

CEYLON GUARDIAN INVESTMENT TRUST PLC

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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. 15.51 billion as at the end of March 2019. 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.

KEY HIGHLIGHTS

In Rupees Thousands

For the year ended / As at 31st March	2019	2018	Change %
Revenue	518,282	1,200,124	(57)
Profit/(loss) from operations	(2,277,344)	835,687	(373)
Share of profit of equity accounted investee, net of tax	6,909	11,027	(37)
Profit/(loss) before taxation	(2,285,381)	847,016	(370)
Profit/(loss) for the year	(2,343,669)	796,319	(394)
Profit/(loss) attributable to equity holders of the parent company	(1,921,652)	616,627	(412)
Other comprehensive expense for the year	(65,377)	(464,924)	(86)
Total comprehensive income/(expense) for the year	(2,409,046)	331,395	(827)
Total comprehensive income/(expense) attributable to equity holders of the parent	(1,982,149)	278,832	(811)
Net cash used in operating activities	(416,756)	(220,092)	89
Net decrease in cash and cash equivalents	(500,415)	(856,020)	(42)
Total equity attributable to equity holders of the parent	13,087,942	15,069,670	(13)
Total equity	15,717,405	18,266,957	(14)
Total assets	16,059,487	18,512,320	(13)
Return on ordinary shareholder's funds (%)	(14.68)	4.09	(459)
Earnings/(loss) per share (Rs)	(21.65)	6.95	(412)
Dividend per share (Rs) *	0.75	3.00	(75)
Net assets per ordinary/deferred share (Rs)	147.42	169.74	(13)
Guardian actively managed Portfolio **	11,422,792	13,923,347	(18)
Guardian total fund value **	15,510,443	18,135,671	(14)
Stock market data			
All Share Price Index (points)	5,557	6,477	(14)
S&P SL 20 Index (points)	2,739	3,650	(25)
Market capitalisation	5,128,094	6,804,267	(25)
Share price (Rs.)			
Year end	61.80	82.00	(25)
High	99.80	120.00	(17)
Low	61.00	76.20	(20)

* 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

It is with pleasure that I welcome you to the 67th Annual General Meeting of the Ceylon Guardian Investment Trust PLC and present to you the Annual Report of the company and group for the financial year ended 31 March 2019.

The year under review posed a very challenging environment for the Colombo Stock Exchange resulting in the All Share Price Index declining by 14.20% and Guardian's discretionary portfolio declining by a dividend adjusted performance of 16.70%. The Ceylon Guardian Group reported a consolidated loss after tax of Rs. 2,343.7 Mn for the year ended 31st March 2019. The loss was mainly due to declining equity market conditions and the adoption of SLFRS – 9 where the group's discretionary equity portfolio has been re-classified as "fair value through profit or loss financial asset" resulting in the gain/(loss) due to changes in fair value during the period being recognized in Profit and Loss Statement. However, Guardian remains true to its long term investment philosophy of fundamental investing which has resulted in the discretionary portfolio growing by 10.14% over 5 years compared to the All Share Price Index return of -6.89%.

Economy

The economy in 2019 is expected to slow down further compared to 3.2% growth in 2018. The economy was already expanding below capacity due to a combination of factors such as significant debt repayment, depressed consumption patterns and higher interest rates. The Central Bank in mid-2019 began easing monetary policy which will create a more accommodating environment to support economic growth. However, the Easter Sunday attack and the events that followed created uncertainty and fear that gripped the economy which is expected to dampen 2019 economic growth prospects. It is still too early to understand the impact that the attacks will have on the economy and how long it will be.

Export earnings grew by 7% in the first two months of the year relative to last year while imports declined by 23%. Exports are expected to continue along a similar trend during the balance part of the year, while imports will be subdued due to a number of measures taken to stem excessive imports, especially vehicles. A noted decline in vehicles and gold imports was seen during the past few months. Tourism, being the worst impacted sector by the incidents in April, is expected to register a decline of up to 25% in earnings in the calendar year 2019. External debt repayments have led to volatility in the gross official reserves but remains stable as at April and stood at USD 7.3 billion. Inflation is expected to be between 4 to 6 percent, well within the targets.

Business Environment

The Colombo Stock Exchange (CSE) has been challenged by the economic down turn and as a result saw the indices in negative territory. With an economic recovery expected to take place at some point in the future we hope to see a strong recovery in the CSE. The CSE is an essential proxy for the investment climate in Sri Lanka and foreign investors will look to its performance before considering direct investment into the country. The deepening of the capital market framework is paramount for the growth prospects of the country.

Conclusion

I would like to thank the management company staff for their commitment, enthusiasm shown in managing the company and group in such a volatile and tragic environment, our intermediaries and service providers for their support and the regulators for their perseverance in taking industry forward. I would also like to thank our clients and investors who continue to place their trust and belief in Guardian; also our shareholders who trust in our ability to deliver. 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

18th June 2019
Colombo

MANAGEMENT DISCUSSION AND ANALYSIS

Guardian group portfolio performance

Ceylon Guardian's portfolio which was valued at 15.51 bn as at 31st March 2019 is segregated into a strategic portfolio and discretionary portfolio. The strategic portfolio which comprises of holdings in Bukit Darah PLC declined to Rs. 4.09 bn as at 31st March 2019 from Rs. 4.21 bn a year ago. The discretionary component invests in listed companies which are selected using fundamental analysis. The discretionary portfolio has declined to

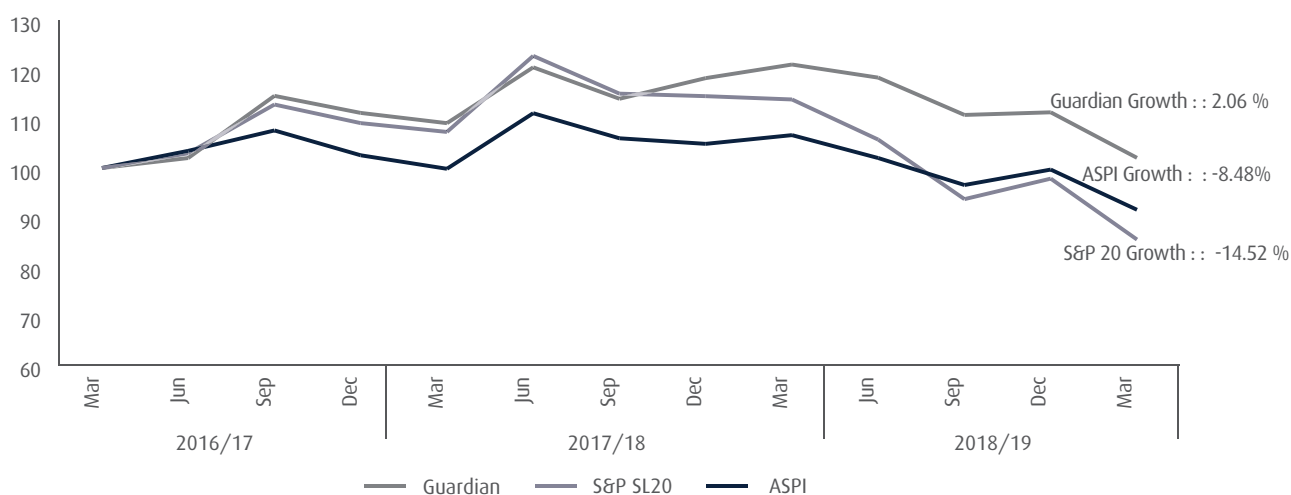
Rs. 11.42 bn by Rs.2.50 bn from a year back largely due to poor market conditions stemming from a weak economic back drop. The discretionary portfolio declined by 16.70%, prior to dividend payment to shareholders, in comparison to the All Share Price Index which declined by 14.20% for the financial year. Looking at a 3-year period the discretionary portfolio has shown a growth of 2.06% relative to the All share price index decline of 8.48%. Over a 5-year time horizon the discretionary performance growth has been outperforming the market by approximately 10.14%.

Guardian group portfolio performance

	As at 31/03/2019	As at 31/03/2018	Change %	As at 31-Mar- 2019 (Dividend adjusted) *	Dividend adjusted performance
Discretionary portfolio (Rs. '000)	11,422,792	13,923,347	-17.96%	11,598,582	-16.70%
Total Portfolio (Rs.'000)*	15,510,443	18,135,671	-14.48%	15,686,233	-13.51%
ASPI (Points)	5,557	6,477	-14.20%		-14.20%
S&P 20 (Points)	2,739	3,650	-24.96%		-24.96%

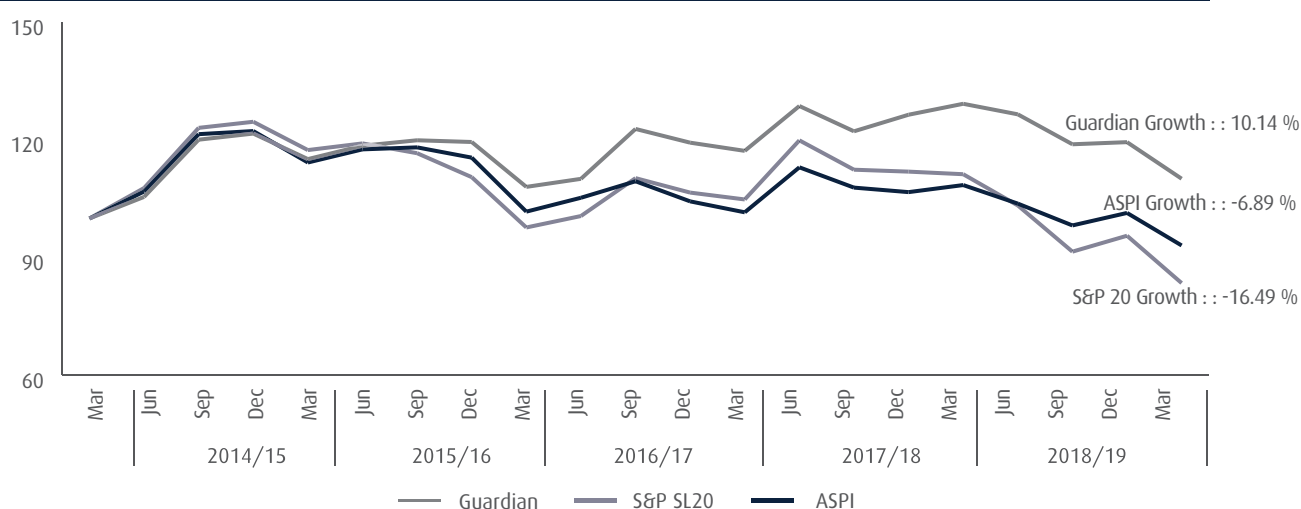
*After adding back the total cash outflow from the distribution of dividend by the Group which was Rs. 171.44 Mn during the period.

Three year track record - Guardian discretionary portfolio



Indexed performance (base point as at 31-Mar-2016)

Five year track record - Guardian discretionary portfolio



Indexed performance (base point as at 31-Mar-2014)

At guardian we do not evaluate the short term fluctuations of an investee company purely by its stock price but by its ability to compete sustainably and grow fundamentally within its habitat. We consider ourselves owners of the company in which we invest and constantly evaluate and assess the evolving environment.

Guardian group's view on the banking sector has been cautious throughout this financial year with the economy showing signs of weakness and hence flowing through to bank's non-performing loans. Guardian group's portfolio has reduced exposure to banks from 30% a year ago to 23% in March 2019 in order to mitigate the fallback of deteriorating asset quality during the financial year. Loan loss impairment charges have increased three fold in 2019 across the key listed banks compared to the previous year highlighting the poor economic conditions leading to defaults. The non-performing loans have mainly increased due to cascading effects of an overall economic downturn and increased provisioning due to adoption of the expected credit loss model under SLFRS 9. Furthermore, guidelines issued by Central bank of Sri Lanka on capital requirements have seen banks attempting to raise capital over the last two years in challenging market and economic conditions with mixed levels of success.

Top five holdings

Company	Market value of the holding ('000)	Holding as a % of discretionary portfolio
Central Finance Company PLC	1,475,099	12.91%
Cargills (Ceylon) PLC	1,291,944	11.31%
Hatton National Bank PLC	1,151,589	10.08%
Commercial Bank of Ceylon PLC	661,855	5.79%
Sampath Bank PLC	641,130	5.61%
Total	5,221,617	45.71%

The banking sector exposure of the portfolio amounted to Rs.2.6 bn and is composed of the three largest listed banks which include Hatton National Bank, Commercial Bank and Sampath Bank. Guardian group maintained an investment of Rs. 1.15 bn in Hatton National Bank which is the second largest bank in the Colombo Stock Exchange. We are optimistic on the bank as it is well capitalized relative to peers and possesses strong management expertise. The bank has also managed its profitability, capital

MANAGEMENT DISCUSSION AND ANALYSIS

requirements and growth in a consistent manner. The bank's gross non-performing loans showed an elevated level of 2.8% as at 31st December 2018 with significantly increased loan loss impairments. However, as mentioned this protracted downturn in the economic cycle has exposed the sector's susceptibility to deteriorating asset quality and we continue to evaluate the implications and take action accordingly.

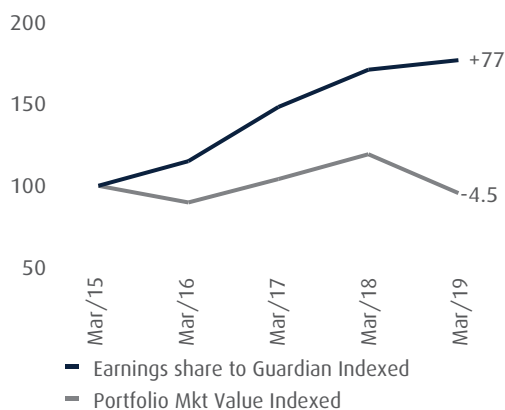
Central Finance PLC is Guardian group's single largest stock exposure as at 31st March 2019 which provides access to the lucrative leasing and vehicle financing market of Sri Lanka. New vehicle registrations have been on a declining trend with changes in the duty structures and Loan to Value ratios in an attempt by authorities to reduce import payment stress. We like Central Finance's cautious approach to growth while some peer companies gain market share through unsustainable product development and practices. The company is well capitalized relative to peers with Tier 1 at 24% and has a significant buffer over regulatory requirements. As a long term investor we like the strong capitalized position, good lending practices and experienced management the company possesses which leaves us confident that the stock is a good value proposition at prevailing prices. Similar to the banking sector we are cautious on the NBFI's sector non-performing assets increasing at this stage of the economic cycle and continue to monitor such risks.

A significant detractor to the portfolio was Dialog Axiata PLC whose share price declined from Rs. 13.80 to Rs. 9.10 as at 31st March 2019 while normalized net profit increased by 16% for financial year 2018. However, the reported profit decline included foreign exchange losses with significant currency depreciation in 2018 and higher depreciation stemming from higher capex intensity. Dialog Axiata, a subsidiary of Malaysia Axiata group, is a leading mobile operator in Sri Lanka with a SIM market share of 44%. As Sri Lanka's economy advances and transitions into a more digital age, Dialog proves to be a key provider of access to technology and mobile communications. However, as this is a vital and fast growing industry we are also cautious on the stock due to the high capital intensive nature of the business, regulatory involvement and competitive pressures.

The portfolio also increased exposure to Distilleries Company of Sri Lanka (DCSL) which is Sri Lanka's market leader in the formal hard liquor alcohol segment. The strong free cash flows arising from the alcohol business shows DCSL's strength in product range and is thus poised for growth riding on the growing demand for alcohol. We are mindful that DCSL is exposed to political and regulatory

risk and continue to monitor and analyze any developments in this area. Furthermore, the taxation impacts and competition arising from other players also need to be monitored going forward in this fast changing industry.

Earnings share to Guardian Portfolio Indexed vs Portfolio Mkt Value Indexed



Financial Review and Shareholder Returns

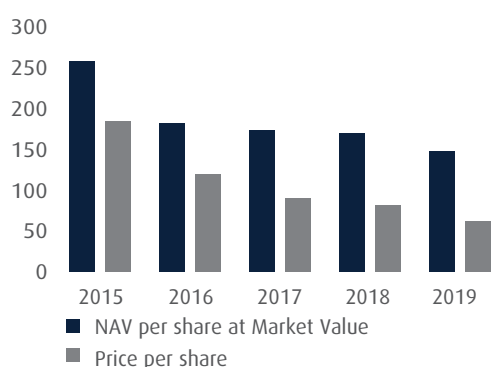
Ceylon Guardian Investment Trust PLC, reported a consolidated loss after tax of Rs. 2,343.7 Mn for the year ended 31st March 2019 compared to a profit of Rs. 796.32 Mn recorded for the previous year.

The loss was mainly due to the adoption of SLFRS – 9 which became effective from 1st April 2018. Consequently the group's discretionary equity portfolio has been re-classified as "fair value through profit or loss financial asset". Thus, any gain/(loss) due to changes in fair value during the period is recognized in Profit or Loss Statement instead of other Comprehensive Income as per previous standards. Accordingly, a fair value loss of Rs. 2,539.6 Mn has been reported during the current year. Going forward the adoption of this accounting rule will create further volatility in the Income Statement relative to the previous method.

The current year revenue declined 57% 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 loss from disposal of investments" was Rs. 65.3 Mn compared to a net profit of Rs. 603.8 Mn in previous financial year which included a net realized gain of Rs. 179 Mn from disposal of Tokyo Cement and Rs 152 Mn from disposal of Sampath Bank shares.

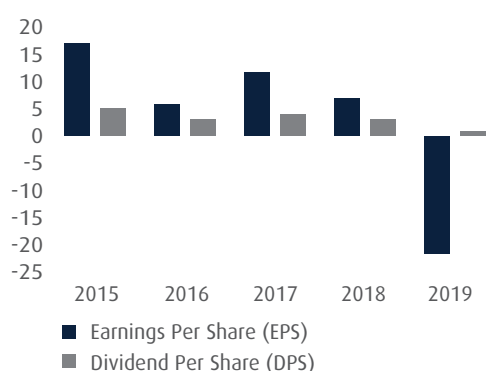
In the period ended 31st March 2019, due to the above mentioned reasons the Group's Net Asset Value (NAV) per share declined 13% to Rs. 147.42. However, the market price of Rs. 61.80 for the Group's share indicated a steep discount of 58% to the NAV per share.

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



The Company declared a first interim dividend of Rs. 0.75 per share for the year under review. The Company has been maintaining a high dividend payout ratio to meet shareholders' expectations.

EPS vs Dividends (Rs.)



As at 31st March	2019	2018	Change %
ASPI	5,557	6,477	(14%)
NAV per share (Rs.)	147.42	169.74	(13%)
Market price per share (Rs.)	61.80	82	(25%)
Discount of NAV to market price per share	58.08%	51.69%	

Private Equity Business Review

Composition of the Portfolio

Total portfolio value of Guardian Capital Partners PLC (GCP), the private equity investment arm of the Guardian Group, as at 31st March 2019 stood at Rs. 705 Mn, out of which 37% has been deployed into investments, whilst the balance is held in short term investments and cash. The largest holding in the portfolio is LVL Energy Fund Limited followed by HSenid Business Solutions (Pvt) Ltd and Findmyfare (Pvt) Ltd.

Figure 1: Portfolio Composition & Cash Balance	Rs.'000	%
LVL Energy Fund Limited	81,469	12%
HSenid Business Solutions (Pvt) Ltd	80,000	11%
Findmyfare (Pvt) Ltd	69,761	10%
Expolanka Holdings PLC	20	0%
Access Engineering PLC	30,103	4%
	261,353	37%
Cash and short term investments	443,994	63%
	705,347	

Expolanka position was almost fully exited during the year. The value of the investment in Findmyfare and HSenid was marked up during the year. As disclosed in the interims Findmyfare successfully concluded a fund raise in September, at a higher

MANAGEMENT DISCUSSION AND ANALYSIS

valuation relative to our entry cost, hence the position was marked up to Rs. 69.7 Mn. HSenid was marked up to Rs. 80 Mn, driven by the sharp improvement in business performance recorded by the company over the past two years.

LVL Energy Fund Limited

LVL Energy Fund is an energy focused investment vehicle and a subsidiary of Lanka Ventures PLC. The company invests in renewable and non-renewable energy projects in partnership with industry leaders in the power generation and engineering, procurement & construction (EPC) contracting segments. At present the company has invested in a total capacity of 136.7 Mw, of which 104.4 Mw is accounted for by thermal plants located in Bangladesh. The balance capacity is located in Sri Lanka of which 14.6 Mw is in wind and the balance is in hydro power plants. The company was listed on the Colombo Stock Exchange on 9th January 2018. Part of the proceeds were used to settle debt, whilst part is being deployed into new projects, the largest being a 10 Mw hydro power plant in Nepal.

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 30% 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 clients. 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.

Access Engineering PLC

Access Engineering PLC (AEL) is engaged in construction and real estate businesses. AEL is one of the leading C1 contractors in the country involved in construction of buildings, roads & highways, water & waste water management, bridges & flyovers, harbours & marine work, dredging & reclamation, telecommunication, irrigation & land drainage, and piling. The construction sector is under stress at present given the prevailing economic conditions in the country as well as fiscal challenges faced by the government.

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 airline tickets market whilst also building other allied vertical in the travel market. In addition to flight bookings, the company is looking to grow into areas such as hotel bookings, tour packages and corporate travel market. The company successfully concluded its second fund raiser in September 2018.

Discontinuation of the Joint Venture with Small Enterprise Assistance Funds

Fund raising for the proposed USD 50 Mn private equity fund, which Guardian Capital Partners was to jointly manage with Small Enterprise Assistance Funds (SEAF), was extremely challenging as reported last year as well. Further building a deal pipeline was also extremely challenging given the tough business conditions in the country and the slowdown in economic activity. Given due consideration to these factors both parties amicably decided to discontinue the JV in August 2018.

Economy

Overall economic growth for the country remained subdued in 2018 with annual growth recorded at 3.2% compared to 3.4% in 2017. Favorable weather patterns saw agriculture sector recover to 4.8% which was a significant improvement from the -0.4% in the previous year. A critical blow for the economy this year was the sharp drop in the Industry sector to 0.9% which was 4.1% in 2017 and as much as 9.3% in 2011. This sector has largely been affected by the steep decline in activity from the construction sector. Delays in payments for projects and postponement of major projects saw beneficiary company's straining leading to tight cash-flow issues cascading down the sector.

Significant foreign currency debt repayments have been a concern for the country with onset of maturities in sovereign bonds and other commercial borrowings. Foreign currency debt repayments in 2019 are estimated at USD 5.8 bn and USD 4.5 bn in 2020 while gross official reserves amounted to USD 7.6 bn as at end March 2019. The ability to finance these repayments has made investors very anxious with particular concerns drawn to the balance of payments. The trade deficit widened in 2018 to USD 10.3 bn from USD 9.6 bn a year ago. However, luxury taxes imposed on motor vehicles along with further margin requirements on vehicles and white goods saw imports reducing towards the latter part of 2018. Earnings from tourism and worker remittances helped to support

the balance of payments in 2018 but a decline in tourism earnings for 2019 in the range of USD 1.5 bn is expected with the recent Easter bombings aftermath.

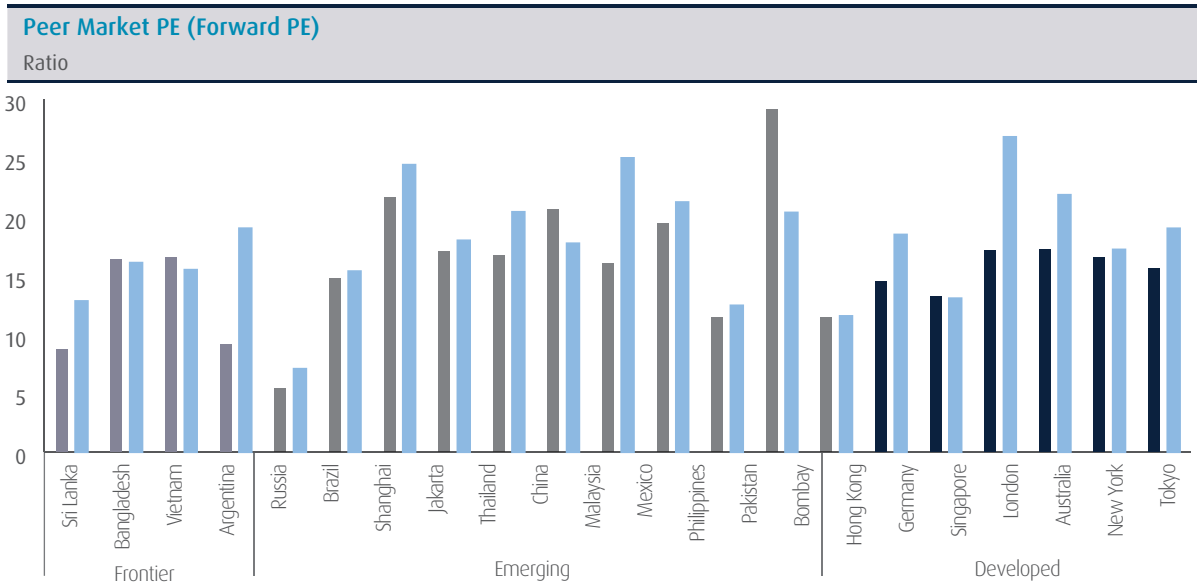
A generally tight monetary policy prevailed in much of 2018 with interest rates increasing throughout the year. General interest rates were at elevated levels in January 2019 with ceiling fixed deposit rates for finance companies fixed at 14.22% for one year deposits. However, in April 2019 the Central Bank issued a circular which resulted in fixed deposit rates of banks and finance companies being reduced by approximately 2 – 2.5% in an attempt to revive the economy’s weakening credit growth. Foreign selling in government securities and the Colombo Stock Exchange also prevailed in the year particularly closer to the quarter ending in December 2018. The calendar year 2018 experienced a major depreciation in the Sri Lankan Rupee by approximately 19% but has marginally strengthened in 2019.

Equity Market Review

The All Share Price Index (ASPI) experienced a large decline of -14.20% for the financial year ended March 2019. The decline was largely attributable to a weakening economic environment, debt repayment concerns and a higher interest rate. Concerns on emerging market currencies also triggered a significant amount of

foreign exits from the Colombo stock exchange. The constitutional crisis which the country experienced in October and November saw speculative investors bring about some market activity. However, poor economic conditions led to a resumption in the market downturn in the last quarter of the financial year ending March 2019.

Sectors that performed poorly for the financial year included construction (36.0%), manufacturing (30.1%) and telecommunication (30.0%). The economic slowdown and resultant delays in payments to construction companies led to a poor performance by companies within the construction sector. Meanwhile telecom companies were impacted by currency depreciation affecting their dollar denominated borrowings and regulatory changes leading to increased competition. Market capitalization as at 31st March 2019 was Rs. 2.61 trillion compared to Rs. 3.03 trillion a year ago. Earnings growth continues to outpace market price growth over the last 5 years based on the universe of stocks that we track and hence indicates there is significant upside potential from a fundamental perspective. Earnings growth for most companies will be challenged in the next year due to the Easter attacks and a slowing economy. The All Share Price Index indicates very attractive valuations with a market PER of 8.7X as at March 2019



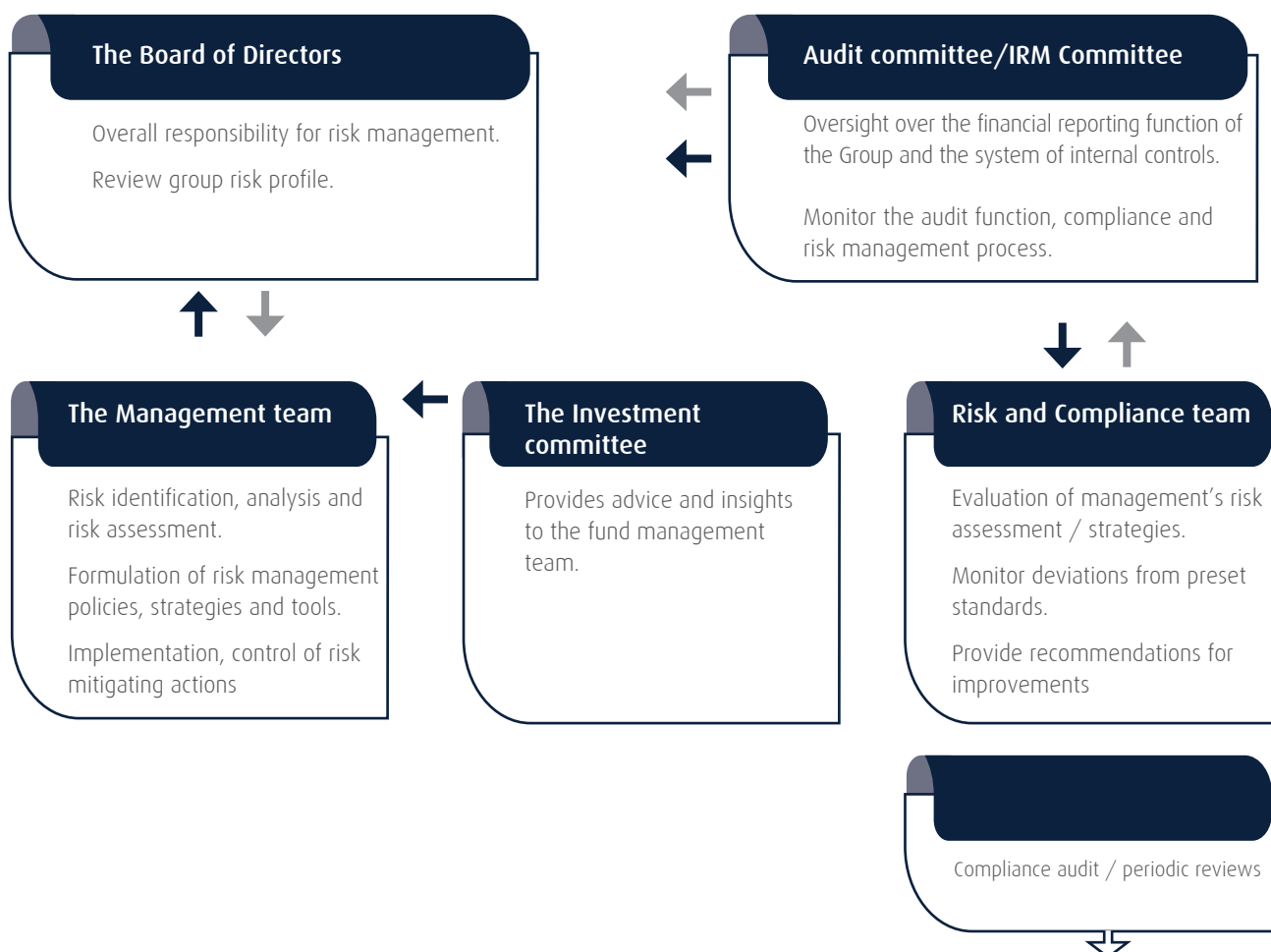
RISK MANAGEMENT

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.



Business units and Processes



Direct and monitor

Report for evaluation

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 while some are applicable to specific business operations or an asset category. The key risks are monitored and managed as a continuous process.

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, is subject laws and regulations imposed by regulatory authorities there. Changes in Cayman Islands regulatory environment, in the context of The Sri Lanka Fund is 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, of which the reporting currency is US dollars, is 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>	<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
<p>Concentration risk</p> <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.
<p>Liquidity risk</p> <p>Liquidity is the tradability 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>	<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, tradability of the stock, market turnover, major shareholders etc. 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.
<p>Regulatory and compliance risk</p> <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 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 MANAGEMENT

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	<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 for 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.

Risk Category	Impact and mitigating strategies
<p>Reputation risk</p> <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.
<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 HNBGI LTD. She is a Director of HNB Finance Limited and Guardian Capital Partners PLC. She functions as the Chairperson of the Board Integrated Risk Committees of HNB Finance LTD and 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 35 years and counts over 49 years of experience in working in the financial sector.

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., and Dynamic AV Technologies (Pvt) Ltd. He is also the Managing Director at Melsta Gama Ltd (Cement) and Joint Managing Director at Swiss Ceylon Associates (Pvt) Ltd.

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

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 and Malaysia Smelting Corporation Berhad and QuantuMDx Group 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 PowerAsset 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 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 13 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 14 years' experience in the field of Asset Management working as a Fund Manager for CAAM Saudi Fransi LLC (Kingdom of Saudi Arabia), an 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 12 years' experience in asset management and investment research and worked as a research analyst at JB Securities (Pvt) Ltd before joining the 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 the Department of Finance, University of Sri Jayewardenepura.

DINUPA PEIRIS

ACMA (UK), LL.B (Col), MBA (PIM-US)), Attorney-at-Law)

Head of Marketing, Guardian Fund Management Limited. A multi-disciplinary professional qualified in management accounting, law and business management with over 9 years of experience in corporate finance, marketing, business development, strategy and business analytics having served at 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 the Faculty of Law, University of Colombo and a MBA (Merit) from the Postgraduate Institute of Management, University of Sri Jayewardenepura. 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. He commenced his 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 11 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 specialised 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, Isuru Gunawardhana

Finance Team

Omesha Piyumi, Prabath Dissanayake

Research Team

Harindi Hettigamage, Avin Fernando, Pasan Illangaratne, Vinu Wijemanne, Rasika Nanayakkara

Marketing

Danushi Adikari

SUSTAINABILITY REPORT

ECONOMIC EMPOWERMENT

Ceylon Guardian, demonstrates corporate citizenship by facilitating economic empowerment initiatives that are targeted to promote self-reliant youth in particular among marginalised communities of Sri Lanka, by improving access to social and financial capital, improving financial literacy and enhancing entrepreneurial capabilities.

Towards this, Ceylon Guardian, has endeavoured to foster our partnerships with governmental and non-governmental institutions, in collectively mobilizing our resources to ensure the long-term sustainability of these initiatives.

As Initiatives in support of marginalised youth of the informal sector of the economy, we facilitate nurturing of much needed business competencies to develop and sustain small and medium scale businesses. These initiatives support transformation of economic lives of people by generating employment and improved livelihood.

Partnering with International Organization to facilitate young Entrepreneurs

In partnering with United Nations Industrial Development organisation, USAID and US Center in Matara, YNF brought international flavour in developing much needed competencies to rural entrepreneurs.



Youth to Nation Foundation

Initiative by Ceylon Guardian Investment Trust plc and Ceylon Investment PLC, Youth to Nation Foundation (YNF) was incorporated in 2013 to support young entrepreneur development. YNF facilitates selected young entrepreneurs in developing business and technical skills and also provides seed capital

to forge their next business expansion. Since inception YNF has a population of 27 young entrepreneurs who have been facilitated through seed capital and business incubator process in collaboration with regional chambers of commerce and divisional secretariats.

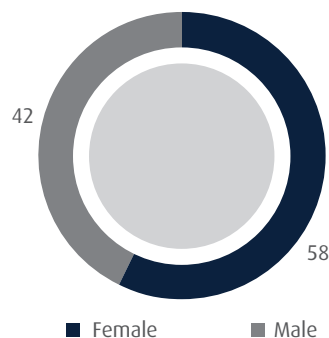
Criteria of selection is based on possessing a well-articulated business plan both short term and medium term, usage of local raw materials and generation of employment that would support socio-economic benefits to rural sector. Such facilitation helps to create steady market for local raw materials, employment in close proximity to home, working from home, and flexible work environment as key benefits that promote improved livelihood and social engineering of helping better parenting. These initiatives have generated and sustained 400 plus direct and 150 indirect employment and sustainable businesses.

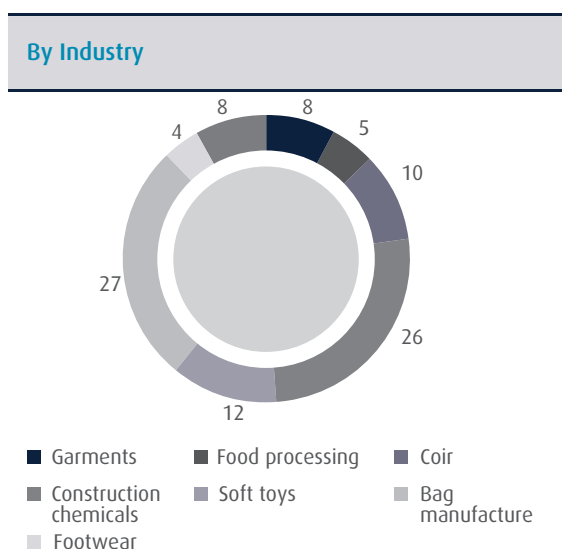
Year	New	No of Exiting	Cumulative Beneficiaries	Total Value of seed capital given to beneficiaries (Rs.)
2013	3	0	3	1,900,000
2014	4	0	7	3,730,790
2015	7	0	14	5,443,000
2016	11	2	23	8,683,870
2017	1	4	20	1,000,000
2018	5	4	21	2,053,400
	31	10	21	22,811,060

YEDP BENEFICIARIES

By Gender

%





Felicitation of those who excelled in business practices

In May 2018, YNF facilitated those entrepreneurs who have excelled and met their business plan imperatives, at the Kadirgamar Memorial Institute. Nine beneficiaries received awards for their significant achievements and the event offered an opportunity in sharing their experience with YNF and also to cross pollinate their best business practices to the audience of entrepreneurs, academics, and other institutions YNF is work in collaboration.

Dhammika from Veeraketiya

Has advanced to export coco-peat products to Malaysia and Japan. Has also participated in trade fairs in China. He has generated 56 direct employment and 20 indirect employment.

Anusha from Kamburupitiya

Susinidu Baby Care products manufacturer who has elevated operating from spare room of her home to well-appointed production facility that accommodate 6 full time workers and 5 women working from home. She covers a large market of Hambantota in taking part in mothers' Clinic.



Keerthi from Walasmulla

Putty manufacturer who has gained new market access to count monthly sales revenue averaging of Rs.1.5 million and has improved his production facility to store 100 tons of raw materials and acquired better technology. He has also diversified his product portfolio by producing grout and paints.

Subadra from Kekanadura, Matara

Shoe manufacturer who started her business in her make-shift dwelling and with YNF support put up a better production facility and currently employs 10 workers and also 5 others who work from home. Her current monthly sales revenue is Rs. 750,000.

Manjula from Suriyakanda, Ratnapura

Gingelly sweet manufacturer, who started with 6 employees and working from her kitchen now has an improved production facility that meet the Good Manufacturing Practices (GPM) certification requirements. She now provides secure employment to 42 rural women.





Facilitation to larger community of young Entrepreneurs

Youth to Nation Foundation conducts workshops in rural centers to impart very practical business competencies and technical competencies. These regular interactive workshops have provided entrepreneurs with advices & encouragements to further their business by facilitation in meeting experts to resolve their business issues. Those 20 workshops were well attended and 600 participants have gained much needed competencies to mitigate their business vulnerabilities.

Knowledge sharing among young Entrepreneurs for betterment of Industries.

Foundation also nurtured a culture of knowledge sharing among the entrepreneurs including the practical workshop of shoe making to 31 house wives of Tsunami village of Hambantota. A significant number of them support a YNF beneficiary, a shoe manufacturer, in subcontracting and few have engaged in their own enterprises in the industry.



Nurturing 140 young entrepreneurs a new initiative

The Foundation has initiated nurturing 140 entrepreneurs through regional chambers of Hambantota, Ratnapura, Matara, Galle and divisional secretariat of Nattandiya.

This facilitates An opportunity to competencies development through workshops, field visits and intervention through digital platform to advance their enterprises. The nurturing program also intend to build business capabilities and best practices through counselling to address their business issues.

The program is backed by regional chambers, NEDA, Small Industrial authorities of Matara and Galle and Divisional Secretarial of Nattandiya.

Career Development of undergraduates of National Universities

Ceylon Guardian continues to support Kelaniya and Jayawardanepura universities career guidance units to impart much needed soft skills development by conducting workshops and also motivate them by sponsorship of awards to best achievers.



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 2019.

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 18th June 2019.

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, 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 20 and 21 to these financial statements.

3. REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman'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 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 2019 are set out on pages 42 to 102. These financial statements do comply with the requirements of the Companies Act, No. 07 of 2007.

4.1. Revenue

The Company and the Group generated revenue of Rs. 165.9 mn and Rs. 518.3 mn (2018 – Rs. 537.3 mn and Rs. 1,200.1 mn) for which a detailed analysis 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	2019	2018	2019	2018
Retained earnings brought forward from previous year	8,180,587	8,180,373	3,855,368	4,109,247
Impact of adopting SLFRS 9 as at 1 April 2018	1,864,769	-	1,574,197	-
Adjusted balance as at 1 April 2018	10,045,356	8,180,373	5,429,565	4,109,247
Profit /Loss for the year	(1,921,652)	616,627	(830,494)	365,897
Other comprehensive income/expenses for the year	(186)	(1,047)	-	-
Effect due to changes in shareholding	63,517	-	-	-
Cash dividend	(66,585)	(621,462)	(66,585)	(621,462)
Forfeiture of unclaimed dividends	3,489	6,551	2,220	1,686
Transfers	1,158	(455)	-	-
Retained earnings carried forward	8,125,097	8,180,587	4,534,706	3,855,368

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

4.3. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are given on pages 47 to 66.

4.4. Investment

Investments represents, investment in subsidiaries, investment in equity accounted investee, investment in equity and debt securities and investments in unit trusts.

- Details of investment in subsidiaries are given in note 20.
- Details of investment in equity accounted investee are given in note 21.
- Details of investments in equity and debt securities are given in note 22.
- Details of investments in unit trusts are given in note 23.

4.5. Reserves

As at 31st March 2019, the total reserves stood at Rs. 4,758.3 mn and Rs. 11,959.2 mn (2018 - Rs. 5,653.2 mn and Rs. 13,940.9 mn) for the Company and the Group respectively.

The movements of the above reserves are set out in the Statement of Changes in Equity.

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:

- a 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,
- a 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 2019 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 the transactions	Value of the transactions ('000)
Carson Cumberbatch PLC	D. C. R. Gunawardena K. Selvanathan	Dividend paid	46,144
Ceylon Investment PLC	D. C. R. Gunawardena Mrs. M. A. R. C. Cooray V. M. Fernando K. Selvanathan T. C. M. Chia	Dividends received	32,789
Guardian Fund Management Limited (GFM)	K. Selvanathan	Portfolio management fees paid	36,236
Rubber Investment Trust Limited	D. C. R. Gunawardena	Dividends received	24,723
Carsons Management Services (Private) Limited (CMSL)	K. Selvanathan	Support service fees paid Computer fees paid Secretarial fees paid	11,804 420 444

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 2019	31st March 2018
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	-	-

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

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. V. M. Fernando and Mr. K. Selvanathan retire by rotation and being eligible offer themselves for re-election.

8.2. Appointment 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 who is over 70 years of age and Mrs. M. A. R. C. Cooray who attained the age of 70 years, 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. 483,000/- and Rs. 3,438,815/- was paid to them by the Company and the Group respectively, as audit fees for the year ended 31st March 2019 (2018 - Rs. 460,000/- and Rs. 3,236,290/-). In addition to the above, the Auditors were paid Rs. 175,000 and Rs. 555,000 (2018 - Rs. 225,000/- and Rs. 721,230/-) as audit related fees for the Company and the Group respectively during the year. Also the auditors were paid Rs. 284,043/- (2018: 288,149/-) as professional fees for non-audit services during the year.

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 38 to 41 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.

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 18th June 2019 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 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 the Board Meetings

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

Directors	Meetings Attended (Out of five)
Mrs. M. A. R. C. Cooray	5/5
Mr. D. C. R. Gunawardena	5/5
Mr. V. M. Fernando	4/5
Mr. K. Selvanathan	4/5
Mr. T. C. M. Chia	3/5
Mr. C. W. Knight	3/5

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;

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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 (Appointed w.e.f. 15th January 2019)	Non-Executive/Independent Director of CCPLC

The Audit Committee Report is given on pages 34 to 35 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

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 two meetings.

Remuneration Committee Members	Meetings Attended (Out of two)
Mr. T. de Zoysa (Chairman)	-
Mr. D.C.R. Gunawardena	2/2
Mr. R. Theagarajah	2/2
Mr. W. M. R. S. Dias	2/2

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 68 of the Annual Report. Executive Directors are not compensated for their role on the Board.

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.

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 two meetings.

Nomination Committee Members	Meetings Attended (Out of two)
Mrs. M. A. R. C. Cooray (Chairperson)	2/2
Mr. D. C. R. Gunawardena	2/2
Mr. V. M. Fernando	2/2

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 36 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 2019, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2019.

The details of the Related Party Transactions are given in Note 32 to the Financial Statements.

1. Non-Recurrent Related Party Transactions

There were no Non-Recurrent Related Party Transactions entered into by the Company, where the aggregate value of the Non-Recurrent Related Party Transactions exceeds 10% of the Shareholders' equity or 5% of the total assets, whichever is lower, of the Company as at 31st March 2019.

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

2. Recurrent Related Party Transactions

There were no Recurrent Related Party Transactions where the aggregate value of the Recurrent Related Party Transactions exceeds 10% of the Gross Revenue/Income of the Company, as per the Audited Financial Statements.

11.9. Integrated Risk Committee

The Company with the aim of formalizing and strengthening the existing risk management processes, has formed an "Integrated Risk Committee" to oversee the overall risk management framework of the Ceylon Guardian Group with effect from 1st January 2019 consisting 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	Non-Executive Director of CINV

Scope and objectives

To assist the Board of Directors of the company and its' subsidiaries by overseeing the risk identification, risk assessment and continuous monitoring of the adequacy and the effectiveness of risk management processes.

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

During the period 1st January 2019 to 31st March 2019, the Committee had one meeting.

Integrated Risk Committee Members	Meetings Attended (Out of one)
Mrs. M. A. R. C. Cooray (Chairperson)	1/1
Mr. A. P. Weeratunge	1/1

Reporting and Responsibilities

- To advise the Board 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 Board 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 2019 was 21 (31st March 2018 – 20).

14. EQUITABLE TREATMENT TO SHAREHOLDERS

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

15. DIVIDENDS

A first interim dividend of cents 75 per Ordinary Share and Deferred Share for the financial year ended 31st March 2019 was paid to the shareholders of the Company on 26th March 2019.

The Board of Directors has not recommended a Final dividend for the financial year ended 31st March 2019.

16. SOLVENCY TEST

The Directors having satisfied that the Company met the Solvency Test requirement under Section 57 of the Companies Act, No. 07 of 2007 obtained a Certificate of Solvency from the company's Auditors, Messrs. KPMG, Chartered Accountants with regard to the first interim dividend as mentioned above.

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 27 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	
	2019	2018
Property plant & equipment	243	450
Intangible assets	-	22,227

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.

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 35 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 2019 are given in note 36 to the Financial Statements.

23. EXPENSES ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

"Youth to Nation Foundation", 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 2019. (2018- Nil).

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

24. 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 111 to 112 of the Annual Report.

25. 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		2019		2018	
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	3,099,814	3.74
4	GF Capital Global Limited	1,617,666	1.95	1,617,666	1.95
5	Mellon Bank N.A. -Commonwealth of Massachusetts	1,374,657	1.66	1,374,657	1.66
6	Miss G.I.A. De Silva	877,611	1.06	877,611	1.06
7	Mr. G.J.W. De Silva	877,232	1.06	877,232	1.06
8	Mrs. M.I. De Silva	866,837	1.04	866,837	1.04
9	Mr. H.A. Van Starrex	737,843	0.89	585,491	0.71
10	Miss M.P. Radhakrishnan	686,026	0.83	686,026	0.83
11	Miss A. Radhakrishnan	686,026	0.83	686,026	0.83
12	Mr. R. Maheswaran	685,016	0.83	685,016	0.83
13	Mr. K.C. Vignarajah	628,939	0.76	623,408	0.75
14	Employees Trust Fund Board	490,998	0.59	490,998	0.59
15	Miss R.H. Abdulhussein	418,502	0.50	-	-
16	Peoples Leasing & Finance PLC/Mr.M.A.N.Voosufali	395,103	0.48	-	-
17	Miss G.N.A. De Silva	353,250	0.43	353,250	0.43
18	Sampath Bank PLC/Mr Subramaniam Vasudevan	330,000	0.40	103,500	0.12
19	Mr. O.D. Liyanage	267,368	0.32	266,443	0.32
20	Sinharaja Hills Plantation (Pvt) Limited	254,861	0.31	176,929	0.21

26. 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 18th June 2019.

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.

27. ANNUAL GENERAL MEETING

The 67th Annual General Meeting of the Company will be held on Friday, the 26th day of July 2019 at 10.45 a.m. at the Auditorium, of the Institute of Chartered Accountants of Sri Lanka, Ground Floor, 30A, Malalasekera Mawatha, Colombo 07, Sri Lanka. The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 113 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
18th June 2019

AUDIT COMMITTEE REPORT

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

During the year Mr. A.S. Amaratunga, a Non-Executive/ Independent Director of CCPLC was appointed to the Audit Committee and the 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 (appointed w.e.f. 15th January 2019)	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 Group.

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)	6/6
Mr. D.C.R. Gunawardena	5/6
Mr.F. Mohideen	5/6
Mr. A.S. Amaratunga (appointed w.e.f. 15th January 2019)	2/6

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 2018/2019 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.

Resulting from the introduction of the new audit report requirements last year, 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 draft financial statements of Ceylon Guardian Investment Trust PLC for the year ended 31st March 2019 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 2020, 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

18th June 2019

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

As provided by the Colombo Stock Exchange Listing Rules, the Related Party Transactions Review Committee (RPTRC) of Carson Cumberbatch PLC (CCPLC), the Parent Company 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 Four (04) 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 four)	
Mr. V.P. Malalasekera (Chairman)	4/4
Mr. F. Mohideen	4/4
Mr. D.C.R. Gunawardena	4/4
Mr. H. Selvanathan	3/4
Mr. M. Selvanathan	3/4
Mr. S.K. Shah	3/4

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 2018 to 31st March 2019 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
18th June 2019

FINANCIAL CALENDAR

Financial Year end

31st March 2019

67th Annual General Meeting

26th July 2019

ANNOUNCEMENT OF RESULTS

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

1st Quarter ended 30th June 2018

14th August 2018

2nd Quarter ended 30th September 2018

14th November 2018

3rd Quarter ended 31st December 2018

14th February 2019

4th Quarter ended 31st March 2019

31st May 2019

INDEPENDENT AUDITOR'S REPORT



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

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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 of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2019, 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 as set out on pages 42 to 102 of this Annual Report.

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, 2019, and of their 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 company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying Amount of Investments

Key Audit Matter Description

Refer to Note 3 (c) (i) (accounting policy), Note 22 and 23 to these financial statements.

Valuation of Investments classified as Fair Value through Other Comprehensive Income (FVOCI) Fair Value Through Profit or Loss (FVTPL) financial assets

The Investments of the Group as at March 31, 2019 comprise FVOCI financial assets of Rs. 4,088 million and FVTPL financial assets of Rs. 9,831 million and, represent 25% and 61 % of the total assets respectively. As at the reporting date, the Group's portfolio is made up with quoted equity shares amounting Rs. 4,088 million which has been classified as FVOCI. FVTPL comprise listed quoted equity shares amounting to Rs. 9,252 million, unquoted equity shares amounting to Rs. 184 million, Treasury bond investments amounting to Rs. 207 million and unit trust investments amounting to Rs. 189 million.

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
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara ACA
G.A.U. Karunaratne FCA
R.H. Rajan FCA

P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel ACA

C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA

Principals - S.R.J. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA

Carrying Amount of Investments

Risk Description	<ul style="list-style-type: none"> • Quoted, Treasury bond and Unit Trust Investments – due to their materiality in the context of the financial statement as a whole and market volatility, this is considered to be an area which had the greatest effect on the financial statements; • Unquoted Investments – due to subjective nature of the valuation methodology and management assumptions used. • Reclassification of financial assets – due to the implications of SLFRS 9- Financial Instruments from April 01, 2018.
Our Responses	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Documenting and testing the design, implementation and operating effectiveness of the investment valuation process and key controls in place; • Re-computing the disposal gains & losses relating to investment by referring to underlying documents; • Quoted Investments – Checking the CDS confirmation to verify the existence , completeness and accuracy of number of shares invested in each companies; • Agreeing the valuation of quoted investments in portfolio to externally quoted prices; • Comparing key underlying financial data inputs used in valuation to external sources such as investee company audited financial statements and management information where applicable; • Challenging the management on key assumptions used to produce cash flow projections and discount factor applied to those projections; • Checking whether the classification between available for sale financial assets to fair value through profit or loss financial assets have been made under SLFRS 09 based on the intention of the management towards the financial assets; • Assessing the adequacy of disclosure in the financial statement and inherent degree of subjectivity and key assumption in the estimates as required by the relevant accounting standards.

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

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 Company's and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

June 18, 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Rupees Thousands

For the year ended 31st March	Note	Group		Company	
		2019	2018	2019	2018
Revenue	11	518,282	1,200,124	165,882	537,257
Impairment loss on available for sale financial assets		-	(91,351)	-	(21,479)
Impairment loss on investments in subsidiaries		-	-	-	(45,500)
Net change in fair value of fair value through profit or loss financial assets		(2,539,648)	(42,573)	(903,660)	1,571
Profit/(loss) on investment activities		(2,021,366)	1,066,200	(737,778)	471,849
Gain on disposal of property, plant and equipment		-	6	-	-
Administrative and other operating expenses		(255,978)	(230,519)	(86,922)	(103,417)
Profit/(loss) from operations	12	(2,277,344)	835,687	(824,700)	368,432
Net finance income / (expense)	13	(14,946)	302	(4,168)	-
Profit/(loss) from operations after net finance income / (expense)		(2,292,290)	835,989	(828,868)	368,432
Share of profit of equity accounted investee, net of tax	14	6,909	11,027	-	-
Profit/(loss) before taxation		(2,285,381)	847,016	(828,868)	368,432
Income tax expense	15	(58,288)	(50,697)	(1,626)	(2,535)
Profit/(loss) for the year		(2,343,669)	796,319	(830,494)	365,897
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Actuarial loss on employee benefit obligation	30	(259)	(1,454)	-	-
Related tax on employee benefits	24	73	407	-	-
Net change in fair value of fair value through other comprehensive income financial assets		(124,673)	-	-	-
Items that are or may be reclassified to profit or loss					
Net change in fair value of available for sale financial assets		-	(336,542)	-	463,489
Transfer of realised gains on disposal of available for sale financial assets		-	(130,241)	-	(48,960)
Share of other comprehensive income / (expense) of equity accounted investee, net of tax	14	30	(5,720)	-	-
Net exchange differences on translation of foreign operations		59,452	8,626	-	-
Other comprehensive income / (expense) for the year		(65,377)	(464,924)	-	414,529
Total comprehensive income / (expense) for the year		(2,409,046)	331,395	(830,494)	780,426
Profit/(loss) attributable to:					
Equity holders of the parent		(1,921,652)	616,627	(830,494)	365,897
Non controlling interest		(422,017)	179,692	-	-
		(2,343,669)	796,319	(830,494)	365,897
Total comprehensive income/ (expense) attributable to:					
Equity holders of the parent		(1,982,149)	278,832	(830,494)	780,426
Non controlling interest		(426,897)	52,563	-	-
		(2,409,046)	331,395	(830,494)	780,426
Earnings/(loss) per share (Rs.)	16	(21.65)	6.95	(9.35)	4.12
Dividend per share	17	0.75	3.00	0.75	3.00

The notes to the financial statements from pages 47 to 102 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 2019	2018	Company 2019	2018
ASSETS					
Non-current assets					
Property, plant and equipment	18	2,185	2,854	-	-
Intangible assets	19	247,846	252,292	-	-
Investments in subsidiaries	20	-	-	2,155,687	2,096,299
Investment in equity accounted investee	21	48,125	41,186	35,000	35,000
Investments in equity and debt securities	22	4,087,651	13,877,856	-	4,323,816
Investments in unit trusts	23	-	45,293	-	22,646
Investments in fixed deposits		257,485	-	-	-
Deferred tax asset	24	2,611	512	-	-
Total non-current assets		4,645,903	14,219,993	2,190,687	6,477,761
Current assets					
Trade and other receivables	25	44,019	27,763	18,278	6,246
Current tax assets		30,738	33,691	22,116	19,732
Investments in equity and debt securities	22	9,642,658	1,676,993	3,847,122	204,274
Investments in unit trusts	23	188,711	772,540	5,246	-
Investments in fixed deposits		1,346,479	1,172,137	-	-
Cash and cash equivalents	26	160,979	609,203	33,860	199,688
Total current assets		11,413,584	4,292,327	3,926,622	429,940
Total assets		16,059,487	18,512,320	6,117,309	6,907,701
EQUITY AND LIABILITIES					
Equity					
Stated capital	27	1,128,726	1,128,726	1,128,726	1,128,726
Capital reserves	28	324,751	324,721	208,660	208,660
Revenue reserves	29	11,634,465	13,616,223	4,549,667	5,444,526
Total equity attributable to equity holders of the parent		13,087,942	15,069,670	5,887,053	6,781,912
Non controlling interest		2,629,463	3,197,287	-	-
Total equity		15,717,405	18,266,957	5,887,053	6,781,912
Non-current liabilities					
Employee benefits	30	7,758	7,426	-	-
Total non-current liabilities		7,758	7,426	-	-
Current liabilities					
Trade and other payables	31	147,748	209,844	62,351	111,153
Current tax liabilities		13,056	9,742	-	-
Short term borrowings		162,430	-	162,430	-
Bank overdraft	26	11,090	18,351	5,475	14,636
Total current liabilities		334,324	237,937	230,256	125,789
Total liabilities		342,082	245,363	230,256	125,789
Total equity and liabilities		16,059,487	18,512,320	6,117,309	6,907,701
Net assets per ordinary / deferred share (Rs.)		147.42	169.74	66.31	76.39

The notes to the financial statements from pages 47 to 102 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 the Investment Managers,

Approved & signed on behalf of the Board,

(sgd.)

K. Selvanathan

Director

Guardian Fund Management Limited

Colombo

18th June 2019

(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 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/ fair value through OCI financial assets reserve	
Group												
Balance as at 1st April 2017	1,128,726	7,805	316,741	5,895	70,421	703	32,668	5,662,417	8,180,373	15,405,749	3,214,856	18,620,605
Profit for the year	-	-	-	-	-	-	-	-	616,627	616,627	179,692	796,319
Other comprehensive income / (expense) for the year	-	-	-	(5,720)	6,144	-	-	(337,172)	(1,047)	(337,795)	(127,129)	(464,924)
Total comprehensive income / (expense) for the year	-	-	-	(5,720)	6,144	-	-	(337,172)	615,580	278,832	52,563	331,395
Cash dividend	-	-	-	-	-	-	-	-	(621,462)	(621,462)	(71,941)	(693,403)
Forfeiture of unclaimed dividends	-	-	-	-	-	-	-	-	6,551	6,551	1,809	8,360
Transfers (note 29.2)	-	-	-	-	-	455	-	-	(455)	-	-	-
Balance as at 31st March 2018	1,128,726	7,805	316,741	175	76,565	1,158	32,668	5,325,245	8,180,587	15,069,670	3,197,287	18,266,957
Balance as at 1st April 2018												
Impact of adopting SLFRS 9 as at 1 April 2018	-	-	-	-	-	-	-	(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	15,069,670	3,197,287	18,266,957
Loss for the year	-	-	-	-	-	-	-	-	(1,921,652)	(1,921,652)	(422,017)	(2,343,669)
Other comprehensive income / (expense) for the year	-	-	-	30	43,107	-	-	(103,448)	(186)	(60,497)	(4,880)	(65,377)
Total comprehensive income / (expense) for the year	-	-	-	30	43,107	-	-	(103,448)	(1,921,838)	(1,982,149)	(426,897)	(2,409,046)
Effect due to change in shareholdings	-	-	-	-	-	-	-	-	63,517	63,517	(122,983)	(59,466)
Cash dividend	-	-	-	-	-	-	-	-	(66,585)	(66,585)	(18,599)	(85,184)
Forfeiture of unclaimed dividends	-	-	-	-	-	-	-	-	3,489	3,489	655	4,144
Transfers (note 29.2)	-	-	-	-	-	(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	13,087,942	2,629,463	15,717,405

The notes from pages 47 to 102 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 2017	1,128,726	7,805	200,855	1,159,668	14,961	4,109,247	6,621,262
Profit for the year	-	-	-	-	-	365,897	365,897
Other comprehensive income for the year	-	-	-	414,529	-	-	414,529
Total comprehensive income for the year	-	-	-	414,529	-	365,897	780,426
Cash dividend	-	-	-	-	-	(621,462)	(621,462)
Forfeiture of unclaimed dividends	-	-	-	-	-	1,686	1,686
Balance as at 31st March 2018	1,128,726	7,805	200,855	1,574,197	14,961	3,855,368	6,781,912
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 SIFRS 9 as at 1 April 2018	-	-	-	(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

The notes from pages 47 to 102 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	
		2019	2018	2019	2018
Cash flows from operating activities					
Profit/(Loss) before taxation		(2,285,381)	847,016	(828,868)	368,432
Adjustments for:					
Share of profit of equity accounted investee, net of tax	14	(6,909)	(11,027)	-	-
Depreciation on property, plant & equipment	18	912	2,151	-	-
Amortisation of intangible assets	19	4,446	1,852	-	-
Gain from disposal of property, plant and equipment		-	(6)	-	-
Provision for employee benefit	30	1,957	2,426	-	-
Net finance (income) / expense	13	14,946	(302)	4,168	-
Impairment loss on available for sale financial assets		-	91,351	-	21,479
Impairment loss on investments in subsidiaries		-	-	-	45,500
Net change in fair value of fair value through profit or loss financial assets		2,539,648	42,573	903,660	(1,571)
Operating profit before working capital changes		269,619	976,034	78,960	433,840
(Increase) / decrease in trade and other receivables		(16,256)	66,419	(12,032)	139,030
(Increase) / decrease in investments		(210,659)	(14,807)	(205,292)	37,743
Net increase in investment in fixed deposits		(431,827)	(1,172,137)	-	-
Increase / (decrease) in trade and other payables		28,298	(13,233)	10,314	420
Cash generated from / (used in) operations		(360,825)	(157,724)	(128,050)	611,033
Employee benefit paid	30	(1,884)	(6,933)	-	-
Current tax paid		(54,047)	(55,435)	(4,010)	(7,964)
Net cash generated from / (used in) operating activities		(416,756)	(220,092)	(132,060)	603,069
Cash flows from investing activities					
Acquisition of property, plant & equipment	18	(243)	(450)	-	-
Investments in subsidiary		(59,388)	-	(59,388)	-
Proceeds from disposal of property, plant and equipment		-	1,462	-	-
Acquisition of intangible assets	19	-	(22,227)	-	-
Dividend received from jointly controlled entity		-	945	-	-
Finance income received		166	362	-	-
Net cash used in investing activities		(59,465)	(19,908)	(59,388)	-
Cash flows from financing activities					
Dividend paid		(123,481)	(535,910)	(123,481)	(535,910)
Dividend paid to non controlling interest		(47,953)	(80,050)	-	-
Short term borrowings obtained		162,430	-	162,430	-
Redemptions of units		(78)	-	-	-
Finance expense paid		(15,112)	(60)	(4,168)	-
Net cash generated from / (used in) financing activities		(24,194)	(616,020)	34,781	(535,910)
Net increase / (decrease) in cash and cash equivalents		(500,415)	(856,020)	(156,667)	67,159
Cash and cash equivalents at the beginning of the year		590,852	1,438,246	185,052	117,893
Net exchange differences on translation of foreign operations		59,452	8,626	-	-
Cash and cash equivalents at the end of the year	26	149,889	590,852	28,385	185,052

The notes from pages 47 to 102 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 entity is located at No. 61, Janadhipathi Mawatha, Colombo 01.

The consolidated financial statements of the Company as at and for the year ended 31 March 2018 comprise 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 five subsidiaries out of which two subsidiaries are listed on the Colombo Stock Exchange set out in the note 20 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 listed, private equity and fixed income investments and 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 Director's 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 21 (2018 – 20) employees at the end of the financial year. The Company had no employees as at the reporting date (2018 - 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 18th June 2019.

(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 fair value through profit or loss are measured at fair value;
- Fair value through other comprehensive income;
- 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.

(c) 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

NOTES TO THE FINANCIAL STATEMENTS

(‘the functional currency’). The consolidated financial statements are presented in Sri Lankan Rupees, which is the Company’s functional and presentation currency.

(d) 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 revenue authorities. 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 the 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 24.

(a) Equity and debt securities

The fair values of investments in equity and debt 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.

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 are comprised of those items as explained in Note 26.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The Company has applied SLFRS 15 and SLFRS 9 from 1 January 2018. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

Except for the above, the accounting policies set out below have been applied consistently to all periods presented in these financial statement.

The Accounting Policies set out below have been applied consistently to all periods presented in the Financial Statements of the Group and the Company unless otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2018. 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 the following:

Power over the investee

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

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 acquire; plus if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less

The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain 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.

Transactions 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 acquire 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 where ever 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.

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 an available-for-sale 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 intragroup 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

(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

NOTES TO THE FINANCIAL STATEMENTS

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:

Fair value through other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);

(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 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 that 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 item 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) Financial instruments

• 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 Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at 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.

Financial Assets-Policy applicable from 1 April 2018

- **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 debtors, related party receivables, short term investments and cash & cash equivalent.

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 investment in equity Investments and unit trusts are classified as fair value through OCI and FVTPL

- **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.

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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.

- **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.

- **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.

Policy applicable before 1 April 2018

(i) Non-derivative financial assets

The Group classifies non-derivative financial assets into the following categories; financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as fair value through profit or loss (FVTPL) or is designated as such on initial recognition if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented investment or risk management strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Financial assets classified as FVTPL comprise short-term sovereign debt securities actively managed by the Group's treasury department to address short-term liquidity needs.

Financial assets designated as fair values through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Specific instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, securities purchased under resale agreements and call deposits with maturities of three months or less from the acquisition date

that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented in the available for sale financial assets reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

(ii) Financial liabilities

Classification, subsequent measurement and gain 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 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.

Other financial liabilities comprise loans and borrowings, debt securities issued (including certain preference shares), bank overdrafts, and trade and other payables. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

De-recognition

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

3.11 Impairment

(a) Financial Assets

Policy Applicable from 1 January 2018

The Group recognises loss allowances for 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 is 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.

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 recovery of amounts due.

Policy Applicable before 1 April 2018

(i) Non derivative financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there

is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20 percent to be significant and a period of 9 months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future

NOTES TO THE FINANCIAL STATEMENTS

cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount.

An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's

recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or 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 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. 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. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) 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.

(d) 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; and capitalised borrowing costs.

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.

(e) Intangible assets and goodwill

(i) Recognition and measurement

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with 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, licensed for use by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's 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 Income using the straight line method over 3 to 10 years.

NOTES TO THE FINANCIAL STATEMENTS

(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 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.

(f) 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 in every 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.

(g) 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.

(i) Contingent liabilities and contingent assets

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.

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.

(h) Revenue

The Group has initially applied SLRS 15- "Revenue from contracts with customers" from 1 April 2018.

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 consolidation specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer. Determining the timing of the transfer of control at a point in time or over time require judgement.

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

(i) Dividend Income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(ii) Gain on disposal of financial assets (categorized as available for sale / fair value through profit or loss)

Profits or losses on disposal of investments are accounted for in the Statement of Income on the basis of realized net profit.

(iii) Portfolio Management fee income

Management fee income is recognised on accrual basis.

(iv) Interest income

Interest income comprises the amounts earned on funds invested (including available-for-sale financial assets), and is recognised as it accrues in profit or loss, using the effective interest method.

(v) Other income

Net gains and losses of a revenue nature resulting from the disposal of property, plant & equipment have been accounted for in the Profit of Loss.

(i) 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 has 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 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 profit or loss when the related services are performed.

(j) Income tax expense

Income Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in 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.

NOTES TO THE FINANCIAL STATEMENTS

(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 takes into account 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 four subsequent years.

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

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

The Group has applied SLFRS 15 and SLFRS 9 from 1 April 2018. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

A. SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced LKAS 18 Revenue, LKAS 11 Construction contracts and related interpretations. Under SLFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer control-at a point in time or over time- requires judgment.

SLFRS 15 does not have a material impact to the company as the current accounting policy does not significantly differ from SLFRS 15. Accordingly, there was no impact on the comparative figures presented in the statement of financial position, statement of changes in equity and statement of cash flows. Further, the change in accounting policy has no impact on the reported amount in accumulated profits as at 01 April 2018.

B. SLFRS 9 Financial Instruments

SLFRS 9 set out requirements for recognized and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS

39 Financial Instruments: Recognition and Measurement.

Additionally, the Group has adopted consequential amendments to SLFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019 but have not been generally applied to comparative information.

SLFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 9 eliminates the previous LKAS 39 categories of held to maturity, loans and receivables and available for sale. SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities.

The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SLFRS 9 are recognized in retained earnings and reserves as at 01 April 2018. Accordingly, the information presented for 2017/18 does not generally reflect the requirements of SLFRS 9, but rather those of LKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If an investment in a debt security had low credit risk at the date of initial application of SLFRS 9, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

Accordingly, the following table summarizes the impact, net of tax, of transition to SLFRS 9 on the opening balance of reserves, retained earnings.

Group	Revenue reserves			Total revenue reserves
	Available for sale financial assets reserve	Retained earning	Other revenue reserves	
As at 31st March 2018 (Under LKAS 39)	5,325,245	8,180,587	110,391	13,616,223
Impact on reclassification and remeasurement				
- Classification of Investment securities (equity) from available-for-sale to FVTPL under SLFRS 9	(1,848,093)	1,848,093		
- Classification of investment securities (unit trust - unquoted) from available-for-sale to FVTPL under SLFRS 9	(16,676)	16,676		
As at 1st April 2018 (Under SLFRS 9)	3,460,476	10,045,356	110,391	13,616,223

The following table and the accompanying notes below explain the original measurement categories under LKAS 39 and the new measurement categories under SLFRS 9 for each class of the Company's financial assets as at 01 April 2018.

Company	Revenue reserves			Total revenue reserves
	Available for sale financial assets reserve	Retained earning	Other revenue reserves	
As at 31st March 2018 (Under LKAS 39)	1,574,197	3,855,368	14,961	5,444,526
Impact on reclassification and remeasurement				
- Classification of Investment securities (equity) from available-for-sale to FVTPL under SLFRS 9	(1,564,051)	1,564,051	-	-
- Classification of investment securities (unit trust - unquoted) from available-for-sale to FVTPL under SLFRS 9	(10,146)	10,146	-	-
As at 1st April 2018 (Under SLFRS 9)	-	5,429,565	14,961	5,444,526

	Original classification under LKAS 39	New classification under SLFRS 9	Group		Company	
			Original carrying amount under LKAS 39	New carrying amount under SLFRS 9	Original carrying amount under LKAS 39	New carrying amount under SLFRS 9

Financial assets

Investment in equity securities - quoted : excluding strategic	Available-for-sale	FVTPL	9,517,445	9,517,445	4,290,752	4,290,752
Investment in equity securities - quoted : strategic	Available-for-sale	FVOCI	4,212,324	4,212,324	-	-
Investment in equity securities - unquoted	Available-for-sale	FVTPL	33,073	33,073	33,063	33,063
Investment in equity securities - private equity	Available-for-sale	FVTPL	115,009	115,009	-	-
Investment in debentures - unquoted	Available-for-sale	FVOCI	5	5	1	1
Investment in unit trust - unquoted	Available-for-sale	FVTPL	45,293	45,293	22,646	22,646
Trade and other receivables	Loans and receivables	Amortised cost	22,654	22,654	6,059	6,059
Investment in equity securities - quoted	FVTPL	FVTPL	1,676,993	1,676,993	204,274	204,274
Investment in unit trust - unquoted	FVTPL	FVTPL	772,540	772,540	-	-
Investment in fixed deposits	Loans and receivables	Amortised cost	1,172,137	1,172,137	-	-
Cash at bank	Loans and receivables	Amortised cost	357,770	357,770	176,328	176,328
Placements with banking institutions	Loans and receivables	Amortised cost	50,603	50,603	-	-
Securities purchased under resale agreements	Loans and receivables	Amortised cost	200,830	200,830	23,360	23,360
Total financial assets			18,176,676	18,176,676	4,756,483	4,756,483

NOTES TO THE FINANCIAL STATEMENTS

The investment in equity securities - quoted shares and unquoted shares represent investments that the Group intends not to hold for strategic purposes. Accordingly, as permitted by SLFRS 9, the Group has designated these investments at the date of initial application as measured at FVTPL.

- Under LKAS 39, investment in unit trusts were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on the same basis. These assets have been classified as FVTPL under SLFRS 9.
- Other receivables, securities purchased under resale agreements, cash at bank and cash in hand that were classified as loans and receivables under LKAS 39 are now classified as amortized cost.

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

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

Effective Date -1 January 2019

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment features with negative compensation (Amendments to SLFRS 9).
- Annual Improvements to SLFRS Standards 2015-2017 Cycle- various standards.
- Annual Improvements to LKAS12 Income Taxes.
- SLFRS 16 – Leases SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between On-Balance Sheet finance leases and Off-Balance Sheet operating leases. Instead, there will be a single On-Balance Sheet accounting model that is similar to current finance lease accounting. SLFRS 16 is effective for annual reporting periods beginning on or after 01 January 2019.

Effective Date -1 January 2020

- Amendments to References to Conceptual Framework in SLFRS standards
- Amendments to LKAS 1 and LKAS 8

In Rupees Thousands

11. REVENUE

For the year ended 31st March	Group		Company	
	2019	2018	2019	2018
Net gain/loss from disposal of investment in equity securities (AFS and FVTPL)	(112,305)	496,984	(25,415)	125,790
Net gain from disposal of Investment in unit trusts	46,909	106,789	7,193	12,568
Dividend income	433,707	777,670	181,285	387,584
Interest income on financial assets carried at amortised cost (note 11.1)	230,191	150,948	2,819	11,315
Management fees	115,250	107,040	-	-
	713,752	1,639,431	165,882	537,257
Intra-group transactions	(195,470)	(439,307)	-	-
	518,282	1,200,124	165,882	537,257
11.1 Interest income on financial assets carried at amortised cost				
Cash at bank	2,500	2,422	720	900
Securities purchased under resale agreements	11,796	33,957	2,099	9,059
Placements with banking institutions	215,895	114,569	-	1,356
	230,191	150,948	2,819	11,315

12. PROFIT/LOSS FROM OPERATIONS

Profit/loss from operations is stated after charging all expenses include the following:

For the year ended 31st March	Group		Company	
	2019	2018	2019	2018
Auditors' remuneration & expenses				
- Audit and audit related fees	3,994	3,958	658	685
- Non audit services	284	288	-	-
Directors' fees	21,372	19,950	14,801	13,837
Support service fees*	31,791	36,401	11,804	12,975
Depreciation	912	2,151	-	-
Amortisation	4,446	1,852	-	-
Professional service fees (note 12.a)	12,113	1,667	-	313
Personnel cost (note 12.b)	79,842	81,301	-	-

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

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In Rupees Thousands

12.a Professional service fees

For the year ended 31st March	Group		Company	
	2019	2018	2019	2018
Legal services	1,152	710	-	-
Valuation services	10	10	-	-
Other professional services	10,951	947	-	313
	12,113	1,667	-	313

12.b Personnel cost

Salaries, wages and other related expenses	71,888	73,048	-	-
Defined benefit plan cost (note 30)	1,957	2,426	-	-
Defined contribution plan cost	5,997	5,827	-	-
	79,842	81,301	-	-
The above include				
Directors' emoluments	11,550	28,326	-	-
	11,550	28,326	-	-

13. NET FINANCE INCOME / (EXPENSE)

For the year ended 31st March	Group		Company	
	2019	2018	2019	2018
Finance income				
Interest income	74	337	-	-
Exchange gain	92	25	-	-
	166	362	-	-
Finance expense				
Interest on short term loans and bank overdraft	15,112	27	4,168	-
Exchange losses	-	33	-	-
	15,112	60	4,168	-
Net finance income / (expense)	(14,946)	302	(4,168)	-

14. SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEE, NET OF TAX

For the year ended 31st March	Investor's share of profit net of tax		Investor's share of other comprehensive income/ (expenses) net of tax	
	2019	2018	2019	2018
Guardian Acuity Asset Management Limited	6,909	11,027	30	(5,720)
	6,909	11,027	30	(5,720)

15. INCOME TAX EXPENSE

For the year ended 31st March	Group		Company	
	2019	2018	2019	2018
15.1 Current tax expense				
Provision for the year (note 15.3)	60,443	37,929	1,682	2,614
Over provision for previous year	(129)	(393)	(56)	(79)
Dividend tax on intercompany dividends	-	13,161	-	-
Dividend tax on dividend received from equity accounted investee	-	105	-	-
Current tax expense for the year	60,314	50,802	1,626	2,535
15.2 Deferred taxation				
Deferred tax asset originated during the year (note 24.1)	(2,026)	(105)	-	-
Deferred tax expense / (gain) for the year	(2,026)	(105)	-	-
Total income tax expense for the year	58,288	50,697	1,626	2,535

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

15.3 Reconciliation between accounting profit and taxable profit

For the year ended 31st March	Group		Company	
	2019	2018	2019	2018
Accounting profit / (loss) before taxation	(2,285,381)	847,016	(828,868)	368,432
Adjustments :				
Exempt (profits) / loss on sale of quoted public shares	112,305	(496,984)	25,415	(125,790)
Net gain from disposal of investments in unit trusts	(46,909)	(106,789)	(7,193)	(12,568)
Dividend income	(433,707)	(777,670)	(181,285)	(387,584)
Allowable claims	(6,167)	(14,458)	-	-
Impairment loss on available for sale financial assets	-	91,351	-	21,479
Impairment loss on investments in subsidiaries	-	-	-	45,500
Net change in fair value of fair value through profit or loss financial assets	2,539,648	42,573	903,660	(1,571)
Unit Trust - Interest Income (realised) (note 15.5 (c))	49,221	-	7,193	-
Expenses attributable to exempt profits	147,720	170,702	78,351	89,565
Disallowable expenses	49,139	40,652	8,735	11,872
Tax losses incurred during the year	-	3,525	-	-
Transactions adjusted on consolidation	109,538	346,688	-	-
Share of profit of equity accounted investees net of tax	(6,910)	(11,027)	-	-
Utilisation of tax losses (note 15.4)	(12,629)	(118)	-	-
Adjusted profit for taxation	215,868	135,461	6,008	9,335
Current tax liability for the year				
Current tax expense of the Company (note 15.5 (a))	1,682	2,614	1,682	2,614
Current tax expense of subsidiaries (note 15.5 (a))	58,761	35,315	-	-
	60,443	37,929	1,682	2,614

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	
	2019	2018	2019	2018
Tax losses brought forward	17,681	13,737	-	-
Adjustment on finalisation of income tax liability	2,921	537	-	-
Tax losses incurred during the year	-	3,525	-	-
Utilisation of tax losses during the year	(12,629)	(118)	-	-
Tax losses carried forward	7,973	17,681	-	-

15.5 Summary of provision applicable under relevant tax legislation

- (a) In accordance with the provisions of the Inland Revenue Act, No. 24 of 2017, the Company and all the other Companies of the Group (excluding "The Sri Lanka Fund" which is domiciled in Cayman Island) are liable to income tax at the standard rate of 28% (2018 - 28%) subject to exemptions disclosed in note 15.5 (b).
- (b) 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.
- (c) 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.
- (d) Economic Service Charge (ESC) paid by the Company and its subsidiaries are available as income tax credit over a period of four subsequent years. In instances where recoverability is not possible due to tax status, sums paid are written-off against profit / loss.
- (e) 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 un-utilised 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 un-utilised tax losses can be carried forward for 6 subsequent years.

16. EARNINGS/(LOSS) PER SHARE

The following reflect the earnings and share data used for the computation of earnings per ordinary / deferred share:

For the year ended 31st March	Group		Company	
	2019	2018	2019	2018
Amount used as the numerator				
Profit for the year attributable to the shareholders of the parent	(1,921,652)	616,627	(830,494)	365,897
Amount used as the 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.)	(21.65)	6.95	(9.35)	4.12

* 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.

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17. DIVIDEND PER SHARE

For the year ended 31st March		Company	
		2019	2018
17.1 Dividend paid during the year			
Interim /Final dividend			
Cash dividend - ordinary / deferred shares		66,585	621,462
Total dividend - ordinary / deferred shares		66,585	621,462
17.2 Dividend proposed during the year			
First interim dividend - cash			
- On ordinary shares		62,234	248,937
- On deferred shares		4,351	17,404
Total proposed dividend		66,585	266,341
Dividend per share (Rs.)		0.75	3.00

18. PROPERTY, PLANT AND EQUIPMENT - GROUP

	Office equipment	Computer equipment	Furniture and fittings	Total 2019	Total 2018
Cost					
Balance as at the beginning of the year	258	6,062	5,094	11,414	20,724
Additions during the year	-	243	-	243	450
Disposals during the year	-	-	-	-	(9,760)
Balance as at the end of the year	258	6,305	5,094	11,657	11,414
Accumulated depreciation					
Balance as at the beginning of the year	211	5,265	3,084	8,560	14,713
Charge for the year	14	578	320	912	2,151
Disposals during the year	-	-	-	-	(8,304)
Balance as at the end of the year	225	5,843	3,404	9,472	8,560
Carrying value as at the end of the year	33	462	1,690	2,185	2,854

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

As at 31st March	Group	
	2019	2018
Office equipment	186	186
Furniture and fittings	1,894	1,894
Computer equipment	5,477	4,181
	7,557	6,261

18.2 The Group does not have any leased assets as at the reporting date.

18.3 No borrowing costs were capitalized during the year (2018 - Nil).

18.4 Fixed assets were not pledged as security as at the reporting date.

19. INTANGIBLE ASSETS - GROUP

	Goodwill on consolidation	Computer software	Total 2019	Total 2018
Cost				
Balance as at the beginning of the year	231,917	37,577	269,494	247,267
Additions during the year	-	-	-	22,227
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	-	17,202	17,202	15,350
Charge for the year	-	4,446	4,446	1,852
Balance as at the end of the year	-	21,648	21,648	17,202
Carrying value as at the end of the year	231,917	15,929	247,846	252,292

19.1

As at 31st March	2019	2018
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

Taking in to consideration the net asset value of the company, investment potential of its cash and cash equivalents and the forecasted growth of its current investment portfolio, the Board of Directors is confident that no adjustment is required for impairment of Goodwill on acquisition of Guardian Capital Partners PLC.

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20. INVESTMENT IN SUBSIDIARIES

As at 31st March	Group		Company					
	2019	2018	2019		2018			
	Effective holdings %		No of shares	Cost	Fair value	No of shares	Cost	Fair value
20.1 Quoted investments								
Ceylon Investment PLC	65.94	64.36	65,577,052	1,356,609	2,393,562	64,010,916	1,297,221	2,752,469
Guardian Capital Partners PLC	83.97	83.97	21,692,800	658,661	440,364	21,692,800	658,661	605,229
				2,015,270	2,833,926		1,955,882	3,357,698
20.2 Unquoted investments								
Rubber Investment Trust Limited	82.98	82.19	3,955,609	316	3,591,016	3,955,609	316	3,889,472
Guardian Fund Management Limited	100.00	100.00	2,848,678	73,321	29,436	2,848,678	73,321	27,821
The Sri Lanka Fund	71.92	71.22	1,265,823	112,280	164,031	1,265,823	112,280	164,031
				185,917	3,784,483		185,917	4,081,324
				2,201,187	6,618,409		2,141,799	7,439,022
Provision for impairment				(45,500)	-		(45,500)	-
Total investment in subsidiaries				2,155,687	6,618,409		2,096,299	7,439,022

The fair value of quoted investments are based on the volume weighted average prices as at 31st 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.

The Company has provided for impairment amounting to Rs.45.5 Mn on the investment in subsidiary "Guardian Fund Management Limited" due to continuous losses and depletion in net asset value.

20.3 Non-controlling interests

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

As at 31st March		Ownership interest held by NCI - %	
		2019	2018
Ceylon Investment PLC	Investment holding	34.06	35.64
Rubber Investment Trust Limited	Investment holding	17.02	17.81

Given below are the summarised financial information of these subsidiaries.

For the year ended /as at 31st March	Ceylon Investment PLC		Rubber Investment Trust Limited	
	2019	2018	2019	2018
Revenue	169,018	449,610	211,491	379,807
Profit/(loss) for the year	(1,186,302)	512,245	(422,360)	269,547
Total other comprehensive expense for the year	(62,274)	(349,468)	(124,673)	(1,016,990)
Total comprehensive income / (expense) for the year	(1,248,576)	162,777	(547,033)	(747,443)
Non current assets	3,584,558	7,521,382	4,242,216	5,803,698
Current assets	3,701,957	1,077,923	2,944,422	1,980,308
Total assets	7,286,515	8,599,305	7,186,638	7,784,006
Current liabilities	(62,106)	(78,518)	(10,247)	(11,176)
Net assets	7,224,409	8,520,787	7,176,391	7,772,830
Net cash generated from / (used in) operating activities	(41,108)	297,965	351,589	(767,456)
Net cash generated from investing activities	24,678	105,957	-	-
Net cash used in financing activities	(87,849)	(319,153)	(49,406)	(225,293)
Net increase / (decrease) in cash and cash equivalents	(104,279)	84,769	302,183	(992,749)

21. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

21.1 Group

As at 31st March	2019		2018	
	Cost	Carrying value	Cost	Carrying value
Investment in jointly controlled entity (note 21.3)	35,000	48,125	35,000	41,186
	35,000	48,125	35,000	41,186

21.2 Company

As at 31st March	2019		2018	
	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.

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21.3 Movement of investment in jointly controlled entity

For the year ended 31st March	2019 Carrying value	2018 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	6,186	1,929
Share of profit of equity accounted investee, net of tax	6,909	11,027
Dividend received from equity accounted investee (gross dividend)	-	(1,050)
Share of other comprehensive income/(expense) net of taxation	30	(5,720)
As at the end of the year	13,125	6,186
Carrying value of total investment in jointly controlled entity on equity method	48,125	41,186

21.4 Summarised financial information of the jointly controlled entity

For the year ended 31st March /As at 31st March	2019	2018
Revenue	42,231	40,847
Profit for the year	13,819	22,054
Total other comprehensive income / (expense) for the year	59	(11,439)
Total comprehensive income for the year	13,878	10,615
Applicable to the group (50%)	6,939	5,307
Total non-current assets	1,524	1,509
Total current assets	105,061	89,519
Total assets	106,585	91,028
Total non-current liabilities	(1,287)	(1,018)
Total current liabilities	(9,048)	(7,638)
Net assets	96,250	82,372
Applicable to the group (50%)	48,125	41,186

22. INVESTMENTS IN EQUITY AND DEBT SECURITIES

The effect of initially applying SLFRS 9 in the Group's financial instruments is described in Note 9.B. Due to the transition method chosen in applying SLFRS 9, comparative information has not been restated to reflect the new requirements.

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, and its investments in debt securities under fair value through other comprehensive income which was earlier classified as "available for sale" category under LKAS 39. Accordingly, the accumulated fair value gain amounting to Rs.1,848 Mn (Company Rs.1,564 Mn) included in the Available for Sale Financial Assets reserve in equity has been reclassified to the retained earnings on 1 April 2018.

22.1 Summary - Group

As at 31st March	Note	2019 Fair value	2018 Fair value
Non Current Assets			
Investment in Equity Securities- Quoted Shares- Available for sale (AFS)	22.2	4,087,651	13,729,769
Investment in Equity Securities- Unquoted Shares- Available for sale (AFS)	22.3	-	33,073
Investment in Equity Securities- Private Equity (Unlisted) - Available for sale (AFS)	22.4	-	115,009
Investment in Debt Securities- Unquoted Debenture - Available for sale (AFS)	22.5	-	5
Total Investments in equity and debt securities-Non current assets		4,087,651	13,877,856
Current assets			
Investment in Equity Securities - Quoted Shares- Fair value through profit or loss (FVTPL)	22.2	9,251,960	1,676,993
Investment in Equity Securities- Unquoted Shares- Fair value through profit or loss (FVTPL)	22.3	33,836	-
Investment in Equity Securities- Private Equity (Unlisted)-Fair value through profit or loss (FVTPL)	22.4	149,761	-
Investment in Debt Securities- Treasury bonds - Fair value through profit or loss (FVTPL)	22.6	207,101	-
Total Investments in equity and debt securities-Current assets		9,642,658	1,676,993

Information about the Company's exposure to credit and market risks and fair value measurement are included in Note 33.

The fair value of the Group's listed investment portfolio is based on the volume weighted average price as at 31st March, published by the Colombo Stock Exchange.

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.

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22.a Movement in Investments in equity and debt securities - Group

Non current assets

	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 2019						
Investment in equity securities	13,877,851	-	-	(9,665,527)	(124,673)	4,087,651
Investment in debentures	5	-	-	(5)	-	-
	13,877,856	-	-	(9,665,532)	(124,673)	4,087,651

For the year ended 31st March 2018

Investment in equity securities	13,780,859	1,763,647	(1,234,291)	-	(432,364)	13,877,851
Investment in debentures	5	-	-	-	-	5
	13,780,864	1,763,647	(1,234,291)	-	(432,364)	13,877,856

Current assets

	Fair value as at the beginning of the year	Additions	Disposals/ write off	Transfers	Effect of currency translation	Fair value adjustment	Fair value as at the end of the year
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	(149,110)	-	-	5,869	207,101
	1,676,993	3,028,006	(2,244,853)	9,665,532	48,657	(2,531,677)	9,642,658
For the year ended 31st March 2018							
Investment in equity securities	1,721,907	380,245	(374,221)	-	7,414	(58,352)	1,676,993
	1,721,907	380,245	(374,221)	-	7,414	(58,352)	1,676,993

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

22.2 Investment in equity securities - quoted shares

As at 31st March	FVTPL				FVOCI		AFS	
	2019		2018		2019		2018	
	No. of shares	Fair value	No. of shares	Fair value	No. of shares	Fair value	No. of shares	Fair value
Banks								
Commercial Bank of Ceylon PLC	6,705,724	661,855	589,759	80,152	-	-	7,174,161	974,251
Hatton National Bank PLC	3,881,272	684,399	720,330	177,051	-	-	3,177,825	778,567
Hatton National Bank PLC - Non voting	3,178,165	467,190	731,212	136,298	-	-	3,049,642	568,453
National Development Bank PLC	299,546	28,217	53,039	7,059	-	-	-	-
Nations Trust Bank PLC	291,332	25,981	-	-	-	-	2,476,517	199,855
Nations Trust Bank PLC - Non voting	-	-	-	-	-	-	403,933	31,891
Sampath Bank PLC-Right Entitlement	-	-	-	-	-	-	715,647	35,496
Sampath Bank PLC	3,532,244	641,130	44,307	14,022	-	-	3,101,157	930,347
Seylan Bank PLC	433,843	27,245	1,449,855	125,970	-	-	-	-
Seylan Bank PLC-Non voting	-	-	412,274	22,716	-	-	437,992	24,133
Union Bank of Colombo PLC	2,573,954	28,313	3,156,620	40,405	-	-	-	-
		2,564,330		603,673		-		3,542,993
Finance								
Central Finance Company PLC	17,447,006	1,475,099	125,240	11,588	-	-	9,182,719	917,354
People's Leasing & Finance PLC	28,775,467	389,631	2,732,265	44,902	-	-	-	-
		1,864,730		56,490		-		917,354
Insurance								
Ceylinco Insurance PLC - Non voting	325,266	292,870	-	-	-	-	255,266	255,266
Ceylinco Insurance PLC	20,686	19,647	28,000	23,160	-	-	-	-
HNB Assurance PLC	2,343,869	271,186	-	-	-	-	2,465,008	207,061
People's Insurance PLC	5,770,794	113,685	-	-	-	-	6,219,800	133,726
People's Leasing and Finance PLC	-	-	-	-	-	-	24,255,724	383,240
Union Assurance PLC	199,000	59,620	-	-	-	-	-	-
		757,008		23,160		-		979,293
Beverage, Food & Tobacco								
Cargills (Ceylon) PLC	6,459,754	1,291,947	165,846	33,234	-	-	6,300,215	1,227,912
Distilleries Company of Sri Lanka PLC	19,444,293	282,102	541,243	4,011	-	-	3,429,626	25,414
		1,574,049		37,245		-		1,253,326
Construction & Engineering								
Access Engineering PLC	7,399,228	96,190	3,009,609	61,697	-	-	6,475,619	132,750
		96,190		61,697		-		132,750
Diversified								
Aitken Spence PLC	3,314,818	135,908	980,218	50,426	-	-	3,348,000	169,409
Expolanka Holdings PLC	5,000	20	4,513,348	22,628	-	-	6,845,150	33,541
Hayleys PLC	30,000	5,609	30,000	7,248	-	-	-	-
Hemas Holdings PLC	7,232,383	544,634	-	-	-	-	-	-
John Keells Holdings PLC	76,584	12,228	748,935	118,708	-	-	183,693	29,317
Melstacorp PLC	12,401,692	446,461	2,267,404	132,600	-	-	11,574,996	673,665
Softlogic Holdings PLC	-	-	469,964	5,889	-	-	-	-
		1,144,860		337,499		-		905,932
Footwear & Textiles								
Hayleys Fabric PLC	17,482,934	149,093	817,132	11,058	-	-	17,119,391	213,992
		149,093		11,058		-		213,992

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22.2 Investment in equity securities - quoted shares Contd.

As at 31st March	FVTPL				FVOCI		AFS	
	2019 No. of shares	Fair value	2018 No. of shares	Fair value	2019 No. of shares	Fair value	2018 No. of shares	Fair value
Health Care								
The Lanka Hospitals Corporation PLC	743,000	32,469	798,000	47,880	-	-	-	-
		32,469		47,880		-		-
Hotels & Travel								
Aitken Spence Hotel Holdings PLC	5,838,038	138,970	1,011,148	33,148	-	-	4,826,890	161,701
Serendib Hotels PLC - Non voting	730,308	9,202	730,696	10,960	-	-	-	-
		148,172		44,108		-		161,701
Land & Property								
Overseas Realty (Ceylon) PLC	700,000	11,480	700,000	12,670	-	-	-	-
		11,480		12,670		-		-
Manufacturing								
Alumex PLC	1,522,489	15,819	1,722,489	29,719	-	-	-	-
Chevron Lanka Lubricants PLC	841,565	54,381	841,565	90,411	-	-	-	-
Kelani Tyres PLC	-	-	516,748	25,424	-	-	-	-
Swisstek (Ceylon) PLC	390,000	14,377	390,000	23,498	-	-	-	-
Tokyo Cement Company (Lanka) PLC	6,744,158	141,105	757,687	44,662	-	-	7,356,113	397,230
Tokyo Cement Company (Lanka) PLC-Non voting	2,046,480	37,860	858,000	39,468	-	-	1,188,480	54,670
		263,542		253,182		-		451,900
Oil Palm								
Bukit Darah PLC	-	-	-	-	20,438,250	4,087,650	20,438,250	4,212,323
Bukit Darah PLC - Preference Shares - 8% participative cumulative	-	-	-	-	31,875	1	31,875	1
				-		4,087,651		4,212,324
Power and Energy								
Lanka IOC PLC	520,800	9,062	520,800	15,676	-	-	-	-
Laugfs GAS PLC	-	-	85,800	2,021	-	-	-	-
LVL Energy Fund PLC	11,569,600	91,400	1,257,100	12,445	-	-	10,312,500	102,094
		100,462		30,142		-		102,094
Telecommunication								
Dialog Axiata PLC	59,735,150	545,575	11,555,128	158,189	-	-	62,036,931	856,110
		545,575		158,189		-		856,110
Total Investment in Equity Securities- Quoted Shares		9,251,960		1,676,993		4,087,651		13,729,769

22.3 Investment in Equity Securities- Unquoted Shares

As at 31st March	2019			2018		
	FVTPL			AFS		
	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	33,816	1,428,496	15,714	33,053
Total investment in equity securities - unquoted Shares		15,734	33,836		15,734	33,073

22.4 Investment in equity securities - private equity (unlisted)

Findmyfare (Pvt) Ltd	276,074	45,000	69,761	276,074	45,000	45,000
hSenid Business Solutions (Private) Ltd	163,419	40,005	80,000	163,419	40,005	70,009
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)		127,123	149,761		127,123	115,009

During the financial year 2017/18, a provision of Rs. 42.1 mn was made by the subsidiary Company – Guardian Capital Partners PLC (GCP) against the entire investment in Swiss Institute for Service Industry Development (Pvt) Ltd, due to the discontinuation of operations arising from the conduct of the Managing Director / Promoter of the said investee Company. Further, during the year GCP and the other co-investors incurred Rs. 28 mn to settle an overdraft obtain by Swiss Institute for Service Industry Development (Pvt) Ltd. Accordingly the subsidiary company's share of Rs. 12.7 mn was charged to the profit or loss for the year. The subsidiary company and the other co-investors of the investee Company have instituted action in the Colombo Magistrates Court against the alleged misappropriation of funds by the said Managing Director / Promoter of the investee Company. The case is presently ongoing.

22.5 Investment in Debt Securities- Unquoted Debentures

As at 31st March	2019			2018		
	FVOCI			AFS		
	No. of debentures	Cost	Fair value	No. of debentures	Cost	Fair value
Redeemable unsecured						
Ocean View Limited - 6%	-	-	-	360	4	4
Tangerine Beach Hotels Limited - Zero Coupon	-	-	-	56	1	1
Total investment in debt securities- unquoted debenture		-	-		5	5

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22.6 Investment in treasury bonds

As at 31st March			2019		2018	
ISIN	Maturity Date	Coupon Rate	Face Value	Fair value	Face Value	Fair value
LKB00827A151	15-Jan-2027	11.40%	100,000	103,551	-	-
LKB00827A151	15-Jan-2027	11.40%	50,000	51,775	-	-
LKB00827A151	15-Jan-2027	11.40%	50,000	51,775	-	-
Total investment in treasury bonds			200,000	207,101	-	-

22.7 Summary - Company

As at 31st March	Note	2019 Fair value	2018 Fair value
Non Current Assets			
Investment in Equity Securities - Quoted Shares - Available for sale (AFS)	22.8	-	4,290,752
Investment in Equity Securities - Unquoted Shares - Available for sale (AFS)	22.9	-	33,063
Investment in Debt Securities - Unquoted Debenture - Available for sale (AFS)	22.10	-	1
Total Investments in equity and debt securities-Non current assets		-	4,323,816
Current assets			
Investment in Equity Securities - Quoted Shares - Fair value through profit or loss (FVTPL)	22.8	3,813,296	204,274
Investment in Equity Securities - Unquoted Shares - Fair value through profit or loss (FVTPL)	22.9	33,826	-
Total Investments in equity and debt securities-Current assets		3,847,122	204,274

22.b Movement in equity and debit securities- Company

Non current asset

	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 2019						
Investment in equity securities	4,323,815	-	-	(4,323,815)	-	-
Investment in debentures	1	-	-	(1)	-	-
	4,323,816	-	-	(4,323,816)	-	-
For the year ended 31st March 2018						
Investment in equity securities	3,735,047	321,636	(172,643)	-	439,775	4,323,815
Investment in debentures	1	-	-	-	-	1
	3,735,048	321,636	(172,643)	-	439,775	4,323,816

22.b Movement in equity and debit securities- Company Contd.

Current asset

	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 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
For the year ended 31st March 2018						
Investment in equity securities	212,072	11,403	(20,772)	-	1,571	204,274
	212,072	11,403	(20,772)	-	1,571	204,274

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

22.8 Investment in equity securities - quoted shares

As at 31st March	FVTPL				AFS	
	2019		2018		2018	
	No. of shares	Fair value	No. of shares	Fair value	No. of shares	Fair value
Banks						
Commercial Bank of Ceylon PLC	3,008,998	296,988	-	-	3,106,263	421,831
Hatton National Bank PLC	1,613,949	282,441	-	-	1,713,949	419,918
Hatton National Bank PLC - Non voting	882,700	129,757	334,520	62,354	898,180	167,421
Seylan Bank PLC	240,167	15,082	326,276	28,321	-	-
Sampath Bank PLC-Right Entitlement	-	-	-	-	376,038	18,651
Sampath Bank PLC	1,789,200	322,233	-	-	1,629,506	488,852
Union Bank of Colombo PLC	772,500	8,498	772,500	9,888	-	-
		1,054,999		100,563		1,516,673
Finance						
Central Finance Company PLC	5,228,494	441,808	-	-	3,403,405	340,000
People's Leasing and finance PLC	3,981,305	53,349	-	-	3,981,305	62,905
		495,157		-		402,905
Insurance						
Ceylinco Insurance PLC - Non voting	115,256	103,777	-	-	115,256	115,256
HNB Assurance PLC	1,892,800	218,997	-	-	2,000,000	168,000
People's Insurance PLC	1,717,194	33,829	-	-	1,765,200	37,952
		356,603		-		321,208

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22.8 Investment in equity securities - quoted shares Contd.

As at 31st March	FVTPL				AFS	
	2019		2018		2018	
	No. of shares	Fair value	No. of shares	Fair value	No. of shares	Fair value
Beverage, Food & Tobacco						
Cargills (Ceylon) PLC	5,294,000	1,058,800	-	-	5,294,000	1,031,801
Distilleries Company of Ceylon PLC	5,218,850	75,673	157,037	1,164	1,309,227	9,701
		1,134,473		1,164		1,041,502
Construction & Engineering						
Access Engineering PLC	1,960,000	25,480	-	-	2,160,000	44,280
		25,480		-		44,280
Diversified						
Aitken Spence PLC	1,249,800	51,242	-	-	1,674,000	84,704
Hemas Holdings PLC	2,118,500	158,888	-	-	-	-
John Keells Holdings PLC	-	-	148,780	23,745	-	-
Melstacorp PLC	4,418,644	159,071	530,000	30,846	4,418,644	257,165
		369,201		54,591		341,869
Footwear & Textiles						
Hayleys Fabric PLC	8,417,992	71,553	-	-	8,645,207	108,065
		71,553		-		108,065
Health Care						
The Lanka Hospital Corporation PLC	295,000.00	12,892	350,000	21,000	-	-
		12,892		21,000	-	-
Hotels & Travels						
Aitken Spence Hotel Holdings PLC	2,557,315	60,608	-	-	2,557,315	85,670
Serendib Hotels PLC - Non Voting	464,012	5,847	464,400	6,966	-	-
		66,455		6,966		85,670
Manufacturing						
Tokyo Cement Company (Lanka) PLC	3,527,694	73,023	-	-	3,983,120	215,088
		73,023		-		215,088
Power & Energy						
Lanka IOC PLC	205,637	3,578	205,637	6,190	-	-
		3,578		6,190		-
Telecommunication						
Dialoq Axiata PLC	16,470,454	149,882	1,000,000	13,800	15,470,454	213,492
		149,882		13,800		213,492
Total investment in equity securities - quoted		3,813,296		204,274	-	4,290,752

22.9 Investment in equity securities - unquoted shares

As at 31st March	2019 FVTPL			2018 AFS		
	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	33,816	1,428,496	15,714	33,053
Total investment in equity securities - unquoted		15,724	33,826		15,724	33,063

22.10 Investment in debt securities - unquoted debentures

As at 31st March	2019 FVOCI			2018 AFS		
	No. of debentures	Cost	Fair value	No. of debentures	Cost	Fair value
Redeemable unsecured						
Ocean View Limited - 6%	-	-	-	120	1	1
Total investment in debt securities- unquoted debentures	-	-	-		1	1

23. INVESTMENT IN UNIT TRUSTS

The effect of initially applying SLFRS 9 in the Group's financial instruments is described in Note 9.B. Due to the transition method chosen in applying SLFRS 9, comparative information has not been restated to reflect the new requirements.

With the adoption of SLFRS 9, on 1 April 2018, the Company and the Group have classified its Investment in Unit trusts in equity funds under Fair value through profit or loss category, which was earlier classified as "available for sale" under LKAS 39. Accordingly, the accumulated fair value gain amounting to Rs. 16.7 Mn (Company Rs.10.1 Mn) included in the Available for sale Financial Assets reserve in equity has been reclassified to the retained earnings on 1 April 2018.

As at 31st March	Group				Company			
	2019 No. of Units	Fair value	2018 No. of Units	Fair value	2019 No. of Units	Fair value	2018 No. of Units	Fair value
Investment in unit trusts-Non current assets								
Guardian Acuity Equity fund	-	-	2,500,000	45,293	-	-	1,250,000	22,646
Total Investment in unit trusts- Non current assets				45,293				22,646
Investment in unit trusts-current assets								
Guardian Acuity Equity fund	620,159	9,095	-	-	310,079	4,547	-	-
Guardian Acuity Money Market Fund	10,211,256	179,616	34,454,677	542,072	39,720	699	-	-
Guardian Acuity Money Market Gilt Fund	-	-	1,811,207	230,468	-	-	-	-
Total Investment in unit trusts-current assets		188,711		772,540		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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24. DEFERRED TAX ASSET

As at 31st March	Group		Company	
	2019	2018	2019	2018
Balance as at the beginning of the year	512	-	-	-
Recognised for the year (note 24.1)	2,099	512	-	-
Balance as at the end of year	2,611	512	-	-

24.1 Recognised for the year

For the year ended	Group		Company	
	2019	2018	2019	2018
The amounts recognized in the statement of profit or loss are as follows;				
Property, plant and equipment	(226)	(1,567)	-	-
Employee benefits	20	1,672	-	-
Carried forward tax losses	2,232	-	-	-
	2,026	105	-	-
The amounts recognized in the statement of other comprehensive income are as follows;				
Employee benefits	73	407	-	-
	73	407	-	-
Recognised for the year	2,099	512	-	-

24.2 Deferred tax assets

As at 31st March	Group		Company	
	2019	2018	2019	2018
Employee benefits	2,172	2,079	-	-
Tax losses	2,232	-	-	-
Total deferred tax asset	4,404	2,079	-	-

24.3 Deferred tax liability

Property, plant and equipment	1,793	1,567	-	-
Total deferred tax liabilities	1,793	1,567	-	-
Net deferred tax asset	2,611	512	-	-

24.4 The deferred tax effect on undistributed reserves of the subsidiary companies have not been recognized since the Company can control the timing of the reversal of these temporary differences.

25. TRADE AND OTHER RECEIVABLES

As at 31st March	Group		Company	
	2019	2018	2019	2018
Financial				
Trade receivables	18,864	5,910	5,209	-
Dividend receivable	23,681	15,544	12,924	6,059
Other receivable	20	1,200	-	-
	42,565	22,654	18,133	6,059
Non financial				
Advances and prepaid expenses	1,454	5,109	145	187
	1,454	5,109	145	187
	44,019	27,763	18,278	6,246

26. CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2019	2018	2019	2018
Cash at bank and cash in hand	126,580	357,770	33,860	176,328
Placements with banking institutions	-	50,603	-	-
Securities purchased under resale agreements	34,399	200,830	-	23,360
Total cash and cash equivalents	160,979	609,203	33,860	199,688
Bank overdraft	11,090	18,351	5,475	14,636
	11,090	18,351	5,475	14,636
Net cash and cash equivalents for the purpose of cash flow statement	149,889	590,852	28,385	185,052

27. STATED CAPITAL

As at 31st March	2019		2018	
	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 27.2)	5,801,487	85,039	5,801,487	85,039
Balance as at the end of the year	88,780,355	1,128,726	88,780,355	1,128,726

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27.2 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.

28. CAPITAL RESERVES

As at 31st March	Group		Company	
	2019	2018	2019	2018
Investment reserve (note 28.1)	7,805	7,805	7,805	7,805
Other capital reserve (note 28.1)	316,741	316,741	200,855	200,855
Jointly controlled entity's capital reserve (note 28.2)	205	175	-	-
	324,751	324,721	208,660	208,660

28.1 Investment reserve and other capital reserve

These represent the amounts set aside to meet any contingencies.

28.2 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.

29. REVENUE RESERVES

As at 31st March	Group		Company	
	2019	2018	2019	2018
Currency translation reserve (note 29.1)	119,672	76,565	-	-
Fair value through profit or loss financial assets reserve (note 29.2)	-	1,158	-	-
Available for sale/fair value through OCI financial assets reserve (note 29.3)	3,357,028	5,325,245	-	1,574,197
General reserve (note 29.4)	32,668	32,668	14,961	14,961
Retained earnings	8,125,097	8,180,587	4,534,706	3,855,368
	11,634,465	13,616,223	4,549,667	5,444,526

29.1 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.

29.2 Fair value through profit or loss financial assets reserve

Net unrealised gains arising from fair value adjustment of fair value through profit or loss financial assets will be transferred from retained earnings to "Fair value through profit or loss financial assets reserve" as at the reporting date and any realised gains and unrealised losses arising from fair value adjustment of such assets will be transferred from "Fair value through profit or loss financial assets reserve" to retained earnings to the extent that transfer does not exceed the balance held in the said reserve as at that date.

During the year, Rs. 1.1 Mn was transferred from "Fair value through profit or loss financial assets reserve" of the Group (2018 - Rs. 0.45 Mn) and no transfer was made between said reserve and retained earnings of the Company (2018 - Nil) as shown in the Statement of Changes in Equity.

29.3 Available for sale / 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 applicable for fair value reserve on fair value through OCI financial assets. The movement of these reserve is given in the statement of changes in equity.

29.4 General reserve

This represents the amounts set aside to meet any contingencies.

30. EMPLOYEE BENEFITS - GROUP

As at 31st March	2019	2018
Balance as at the beginning of the year	7,426	10,479
Payments made during the year	(1,884)	(6,933)
Provision for the year (note 30.1)	2,216	3,880
Balance as at the end of the year	7,758	7,426

30.1 Provision for the year

The amounts recognised in Profit or Loss are as follows;

For the year ended 31st March	2019	2018
Interest cost	780	1,205
Current service cost	1,177	1,221
Charged for the year	1,957	2,426

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The amounts recognised in other comprehensive income are as follows;

For the year ended 31st March	2019	2018
Actuarial loss	259	1,454
Recognised for the year	259	1,454
Provision for the year	2,216	3,880

The gratuity liability as at 31st March 2019 amounting to Rs. 7,758,366/- (2018 - Rs.7,425,823/-) 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.

30.2 The principal assumptions made are given below

Rate of discount	11% p.a. (2018 - 10.50%)
Rate of pay increase	10% p.a. (2018 - 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.	

30.3 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	2019	2018
1% increase in discount rate	(760)	(756)
1% decrease in discount rate	889	889
1% increase in salary escalation rate	919	916
1% decrease in salary escalation rate	(798)	(791)

31. TRADE AND OTHER PAYABLES

As at 31st March	Group		Company	
	2019	2018	2019	2018
Financial				
Trade payables	30,109	-	15,067	-
Dividend payables	34,407	128,988	19,448	79,388
Other payables	62,980	59,514	29,386	29,186
	127,496	188,502	63,901	108,574
Non financial				
Accruals and provisions	20,252	21,342	(1,550)	2,579
	20,252	21,342	(1,550)	2,579
	147,748	209,844	62,351	111,153

32. 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.

32.1 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.

32.2 Group entities

As at 31st March	Ownership interest %	
	2019	2018
Subsidiaries		
Ceylon Investment PLC	65.94	64.36
Rubber Investment Trust Limited	82.98	82.19
Guardian Capital Partners PLC	83.97	83.97
Guardian Fund Management Limited	100.00	100.00
The Sri Lanka Fund	71.92	71.22
Jointly controlled entity		
Guardian Acuity Asset Management Limited	50.00	50.00

32.3 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	
	2019	2018	2019	2018
Short-term benefits	32,017	47,668	14,801	13,837
Post-employment benefits	300	536	-	-
Termination benefits paid	-	6,600	-	-
Other long-term benefits	-	-	-	-
Non cash benefits	605	72	-	-
	32,922	54,876	14,801	13,837

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

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32.4 Transactions with related companies

Name of the Company	Relationship	Nature of the transactions	Group		Company	
			2019	2018	2019	2018
Carson Cumberbatch PLC	Parent Company	Dividends paid	46,377	430,821	46,144	430,676
Ceylon Investment PLC	Subsidiary	Dividends received	-	-	32,789	128,021
Guardian Fund Management Limited (GFM)	Subsidiary	Portfolio management fees paid	-	-	36,236	15,044
		Business development fees paid	-	-	-	32,500
Rubber Investment Trust Limited	Subsidiary	Dividends received	-	-	24,723	106,148
Guardian Acuity Asset Management Limited (GAAM)	Jointly controlled entity	Portfolio management fees received	6,000	6,300	-	-
		Dividend received	-	-	-	1,050
Bukit Darah PLC	Ultimate Controlling entity	Dividend received on ordinary shares	15,329	27,591	-	-
		Dividend received on 8% participative cumulative preference shares	190	344	-	-
Carsons Management Services (Private) Limited (CMSL)	Affiliate entity	Support Service Fees paid	31,791	36,401	11,804	12,975
		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	6,337	5,693	-	-

33 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.

33.1 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 institutions, receivables from market intermediaries and other counter-parties, the Group has dealings with.

33.1.1 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	
		2019	2018
Investments in equity and debt securities - Unquoted Debentures	22	-	5
Investments in equity and debt securities - Treasury bonds	22	207,101	-
Investment in unit trusts	23	188,711	817,833
Trade and other receivables*		42,565	22,654
Investment in fixed deposits		1,603,964	1,172,137
Cash and cash equivalents - Cash at bank	26	126,580	357,770
Cash and cash equivalents - Placements with banking institutions	26	-	50,603
Cash and cash equivalents - Securities purchased under resale agreements	26	34,399	200,830
		2,203,320	2,621,832

*Advances and prepaid expenses which are non financial assets are excluded .

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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	
	2019	2018
Less than 30 days	41,299	19,912
30 – 60 days	898	1,305
61 – 90 days	95	682
91 – 120 days	-	109
More than 120 days	273	646
	42,565	22,654

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 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.

The 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	
	2019	2018
Credit rating		
AAA	3,415	14,076
AA+	364,219	211,525
AA	47,974	200,831
AA-	817,109	264,209
A+	318,146	697,107
A	105,136	50,603
Unrated	108,944	342,989
	1,764,943	1,781,340

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.

33.2 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.

33.2.1 Exposure to liquidity risk

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

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	-	-

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

As at 31st March 2018	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 *	188,502	188,502	188,502	-	-
Bank overdraft	18,351	18,351	18,351	-	-
	206,853	206,853	206,853	-	-

* 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	2019	2018
Cash and cash equivalents	160,979	609,203
Investment in unit trusts	188,711	772,540
Total liquid assets	349,690	1,381,743
Liquid assets as a % of the total net assets	2%	8%

33.2.2 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 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	2019	2018
Unutilised overdraft facilities	1,237,570	1,400,000
	1,237,570	1,400,000

33.3 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.

33.3.1 Interest rate risk

The Group is exposed to interest rate risk, arising from its securities purchased under resale agreements, placements with banking institutions 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	
	2019	2018
Variable rate instruments		
Financial Assets - Placement with banking institutions	-	50,603
- Investments under resale agreements	34,399	200,830
Financial liabilities - Bank overdrafts	(11,090)	(18,351)
- Short term loan	(162,430)	-
	(139,121)	233,082
Fixed rate instruments		
Financial Assets - Investment in fixed deposits	1,603,964	1,172,137
- Investments in treasury bonds	207,101	-
	1,811,065	1,172,137

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

As at 31st March	2019	2018
Commercial Banks Averaged Weighted Prime Lending Rate (AWPLR) *	12.23%	11.10%
Commercial Banks Averaged Weighted Fixed Deposit Rate (AWFDR) *	11.11%	11.41%

* 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 2019		
Variable rate instruments	(1,391)	1,391
As at 31st March 2018		
Variable rate instruments	2,331	(2,331)

Details of the short term borrowings

				2019	2018
Currency	Interest rate	Year of maturity	Carrying amount	Carrying amount	
Commercial Bank	LKR	Money market rate	N/A	162,430	-

The Company has obtained a short term loan of Rs.162 Mn commercial bank PLC which is payable on demand.

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

33.3.2 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 81% (2018 - 80%) 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	Note	Carrying Amount	
		2019	2018
Investments in equity securities	22.2/22.3/22.4	13,523,208	15,554,844
Investment in unit trusts Guardian acuity equity fund	23	9,095	45,293
		13,532,303	15,600,137

A broad analysis of the investments made by the Company based on the industry / sector is given in note 22.

33.3.3 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' subsidiary, 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 in to 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	
	2019	2018
USD/LKR		
Assets and liabilities	182.71	153.23
Income and expenses	162.31	152.46

33.4 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 2019	Fair value through profit or loss	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	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	
Total financial liabilities	-	-	-	138,586	138,586	

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

As at 31st March 2018	Fair value through profit or loss	Loans and receivable	Available for sale	Other financial liabilities	Total carrying amount	Fair value
Financial assets measured at fair value						
Investments in equity and debt securities	-	-	13,923,149	-	13,923,149	13,923,149
Investments in unit trusts	2,449,533	-	-	-	2,449,533	2,449,533
Financial assets not measured at fair value						
Trade and other receivables	-	22,654	-	-	22,654	
Investment in fixed deposits	-	1,172,137	-	-	1,172,137	
Cash and cash equivalents	-	609,203	-	-	609,203	
Total financial assets	2,449,533	1,803,994	13,923,149	-	18,176,676	
Financial liabilities not measured at fair value						
Trade and other payables	-	-	-	188,502	188,502	
Bank overdraft	-	-	-	18,351	18,351	
Total financial liabilities	-	-	-	206,853	206,853	

33.5 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).

	Level 1	Level 2	Level 3	Total
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
As at 31st March 2018				
Available for sale financial assets	13,729,769	45,293	148,087	13,923,149
Fair value through profit or loss financial assets	1,676,993	772,540	-	2,449,533
	15,406,762	817,833	148,087	16,372,682

Reconciliation of Level 3 - fair value : Available for sale financial assets

For the year ended 31st March	2019	2018
Opening balance	148,087	300,936
Change in fair value	35,515	(39,468)
Transfer to level 1	-	(103,125)
Disposal / written off of investments	(5)	(10,256)
Closing balance	183,597	148,087

33.6 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:

Investment in Equity securities	Valuation method / techniques	Unobservable inputs	Ranges	Inter- relationship between key unobservable inputs and fair value measurement
Findmyfare (Pvt) Ltd	Recent market transaction		Last transaction price	Not Applicable
				The estimated fair value would increase (decrease) if :
hSenid Business Solutions (Pvt) Ltd	Free cash flow valuation using Adjusted Present Value Method (APV)	Discount Rate	20%	- the discount rate was lower/(higher)
		Growth rates of the Products	5%-35%	- the growth rates of products were higher/(lower)
		Operating Margin	26%	- the operating margin was higher/(lower)

NOTES TO THE FINANCIAL STATEMENTS

In Rupees Thousands

34 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.

35 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosure in the financial statements.

36 COMMITMENTS AND CONTINGENCIES

36.1 Commitments

There were no commitments or contracts for capital expenditure of a material amount as at the reporting date, other than disclosed above.

36.2 Contingencies

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

36.3 Litigation and claims

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

37 COMPARATIVE FIGURES

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

38 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	2019	2018	2017	2016	2015
Revenue					
Dividend income	433,707	777,670	846,248	695,279	655,161
Net gain on disposal of investments	(65,396)	603,773	1,157,783	703,744	1,524,049
Interest income	230,191	150,948	43,815	101,293	200,972
Management fee	115,250	107,040	91,724	103,405	87,205
	713,752	1,639,431	2,139,570	1,603,721	2,467,387
Less: Inter-group transactions	(195,470)	(439,307)	(397,272)	(427,395)	(400,773)
	518,282	1,200,124	1,742,298	1,176,326	2,066,614
Fair value adjustment - unrealised	(2,539,648)	(133,924)	(250,032)	(306,875)	113,167
Profit / (loss) on investment activities	(2,021,366)	1,066,200	1,492,266	869,451	2,179,781
Profit before taxation	(2,285,381)	847,016	1,277,460	642,073	1,983,577
Income tax expense	(58,288)	(50,697)	(21,126)	(30,873)	(64,315)
Profit / (loss) for the year	(2,343,669)	796,319	1,256,334	611,200	1,919,262
Non controlling interest	422,017	(179,692)	(227,584)	(98,321)	(408,461)
Profit attributable to the equity holders of the parent	(1,921,652)	616,627	1,028,750	512,879	1,510,801
Dividends paid - Cash (Group)	171,434	615,960	313,260	345,700	516,163
Statement of Financial Position					
Capital employed					
Stated capital	1,128,726	1,128,726	1,128,726	1,128,726	953,167
Reserves	11,959,216	13,940,944	14,277,023	15,008,570	21,677,677
Total equity attributable to equity holders of the parent	13,087,942	15,069,670	15,405,749	16,137,296	22,630,844
Non controlling interest	2,629,463	3,197,287	3,214,856	3,414,692	4,827,637
Total equity	15,717,405	18,266,957	18,620,605	19,551,988	27,458,481
Assets employed					
Current assets	11,413,584	4,292,327	4,705,645	3,789,904	4,534,389
Current liabilities	(334,324)	(237,937)	(171,104)	(221,945)	(230,478)
Net current assets	11,079,260	4,054,390	4,534,541	3,567,959	4,303,911
Non-current assets	4,645,903	14,219,993	14,096,543	15,993,557	23,164,604
Non-current liabilities	(7,758)	(7,426)	(10,479)	(9,528)	(10,034)
Net assets	15,717,405	18,266,957	18,620,605	19,551,988	27,458,481
Cash Flow Statements					
Net cash generated from / (used in) operating activities	(416,756)	(220,092)	698,375	(402,412)	(545,677)
Net cash generated from / (used in) investing activities	(59,465)	(19,908)	220	(2,766)	(440)
Net cash used in financing activities	(24,194)	(616,020)	(320,548)	(339,972)	(516,479)
Net increase / (decrease) in cash & cash equivalents	(500,415)	(856,020)	378,047	(745,150)	(1,062,596)

FIVE YEAR SUMMARY

In Rupees Thousands

For the year ended / As at 31st March	2019	2018	2017	2016	2015
Ratios & statistics					
Operational ratio					
Return on ordinary shareholders funds (%)	(14.68)	4.09	6.68	3.18	6.68
Liquidity ratio					
Current ratio (times)	34.14	18.04	27.50	17.08	19.67
Investor ratio					
Earnings per share (Rs.)	(21.65)	6.95	11.59	5.78	17.02
Dividend per share (Rs.) *	0.75	3.00	4.00	3.00	5.00
Dividend cover (times)	(28.87)	2.32	2.90	1.93	3.40
Dividend growth (%)	(0.75)	(25)	33	(40)	-
Dividend yield (%)	1.21	3.66	4.44	2.51	2.72
Dividend payout ratio (%)	(3.46)	43.17	34.52	51.90	29.38
Net assets value per share - (Rs.)	147.42	169.74	173.53	181.77	257.65
Market value per share (Rs.) **	61.80	82.00	90.10	119.70	184.00
Price earning ratio (times)	(2.85)	11.80	7.77	20.71	10.81
Price to book value ratio (times)	0.42	0.48	0.52	0.66	0.71
Market capitalisation	5,128,094	6,804,267	7,476,396	9,932,570	15,105,796
Fair value of investments	15,510,443	18,135,671	18,396,828	19,428,117	27,338,751
All Share Price Index (points)	5,557	6,477	6,062	6,072	6,820
S&P SL 20 Index (points)	2,739	3,650	3,439	3,204	3,852

* 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	2019	2018	Change %
Revenue	3,126,890	7,822,984	(60)
Profit / (loss) from operations	(13,739,632)	5,447,409	(352)
Share of profit of equity accounted investee net of tax	41,683	71,879	(42)
Profit / (loss) before taxation	(13,788,121)	5,521,257	(350)
Profit / (loss) for the year	(14,139,783)	5,190,790	(372)
Other comprehensive expense for the year	(394,432)	(3,030,598)	(87)
Total comprehensive income / (expense) for the year	(14,534,215)	2,160,192	(773)
Net cash used in operating activities	(2,514,365)	(1,434,665)	75
Total equity attributable to equity holders of the parent	74,325,299	96,848,778	(23)
Earnings / (loss) per share	(0.13)	0.05	(388)
Dividend per share *	0.005	0.020	(75)
Net assets per share	0.84	0.96	(13)
Ceylon Guardian - Fund value **	88,082,475	116,553,156	(24)

* Based on proposed / interim dividends

** Based on fair value of portfolio after adjusting for cash and cash equivalents including investment in Bukit Darah PLC.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In United States Dollars

For the year ended 31st March	Group	
	2019	2018
Revenue	3,126,890	7,822,984
Impairment loss on available for sale financial assets	-	(595,470)
Net change in fair value of fair value through profit or loss financial assets	(15,322,160)	(277,511)
Profit / (loss) on investment activities	(12,195,270)	6,950,003
Gain on disposal of property, plant and equipment	-	39
Administrative and other operating expenses	(1,544,362)	(1,502,633)
Profit / (loss) from operations	(13,739,632)	5,447,409
Net finance income / (expense)	(90,172)	1,969
Profit / (loss) from operations after net finance income / (expense)	(13,829,804)	5,449,378
Share of profit of equity accounted investee, net of tax	41,683	71,879
Profit / (loss) before taxation	(13,788,121)	5,521,257
Income tax expense	(351,662)	(330,467)
Profit / (loss) for the year	(14,139,783)	5,190,790
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Actuarial loss on employee benefit obligation	(1,563)	(9,478)
Related tax on employee benefits	440	2,653
Net change in fair value of fair value through other comprehensive income assets	(752,175)	-
Items that are or may be reclassified to profit or loss		
Net change in fair value of available for sale financial assets	-	(2,193,742)
Transfer of realised (gains) / loss on disposal of available for sale financial assets	-	(848,973)
Share of other comprehensive income / (expense) of equity accounted investee, net of tax	181	(37,286)
Net exchange differences on translation of foreign operations	358,685	56,228
Other comprehensive expense for the year	(394,432)	(3,030,598)
Total comprehensive income / (expense) for the year	(14,534,215)	2,160,192
Profit / (loss) attributable to:		
Equity holders of the parent	(11,593,677)	4,019,471
Non controlling interest	(2,546,106)	1,171,319
	(14,139,783)	5,190,790
Total comprehensive income / (expense) attributable to:		
Equity holders of the parent	(11,958,667)	1,817,561
Non controlling interest	(2,575,548)	342,631
	(14,534,215)	2,160,192
Earnings / (loss) per share (Rs.)	(0.13)	0.05

STATEMENT OF FINANCIAL POSITION

In United States Dollars

As at 31st March	Group	
	2019	2019
ASSETS		
Non-current assets		
Property, plant and equipment	12,408	18,342
Intangible assets	1,407,496	1,621,414
Investment in equity accounted investee	273,298	264,692
Investments in equity and debt securities	23,213,419	89,189,306
Investments in unit trusts	-	291,086
Investments in fixed deposits	1,462,235	-
Deferred tax asset	14,828	3,290
Total non-current assets	26,383,684	91,388,130
Current assets		
Trade and other receivables	249,980	178,425
Current assets	174,558	216,523
Investments in equity and debt securities	54,759,827	10,777,590
Investments in unit trusts	1,071,674	4,964,910
Investment in fixed deposits	7,646,539	7,533,014
Cash and cash equivalents	914,186	3,915,186
Total current assets	64,816,764	27,585,648
Total assets	91,200,448	118,973,778
EQUITY AND LIABILITIES		
Equity		
Stated capital	8,834,775	8,834,775
Capital reserves	754,030	753,849
Revenue reserves	64,736,494	87,260,154
Total equity attributable to equity holders of the parent	74,325,299	96,848,778
Non controlling interest	14,932,495	20,548,117
Total equity	89,257,794	117,396,895
Non-Current Liabilities		
Employee benefits	44,057	47,725
Total non-current liabilities	44,057	47,725
Current liabilities		
Trade and other payables	839,048	1,348,612
Current tax liabilities	74,144	62,609
Short term borrowings	922,426	-
Bank overdraft	62,979	117,937
Total current liabilities	1,898,597	1,529,158
Total liabilities	1,942,654	1,576,883
Total equity and liabilities	91,200,448	118,973,778
Net assets per ordinary/deferred share	0.84	1.09

FIVE YEAR SUMMARY

In United States Dollars

For the year ended /As at 31st March	2019	2018	2017	2016	2015
Statement of income					
Revenue					
Dividend income	2,616,633	5,069,226	5,732,999	5,000,209	4,993,605
Net gain on disposal of investments	(394,546)	3,935,682	7,843,527	5,061,086	11,616,227
Interest income	1,388,784	983,952	296,829	728,465	1,531,799
Management fee	695,324	697,738	621,394	743,653	664,672
	4,306,195	10,686,598	14,494,749	11,533,413	18,806,303
Less: Inter-group transactions	(1,179,306)	(2,863,614)	(2,691,362)	(3,073,679)	(3,054,672)
	3,126,889	7,822,984	11,803,387	8,459,734	15,751,631
Profit / (loss) before taxation	(13,788,121)	5,521,257	8,654,292	4,617,569	15,118,727
Income tax expenses	(351,662)	(330,467)	(143,120)	(222,028)	(490,206)
Profit / (loss) for the year	(14,139,783)	5,190,790	8,511,172	4,395,541	14,628,521
Non controlling interest	2,546,106	(1,171,319)	(1,541,793)	(707,091)	(3,113,270)
Profit / (loss) attributable to the equity holders of the parent	(11,593,677)	4,019,471	6,969,379	3,688,450	11,515,251
Statement of Financial position					
Capital employed					
Stated capital	8,834,775	8,834,775	8,834,775	8,834,775	8,834,775
Reserves	65,490,524	88,014,003	92,525,505	102,695,365	160,913,530
Total equity attributable to equity holders of the parent	74,325,299	96,848,778	101,360,280	111,530,140	169,748,305
Non controlling interest	14,932,495	20,548,117	21,151,760	23,600,055	36,210,898
Total equity	89,257,794	117,396,895	122,512,040	135,130,195	205,959,203
Assets employed					
Current assets	64,816,764	27,585,648	30,960,228	26,193,269	34,011,319
Current liabilities	(1,898,597)	(1,529,158)	(1,125,759)	(1,533,935)	(1,728,758)
Net current assets	62,918,167	26,056,490	29,834,469	24,659,334	32,282,561
Non-current assets	26,383,684	91,388,130	92,746,516	110,536,712	173,751,905
Non-current liabilities	(44,057)	(47,725)	(68,945)	(65,851)	(75,263)
Net assets	89,257,794	117,396,895	122,512,040	135,130,195	205,959,203
Cash Flow Statements					
Net cash generated from / (used in) operating activities	(2,514,365)	(1,434,665)	4,731,217	(2,894,009)	(4,159,123)
Net cash generated from / (used in) investing activities	(358,763)	(129,770)	1,490	(19,892)	(3,354)
Net cash used in financing activities	(145,967)	(4,015,514)	(2,171,587)	(2,444,962)	(3,936,578)
Net (decrease) / increase in cash & cash equivalents	(3,019,095)	(5,579,949)	2,561,120	(5,358,863)	(8,099,055)

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	2019	2018
Statement of Profit or Loss and Other Comprehensive Income - Average rate	165.75	153.41
Monetary assets and liabilities - closing rate	176.09	155.60
Non-monetary assets and liabilities - closing rate	176.09	155.60
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	2019	2018
Beginning of the year	87,260,154	91,734,370
Net movement during the year	(12,599,590)	(2,193,488)
	74,660,564	89,540,882
Currency fluctuations	(9,924,070)	(2,280,728)
As at the end of the year	64,736,494	87,260,154

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 2019 was Rs. 61.80 per share (2018 – Rs. 82.00)

3. ORDINARY SHAREHOLDERS

As at 31st March	2019	2018
Number of Shareholders	1,635	1,666

The number of ordinary shares held by Non-Residents as at 31st March 2019 was 6,883,937 (2018 – 6,747,575) which amount to 8.30% (2018 – 8.13%).

Frequency Distribution of Shareholdings as at 31st March 2019

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	1,048	178,591	0.22	12	2,808	0.00	1,060	181,399	0.22
1001-10,000	358	1,143,003	1.38	14	50,739	0.06	372	1,193,742	1.44
10,001-100,000	127	3,722,804	4.49	27	1,034,259	1.25	154	4,757,063	5.73
100,001-1,000,000	39	12,357,383	14.89	6	1,697,884	2.05	45	14,055,267	16.94
Above 1,000,000	2	58,693,150	70.73	2	4,098,247	4.94	4	62,791,397	75.67
Grand Total	1,574	76,094,931	91.70	61	6,883,937	8.30	1,635	82,978,868	100.00

Categorization of Shareholders as at 31st March 2019

Categories of Shareholders	No. of Shareholders	No. of Shares	%
Individuals	1,454	13,779,217	16.61
Institutions	181	69,199,651	83.39
Total	1,635	82,978,868	100.00

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 the 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 2019

- Market Capitalization of the Public Holding Rs. 1.68 Billion
- Percentage of ordinary shares held by the public 32.71%
- Number of Public Shareholders 1,623

INFORMATION TO SHAREHOLDERS AND INVESTORS

4. Market performance - ordinary shares

For the year ended 31st March	2019	2018
Share price as at 31 March (Rs.)	61.80	82.00
Highest (Rs.)	99.80	120.00
Lowest (Rs.)	61.00	76.20
Value of shares traded (Rs.)	154,837,503	188,343,196
No. of shares traded	2,206,705	1,968,128
Volume of transactions (Nos.)	1,157	646
Market capitalization (Rs.)	5,128,094,042	6,804,267,176

5. Record of Bonus Issues, Rights 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
1990	-	Bonus	01:01	757,525
1992	-	Bonus	01:08	189,381
1999	-	Bonus	01:04	426,108
2000	-	Bonus	01:04	532,634
2002	- April	Rights	01:07	380,453
	- May	Bonus	01:04	760,906
2003	- July	Rights	01:05	760,906
	- August	Bonus	01:06	760,906
2004	- July	Rights	01:02	2,663,172
2004	- September	Bonus	01:03	2,663,172
2005	- March	Rights	01:03	3,550,896
	- June	Bonus	01:03	4,734,528
2009	- October	Repurchase	03:20	(2,840,716)
2010	- November	Subdivision	05:01	64,389,584
		Capitalisation of Reserves	01:50	1,609,739
2015	- August	Scrip	01:93	882,149

6. DIVIDEND

A first interim dividend of cents 75 per Ordinary share and Deferred share was declared and paid to the shareholders of the company on 26th March 2019, for the financial year ended 31st March 2019. (2018 – First interim dividend of Rs. 3/- per share).

7. NUMBER OF EMPLOYEES

The Company had no employees as at the balance sheet date (2018 - Nil). The Group has 21 (2018 - 20) employees as at the balance sheet date.

8. MAJOR SHAREHOLDERS

A list of major shareholders of the Company as at the balance sheet date is provided in the Annual Report of the Board of Directors, on page 32.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the SIXTY SEVENTH Annual General Meeting of CEYLON GUARDIAN INVESTMENT TRUST PLC will be held on Friday, the 26th day of July 2019 at 10.45 a.m. at the Auditorium of the Institute of Chartered Accountants of Sri Lanka, Ground Floor, 30A, Malalasekera Mawatha, Colombo 07, 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 2019 together with the Independent Auditors' Report thereon.
2. To re-elect Mr. V. M. Fernando who retires in terms of Articles 89, 90 and 91 of the Articles of Association of the Company.
3. To re-elect Mr. K. Selvanathan 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 five 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 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 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 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.

By Order of the Board

(Sgd).

K. D. De Silva (Mrs.)

Director

Carsons Management Services (Private) Limited
Secretaries

Colombo
18th June 2019

Notes

1. 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.
2. The completed Form of Proxy must be deposited at the Registered Office, No.61, Janadhipathi Mawatha, Colombo 1, not later than 4.45 p.m. on 24th July 2019.
3. A person representing a Corporation is required to carry a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a member.
4. The transfer books of the Company will remain open.
5. Security Check
 - i. Due to the prevailing situation in the country, there will be a security check by the security personnel stationed at the meeting venue.
 - ii. We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance lobby.

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 Friday, the 26th day of July 2019 at 10.45 a.m., at the Auditorium of The Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 07, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
(i) To re-elect Mr. V. M. Fernando who retires in terms of Articles 89, 90 and 91 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To re-elect Mr. K. Selvanathan 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 Seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(v) 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"/>

Signed this.....day of Two Thousand and Nineteen

.....

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 deposited at the Registered Office of the Company situated at No. 61, Janadhipathi Mawatha, Colombo 1 not later than 4.45 p.m. on 24th July 2019.

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,
Colombo 1.
Tele: +94-11-2039200 Fax: +94-11-2039300

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

No. 61, Janadhipathi Mawatha,
Colombo 1.
Tele: +94-11-2039200 Fax: +94-11-2039300

CORPORATE WEBSITE

www.carsoncumberbatch.com
The Company is a member of the Carson Cumberbatch Group of companies

