric PLC	10,702,423	93,111	17,482,934	149,093
		93,111		149,093
Consumer service				
Aitken Spence Hotel Holdings PLC	5,653,438	85,367	5,838,038	138,970
Serendib Hotels PLC - Non voting	-	-	730,308	9,202
		85,367		148,172
Diversified Financials				
Central Finance Company PLC	21,870,629	1,771,521	17,447,006	1,475,099
People's Leasing & Finance PLC	27,734,043	338,355	28,775,467	389,631
		2,109,876		1,864,730
Energy				
Lanka IOC PLC	-	-	520,800	9,062
		-		9,062
Food, Beverage & Tobacco				
Distilleries Company of Sri Lanka PLC	27,477,908	357,213	19,444,293	282,102
Melstacorp PLC	12,401,692	292,680	12,401,692	446,461
Sunshine Holdings PLC	1,300,000	49,270	-	-
		699,163		728,563
Food & Staples Retailing				
Cargills (Ceylon) PLC	4,520,606	768,503	6,459,754	1,291,947
		768,503		1,291,947

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As at 31st March	2020		2019	
	No. of shares	Fair value	No. of shares	Fair value
Health Care Equipment & Services				
The Lanka Hospitals Corporation PLC	616,169	16,945	743,000	32,469
		16,945		32,469
Insurance				
Ceylinco Insurance PLC - Non voting	325,266	256,960	325,266	292,870
Ceylinco Insurance PLC	-	-	20,686	19,647
HNB Assurance PLC	2,288,869	276,954	2,343,869	271,186
People's Insurance PLC	4,343,154	74,268	5,770,794	113,685
Union Assurance PLC	199,000	59,700	199,000	59,620
		667,882		757,008
Materials				
Alumex PLC	1,352,489	9,738	1,522,489	15,819
Chevron Lubricants Lanka PLC	828,746	44,338	841,565	54,381
Swisstek (Ceylon) PLC	260,000	7,020	390,000	14,377
Tokyo Cement Company (Lanka) PLC	6,561,688	147,638	6,744,158	141,105
Tokyo Cement Company (Lanka) PLC-Non voting	3,155,872	63,117	2,046,480	37,860
		271,851		263,542
Real Estate				
Overseas Realty (Ceylon) PLC	500,000	6,000	700,000	11,480
		6,000		11,480
Telecommunication Services				
Dialog Axiata PLC	38,823,074	329,996	59,735,150	545,575
		329,996		545,575
Transportation				
Expolanka Holdings PLC	-	-	5,000	20
		-		20
Utilities				
LVL Energy Fund PLC	11,569,600	48,592	11,569,600	91,400
		48,592		91,400
Total Investment in Equity Securities- Quoted Shares		7,478,708		9,251,960

26.3 Investment in equity securities- unquoted shares - Group

As at 31st March	2020			2019		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Equity Investments Lanka (Private) Limited	22,500	2	2	22,500	2	2
Kandy Private Hospitals Limited	1,200	18	18	1,200	18	18
Lanka Communications Limited	1,428,496	15,714	35,416	1,428,496	15,714	33,816
Total Investment in Equity Securities- Unquoted Shares		15,734	35,436		15,734	33,836

26.4 Investment in equity securities - private equity (unlisted) - Group

As at 31st March	2020			2019		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Findmyfare (Pvt) Ltd	302,791	51,751	33,179	276,074	45,000	69,761
hSenid Business Solutions (Private) Ltd	163,419	40,005	106,471	163,419	40,005	80,000
Kashmi Singapore PTE. LTD	417	-	-	417	-	-
Swiss Institute For Service Industry Development (Private) Limited						
- Ordinary shares	847	16,827	-	847	16,827	-
- 10% cumulative preference shares	1,273	25,291	-	1,273	25,291	-
Total investment in equity securities - private equity (unlisted)		133,874	139,650		127,123	149,761

Valuation of Private Equity Investments

The fair value of the Group's unlisted investment portfolio is based on the valuations carried out by the investment manager, Guardian Fund Managers Limited. Information about the valuation techniques and significant unobservable inputs used in the said valuations are given in note 38.6.

Valuation of Findmyfare (Pvt) Ltd (FMF)

FMF is a startup and its business is at a phase exploring various growth avenues and strategies. Further, given that it is an online business the company is also incurring losses due to significant investments that it has to make into building its technology platform and gaining market share. The disruption caused by Covid 19 has made this endeavor that much more challenging to FMF. Travel industry is the worst affected industry from the pandemic. Hence given due consideration to all these factors and the current information available on the business and the online travel agency sector, it was deemed appropriate to mark the value of the investment down. Accordingly, as per the valuation, value of the investment in FMF stands at Rs. 33.2Mn as at 31st March 2020 recording a fair value change (loss) of Rs. 43.3Mn from previous valuation (December 2019) of Rs. 76.6Mn. The cost of the investment was Rs. 51.7 Mn.

However, given that Findmyfare is a startup and the fact that Covid 19 has disproportionately impacted the travel and online travel agency sector in an unprecedented manner, the valuation assessment made is subject to a high level of uncertainty and could vary substantially upward or downwards over a very short term. Some of the key variables that could impact the valuation and could vary substantially upward or downwards over a very short term are Findmyfare's ability to raise funds due to substantial accumulated losses and high gearing, development of vaccine or a treatment for Covid 19, recovery in the local economy & income level, merger & acquisition opportunities pursued by management being successful etc.

Valuation of hSenid Business Solutions (Pvt) Ltd (hSenid)

Upon factoring in the current financial year's performance of hSenid, strengthened balance sheet together with new plans of the management, the valuation review of hSenid indicated that the value at which the stake is held should be marked up and hence it was revalued up by Rs. 26.5 Mn to Rs. 106.5Mn from the previous valuation amount of Rs 80Mn. Whilst the Covid 19 virus and the associated slowdown will impact the business in the short term, we believe that in the medium to long term, hSenid is positioned well in the market and will continue to grow.

Swiss Institute for Service Industry

During the financial year 2017/18, a provision of Rs. 42.1 Mn was made against the entire investment in Swiss Institute for Service Industry Development (Pvt) Ltd ("the Swiss Institute"), due to the discontinuation of operations arising from the conduct of the Managing Director / Promoter of the Swiss Institute. The Criminal Investigations Department instituted action in the Colombo Magistrates Court (Case No. B 74469/1/17) against the alleged criminal misappropriation of funds and criminal breach of trust by the said Managing Director / Promoter, based on a complaint made by two directors of the Swiss Institute. The case is presently ongoing.

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26.5 Investment in debt securitites - Group

26.5.I Investment in debentures

As at 31st March	No. of debentures	2020 Cost	Fair value	No. of debentures	2019 Cost	Fair value
Sampath Bank PLC	1,000,000	100,000	102,963	-	-	-
Total investment in debentures			102,963		-	-

26.5.II Investment in treasury bonds

As at 31st March	Maturity date	2020 Coupon Rate	Face value	Fair value	2019 Face value	Fair value
LKB00827A151	1/15/27	11.40%	-	-	100,000	103,551
LKB00827A151	1/15/27	11.40%	-	-	50,000	51,775
LKB00827A151	1/15/27	11.40%	-	-	50,000	51,775
Total investment in treasury bonds			-	-	200,000	207,101

26.6 Movement in Investments in equity and debt securitites - Company

	Fair value as at the beginning of the year	Additions	Disposals / Write-off	Transfers	Fair value adjustment	Fair value as at the end of the year
For the year ended 31st March 2020						
Investment in equity securities	3,847,122	209,203	(430,910)	-	(721,236)	2,904,179
	3,847,122	209,203	(430,910)	-	(721,236)	2,904,179

For the year ended 31st March 2019

Investment in equity securities	204,274	593,858	(372,230)	4,323,815	(902,595)	3,847,122
Investment in debentures	-	-	(1)	1	-	-
	204,274	593,858	(372,231)	4,323,816	(902,595)	3,847,122

The fair value adjustment represents the net unrealised gains / (losses) on fair value adjustment of investment portfolios including any adjustment on impairment losses.

26.7 Investment in equity securities - quoted shares - Company

As at 31st March	2020		2019	
	No. of shares	Fair value	No. of shares	Fair value
Banks				
Commercial Bank of Ceylon PLC	2,980,394	179,122	3,008,998	296,988
Hatton National Bank PLC	1,613,919	169,626	1,613,949	282,441
Hatton National Bank PLC - Non voting	894,939	89,721	882,700	129,757
Seylan Bank PLC	144,397	4,837	240,167	15,082
Sampath Bank PLC	1,862,760	221,668	1,789,200	322,233
Union Bank of Colombo PLC	-	-	772,500	8,498
		664,974		1,054,999
Capital goods				
Access Engineering PLC	-	-	1,960,000	25,480
Aitken Spence PLC	1,099,800	33,764	1,249,800	51,242
Hemas Holdings PLC	2,118,500	119,060	2,118,500	158,888
John Keells Holdings PLC	422,500	48,758	-	-
		201,582		235,610
Consumer Durables & Apparel				
Hayleys Fabric PLC	5,575,613	48,508	8,417,992	71,553
		48,508		71,553
Consumer service				
Aitken Spence Hotel Holdings PLC	2,557,315	38,615	2,557,315	60,608
Serendib Hotels PLC - Non Voting	-	-	464,012	5,847
		38,615		66,455
Diversified Financials				
Central Finance Company PLC	5,974,054	483,898	5,228,494	441,808
People's Leasing and finance PLC	4,203,883	51,287	3,981,305	53,349
		535,185		495,157

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As at 31st March	2020		2019	
	No. of shares	Fair value	No. of shares	Fair value
Energy				
Lanka IOC PLC	-	-	205,637	3,578
		-		3,578
Food Beverage & Tobacco				
Distilleries Company of Sri Lanka PLC	6,864,260	89,235	5,218,850	75,673
Melstacorp PLC	4,418,644	104,280	4,418,644	159,071
		193,515		234,744
Health Care				
The Lanka Hospital Corporation PLC	218,169	6,000	295,000	12,892
		6,000		12,892
Insurance				
Ceylinco Insurance PLC - Non voting	115,256	91,052	115,256	103,777
HNB Assurance PLC	1,892,800	229,029	1,892,800	218,997
People's Insurance PLC	1,167,194	19,959	1,717,194	33,829
		340,040		356,603
Food & Staples Retailing				
Cargills (Ceylon) PLC	3,902,720	663,462	5,294,000	1,058,800
		663,462		1,058,800
Materials				
Tokyo Cement Company (Lanka) PLC	3,527,694	79,373	3,527,694	73,023
		79,373		73,023
Telecommunication				
Dialog Axiata PLC	11,470,454	97,499	16,470,454	149,882
		97,499		149,882
Total investment in equity securities - quoted		2,868,753		3,813,296

26.8 Investment in equity securities - unquoted shares - Company

As at 31st March	2020			2019		
	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
Equity Investments Lanka (Private) Limited	11,250	1	1	11,250	1	1
Kandy Private Hospitals Limited	600	9	9	600	9	9
Lanka Communications Limited	1,428,496	15,714	35,416	1,428,496	15,714	33,816
Total investment in equity securities - unquoted		15,724	35,426		15,724	33,826

27 INVESTMENT IN UNIT TRUSTS

27.1 Movement in investment in unit trusts

	Group		Company	
	2020	2019	2020	2019
Balance as at the beginning of the year	188,711	817,833	5,246	22,646
Investments during the year	3,642,430	2,306,218	599,330	291,300
Disposals during the year	(3,342,009)	(2,933,238)	(559,462)	(307,635)
Fair value adjustment	16,898	(2,102)	(177)	(1,065)
Balance as at the end of the year	506,030	188,711	44,937	5,246

27.2 Investment in Unit Trusts

As at 31st March	Group				Company			
	2020		2019		2020		2019	
	No. of Units	Fair value	No. of Units	Fair value	No. of Units	Fair value	No. of Units	Fair value
Investment in unit trusts-current assets								
Guardian Acuity Equity fund	620,159	7,690	620,159	9,095	310,079	3,845	310,079	4,547
Guardian Acuity Money Market Fund	25,646,091	498,340	10,211,256	179,616	2,114,709	41,092	39,720	699
Total Investment in unit trusts-current assets		506,030		188,711		44,937		5,246

Valuation of unit trusts are based on the unit prices published by the unit trust managers,Guardian Acuity Asset Management Limited as at 31 st March.

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28 CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2020	2019	2020	2019
Cash at bank and cash in hand	560,160	126,580	175,739	33,860
Placements with banking and financial institutions	1,097,812	-	-	-
Securities purchased under resale agreements	551,540	34,399	238,050	-
Total cash and cash equivalents	2,209,512	160,979	413,789	33,860
Cash at bank attributable for discontinued operation	167,833	-	-	-
	167,833	-	-	-
Bank overdraft	45	11,090	-	5,475
	45	11,090	-	5,475
Net cash and cash equivalents for the purpose of cash flow statement	2,377,300	149,889	413,789	28,385

29 STATED CAPITAL

As at 31st March	2020		2019	
	No. of shares	Value	No. of shares	Value
Ordinary shares				
Issued and fully paid	82,978,868	1,043,687	82,978,868	1,043,687
Deferred shares				
Issued and fully paid (note 29.1)	5,801,487	85,039	5,801,487	85,039
	88,780,355	1,128,726	88,780,355	1,128,726

29.1 Superior voting rights attached to the deferred shares

The Company has in issue 5,801,487 fully paid shares, titled "Deferred Shares". The Deferred Shares are subordinated to the ordinary shares in respect of dividend entitlement wherein, right to a dividend does not arise unless and until a minimum specified dividend has been declared on the ordinary shares. The Deferred Shares confer on the holders present in person, by proxy or by attorney at any General Meeting of the Company the right to as many votes as the number of votes conferred by all other shares for the time being issued and each holder as aforesaid present in person, by proxy or by attorney or by an authorized representative in the case of a corporation at any such meeting shall be entitled to such proportion of the votes conferred by the Deferred Shares collectively as the number of his Deferred Shares bears to the full number of the Deferred Shares. The Deferred Shares rank equally and pari passu for all other purposes including capitalisation of reserves or profits with the ordinary shares of the Company and as aforesaid except for voting rights and dividend rights.

30 CAPITAL RESERVES

As at 31st March	Group		Company	
	2020	2019	2020	2019
Investment reserve (note 30.1)	7,805	7,805	7,805	7,805
Other capital reserve (note 30.1)	316,741	316,741	200,855	200,855
Jointly controlled entity's capital reserve (note 30.2)	195	205	-	-
	324,741	324,751	208,660	208,660

30.1 Investment reserve and other capital reserve

This represents the amounts set aside by the Directors to meet any contingencies.

30.2 Jointly controlled entity's capital reserve

Jointly controlled entity's capital reserve recognises the investor's share of the other comprehensive income / (expense) of the jointly controlled entity after the date of acquisition.

31 REVENUE RESERVES

As at 31st March	Group		Company	
	2020	2019	2020	2019
Currency translation reserve (note 31.1)	146,337	119,672	-	-
Fair value through OCI financial asset reserve (note 31.2)	3,017,853	3,357,028	-	-
General reserve (note 31.3)	32,668	32,668	14,961	14,961
Retained earnings	6,885,153	8,125,097	3,865,639	4,534,706
	10,082,011	11,634,465	3,880,600	4,549,667

31.1 Currency translation Reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency

31.2 Fair value through OCI financial asset reserve

This consists of accumulated net unrealised gains arising from fair valuation of available for sale and fair value through OCI financial assets, excluding the impact arising from impairment of such assets. Due to the transition method chosen in adopting SLFRS 9- Financial Instruments, Available for sale financial asset reserve was transferred to the retained earnings as at 01 April 2018. The accumulated balance as at 31 March 2019 and 31 March 2020 applicable for fair value reserve on fair value through OCI financial assets. The movement of this reserve is given in the statement of changes in equity

31.3 General reserve

This represents the amounts set aside by the Directors to meet any contingencies.

31.4 Impact of adopting SLFRS 9 as at 1st April 2018

With the adoption of SLFRS 9, on 1 April 2018, the Group classified its' Investment in Equity Securities under Fair value through profit or loss category. These investments were earlier classified as "available for sale" category under LKAS 39. Accordingly, the accumulated fair value gain amounting to Rs.1,865 Mn (Company Rs.1,574 Mn) included in the Available for Sale Financial Assets reserve in equity was reclassified to the retained earnings on 1 April 2018.

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32 EMPLOYEE BENEFITS - GROUP

As at 31st March	2020	2019
Balance as at the beginning of the year	7,758	7,426
Payments made during the year	-	(1,884)
Provision for the year (note 32.1)	3,076	2,216
Balance as at the end of the year	10,834	7,758

32.1 The amounts recognised in statement of Profit or Loss are as follows;

Interest cost	854	780
Current service cost	1,641	1,177
Charged for the year	2,495	1,957

32.2 The amounts recognised in other comprehensive income are as follows;

Actuarial gains	581	259
Recognised for the year	581	259
Provision for the year	3,076	2,216

The gratuity liability as at 31st March 2020 amounting to Rs. 10,833,826/- (2019 - Rs.7,758,366/-) for Group is made based on an actuarial valuation carried out by Mr. M. Poopalanathan (AIA) of Messrs Actuarial & Management Consultants (Pvt) Ltd. As recommended by Sri Lanka Accounting Standards (LKAS - 19) - "Employee benefits", the "Projected Unit Credit (PUC)" method has been used in this valuation.

The principal assumptions made are given below :

Rate of discount	10.5% p.a. (2019 - 11%)
Rate of pay increase	10% p.a. (2019 - 10%)
Retirement age	55 years
Mortality	A 1967/70 Mortality Table, issued by the Institute of Actuaries, London was used.
Withdrawal rate	5% for age up to 49 and Zero thereafter.

The company is a going concern.

The above liability is not externally funded.

32.3 Sensitivity analysis

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

As at 31st March	2020	2019
1% increase in discount rate	(1,052)	(760)
1% decrease in discount rate	1,225	889
1% increase in salary escalation rate	1,262	919
1% decrease in salary escalation rate	(1,101)	(798)

33 TRADE AND OTHER PAYABLES

As at 31st March	Group		Company	
	2020	2019	2020	2019
Financial				
Trade payables	1,693	30,109	-	15,067
Dividend payables	-	34,407	-	19,448
Other payables	55,877	62,980	27,336	29,386
	57,570	127,496	27,336	63,901
Non financial				
Accruals and provisions	23,579	20,252	5,285	(1,550)
	23,579	20,252	5,285	(1,550)
	81,149	147,748	32,621	62,351

34 LEASE LIABILITIES

34.1 Movement of lease creditor

	Group	
	2020	2019
As at 1st April 2019	-	-
Recognition of Operating lease liabilities under SLFRS 16	12,697	
Interest expense	1,346	
Payment	(7,246)	
As at 31st March 2020	6,797	-

34.2 Lease commitments

Lease rentals payable within one year	7,246	-
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35 LOANS AND BORROWINGS

As at 31st March	Group		Company	
	2020	2019	2020	2019
Balance as at the beginning of the year	162,430	-	162,430	-
Loans obtained during the year	1,547,061	413,000	935,662	185,400
Accrued interest	5,347	1,030	2,548	1,030
Payments made during the year	(660,522)	(251,600)	(513,092)	(24,000)
Balance as at the end of the year	1,054,316	162,430	587,548	162,430

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Details of the short term borrowings

As at 31st March	Currency	Facility amount	Year of maturity	2020 Carrying amount	2019 Carrying amount
Commercial Bank	LKR	750,000	N/A	752,769	162,430
Hatton National Bank	LKR	300,000	N/A	301,547	-

The interest rate on above unsecured short term loans are determined based on AWPLR.

36 DISCONTINUED OPERATIONS

At 31 March 2020, Sri Lanka Fund was classified as a asset held for sale and as a discontinued operation. The results of Sri Lanka Fund for the year are presented below:

For the year ended 31st March	2020
Revenue	(12,339)
Net change in fair value through profit or loss financial assets	-
Administrative and other operating expenses	(16,428)
Net finance income/(cost)	1,494
Loss for the year from discontinued operation	(27,273)

Details of profit/ (loss) after tax for the year ended 31st March 2019 from discontinued operations

For the year ended 31st March	2019
Revenue	(18,701)
Net change in fair value through profit or loss financial assets	(64,762)
Administrative and other operating expenses	(16,423)
Net finance income/(cost)	(1,760)
Loss for the year from discontinued operation	(101,646)

The major classes of assets and liabilities of Sri Lanka Fund classified as held for sale as at 31 March 2020 are, as follows:

As at 31st March	2020
Assets	
Cash and cash equivalents	167,833
Assets held for sale	167,833
Liabilities	
Creditors	(5,042)
Liabilities directly associated with assets held for sale	(5,042)
Net assets directly associated with disposed entity	162,791

37 RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard LKAS 24 - "Related Party Disclosures", the details of which are reported below.

37.1 Parent and ultimate controlling party

In the opinion of the Directors, Carson Cumberbatch PLC is the parent Company and Bukit Darah PLC is the ultimate controlling entity of Ceylon Guardian Investment Trust PLC.

37.2 Group entities

As at 31st March	Ownership interest %	
	2020	2019
Subsidiaries		
Ceylon Investment PLC	65.94	65.94
Rubber Investment Trust Limited	82.98	82.98
Guardian Capital Partners PLC	83.97	83.97
Guardian Fund Management Limited	100.00	100.00
The Sri Lanka Fund	64.91	71.92
Guardian Fund Management LLC	82.97	-
Guardian Value Fund LLC	82.97	-
Jointly controlled entity		
Guardian Acuity Asset Management Limited	50.00	50.00

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

37.3 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard (LKAS 24) - "Related Party Disclosures", Key Management Personnel (KMP) are those having authority and responsibility for planning and controlling the activities of the entity directly or indirectly. Accordingly, the Directors of the Company and the Directors of the parent Company, Carson Cumberbatch PLC, have been classified as Key Management Personnel of the Company.

Compensation paid to the Key Management Personnel of the Company and the Group comprise the following;

For the year ended 31st March	Group		Company	
	2020	2019	2020	2019
Short-term employee benefits	34,322	32,017	15,543	14,801
Post-employment benefits	350	300	-	-
Termination benefits paid	-	-	-	-
Other long-term benefits	-	-	-	-
Non cash benefits	600	605	-	-
	35,272	32,922	15,543	14,801

No transactions have taken place during the year between the Company / Group and it's KMP other than those disclosed above.

37.4 Transactions with related companies

Name of the Company	Relationship	Nature of the transactions	Group		Company	
			2020	2019	2020	2019
Carson Cumberbatch PLC	Parent Company	Dividends paid	-	46,377	-	46,144
Ceylon Investment PLC	Subsidiary	Dividends received	-	-	-	32,789
Guardian Fund Management Limited (GFM)	Subsidiary	Portfolio management fees paid	-	-	39,546	36,236
Rubber Investment Trust Limited	Subsidiary	Dividends received	-	-	-	24,723
Guardian Acuity Asset Management Limited	Jointly controlled entity	Portfolio management fees received*	6,000	6,000	-	-
Bukit Darah PLC	Ultimate Controlling entity	Dividend received on ordinary shares	10,219	15,329	-	-
		Dividend received on 8% participative cumulative preference shares	130	190	-	-
Carsons Management Services (Private) Limited (CMSL)	Affiliate entity	Support Service Fees paid**	29,929	34,447	11,105	13,132
		Computer fees paid	1,320	1,320	420	420
		Secretarial fees paid	1,746	1,746	444	444
Equity Two PLC	Affiliate entity	Rental charges paid	7,246	6,337	-	-

*Portfolio management fee is based on portfolio value of the Company.

**Support service fee is based on the services provided by CMSL.

38 FINANCIAL INSTRUMENTS

Financial risk management - Overview

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing such risks, and the Group's management of capital. Pages 10 to 15 also carry a review of risks faced by the Group and the approach of managing such risks.

Risk management framework

The Company's Board of Directors has the overall responsibility for the establishment and monitoring the Company's risk management framework. The Board of Directors has delegated this function to the Management of Guardian Fund Management Limited, the Investment Managers and Carsons Management Services (Private) Limited, the Managers; who are responsible for developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to such limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's investment portfolio mainly comprises of investments in listed / unlisted equity securities and fixed income securities. The group's Investment Manager has been given discretionary authority to manage the assets, in line with the Group's investment policies and objectives.

Further, an Investment Committee provides advice and insights to the fund management team to further sharpen and refine their decision making process. This comprehensive management structure determines the objectives and policies of the Group's risk management framework and promotes a culture of risk awareness and balanced risk-taking within the Group.

38.1 Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or a counter-party to a financial instrument or an obliged party to a receivable fails to meet their contractual obligations, and arises primarily on the Group's investments in fixed income earning securities, placements with banking and financial institutions, receivables from market intermediaries and other counter-parties, the Group has dealings with.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

38.1.1 Credit risk exposure and managing the 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.

As at 31st March	Note	Carrying Amount	
		2020	2019
Investments in debt securities	26	102,963	207,101
Investment in unit trusts	27	506,030	188,711
Trade and other receivables*		15,928	42,565
Investment in fixed deposits		401,305	1,603,964
Cash and cash equivalents - Cash at bank	28	727,993	126,580
Cash and cash equivalents - Placements with banking and financial institutions	28	1,097,812	-
Cash and cash equivalents - Securities purchased under resale agreements	28	551,541	34,399
		3,403,572	2,203,320

*Advances and prepaid expense which are non financial assets are excluded

Investment in corporate debt securities

These represents investment in debentures, which yields interest income on a continuing basis. However the Group's exposure to credit risk, arising from these investments is insignificant, considering the net investment value.

Investment in unit trusts

Name of the fund	Fund category	Fund's investment instruments
Guardian Acuity Money Market Fund	Money market fund	Fixed income securities within the maturity period less than 365 days
Guardian Acuity Equity Fund	Equity fund	Listed equity securities

Guardian Acuity Asset Management Limited, a joint venture company of Ceylon Guardian Investment Trust PLC and Acuity Partners Limited is the Investment Manager of the unit trust funds that the Group has invested in. The Group continuously monitors the performance, asset allocation, credit quality and maturity profiles of these funds in order to assess and mitigate the credit risk.

Trade and other receivables

A significant portion of the trade and other receivable comprise of proceeds receivable on disposal of quoted securities, dividend receivables and portfolio management fee receivables from clients external to the Group

Settlement procedures surrounding the equity markets are highly structured and regulated. "T+3" settlement cycle is in place with the involvement of a custodian bank, which is being duly monitored by the regulator, hence provides an assurance on the realisation of the balances. Further, a due evaluation process, including a continuous assessment mechanism is in place when selecting the market intermediaries that the Group transacts with, which involves prior approval from the Board of Directors

Dividend receivable is accounted for when the right to receive the dividend is established. The balances are settled within a maximum period of 4-6 weeks and no risk of default, based on past experience in the industry.

Fee receivable from the clients external to the group are mostly the corporates to whom the Group provides portfolio management services. The terms and conditions which determine the fees have been agreed with the parties, in the form of a bi-lateral agreements, such that the risk of a dispute is minimum. The Group has encountered no defaults to date on the fees receivable from these clients.

Age profile of trade and other receivables

As at 31st March	Carrying amount	
	2020	2019
Less than 30 days	15,928	41,299
30 – 60 days	-	898
61 – 90 days	-	95
91 – 120 days	-	-
More than 120 days	-	273
	15,928	42,565

The Group has neither recognised an impairment loss nor an allowance for impairment of its trade and other receivables over the past 5 year period.

Investment in fixed deposits

The Group has invested in fixed deposits with both Banking and Non-banking financial institutions. The Group continuously monitors the stability and creditworthiness including credit ratings of these financial institutions in order to assess and mitigate the credit risk.

Cash and cash equivalents

The Group held cash and equivalents in the form of demand deposits with commercial banks, placements with banking and financial institutions and securities purchased under resale agreements. Hence, the Group is exposed to the risk of such counter-parties failing to meet their contractual obligations.

Group minimise the credit risk by monitoring the credit worthiness of the underlying counterparties periodically.

A credit rating analysis of banking / financial institutional counter-parties with whom the balances were held at the end of the reporting period is presented below. This includes balances held as cash and cash equivalents and investment in fixed deposits

As at 31st March	Carrying amount	
	2020	2019
Credit rating		
Risk free	-	207,101
AAA	347,953	3,415
AA+	598,373	364,219
AA	-	47,974
AA-	463,135	817,109
A+	342,152	318,146
A	-	105,136
BBB-	1,026,978	-
Unrated	60	108,944
	2,778,651	1,972,044

All government securities are classified as risk free if available and other ratings are obtained based on the ratings published by Fitch Ratings Lanka Ltd.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

38.2 Liquidity risk

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

38.2.1 Exposure to credit risk

The following are the contractual maturities of financial liabilities at the end of the reporting period.

As at 31st March 2020	Carrying amount	Total	Contractual cash flows		
			up to 3 months	3-12 months	More than a year
Non derivative financial liabilities					
Trade and other payables *	57,570	57,570	57,570	-	-
Short term loans	1,054,316	1,054,316	1,054,316	-	-
Bank overdraft	45	45	45	-	-
	1,111,931	1,111,931	1,111,931	-	-

As at 31st March 2019	Carrying amount	Total	Contractual cash flows		
			up to 3 months	3-12 months	More than a year
Non derivative financial liabilities					
Trade and other payables *	127,496	127,496	127,496	-	-
Bank overdraft	11,090	11,090	11,090	-	-
Short term loans	162,430	162,430	162,430	-	-
	301,016	301,016	301,016	-	-

* Provisions and accrued expenses which are non financial liabilities are excluded.

The ratio of liquid assets with a very short expected liquidation period to total net assets is set out below.

As at 31st March	2020	2019
Cash and cash equivalent	2,377,345	160,979
Investment in unit trusts	506,030	188,711
Total liquid assets	2,883,375	349,690
Liquid assets as a % of the total net assets	21%	2%

38.2.2 Management of liquidity risk

The Group'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 the Group's reputation.

The Group maintains a portion of its assets in highly liquid form; demand deposits with commercial banks, placements with banking and financial institutions, securities purchased under resale agreements and short term investment in money market funds, in order to capitalise the market opportunities and to meet its contractual obligations during the normal course of its operations.

A significant portion of the Group's investment portfolio comprises of listed equity investments which provides the Group with exposure to adequate liquidity, given the ability to convert in to cash and cash equivalents within a very short period of time if required.

In addition, the Group has access to approved financing arrangements, an analysis of which as at the end of reporting period is given below.

As at 31st March	2020	2019
Unutilised overdraft facilities	350,000	1,237,570
	350,000	1,237,570

38.3 Market risk

Market risk is the exposure to adverse movements in the security markets for both equity and fixed income investments, which can result variations in the anticipated returns from those securities. All financial institutions face market risks, created by changes in the macro environment related to political factors, national security, economic management and globalisation influences which have an impact on systematic risk factors such as interest rates, currency parity, inflation and availability of credit etc.

38.3.1 Interest rate risk

The Group is exposed to interest rate risk, arising from its securities purchased under resale agreements, placements with banking and financial institutions, unit trusts, short-term borrowings and overdraft facilities in the event such have been utilised.

Exposure and management of interest rate risk

At the end of the reporting period, the interest rate profile of the Group's interest-bearing financial instruments was as follows.

As at 31st March	Carrying Amount	
	2020	2019
Variable rate instruments		
Financial Assets - Placement with banking and financial institution	1,097,812	-
- Securities under resale agreements	551,540	34,399
- Investment in unit trusts	498,340	41,092
Financial Liabilities - Bank overdrafts	(45)	(11,090)
	2,147,647	64,401
Fixed rate instruments		
Financial Assets -Investment in fixed deposits	401,305	1,603,964
-Investment in treasury bonds	-	207,101
-Investment in debentures	102,963	-
Financial Liabilities- short term loans	(1,054,316)	(162,430)
	(550,048)	1,648,635

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

The average base interest rates applied for the above financial instruments are as follows;

As at 31st March	2020	2019
Commercial Banks Averaged Weighted Prime Lending Rate (AWPLR) *	9.29%	12.23%
Commercial Banks Averaged Weighted Deposit Rate (AWFDR) *	7.90%	8.98%

* Monthly averaged rate as at reporting date.

Sensitivity Analysis

A change of 100 basis points in interest rates at the end of the reporting period would have increased / (decreased) profit or loss by the amounts shown below.

Movement in interest rate	Profit or Loss	
	Increase by 1%	Decrease by 1%
As at 31st March 2020	21,476	(21,476)
- Variable rate instruments	21,476	(21,476)
As at 31st March 2019		
- Variable rate instruments	644	(644)
	644	(644)

38.3.2 Exposure and management of other market price risks

Equity price risk

The Group is holding an investment portfolio which includes both listed equity investments and private equity (unlisted) investments.

Listed equity investments

Having a substantial portion of 75% (2019 - 81%) of its discretionary portfolio as equity investments designated as listed investments in the Colombo Stock Exchange, market volatilities bring in substantial variations to the Group's earnings and value of its asset base at the reporting dates. The Group monitors its investment portfolio based on market indices, where decisions concerned with the timing of buy/sell are well supported with structured in-house research recommendations. Transactions of a major magnitude within the portfolio are subject to review and approval by the Investment Committee.

Private equity investments

Detailed evaluations are carried out prior to investing on both financial and operational feasibilities of the private equity projects that the Group ventures in to, with a view to ascertain the Group's investment decisions and the risks involved.

Continuous monitoring of the financial and operational results against the investee's business plans and the industry standards ensure that the projects meet the desired outcome and thereby the expected returns. Further, the Group generally enters in to investment agreements with the parties concerned, which carry specific 'exit clauses' to private equity projects such as 'Initial Public Offering', 'Buyout' etc.

As at 31st March 2018	Note	Carrying Amount	
		2020	2019
Investments in equity securities	23/26.2/26.3/26.4	11,332,680	13,523,208
Investment in unit trusts Guardian acuity equity fund	27	7,690	9,095
		11,340,370	13,532,303

A broad analysis of the investments made by the Company based on the industry / sector is given in note 26.

38.3.3 Currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate, due to changes in foreign exchange rates. The Group is exposed to currency risk, through its' subsidiaries, Guardian Fund Management LLC, Guardian Value Fund LLC and The Sri Lanka fund (a country fund incorporated in Cayman Islands), which is denominated in a currency other than the group's functional currency, which is the prime factor that exposes the Group into currency risk.

Following are the exchange rates that were used to translate the assets and liabilities of foreign operations, to Sri Lanka Rupees at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Sri Lanka Rupees at the averaged exchange rates for the reporting period.

For the year ended	Conversion rate	
	2020	2019
USD/LKR		
Assets and liabilities	189.91	182.71
Income and expenses	182.20	162.31

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

38.4 Accounting classification and Fair values

The following table shows the carrying amounts and the fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value, if the carrying value is a reasonable approximation for fair value.

As at 31st March 2020	Fair value through profit or loss financial assets	Financial assets at amortised cost	Fair value through other comprehensive income financial assets	Other financial liabilities	Total carrying amount	Fair value
Financial assets measured at fair value						
Investments in equity and debt securities	7,753,794	-	3,678,886	-	11,432,680	11,435,643
Investments in unit trusts	506,030	-		-	506,030	506,030
Financial assets not measured at fair value						
Trade and other receivables	-	15,928	-	-	15,928	
Investment in debentures	-	102,963	-	-	102,963	
Investment in fixed deposits	-	401,305	-	-	401,305	
Cash and cash equivalents	-	2,377,345	-	-	2,377,345	
Total financial assets	8,259,824	2,897,541	3,678,886	-	14,836,251	
Financial liabilities not measured at fair value						
Trade and other payables	-	-	-	57,570	57,570	
Bank overdraft	-	-	-	45	45	
Short term borrowings	-	-	-	1,054,316	1,054,316	
Total financial liabilities	-	-	-	1,111,931	1,111,931	

As at 31st March 2019	Fair value through profit or loss financial assets	Financial assets at amortised cost	Fair value through other comprehensive income financial assets	Other financial liabilities	Total carrying amount	Fair value
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Financial assets measured at fair value

Investments in equity and debt securities	9,642,658	-	4,087,651	-	13,730,309	13,730,309
Investments in unit trusts	188,711	-	-	-	188,711	188,711

Financial assets not measured at fair value

Trade and other receivables	-	42,565	-	-	42,565	
Investment in fixed deposits	-	1,603,964	-	-	1,603,964	
Cash and cash equivalents	-	160,979	-	-	160,979	
Total financial assets	9,831,369	1,807,508	4,087,651	-	15,726,528	

Financial liabilities not measured at fair value

Trade and other payables	-	-	-	127,496	127,496	
Bank overdraft	-	-	-	11,090	11,090	
Short term borrowings	-	-	-	162,430	162,430	
Total financial liabilities	-	-	-	301,016	301,016	

38.5 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows.

Level 1:	Availability of quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Use of inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3:	Use of inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

	Level 1	Level 2	Level 3	Total
As at 31st March 2020				
Investments in equity and debt securities	11,157,594	-	175,086	11,332,680
Investments in unit trusts	-	506,030	-	506,030
	11,157,594	506,030	175,086	11,838,710
As at 31st March 2019				
Investments in equity and debt securities	13,339,611	207,101	183,597	13,730,309
Investments in unit trusts	-	188,711	-	188,711
	13,339,611	395,812	183,597	13,919,020

There were no movements during the year in the fair value measurements in level 3 financial instruments of the fair value hierarchy (2019 - Nil).

Reconciliation of Level 3 - Fair value through profit or loss

For the year ended 31st March	2020	2019
Opening balance	183,597	148,087
Change in fair value	(8,511)	35,515
Disposal/written off of investments	-	(5)
Closing balance	175,086	183,597

38.6 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

Company	Valuation Technique	Assumptions/ Unobservable inputs	Values/ Percentages	Inter-relationship between significant Unobservable inputs and fair value measurement
Findmyfare (Pvt) Ltd*	Enterprise Value(EV) to Gross Booking Value(GBV) Multiple	GBV Growth rate	CAGR - 16- 17%	The estimated fair value would increase / (decrease) if: - the growth rate was higher / (lower)
		Discount Rate	22%	- the discount rate was lower / (higher)
hSenid Business Solutions (Pvt) Ltd	Free cash flow valuation using Adjusted Present Value Method (APV)	Discount Rate	20%	The estimated fair value would increase / (decrease) if: - the discount rate was lower / (higher)
		Revenue growth	CAGR 13-14%	- the growth rates of products were higher / (lower)
		Operating Margin	Range - 14%- 19%, average - 17%	- the operating margin was higher / (lower)

39 SEGMENTAL REPORTING

The Group's Chief Operating Decision Maker (CODM) monitors the operating results of the entity as a whole considering the operations as a single segment Investment holding and asset management for the purpose of making decisions about resource allocation and performance. Therefore no disclosure is made on operating segments.

40 EVENTS AFTER THE REPORTING PERIOD

After satisfying the Solvency Test in accordance with section 57 of the Companies Act, No. 7 of 2007, the Directors have recommended the payment of a first and final dividend of Rs. 1.15 per ordinary share for the year ended 31st March 2020 amounting to Rs. 102,097,408.25 which is to be approved at the forthcoming Annual General Meeting. In accordance with Sri Lanka Accounting Standard (LKAS 10) - "Events after the reporting period" this proposed first and final dividend has not been recognised as a liability as at 31st March 2020.

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosures in the financial statements, other than the above.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

41 IMPACT OF COVID -19

On the 20th of March 2020, the Government imposed an island wide curfew aimed at controlling the spread of COVID-19 in the country. Accordingly, the Colombo Stock Exchange was closed for trading activities from 21st March 2020 for nearly two months. With the relaxation of curfew to recommence business activities, the Colombo bourse resumed trading activities on 11th May 2020. After closing at 4,571.63 points on the last trading day in March, the ASPI has recovered to 5,176.85 points by 6th August 2020. Accordingly, as of the date of approval of these financial statements, we have experienced partial recovery in the equity market to pre-COVID levels when compared with the 31st December 2019 ASPI of 6,129.21. Further, the Company maintains a strict disciplined approach of picking fundamentally strong stocks that have potential to grow in the medium to long term.

The management will continue to monitor new developments and events in the present market dynamics and take appropriate and timely actions as and when required.

The Board of Directors is satisfied that the Company has adequate liquidity and business plans to continue to operate the business and mitigate the risks for the next 12 months from the date of approval of these financial statements.

In preparing the Annual Financial Statements, the Company has considered the "Guidance Notes on Accounting Considerations of the COVID 19 Outbreak (updated on 11th May 2020)" issued by The Institute of Chartered Accountants of Sri Lanka.

42 COMMITMENTS AND CONTINGENCIES

42.1 Commitments

There were no commitments or contracts for capital expenditure of a material amount as at the reporting date.

42.2 Contingencies

There were no material contingent liabilities as at the reporting date.

42.3 Litigation and claims

There have been no material litigation and claims against the company that require adjustments or disclosures in the financial statements.

43 COMPARATIVE FIGURES

Previous years' figures and phrases have been rearranged wherever necessary to conform to the current year's presentations.

44 RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and presentation of the financial statements. This is more fully described under the relevant clause in the Directors' report.

FIVE YEAR SUMMARY

In Rupees Thousands

For the year ended /As at 31st March	2020	2019	2018	2017	2016
Revenue					
Dividend income	403,361	433,707	777,670	846,248	695,279
Net gain on disposal of investments	211,137	(65,396)	603,773	1,157,783	703,744
Interest income	129,719	230,191	150,948	43,815	101,293
Management fee	128,341	115,250	107,040	91,724	103,405
	872,558	713,752	1,639,431	2,139,570	1,603,721
Less: Inter-group transactions	(112,967)	(195,470)	(439,307)	(397,272)	(427,395)
	759,591	518,282	1,200,124	1,742,298	1,176,326
Fair value adjustment - unrealised	(1,904,168)	(2,539,648)	(133,924)	(250,032)	(306,875)
Profit/(Loss) on investment activities	(1,144,577)	(2,021,366)	1,066,200	1,492,266	869,451
Profit/(Loss) before taxation	(1,400,265)	(2,285,381)	847,016	1,277,460	642,073
Income tax expense	(45,075)	(58,288)	(50,697)	(21,126)	(30,873)
Profit/(Loss) for the year from continuing operations	(1,445,340)	(2,343,669)	796,319	1,256,334	611,200
Profit/(Loss) for the year	(1,472,613)	(2,343,669)	796,319	1,256,334	611,200
Non controlling interest	227,737	422,017	(179,692)	(227,584)	(98,321)
Profit/(Loss) attributable to the equity holders of the parent	(1,244,876)	(1,921,652)	616,627	1,028,750	512,879
Statement of Financial Position					
Capital employed					
Stated capital	1,128,726	1,128,726	1,128,726	1,128,726	1,128,726
Reserves	10,406,752	11,959,216	13,940,944	14,277,023	15,008,570
Total equity attributable to equity holders of the parent	11,535,478	13,087,942	15,069,670	15,405,749	16,137,296
Non controlling interest	2,332,108	2,629,463	3,197,287	3,214,856	3,414,692
Total equity	13,867,586	15,717,405	18,266,957	18,620,605	19,551,988
Assets employed					
Current assets	11,091,812	11,413,584	4,292,327	4,705,645	3,789,904
Current liabilities	(1,152,006)	(334,324)	(237,937)	(171,104)	(221,945)
Net current assets	9,939,806	11,079,260	4,054,390	4,534,541	3,567,959
Non-current assets	3,938,614	4,645,903	14,219,993	14,096,543	15,993,557
Non-current liabilities	(10,834)	(7,758)	(7,426)	(10,479)	(9,528)
Net assets	13,867,586	15,717,405	18,266,957	18,620,605	19,551,988
Cash Flow Statement					
Net cash generated from / (used in) operating activities	1,372,857	(416,756)	(220,092)	698,375	(402,412)
Net cash generated from / (used in) investing activities	(160)	(59,465)	(19,908)	220	(2,766)
Net cash generated from / (used in) financing activities	823,726	(24,194)	(616,020)	(320,548)	(339,972)
Net increase / (decrease) in cash & cash equivalents	2,196,423	(500,415)	(856,020)	378,047	(745,150)

FIVE YEAR SUMMARY

For the year ended /As at 31st March	2020	2019	2018	2017	2016
Ratios & statistics					
Operational ratio					
Return on ordinary shareholders funds (%)	(10.79)	(14.68)	4.09	6.68	3.18
Liquidity ratio					
Current ratio (times)	9.63	34.14	18.04	27.50	17.08
Investor ratio					
Earnings/(loss) per share (Rs)	(14.02)	(21.65)	6.95	11.59	5.78
Dividend per share (Rs.) *	1.15	0.75	3.00	4.00	3.00
Dividend cover (times)	-	-	2.32	2.90	1.93
Dividend growth (%)	53	(75)	(25)	33	(40)
Dividend yield (%)	1.60	1.21	3.66	4.44	2.51
Dividend payout ratio (%)	N/A	N/A	43.17	34.52	51.90
Net assets value per share - (Rs.)	129.93	147.42	169.74	173.53	181.77
Market value per share (Rs.) **	71.80	61.80	82.00	90.10	119.70
Price earning ratio (times)	(5.12)	(2.85)	11.80	7.77	20.71
Price to book value ratio (times)	0.55	0.42	0.48	0.52	0.66
Market capitalisation	5,957,883	5,128,094	6,804,267	7,476,396	9,932,570
Fair value of investments	13,665,962	15,510,443	18,135,671	18,396,828	19,428,117
All Share Price Index (points)	4,572	5,557	6,477	6,062	6,072
S&P SL 20 Index (points)	1,947	2,739	3,650	3,439	3,204

* Based on proposed / interim dividends.

** As at 31st March.

US\$ Financials

Preparation of US Dollar Financial Statements

The Financial Statements of the Group are stated in Sri Lankan Rupees.

The translation of Sri Lankan Rupee amounts into US Dollar amounts is included solely for the convenience of Shareholders, Investors, Bankers and other users of these Financial Statements.

US Dollar Financials do not form part of the audited Financial Statements of the Group.

KEY HIGHLIGHTS

In United States Dollars

For the year ended / As at 31st March	2020	2019	Change %
Revenue	4,237,370	3,126,890	36
Profit / (loss) from operations	(7,672,353)	(13,739,632)	(44)
Share of profit of equity accounted investee, net of tax	26,353	41,683	(37)
Profit / (loss) before taxation	(7,811,363)	(13,788,121)	(43)
Profit / (loss) for the year from continuing operations	(8,062,813)	(14,139,783)	(43)
Other comprehensive expense for the year	(2,109,813)	(394,432)	435
Total comprehensive income / (expense) for the year	(10,324,768)	(14,534,215)	(29)
Net cash generated from / (used in) operating activities	7,658,468	(2,514,365)	(405)
Total equity attributable to equity holders of the parent	60,741,814	74,325,299	(18)
Earnings / (loss) per share	(0.08)	(0.13)	(40)
Dividend per share *	0.01	0.05	(87)
Net assets per share	0.68	0.84	(19)
Ceylon Guardian - Fund value **	71,960,202	88,082,475	(18)

* Based on proposed / interim dividends

** Based on fair value of portfolio after adjusting for cash and cash equivalents

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In United States Dollars

For the year ended 31st March	Group	
	2020	2019
Revenue	4,237,370	3,126,890
Impairment on goodwill / investments in subsidiary	(270,250)	-
Net change in fair value of fair value through profit or loss financial assets	(10,352,131)	(15,322,160)
Profit / (loss) on investment activities	(6,385,011)	(12,195,270)
Administrative and other operating expenses	(1,287,342)	(1,544,362)
Profit / (loss) from operations	(7,672,353)	(13,739,632)
Net finance income / (expense)	(165,363)	(90,172)
Profit / (loss) from operations after net finance income / (expense)	(7,837,716)	(13,829,804)
Share of profit of equity accounted investee, net of tax	26,353	41,683
Profit / (loss) before taxation	(7,811,363)	(13,788,121)
Income tax expense	(251,450)	(351,662)
Profit / (loss) for the year from continuing operations	(8,062,813)	(14,139,783)
Discontinued operations		
Profit/(loss) after tax for the period from discontinued operations	(152,142)	-
Profit / (loss) for the year	(8,214,955)	(14,139,783)
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Actuarial gain / (loss) on employee benefit obligation	(3,241)	(1,563)
Related tax on employee benefits	909	440
Net change in fair value of fair value through other comprehensive income financial assets	(2,280,291)	(752,175)
Items that are or may be reclassified to profit or loss		
Share of other comprehensive income / (expense) of equity accounted investee, net of tax	(56)	181
Net exchange differences on translation of foreign operations	172,866	358,685
Other comprehensive income / (expense) for the year	(2,109,813)	(394,432)
Total comprehensive income / (expense) for the year	(10,324,768)	(14,534,215)
Profit / (loss) attributable to:		
Equity holders of the parent	(6,944,527)	(11,593,677)
Non controlling interest	(1,270,428)	(2,546,106)
	(8,214,955)	(14,139,783)
Total comprehensive income / (expense) attributable to:		
Equity holders of the parent	(8,690,248)	(11,958,667)
Non controlling interest	(1,634,520)	(2,575,548)
	(10,324,768)	(14,534,215)
Earnings / (loss) per share (Rs.)	(0.08)	(0.13)

STATEMENT OF FINANCIAL POSITION

In United States Dollars

As at 31st March	Group	
	2020	2019
ASSETS		
Non-current assets		
Property, plant and equipment	10,747	12,408
Intangible assets	1,026,570	1,407,496
Right of use assets	33,426	-
Investment in equity accounted investee	278,232	273,298
Investments in fair value through other comprehensive income	19,371,734	23,213,419
Investments in fixed deposits	-	1,462,235
Deferred tax asset	18,661	14,828
Total non-current assets	20,739,370	26,383,684
Current assets		
Trade and other receivables	98,541	249,980
Current tax assets	166,716	174,558
Investments in equity and debt securities	40,844,384	54,759,827
Investments in unit trusts	2,664,578	1,071,674
Investment in fixed deposits	2,113,133	7,646,539
Cash and cash equivalents	11,634,522	914,186
Total current assets	57,521,874	64,816,764
Asset held for sales	883,750	-
Total assets	79,144,994	91,200,448
EQUITY AND LIABILITIES		
Equity		
Stated capital	8,834,775	8,834,775
Capital reserves	753,974	754,030
Revenue reserves	51,153,065	64,736,494
Total equity attributable to equity holders of the parent	60,741,814	74,325,299
Non controlling interest	12,280,070	14,932,495
Total equity	73,021,884	89,257,794
Non-Current Liabilities		
Employee benefits	57,048	44,057
Total non-current liabilities	57,048	44,057
Current liabilities		
Trade and other payables	427,302	839,048
Lease liabilities	35,791	-
Current tax liabilities	24,522	74,144
Short term borrowings	5,551,661	922,426
Bank overdraft	237	62,979
Total current liabilities	6,039,513	1,898,597
Liabilities directly associated with assets held for sale	26,549	-
Total liabilities	6,123,110	1,942,654
Total equity and liabilities	79,144,994	91,200,448
Net assets per ordinary/deferred share	0.82	0.84

FIVE YEAR SUMMARY

In United States Dollars

For the year ended /As at 31st March	2020	2019	2018	2017	2016
Statement of income					
Revenue					
Dividend income	2,250,145	2,616,633	5,069,226	5,732,999	5,000,209
Net gain on disposal of investments	1,177,826	(394,546)	3,935,682	7,843,527	5,061,086
Interest income	723,636	1,388,784	983,952	296,829	728,465
Management fee	715,949	695,324	697,738	621,394	743,653
	4,867,556	4,306,195	10,686,598	14,494,749	11,533,413
Less: Inter-group transactions	(630,185)	(1,179,306)	(2,863,614)	(2,691,362)	(3,073,679)
	4,237,371	3,126,889	7,822,984	11,803,387	8,459,734
Profit / (loss) before taxation	(7,811,363)	(13,788,121)	5,521,257	8,654,292	4,617,569
Income tax expenses	(251,450)	(351,662)	(330,467)	(143,120)	(222,028)
Profit / (loss) for the year from continuing operations	(8,062,813)	(14,139,783)	5,190,790	8,511,172	4,395,541
Profit / (loss) for the year	(8,214,955)	(14,139,783)	5,190,790	8,511,172	4,395,541
Non controlling interest	1,270,428	2,546,106	(1,171,319)	(1,541,793)	(707,091)
Profit / (loss) attributable to the equity holders of the parent	(6,944,527)	(11,593,677)	4,019,471	6,969,379	3,688,450
Statement of Financial position					
Capital employed					
Stated capital	8,834,775	8,834,775	8,834,775	8,834,775	8,834,775
Reserves	51,907,039	65,490,524	88,014,003	92,525,505	102,695,365
Total equity attributable to equity holders of the parent	60,741,814	74,325,299	96,848,778	101,360,280	111,530,140
Non controlling interest	12,280,070	14,932,495	20,548,117	21,151,760	23,600,055
Total equity	73,021,884	89,257,794	117,396,895	122,512,040	135,130,195
Assets employed					
Current assets	58,405,624	64,816,764	27,585,648	30,960,228	26,193,269
Current liabilities	(6,066,062)	(1,898,597)	(1,529,158)	(1,125,759)	(1,533,935)
Net current assets	52,339,562	62,918,167	26,056,490	29,834,469	24,659,334
Non-current assets	20,739,370	26,383,684	91,388,130	92,746,516	110,536,712
Non-current liabilities	(57,048)	(44,057)	(47,725)	(68,945)	(65,851)
Net assets	73,021,884	89,257,794	117,396,895	122,512,040	135,130,195
Cash Flow Statement					
Net cash generated from / (used in) operating activities	7,658,468	(2,514,365)	(1,434,665)	4,731,217	(2,894,009)
Net cash generated from / (used in) investing activities	(893)	(358,763)	(129,770)	1,490	(19,892)
Net cash generated from / (used in) financing activities	4,595,147	(145,967)	(4,015,514)	(2,171,587)	(2,444,962)
Net (decrease) / increase in cash & cash equivalents	12,252,722	(3,019,095)	(5,579,949)	2,561,120	(5,358,863)

NOTES TO THE FINANCIAL STATEMENTS

In United States Dollars

1 BASIS OF CONVERSION

The translation of Sri Lankan Rupee amounts in to US Dollar amounts is solely for the convenience of the shareholders, investors, bankers and other users of these financial statements.

The translation of the financial statements in to US Dollar were effected based on the following exchange rates.

For the year ended / As at 31st March	2020	2019
Statement of Profit or Loss and Other Comprehensive Income - Average rate	179.26	165.75
Monetary assets and liabilities - closing rate	189.91	176.09
Non-monetary assets and liabilities - closing rate	189.91	176.09
Ordinary share capital - historical rate		

Gains or losses on conversion are accounted for in the revenue reserve

2 REVENUE RESERVE

For the year ended 31st March	2020	2019
Beginning of the year	64,736,494	87,260,154
Net movement during the year	(8,813,935)	(12,599,590)
	55,922,559	74,660,564
Currency fluctuations	(4,769,494)	(9,924,070)
As at the end of the year	51,153,065	64,736,494

INFORMATION TO SHAREHOLDERS AND INVESTORS

1. STOCK EXCHANGE LISTING

Ceylon Guardian Investment Trust PLC is a Public Quoted Company, the Ordinary Shares of which are listed on the main board of the Colombo Stock Exchange.

Stock Exchange code for Ceylon Guardian Investment Trust PLC shares is "GUAR".

2. SHARE VALUATION

The market price of the Company's shares as at 31st March 2020 was Rs. 71.80 per share (2019 – Rs. 61.80)

3. ORDINARY SHAREHOLDERS

As at 31st March	2020	2019
Number of Shareholders	1,616	1,635

The number of ordinary shares held by Non-Residents as at 31st March 2020 was 6,878,779 (2019 – 6,883,937) which amount to 8.29% (2019 – 8.30%).

Distribution of Shares	Residents			Non-Residents			Total		
	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%
1-1,000	1,046	176,855	0.21	11	2,673	0.00	1,057	179,528	0.22
1001-10,000	341	1,136,089	1.37	15	56,792	0.07	356	1,192,881	1.44
10,001-100,000	125	3,539,751	4.27	27	1,032,019	1.24	152	4,571,770	5.51
100,001-1,000,000	41	12,554,244	15.13	6	1,689,048	2.04	47	14,243,292	17.16
Above 1,000,000	2	58,693,150	70.73	2	4,098,247	4.94	4	62,791,397	75.67
Grand Total	1,555	76,100,089	91.71	61	6,878,779	8.29	1,616	82,978,868	100

Categorization of Shareholders as at 31st March 2020

Categories of Shareholders	No. of Shareholders	No. of Shares	%
Individuals	1,430	13,554,549	16.33
Institutions	186	69,424,319	83.67
Total	1,616	82,978,868	100

4. PUBLIC SHAREHOLDING

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.13.1.a. of the Listing Rules of Colombo Stock Exchange, under Option 5, i.e. Float-adjusted Market Capitalization of less than Rs.2.5 Billion with 500 Public Shareholders and a Public Holding percentage of 20%

The Company's Public Holding as at 31st March 2020

- Market Capitalization of the Public Holding Rs. 1.95 Billion
- Percentage of ordinary shares held by the public 32.71%
- Number of Public Shareholders 1,604

INFORMATION TO SHAREHOLDERS AND INVESTORS

5. MARKET PERFORMANCE - ORDINARY SHARES

For the year ended 31st March	2020	2019
Share price as at 31st March (Rs.)	71.80	61.80
Highest (Rs.)	95.90	99.80
Lowest (Rs.)	58	61.00
Value of the shares traded (Rs.)	89,055,480	154,837,503
No. of shares traded	1,147,031	2,206,705
Volume of transactions (Nos.)	1,324	1,157
Market capitalization (Rs)	5,957,882,722	5,128,094,042

6. RECORD OF BONUS ISSUES, RIGHT ISSUES REPURCHASE AND SUBDIVISION OF SHARES

The undermentioned share issues/repurchase have been made by the Company to date, in relation to its ordinary shares.

Year ended		Issue	Basis	No. of shares	Cumulative No. of shares
1951	-	Initial Capital	-	757,525	757,525
1990	-	Bonus	1:01	757,525	1,515,050
1992	-	Bonus	1:08	189,381	1,704,431
1999	-	Bonus	1:04	426,108	2,130,539
2000	-	Bonus	1:04	532,634	2,663,173
2002	- April	Rights	1:07	380,453	3,043,626
	- May	Bonus	1:04	760,906	3,804,532
2003	- July	Rights	1:05	760,906	4,565,438
	- August	Bonus	1:06	760,906	5,326,344
2004	- July	Rights	1:02	2,663,172	7,989,516
2004	- September	Bonus	1:03	2,663,172	10,652,688
2005	- March	Rights	1:03	3,550,896	14,203,584
	- June	Bonus	1:03	4,734,528	18,938,112
2009	- October	Repurchase	3:2	-2,840,716	16,097,396
2010	- November	Subdivision	5:01	64,389,584	80,486,980
		Capitalisation of Reserves	1:50	1,609,739	82,096,719
2015	- August	Scrip	0.10625	882,149	82,978,868

7. DIVIDEND

The Directors have recommended a first and final dividend of Rs. 1.15 per Ordinary share and Deferred share for the year ended 31st March 2020. (2019 - First Interim Dividend of 75 cents per share).

8. NUMBER OF EMPLOYEES

The Company had no employees at the balance sheet date (2019 - Nil). The Group has 19 (2019 - 20) employees as at the balance sheet date.

9. MAJOR SHAREHOLDERS

A list of major shareholders of the Company as at the 31st March 2020 is provided in the Annual Report of the Board of Directors, on page 30.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the SIXTY EIGHTH Annual General Meeting of CEYLON GUARDIAN INVESTMENT TRUST PLC will be held on Monday, the 14th day of September 2020 at 2.30 p.m. at the 8th floor, No. 65C, Dharmapala Mawatha, Colombo 07, Sri Lanka, by means of audio or audio and visual means, for the following purposes :

1. To consider the Annual Report of the Board of Directors and the Financial Statements of the Company for the year ended 31st March 2020 together with the Independent Auditors' Report thereon.
2. To declare a dividend as recommended by the Directors
3. To re-elect Mr. D. C. R. Gunawardena who retires in terms of Articles 89, 90 and 91 of the Articles of Association of the Company.
4. To re-appoint Mr. C.W. Knight as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution :
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Mr. C.W. Knight who is seventy seven years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."
5. To re-appoint Mrs. M. A. R. C. Cooray as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution :
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Mrs. M. A. R. C. Cooray who is seventy one years of age and that she be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."
6. To re-appoint Mr. V. M. Fernando as a Director of the Company who is Seventy years of age and to consider and if deemed fit to pass the following resolution:
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Mr. V. M. Fernando who is seventy years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."
7. To re-appoint Mr. T. C. M. Chia as a Director of the Company who is Seventy years of age and to consider and if deemed fit to pass the following resolution:
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Mr. T. C. M. Chia who is seventy years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."
8. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act No. 07 of 2007 and to authorize the Directors to determine their remuneration.
9. To adopt the proposed new set of Articles of Association in substitution and exclusion of the existing Articles of Association of the Company.

SPECIAL RESOLUTION

"IT IS HEREBY RESOLVED that the regulations contained in the proposed new set of Articles of Association of the Company, made available to the shareholders be and are hereby approved and adopted as the Articles of Association of the Company in substitution and exclusion of the existing Articles of Association of the Company."

By Order of the Board

(Sgd).

K. D. De Silva (Mrs.)

Director

Carsons Management Services (Private) Limited

Secretaries

Colombo

10th August 2020

Notes

1. THIS NOTICE SHOULD BE READ IN CONJUNCTION with the "Procedure to be followed at the 68th Annual General Meeting of the Company Scheduled for 14th September 2020" which is enclosed with the Annual Report.
2. A member is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A Form of Proxy accompanies this notice.
3. The completed Form of Proxy should be submitted to the Company not later than 4.45 p.m. on 12th September 2020 via e-mail to CGITAGM2020@carcumb.com or by fax to +94 11 2337671 or by post to or handed over to the Registered Office of the Company at No.61, Janadhipathi Mawatha, Colombo 1.
4. A person representing a Corporation is required to submit a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a member.
5. The transfer books of the Company will remain open.

NOTES

NOTES

FORM OF PROXY

I/We.....
of.....
being *a Shareholder / Shareholders of CEYLON GUARDIAN INVESTMENT TRUST PLC hereby appoint
of.....
bearing NIC No./ Passport No..... or failing him/her

Mirihana Arachchige Rose Chandralatha Cooray or failing her,
Don Chandima Rajakaruna Gunawardena or failing him,
Vernon Manilal Fernando or failing him,
Krishna Selvanathan or failing him,
Christopher William Knight or failing him,
Timothy Chee Ming Chia

as *my/our proxy to attend the Annual General Meeting of the Company to be held on Monday, the 14th day of September 2020 at 2.30 p.m., at the 8th floor, No. 65C, Dharmapala Mawatha, Colombo 07, Sri Lanka, by means of audio or audio and visual means and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
(i)	To declare Rs. 1.15 per Ordinary share and Deferred share as a First and Final dividend for the financial year ended 31st March 2020, as recommended by the Directors	<input type="checkbox"/>	<input type="checkbox"/>
(ii)	To re-elect Mr. D. C. R. Gunawardena who retires in terms of Articles 89, 90 and 91 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iii)	To re-appoint Mr. C. W. Knight who is over Seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iv)	To re-appoint Mrs. M. A. R. C. Cooray who is over Seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(v)	To re-appoint Mr. V. M. Fernando who is Seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(vi)	To re-appoint Mr. T. C. M. Chia who is Seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(vii)	To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act. No. 07 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
(viii)	Special Resolution - Adoption of the proposed new Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this.....day of Two Thousand and Twenty

Signature /s

Note:

- *Please delete the inappropriate words.
- A shareholder entitled to attend and vote at a General meeting of the company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the company. A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the general meeting of the shareholders.
- A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
- Instructions are noted on the reverse hereof.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy by filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 71 of the Articles of Association of the Company, the instrument appointing a proxy shall be in writing and;
 - (i) in the case of an individual shall be signed by the appointor or by his attorney; and
 - (ii) in the case of a corporation shall be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.

The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer. A proxy need not be a member of the company.

4. In terms of Article 66 of the Articles of Association of the Company:

In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stands in the Register of Members in respect of the joint holding.
5. To be valid the completed form of proxy should be submitted to the Company not later than 4.45 p.m. on 12th September 2020 or via e-mail to CGITAGM2020@carcumb.com or by fax to +94 11 2337671 or by post to or handed over to the Registered Office of the Company situated at No. 61, Janadhipathi Mawatha, Colombo 1.

Please fill in the following details

Name :

Address :

Jointly with :

Share folio no :

CORPORATE INFORMATION

NAME OF COMPANY

Ceylon Guardian Investment Trust PLC
(A Carson Cumberbatch Company)

COMPANY REGISTRATION NO.

PQ 52

DOMICILE AND LEGAL FORM

Ceylon Guardian Investment Trust PLC is a Public Quoted Company with limited liability, domiciled in Sri Lanka.

The Company was incorporated in Sri Lanka in 1951.

PRINCIPAL ACTIVITY AND NATURE OF OPERATIONS

During the year, the principal activity of the Company was holding and managing of an investment portfolio.

PARENT COMPANY

In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Ceylon Guardian Investment Trust PLC and Bukit Darah PLC is the ultimate Parent and Controlling entity of Ceylon Guardian Investment Trust PLC.

DIRECTORS

Mrs. M.A.R.C. Cooray (Chairperson)
Mr. D.C.R. Gunawardena
Mr. V.M. Fernando
Mr. K. Selvanathan
Mr. C.W. Knight
Mr. T.C.M. Chia

NUMBER OF EMPLOYEES

The Company did not have any employees of its own as at the end of the year.

BANKERS

Standard Chartered Bank
Commercial Bank of Ceylon PLC
Deutsche Bank A.G.
DFCC Bank
Peoples' Bank

AUDITORS

Messrs. KPMG
Chartered Accountants,
No. 32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3.

INVESTMENT MANAGERS

Guardian Fund Management Limited
No. 61, Janadhipathi Mawatha,
Colombo 1, Sri Lanka.
Tele: +94-11-2039200
Fax: +94-11-2039385

MANAGERS & SECRETARIES

Carsons Management Services (Private) Limited
No. 61, Janadhipathi Mawatha,
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Tele: +94-11-2039200 Fax: +94-11-2039300

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

No. 61, Janadhipathi Mawatha,
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CORPORATE WEBSITE

www.carsoncumberbatch.com
The Company is a member of the Carson Cumberbatch Group of companies

